This Management's Discussion and Analysis ("MD&A"), prepared as at October 31, 2018 focuses on key statistics from the Condensed Consolidated Interim Financial Statements ("Consolidated Financial Statements") for the three months ended September 30, 2018 ("Q3 2018") and nine months ended September 30, 2018 ("the first nine months of 2018"), three months ended September 30, 2017 ("Q3 2017") and nine months ended September 30, 2017 ("the first nine months of 2017") 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.

We encourage readers to read the "Caution Regarding Forward-Looking Statements and Information" section at the end of this document.

About Horizon North

Horizon North is a publicly listed corporation (TSX: HNL.TO) providing a full range of industrial, commercial, and residential products and services. Our Industrial Services division supplies workforce accommodations, camp management services, access solutions, maintenance and utilities. Our Modular Solutions division integrates modern design concepts and technology with state of the art, off-site manufacturing processes; producing high quality building solutions for commercial and residential offerings including offices, hotels, and retail buildings, as well as distinctive single detached dwellings and multi-family residential structures. As a result of our diverse product and service offerings, Horizon North is uniquely positioned to meet the needs of our customers in numerous sectors, anywhere in Canada.

Highlights

- Q3 2018 financial results showed significant improvement with the strongest Revenue, EBITDAS and Operating earnings since Q1 2017 primarily driven by improved Modular Solutions results;
- The Modular Solutions division exited the quarter with backlog of $99.9 million compared to $64.5 million at Q2 2018. The funnel of high-quality, high probability opportunities also increased, closing the quarter in the range of $250 million compared to $165 million at Q2 2018;
- With the recently announced positive Final Investment Decision ("FID") by LNG Canada of its liquefied natural gas ("LNG") project located in Kitimat, British Columbia, Horizon North has started to execute on its west coast LNG strategy. The strategy will be focused on the installation of an initial 200 beds of a potential 1,000 bed open camp facility and development of commercial and residential modular offerings on Horizon North's fully serviced land position in Kitimat, British Columbia;
- Horizon North is in the initial stage of mobilizing and installing a 150 bed camp facility for a liquified petroleum gas ("LPG") project located in Prince Rupert, British Columbia that has recently been approved by the project proponent;
- Horizon North announced two executive appointments during the quarter: President, Modular Solutions; and President, Industrial Services, in conjunction with the Corporation's continued strategy of bifurcation; and
- Horizon North's balance sheet improved as a result of continued focus on reducing working capital and proceeds received from a bought deal equity financing that closed on June 25, 2018 to support the execution of the Corporation's LNG strategy and anticipated growth in the Modular Solutions division.

Financial Summary

	Three months ended September 30,			Nine months ended September 30,		
(000's except per share amounts)	2018	2017	% change	2018	2017	% change
Revenue	$ 100,022	$ 79,283	26	$ 276,200	$ 241,418	14
EBITDAS[(1)]	11,710	6,434	82	23,029	23,259	(1)
EBITDAS as a % of revenue	12%	8%		8%	10%	
Operating earnings (loss)	1,308	(7,514)	(117)	(9,536)	(1,861)	412
Operating earnings (loss) as a % of revenue	1%	(9%)		(3%)	(1%)	
Total loss	(157)	(6,149)	(97)	(9,609)	(3,958)	143
Total comprehensive loss	(112)	(6,144)	(98)	(9,609)	(3,954)	143
Loss per share						
Basic	$ (0.00)	$ (0.04)		$ (0.06)	$ (0.03)	
Diluted	$ (0.00)	$ (0.04)		$ (0.06)	$ (0.03)	
Total assets	$ 466,070	$ 464,946		$ 466,070	$ 464,946	
Total loans and borrowings	24,960	56,714	(56)	24,960	56,714	(56)
Funds flow	16,244	17,667	(8)	22,391	48,440	(54)
Net Capital spending (proceeds)	(3,293)	(19,613)	(83)	16,736	(25,475)	(166)
Total debt to EBITDAS[(2)]	0.84:1.00	2.04:1.00		0.84:1.00	2.04:1.00	
Debt to total capitalization ratio[(1)]	0.07:1.00	0.15:1.00		0.07:1.00	0.15:1.00	
Dividends declared	$ 3,285	$ 2,894		$ 9,477	$ 8,679	
Dividends declared per share	$ 0.02	$ 0.02		$ 0.06	$ 0.06	

(1) *Please refer to Management's Report on Disclosure Controls and Procedures and Internal Control over Financial Reporting section 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 Liquidity and Capital Resources section of the Management's Discussion and Analysis for the definitions of Debt to EBITDAS.*

Quarterly Operational Overview

Horizon North's Q3 2018 results were stronger compared to Q2 2018 and above Q3 2017 in substantially all financial measures. The revenue increase compared to Q3 2017 was driven by the Modular Solutions and Matting divisions and partially offset by the Camps & Catering division. The Modular Solutions division continued to increase manufacturing capacity which drove greater throughput and facilitated increased project execution resulting in greater revenues compared to Q3 2017. Higher Rentals & Logistics division revenues were primarily related to strong access mat rental and mat sales demand compared to Q3 2017. Partially offsetting these increases, the Camps & Catering division revenues decreased compared to Q3 2017 due to lower catering only activity and lower used camp equipment sales.

Industrial Services

Revenues from Industrial Services for Q3 2018 decreased by 1% compared to Q3 2017 mainly due to softer catering only activity levels and lower used camp equipment sales partially offset by stronger access mat rentals and mat sales. Large camp activity levels remained relatively consistent compared to Q3 2017 with utilization of 46% and revenue per bed rental day at $94. Catering only activity decreased compared to Q3 2017 with catering only days lower by 28% partially offset by stronger revenue per catering only day, higher by 30% as a result of different contract mix. Rentals and Logistics revenues increased compared to Q3 2017 primarily due to a 14% increase in rental mat utilization and a 29% increase in the revenue per mat rental day. Continued strong demand for access mat rentals in the Duvernay and Montney areas south of Grande Prairie, Alberta drove the majority of higher activity.

Modular Solutions

Modular Solutions revenues for Q3 2018 were significantly higher than Q3 2017 as a result of increased capacity to execute the growing backlog of projects. Compared to Q3 2017, capacity increased significantly as a result of ramping up direct headcount at the Kamloops, British Columbia plant and the acquisition of the Aldergrove, British Columbia facility. The increase in throughput capacity facilitated the execution of higher volumes of backlog and generated much stronger revenues. Projects in Q3 2018 consisted of government sponsored affordable housing projects and commercial projects compared to a single government sponsored affordable housing project and a hotel project in Q3 2017.

Other Financial Measures

Horizon North's Q3 2018 EBITDAS increased $5.3 million or 82% compared to Q3 2017. As a percentage of revenue, EBITDAS were 12% compared to 8% in Q3 2017.

Horizon North's Total Debt to EBITDAS ratio was 0.84:1.00 at September 30, 2018 compared to 2.04:1.00 at September 30, 2017 as a result of finalizing the bought deal equity financing in Q2 2018 with net proceeds of $47.5 million used to reduce debt. Horizon North continued to maintain a strong focus on managing the Statement of Financial Position through minimizing working capital and a reduced capital program.

Outlook

Horizon North's focus for the remainder of 2018 and into 2019 will continue to be on:

- Executing on its west coast LNG strategy with first phase beginning Q4 2018 with the installation of an initial 200 beds of a potential 1,000 bed open camp facility;
- Strengthening and diversifying the Industrial Services business by growing and broadening the customer base through pursuing significant catering only opportunities for key customers in the Alberta oil sands and focusing on geographies with high potential such as northern Canada and the Montney and Duvernay regions; and
- Expanding the Modular Solutions backlog, evaluating additional manufacturing capacity and continuing to improve execution to increase profitability.

Liquefied Natural Gas (LNG)

On October 2, 2018, LNG Canada announced a positive Final Investment Decision for its LNG project located in Kitimat, British Columbia. Horizon North owns a 57-acre parcel of land within the District of Kitimat that is fully serviced, subdivided, permitted and zoned for the following type of development:

- Camp facilities - 16 acres will be used for an open camp facility of up to 1,000 beds, incorporating executive style accommodations and modern amenities. Horizon North has initiated the rapid mobilization and commissioning the initial 200 beds of this facility and anticipates that this initial camp will be operational in early 2019;
- Commercial development - 14 acres will be used for commercial development which would be constructed by Horizon North's Modular Solutions division and will consist of modularly constructed hotels, retail or office space or a combination thereof; and
- Residential development – 27 acres is ideally suited for residential development for which Horizon North may utilize its existing modular residential platform to provide attached or detached single family or executive housing or explore alternative residential development opportunities.

Industrial Services

Industrial Services operations are expected to be moderately stronger as we exit 2018. Workforce accommodation activity is expected to improve as a result of activity in the Montney and Duvernay regions as customers continue to pursue infrastructure and liquids rich gas development projects. Activity levels in the Alberta oil sands region are expected to be stable while Horizon North continues to aggressively pursue projects south of Fort McMurray leveraging our existing high quality, high value catering and hospitality platform which requires limited incremental capital investment.

Rentals & Logistics activity levels will moderate in Q4 2018 consistent with historical trends and are expected to increase through the first half of 2019 based on improving customer project visibility. Pricing is expected to remain relatively stable through the remainder of 2018 with embedded price escalation clauses driving improved pricing as we move into 2019.

Modular Solutions

The Modular Solutions business is expected to continue its revenue and profitability growth as the business works through its expanded backlog of $99.9 million. The funnel of high-quality, high probability opportunities has expanded and sits in the range of $250 million, underpinned by social infrastructure, multifamily residential, commercial development opportunities and affordable housing projects. The remainder of 2018 will be focused on adding manufacturing capacity through workforce increases at existing facilities as well evaluating potentially additional new facilities to support increasing demand.

Statement of Financial Position

The strength of the Statement of Financial Position remains a key priority and Horizon North has significantly reduced its debt and working capital levels. Horizon North will continue to maintain a disciplined approach to capital spending and continue assessing its portfolio of assets to ensure a focus on core business lines.

Dividend Payment

Horizon North announced today that its Board of Directors has declared a dividend for the fourth quarter of 2018 at $0.02 per share. The dividend is payable to shareholders of record at the close of business on December 31, 2018 to be paid on January 15, 2019. The Board of Directors regularly monitors the strength of the Statement of Financial Position, cash from operations and capital requirements to ensure the overall sustainability of Horizon North is not compromised. The dividends will be eligible dividends for Canadian tax purposes.

Segmented Financial Results

(000's)	Industrial Services	Modular Solutions	Corporate	Eliminations	Total
	Three months ended September 30, 2018				
Revenue	$ 66,574	$ 34,867	$ -	$ (1,419)	$ 100,022
Expenses					
Direct costs	54,826	30,183	(1)	(1,419)	83,589
Selling & administrative expenses	902	734	3,087	-	4,723
EBITDAS	$ 10,846	$ 3,950	$ (3,086)	$ -	$ 11,710
EBITDAS as a % of revenue	16%	11%			12%
Share based compensation	173	74	589	-	836
Depreciation & amortization	9,531	342	100	(1)	9,972
(Gain) loss on disposal of property, plant and equipment	(408)	2	-	-	(406)
Operating earnings (loss)	$ 1,550	$ 3,532	$ (3,775)	$ 1	$ 1,308
Finance costs					768
Income tax expense					697
Total loss					$ (157)
Other comprehensive income					45
Total comprehensive loss					(112)
Loss per share – basic					$ (0.00)
– diluted					$ (0.00)

(000's)	Industrial Services	Modular Solutions	Corporate	Eliminations	Total
	Three months ended September 30, 2017				
Revenue	$ 67,435	$ 11,885	$ -	$ (37)	$ 79,283
Expenses					
Direct costs	53,515	13,294	720	(37)	67,492
Selling & administrative expenses	1,661	713	2,983	-	5,357
EBITDAS	$ 12,259	$ (2,122)	$ (3,703)	$ -	$ 6,434
EBITDAS as a % of revenue	18%	(18%)			8%
Share based compensation	65	54	156	-	275
Depreciation & amortization	9,325	524	157	(1)	10,005
Impairment loss	3,457	-	-	-	3,457
Loss on disposal of property, plant and equipment	64	-	147	-	211
Operating (loss) earnings	$ (652)	$ (2,700)	$ (4,163)	$ 1	$ (7,514)
Finance costs					788
Earnings on equity Investments					(86)
Income tax recovery					(2,067)
Total loss					$ (6,149)
Other comprehensive income					5
Total comprehensive loss					(6,144)
Loss per share – basic					$ (0.04)
– diluted					$ (0.04)

	Nine months ended September 30, 2018				
(000's)	Industrial Services	Modular Solutions	Corporate	Eliminations	Total
Revenue	$ 189,840	$ 89,376	$ -	$ (3,016)	$ 276,200
Expenses					
Direct costs	157,371	82,890	-	(3,016)	237,245
Selling & administrative expenses	3,569	2,524	9,833	-	15,926
EBITDAS	$ 28,900	$ 3,962	$ (9,833)	$ -	$ 23,029
EBITDAS as a % of revenue	15%	4%			8%
Share based compensation	373	153	1,547	-	2,073
Depreciation & amortization	29,755	1,010	334	(2)	31,097
(Gain) loss on disposal of property, plant and equipment	(613)	8	-	-	(605)
Operating (loss) earnings	$ (615)	$ 2,791	$ (11,714)	$ 2	$ (9,536)
Finance costs					2,520
Earnings on equity Investments					(67)
Income tax recovery					(2,380)
Total loss					$ (9,609)
Other comprehensive income					-
Total comprehensive loss					(9,609)
Loss per share – basic					$ (0.06)
– diluted					$ (0.06)

	Nine months ended September 30, 2017				
(000's)	Industrial Services	Modular Solutions	Corporate	Eliminations	Total
Revenue	$ 213,354	$ 28,117	$ -	$ (53)	$ 241,418
Expenses					
Direct costs	163,873	37,727	-	(53)	201,547
Selling & administrative expenses	5,446	1,559	9,607	-	16,612
EBITDAS	$ 44,035	$ (11,169)	$ (9,607)	$ -	$ 23,259
EBITDAS as a % of revenue	21%	(40%)			10%
Share based compensation	160	90	563	-	813
Depreciation & amortization	30,955	1,505	540	(2)	32,998
Impairment loss	3,457	-	-	-	3,457
(Gain) loss on disposal of property, plant and equipment	(12,239)	(4)	147	(52)	(12,148)
Operating earnings (loss)	$ 21,702	$ (12,760)	$ (10,857)	$ 54	$ (1,861)
Finance costs					2,291
Loss on equity Investments					105
Income tax recovery					(299)
Total loss					$ (3,958)
Other comprehensive income					4
Total comprehensive loss					(3,954)
Loss per share – basic					$ (0.03)
– diluted					$ (0.03)

Industrial Services

Industrial Services is comprised of two segments, Horizon North's Camps & Catering and Rentals and Logistics.

	Three months ended September 30,			Nine months ended September 30,		
(000's)	2018	2017	% change	2018	2017	% change
Camps & Catering	$ 50,585	$ 54,352	(7)	$ 154,760	$ 172,665	(10)
Rentals & Logistics	15,989	13,083	22	35,080	40,689	(14)
Total Revenue	66,574	67,435	(1)	189,840	213,354	(11)
EBITDAS	$ 10,846	$ 12,259	(12)	$ 28,900	$ 44,035	(34)
EBITDAS as a % of revenue	16%	18%		15%	21%	
Operating earnings (loss)	$ 1,550	$ (652)	(338)	$ (615)	$ 21,702	(103)

Camps & Catering Segment

Camps & Catering revenues are comprised of three revenue streams: camp rental and catering operations which include the service and transport revenue associated with camp setup and demobilization activity; catering only revenue consisting mainly of catering and housekeeping activities; and used equipment sales.

	Three months ended September 30,			Nine months ended September 30,		
(000's except for operational metrics)	2018	2017	% change	2018	2017	% change
Camp rental and catering revenue	$ 37,423	$ 37,472	-	$ 114,231	$ 124,193	(8)
Catering only revenue	11,466	12,312	(7)	35,023	23,087	52
Equipment sales revenue	1,696	4,568	(63)	5,506	25,385	(78)
Total Revenue	50,585	54,352	(7)	154,760	172,665	(10)
EBITDAS	$ 5,297	$ 8,611	(38)	$ 19,125	$ 34,675	(45)
EBITDAS as a % of revenue	10%	16%		12%	20%	
Operating (loss) earnings	$ (2,127)	$ (1,878)	13	$ (3,389)	$ 19,645	(117)
Camp rental and catering revenue						
Bed rental days [(1)]	397,969	401,853	(1)	1,211,095	1,300,564	(7)
Revenue per bed rental day	$ 94	$ 93	1	$ 94	$ 95	(1)
Rentable beds at period end	$ 9,497	$ 9,166	4	$ 9,497	$ 9,166	4
Average rentable beds [(2)]	9,498	9,684	(2)	9,525	10,078	(5)
Utilization [(3)]	46%	45%		47%	47%	
Catering only revenue						
Catering only days[(4)]	109,881	153,122	(28)	358,175	227,195	58
Revenue per catering only day	$ 104	$ 80	30	$ 98	$ 102	(4)

(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) Average rentable beds are equal to total average beds in the fleet over the period less beds required for staff.
(3) Utilization equals the total number of bed rental days divided by average rentable beds in the period.
(4) One catering only day equals the provision of catering and housekeeping services with no related bed rental for one day.

Revenues from the Camps & Catering segment for Q3 2018 decreased 7% compared to Q3 2017 primarily as a result of lower used camp equipment sales and softer catering only activity. EBITDAS for Q3 2018 decreased compared to Q3 2017 as a result of increased camp setup costs and the different in mix of catering only contracts between the comparative periods.

Revenues from the Camps & Catering segment for the first nine months of 2018 decreased 10% compared to the first nine months of 2017. The decrease was primarily related to the equipment buy out which occurred in Q2 2017. Excluding equipment sales, revenues increased 1% as a result of higher catering only activity.

EBITDAS for the first nine months of 2018 decreased 45% compared to the first nine months of 2017, excluding the equipment sales, EBITDAS decreased 33% primarily due to the change in revenue mix between the comparative periods, Q3 2018 had less higher margin large camp activity and increased lower margin catering only activity.

Camp rental and catering revenue

Revenues from camp rental and catering operations for Q3 2018 were unchanged from Q3 2017 with slightly stronger revenue per bed rental day offsetting slightly lower activity levels.

Revenues from Camp Rental and Catering operations for the first nine months of Q3 2018 decreased by 8% compared to the first nine months of 2017 driven by a 7% decrease in activity levels and 1% decrease in pricing. The lower volumes were mainly attributable to low occupancy in several camps in the Fort McMurray, Alberta area and the expiry of several contracts which were only partially offset by new contracts. Utilization remained unchanged in the comparative periods as a result of the increased fleet size being offset by the reduced bed days.

Catering only revenue

Revenues from the provision of catering and housekeeping services, with no associated bed rentals, for Q3 2018 decreased by 7% compared to Q3 2017. The decrease was mainly due to the expiry of a significant catering contract at the end of Q3 2017. Revenue per catering only day increased by 30% primarily due to the different contract mix between the comparative quarters.

Revenues for the first nine months of 2018 increased by 52% compared to the first nine months of 2017 as a result of a significant long term catering contract entered into in the second half of 2017. Revenue per catering only day decreased 4% for the first nine months of 2018 primarily due to the different contract mix between the comparative periods.

Equipment sales revenue

Equipment sales revenues include new camp construction and used fleet sales. There were minimal equipment sales in Q3 2018 compared to Q3 2017 as a result of utilizing existing fleet for upcoming projects. Used equipment sales are a key part of the fleet management strategy to ensure an appropriate equipment portfolio.

Revenues for the first nine months of 2018 decreased by 78% compared to the first nine months of 2017 as a result of the equipment buy out which occurred in Q2 2017.

Rentals & Logistics Segment

Rentals & Logistics revenues are comprised of four revenue streams: relocatable structures which is comprised of office units, lavatory units, mine dry units, wellsite units and the associated equipment; mat rentals which consists of access mats and includes rig mats and the associated equipment; used equipment sales; and installation, transportation and service associated with the rentals and sales.

	Three months ended September 30,			Nine months ended September 30,		
(000's except for operational metrics)	2018	2017	% change	2018	2017	% change
Relocatable structures revenue (1)	$ 1,147	$ 1,106	4	$ 3,871	$ 3,419	13
Mat rental revenue (2)	4,149	2,305	80	8,996	6,167	46
Equipment sales revenue	3,151	1,834	72	4,787	8,591	(44)
Installation, transportation, service, and other revenue	7,542	7,838	(4)	17,426	22,512	(23)
Total revenue	$ 15,989	$ 13,083	22	$ 35,080	$ 40,689	(14)
EBITDAS	$ 5,549	$ 3,648	52	$ 9,775	$ 9,360	4
EBITDAS as a % of revenue	35%	28%		28%	23%	
Operating earnings	3,677	1,226	200	2,774	2,057	35
Relocatable Structures						
Average fleet size	1,130	1,240	(9)	1,143	1,287	(11)
Fleet end of period	1,115	1,202	(7)	1,115	1,202	(7)
Rental days (3)	53,911	47,716	13	144,043	133,547	8
Utilization (4)	52%	42%		46%	38%	
Mat rental						
Average fleet size (5)	41,509	33,466	24	36,494	33,285	10
Fleet end of period (6)	40,467	31,839	27	40,467	31,839	27
Mat rental days (7)	3,463,301	2,471,554	40	8,108,843	6,717,359	21
Utilization (8)	91%	80%		81%	74%	
Revenue per mat rental day (9)	$ 1.20	$ 0.93	29	$ 1.11	$ 0.92	21
Equipment Sales (10)						
Relocatable structures	28	3	833	84	24	250
Mats	4,785	3,473	38	7,066	12,326	(43)

(1) Relocatable structures revenue includes rental revenue generated from office, lavatory and mine dry units and complexes as well the associated equipment.
(2) Mat rental revenue includes revenues generated from the rental of traditional oak and oak edged mats.
(3) One rental day equals the rental of one unit for one day.
(4) Utilization equals the total number of unit rental days divided by average rentable units in the period.
(5) Average mat rental fleet numbers reflect all owned and third-party mats.
(6) Mats in rental fleet at period end represents the number of owned mats and third-party mats in the Matting fleet.
(7) One mat rental day equals the rental of one mat for one day.
(8) Utilization equals the total number of mat rental days divided by average rentable mats in the period.
(9) Revenue per mat rental day equals mat rentals revenue divided by total mat rental days.
(10) Represents the number of units sold in the period.

Revenues from the Rentals & Logistics segment for Q3 2018 increased 22% compared to Q3 2017. The increase was mainly related to stronger equipment sales combined with stronger mat rental demand compared to Q3 2017. The mat sales were a mix of third party manufactured mats and used rental mats with new mat production allocated mainly to the rental fleet as rental demand continues to strengthen. The mat rental demand is mainly a result of the ongoing high level of activity in the Duvernay and Montney regions along the northern British Columbia and Alberta border.

EBITDAS for Q3 2018 as a percentage of revenue was 35% compared to 28% in Q3 2017. The majority of the increase was a result of stronger access mat utilization combined with higher revenue per mat rental day.

Revenues from Rentals & Logistics for the first nine months of 2018 decreased 14% in comparison to the first nine months of 2017. The decrease in revenue was driven by lower mat sales combined with the associated transport installation activity and fewer soil stabilization projects in the first nine months of 2018.

EBITDAS as a percentage of revenue was 28% for the first nine months of 2018 compared to 23% in the first nine months of 2017. The increased EBITDAS was a result of higher margin mat rental demand combined with stronger revenue per mat rental day compared to the first nine months of 2017. EBITDAS as a percentage of revenue improved as a result of the different revenue mix compared to the first nine months of 2017.

Relocatable structures revenue

Relocatable structures revenues include the rental of relocatable structures such as office units, lavatory units, mine dry units and other associated equipment.

Relocatable structures revenues for Q3 2018 increased by 4% compared to Q3 2017. The increase in revenue was a result of higher activity levels; rental days increased 13% and experienced generally stronger pricing compared to Q3 2017. Fleet utilization improved by 24% between the comparative quarters as a result of improved activity levels and a continuous focus on fleet management and selling less productive rental units.

Relocatable structures revenues for the first nine months of 2018 increased 13% compared to the first nine months of 2017. The increased revenues were primarily a result of the 8% increase in rental days. The mix of equipment on rent was comprised of more multi-unit complexes and saw generally stronger pricing compared to the first nine months of 2017. Utilization improved by 21% as a result of the stronger activity and the reduced fleet size.

Mat rental revenue

Mat rental revenue for Q3 2018 increased 80% compared to Q3 2017, with stronger pricing combined with higher rental activity. Rental rates strengthened by 29% per mat rental day compared to Q3 2017 as a result of the comparative contract mix with Q3 2017 having more discounted contracts. Compared to Q3 2017, activity levels increased with mat rental days up 40% mainly as a result of mats remaining on rent further into the season. Utilization increased 14% due to the continued demand combined with a growing mat rental fleet compared to Q3 2017.

Access mat rental revenue for the first nine months of 2018 increased by 46% compared to the first nine months of 2017 as a result of stronger demand in the Duvernay and Montney regions along the northern British Columbia and Alberta border. The strengthening demand drove a 21% increase in mat rental days and 21% increase in revenue per mat rental day compared to the first nine months of 2017.

Equipment sales revenue

Equipment sales are the sale of new and used Rentals & Logistics fleet, which is comprised of new and used mats, space rental assets and other equipment such as garbage bins and light towers.

Revenues for Q3 2018 increased by 72% compared to Q3 2017. The increase in revenue was driven by a 38% increase in mat sales and an 833% increase in relocatable structure sales compared to Q3 2017. The equipment sales are a key part of the fleet management strategy to ensure a productive rental equipment portfolio. The majority of Q3 2018 mat production was allocated to refreshing and increasing the mat rental fleet as a result of high mat rental demand.

Revenues for the first nine months of 2018 decreased by 44% compared to the first nine months of 2017. The decrease in revenue was primarily driven by the decision early in 2018 to allocate the majority of new mat production to refresh and increase the rental mat fleet with the majority of the mat sales in the first nine months of 2018 being used mats.

Installation, transportation, service, and other revenue

Revenues for Q3 2018 decreased by 4% compared to Q3 2017. The decrease in revenue was driven primarily by fewer soil stabilization projects compared to Q3 2017.

Revenues for the first nine months of 2018 decreased by 23% compared to the first nine months of 2017. The decrease in revenue was driven by the reduction in mat sales which usually have transportation and installation work associated with the sales and lower volumes of soil stabilization projects.

Industrial Services direct costs

Direct costs in the Industrial Services business unit for Q3 2018 were $54.8 million or 82% of revenue compared to $53.5 million or 79% of revenue for Q3 2017. Direct costs are driven by both the level and mix of business activity consisting primarily of labour, raw material, trucking, rent and utility costs. The increase of $1.3 million in direct costs in Q3 2018 compared to Q3 2017 was primarily related to: higher camp installation activity, a significant number of third party mats on rent to fulfil rental demand, and higher cost of goods sold related to the increase in mat sales. As a percentage of revenue, direct costs increased as a result of the low margin camp installation work, the rental cost associated with third party mats decreased rental margins and mat sales typically have lower margins.

Direct costs in the Industrial Services business unit for the first nine months of 2018 were $157.4 million or 83% of revenue compared to $163.9 million or 77% of revenue for the first nine months of 2017. Direct costs are driven by both the level and mix of business activity consisting primarily of labour, food costs, raw materials, trucking, rent and utility costs. The decrease in direct costs for the first nine months of 2018, compared to the first nine months of 2017 was primarily related to the cost of goods sold for the buy out of camp equipment in Q2 2017. As a percentage of revenue, direct costs increased primarily as a result of the buy out of camp equipment in Q2 2017 which had a strong margin. In addition, the factors discussed above of higher camp installation costs, higher third-party mat rental and a different revenue mix contributed to a higher direct cost as a percentage of revenue in the first nine months of 2018 compared to the first nine months of 2017.

Modular Solutions

Modular Solutions consists of production, transportation and installation of residential, retail and commercial modular buildings. The table below outlines the key performance metrics used by management to measure performance in the Modular Solutions operations:

	Three months ended September 30,			Nine months ended September 30,		
(000's)	2018	2017	% change	2018	2017	% change
Modular Solutions revenue	$ 34,867	$ 11,885	193	$ 89,376	$ 28,117	218
EBITDAS	$ 3,950	$ (2,122)	286	$ 3,962	$ (11,169)	135
EBITDAS as a % of revenue	11%	(18%)		4%	(40%)	
Operating earnings (loss)	$ 3,532	$ (2,700)	231	$ 2,791	$ (12,760)	122
Backlog [(1)]	$ 99,916	$ 30,280	230	$ 99,916	$ 30,280	230

(1) Backlog is the total value of work that has not yet been completed that: (a) has a high certainty of being performed based on the existence of an executed contract or work order specifying job scope, value and timing; or (b) has been awarded to Horizon North, as evidenced by an executed letter of award or agreement, describing the general job scope, value and timing of such work, and where the finalization of a formal contract in respect of such work is reasonably assured and expects to be recognized in the next 12 months.

Modular Solutions revenues for Q3 2018 were $34.9 million compared to $11.9 million in Q3 2017. The increase was attributable to the significant increase in the backlog between the comparative periods and increased capacity to execute. Projects in Q3 2018 were comprised mainly of commercial projects including a hotel project, a hostel project and several affordable housing projects for government housing agencies in British Columbia.

Revenues for the first nine months of 2018 were $89.4 million compared to $28.1 million in the first nine months of 2017. The increase consisted primarily of the production and installation of affordable housing projects for government housing agencies in British Columbia, an 85 room hotel in Oliver, British Columbia, a condominium housing complex in Revelstoke, British Columbia and several residential housing projects.

A key metric for Modular Solutions is the backlog of projects and timing of backlog execution. Currently, the focus for this business unit is to secure and increase backlog, which was $99.9 million at the end of Q3 2018 compared to $30.3 million at the end of Q3 2017. With consistent backlog, revenues and plant efficiencies are expected to improve and generate more stable and predictable results.

Modular Solutions direct costs

Direct costs are comprised of labour, raw materials and transportation which vary directly with revenues, and a relatively fixed component which includes rent, utilities and the design and technical services required in the bidding cycle and post award production and installation of the product.

Direct costs were 87% of revenues in Q3 2018 compared to 112% in Q3 2017. The improvement was mainly driven by economies of scale from higher activity levels absorbing the relatively fixed component of the direct costs.

Direct costs were 93% of revenues in the first nine months of 2018 compared to 134% in the first nine months of 2017. The improvement was mainly driven by higher activity levels absorbing the relatively fixed component of the direct costs.

Selling & Administrative Expense

Selling & administrative expenses are comprised of sales and marketing costs associated with each segment, along with corporate costs which reflect head office costs and include the Named Executive Officers of the Corporation, Corporate Secretary, information technology, corporate accounting staff and associated costs of supporting a public company.

Selling & administrative expenses for Q3 2018 were $4.7 million, a decrease of $0.6 million or 12% compared to Q3 2017. As a percentage of revenue, selling and administrative expenses were 5% compared to 7% in the comparative quarter of 2017.

Selling & administrative expenses for the first nine months of 2018 were $15.9 million, a decrease of $0.7 million compared to the same period of 2017. As a percentage of revenue, selling and administrative expenses for the nine months ended September 30, 2018 were 6% compared to 7% in the same period of 2017 as a result of the increased revenues.

Other Items

Depreciation and amortization

	Three months ended September 30,			Nine months ended September 30,		
(000's)	2018	2017	% change	2018	2017	% change
Depreciation of property, plant and equipment	$ 9,286	$ 9,318	-	$ 29,032	$ 30,938	(6)
Amortization of intangibles	686	687	-	2,065	2,060	-
Total depreciation and amortization	$ 9,972	$ 10,005	-	$ 31,097	$ 32,998	(6)

Depreciation of property, plant and equipment remained relatively unchanged in Q3 2018 as compared to Q3 2017. Depreciation remained constant as the purchase of the 288-person camp facility south of Fort McMurray, Alberta during Q1 2018 and the capital required for new contracts offset the sale of the 450-person camp in Q2 2017.

Depreciation of property, plant and equipment decreased by $1.9 million for the first nine months of 2018 as compared to the first nine months of 2017. The decrease was mainly a result of certain camp setup assets being fully depreciated and fleet disposals throughout the period.

The amortization of intangibles is related to the acquisition of Karoleena Inc. in June 2016 and Empire Camp Equipment Ltd. in August 2016.

Financing costs

Financing costs include interest on loans and borrowings. For Q3 2018, financing costs were unchanged compared to Q3 2017. For the first nine months of 2018, financing costs were $2.5 million compared to $2.3 million for the first nine months of 2017. The increase in financing costs was mainly a result of higher average debt levels in the first half of 2018 which averaged $80.5 million. The average debt levels for the first nine months of 2018 decreased to $65.4 million compared to $70.2 million in the first nine months of 2017 as a result of the proceeds received from the bought deal equity financing that closed in Q2 2018.

The effective interest rate on loans and borrowings for the first nine months of 2018 was 5.3% compared to 4.3% in the same period of 2017. The higher effective interest rate was driven by the tiered interest rate structure of the credit facility.

Income taxes

Income tax expense for Q3 2018 was $0.7 million compared to the income tax recovery of $2.1 million for Q3 2017. The change in income tax was attributable to the increase in net earnings in the quarter.

Income tax recovery for the first nine months of 2018 was $2.4 million compared to the income tax recovery of $0.3 million for the first nine months of 2017. The increase in income tax recovery was attributable to the larger net loss compared to the same period of 2017 primarily related to the net earnings from the insurance proceeds and camp sale in the first half of 2017.

Gain/Loss on disposal

For Q3 2018, the gain on disposal was $0.4 million compared to a loss on disposal of $0.2 million in Q3 2017. The gains and losses on disposals are typically generated from normal management of operational assets.

For the first nine months of 2018, the gain on disposal was $0.6 million compared to a gain of $12.1 million for the first nine months of 2017. The gains and losses on disposals are typically generated from normal management of operational assets. The gain on disposal in the first nine months of 2017 included the insurance settlement in excess of book value from the Blacksand Executive Lodge assets destroyed in the Fort McMurray, Alberta wildfires in 2016.

Liquidity and Capital Resources

Liquidity is principally monitored through cash and cash equivalents and available borrowing capacity under the Corporation's committed credit facility. The outstanding balance under the credit facility fluctuates as it is drawn to finance working capital requirements, capital expenditures, acquisitions and dividends or repaid with funds from operations, disposals and financing activities.

Summary of cash flows *(000's)*		September 30, 2018		September 30, 2017
Operating activities	$	31,533	$	27,179
Investing activties		(18,057)		340
Financing activities		(13,476)		(27,519)
Change in cash position	$	-	$	-

For the first nine months of 2018, operating activities generated $31.5 million of cash, compared to $27.2 million of cash in the first nine months of 2017. The variance was driven primarily by the collection of aged accounts receivable in Q3 2018. Cash used in investing activities for the nine months ended September 30, 2018 included the purchase of a 288-person camp facility south of Fort McMurray, Alberta compared to the insurance settlement received in the first nine months of 2017. Cash from financing activities included proceeds received from the bought deal equity financing that closed in Q2 2018 used to repay the Corporation's outstanding debt.

Working capital position *(000's)*		September 30, 2018		December 31, 2017
Current assets	$	108,569	$	114,694
Current liabilities excluding loans and borrowings*(1)*		52,495		44,944
Working capital*(2)*	$	56,074	$	69,750

(1) Calculated as the sum of trade and other payables, deferred revenue and income taxes payable.
(2) Calculated as current assets less current liabilities, excluding loans and borrowings.

Working capital at September 30, 2018 was $56.1 million compared to $69.8 million at December 31, 2017, a decrease of $13.7 million. The decrease in working capital was primarily due to a decrease in receivables as a result of improved collection efforts offset by the ramp up of inventory and corresponding payables for ongoing project execution.

Borrowing capacity *(000's)*		September 30, 2018		December 31, 2017
Bank borrowing:				
Available credit facility	$	150,000	$	150,000
Drawings on credit facility		24,140		73,016
Borrowing capacity*(3)*	$	125,860	$	76,984

(3) Calculated as available bank lines less drawings on credit facility.

Effective March 27, 2018, Horizon North reached agreement with its lenders to amend the credit facility. The maturity date was extended to September 30, 2020 to provide certainty with respect to borrowing capacity as the Corporation evaluates its capitalization and debt structure through 2018. The credit facility has an available limit of $150.0 million and is secured by a $400.0 million first fixed and floating charge debenture over all assets of the Corporation and its wholly-owned subsidiaries. The interest rate is calculated on a grid pricing structure based on the Corporation's debt to EBITDAS ratio. Debt to EBITDAS is calculated as at the quarter end for the most recently completed calendar quarter and for the 12 months ended on such date.

Amounts drawn on the credit facility incur interest at bank prime rate plus 0.50% to 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%.

As at September 30, 2018, the Corporation was in compliance with all financial and non-financial covenants as shown below:

Debt Covenants	Covenants Calculation September 30, 2018
Maximum Consolidated Senior debt [1] to Consolidated Adjusted EBITDAS ratio [3][4] (must be 3.00:1.00 or less)	0.81:1.00
Maximum Consolidated Total debt [2] to Consolidated Adjusted EBITDAS ratio [3][5] (must be 4.25:1.00 or less)	0.84:1.00
Minimum Consolidated Interest coverage ratio[6] (must be 3.00:1.00 or more)	8.73:1.00

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

Capital Spending

For the first nine months of 2018, gross capital spending was $29.0 million compared to $15.2 million in the first nine months of 2017. Capital spending in the first nine months of 2018 was mainly related to the purchase of a 288-person camp facility south of Fort McMurray, Alberta, capital required to meet contract requirements and expanding the access mat fleet as a result of higher utilization.

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 of $16.7 million for the nine months ended September 30, 2018, compared to $25.5 million of net proceeds from disposal for the nine months ended September 30, 2017. The net proceeds in 2017 mainly related to the insurance claim for the loss of the Blacksand Executive Lodge and the proceeds from the 450-person camp received in Q3 2017.

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

Quarterly Summary of Results

	Three months ended			
	2018	2018	2018	2017
(000's except per share amounts)	September	June	March	December
Revenue	$ 100,022	$ 93,603	$ 82,575	$ 82,664
EBITDAS	11,710	6,886	4,433	6,786
Operating earnings (loss)	1,308	(3,800)	(7,044)	(4,074)
Total loss	(157)	(3,390)	(6,062)	(3,885)
Total comprehensive loss	(112)	(3,435)	(6,062)	(3,892)
Loss per share – basic	$ (0.00)	$ (0.02)	$ (0.04)	$ (0.03)
Loss per share – diluted	$ (0.00)	$ (0.02)	$ (0.04)	$ (0.03)

	Three months ended			
	2017	2017	2017	2016
(000's except per share amounts)	September	June	March	December
Revenue	$ 79,283	$ 91,647	$ 70,488	$ 60,420
EBITDAS	6,434	8,571	8,254	4,609
Operating (loss) earnings	(7,514)	(2,500)	8,153	(8,304)
Total (loss) profit	(6,149)	(2,949)	5,140	(7,215)
Total comprehensive (loss) income	(6,144)	(2,950)	5,140	(7,214)
(Loss) earnings per share – basic	$ (0.04)	$ (0.02)	$ 0.04	$ (0.05)
(Loss) earnings per share – diluted	$ (0.04)	$ (0.02)	$ 0.04	$ (0.05)

Historically, Horizon North has been primarily a provider of products and services to the resource sector with its performance associated with the fluctuations in commodity pricing and activity levels in that sector. The previous eight quarters have been significantly impacted by reduced demand and downward pricing pressure. The allocation of manufacturing resources between external projects and internal fleet requirements, along with the time and costs required to deploy camp and catering fleet assets, significantly affect the timing of revenues between the quarters and impact performance. Although there is some seasonality with the first quarter generally stronger, this effect can be muted or compounded by the other factors. Trending in the Industrial Services segment was impacted by the Fort McMurray, Alberta wildfires in May 2016 and the loss of the Blacksand Executive Lodge and a significant equipment buy out that occurred in Q2 2017.

Horizon North, as a key part of its bifurcation strategy, has focused its manufacturing infrastructure on permanent modular projects rather than traditional camp manufacturing. This diversification strategy is intended to decrease the dependence on the resource sector and provide a smoother and more reliable business operation. The strategic initiative of business transformation was a high priority in 2016 continuing and building in 2017. The momentum continued to build during 2018 in the Modular Solutions segment with significant backlog growth, the acquisition of Shelter Modular Inc, and positive earnings.

Risks and Uncertainties

Volatility of Oil, Natural Gas and Mining Industry Conditions

The demand, pricing and terms for Horizon North's products and services depend upon the level of industry activity for oil, natural gas and mineral exploration and development in the western Canadian provinces and territories. Industry conditions are influenced by numerous factors over which Horizon North has no control, including: oil, natural gas and mineral prices; expectations about future oil, natural gas and mineral prices; the cost of exploring for, producing and delivering oil, natural gas and minerals; the expected rates of declining current production; the discovery rates of new oil, natural gas and mineral reserves; available pipeline and other oil, natural gas transportation capacity; demand for oil, natural gas and minerals; weather conditions; global political, military, regulatory and economic conditions; and the ability of oil, natural gas and mining companies to raise equity capital or debt financing for exploration and development work.

Current global economic events and uncertainty have the potential to significantly impact commodity pricing, changing the economic feasibility of industry development projects. No assurance can be given that expected trends in oil, natural gas and mineral production activities will continue or that demand for services provided by Horizon North will reflect the level of activity in the industry. Any prolonged substantial reduction in oil, natural gas, and mineral prices would likely affect activity levels in these industries and therefore affect the demand for the services provided by Horizon North.

Competition

Horizon North provides products and services to oil, natural gas and mineral exploration and production companies in the western Canadian provinces and northern territories. The service businesses in which Horizon North operates are highly competitive. To be successful, Horizon North has to provide services that meet the specific needs of its clients at competitive prices. The principal competitive factors in the markets in which Horizon North operates are service, quality, availability, reliability and performance of equipment used to perform its services, technical knowledge and experience, safety records and ongoing safety programs and price. Horizon North competes with several competitors, which offer similar services in geographic areas in which Horizon North operates. As a result of competition, Horizon North's business, financial condition and results of operations could be adversely affected.

Reduced levels of activity in the oil and natural gas and mining industries can intensify competition and result in lower revenue to Horizon North. Variations in the exploration and development budgets of oil and natural gas and mining companies, which are directly affected by fluctuations in energy prices and mineral prices, the cyclical nature and competitiveness of the oil and natural gas and mining industries and governmental regulation, will have an effect upon Horizon North's ability to generate revenue and earnings.

Horizon North's pursuit of opportunities in permanent modular construction is in competition with other modular builders as well as traditional site built providers. To be successful, Horizon North must demonstrate the value proposition of modular construction and successfully execute projects.

Credit Risk

A substantial portion of Horizon North's trade and other accounts receivable are with customers involved in the oil, natural gas and mining industries, whose revenues may be impacted by fluctuations in commodity prices. Collection of these receivables could be influenced by economic factors affecting the oil and natural gas and mining industries.

Many of the Corporation's customers require reasonable access to credit facilities and debt capital markets to finance their projects. If the availability of credit to the Corporation's customers is reduced, they may reduce their expenditures, thereby decreasing demand for the Corporation's products and services. A reduction in spending by the Corporation's customers could adversely affect its operating results and financial condition. During the term of a contract, Horizon North may be required to use its working capital to fund project costs until payments are collected from the customer. A greater incidence of payment default by clients could result in a financial loss to the Corporation that could have a material adverse effect on its operating results and financial position.

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 terms acceptable to Horizon North.

Labour Relations

The largest component of Horizon North's overall expenses is salaries, wages, benefits and payments to employees, agents and contractors. Any significant increase in these expenses could impact the financial results of Horizon North. In addition, Horizon North will be at risk if there are any labour disruptions. Horizon North believes that it has and will continue to foster a positive relationship with employees, agents and contractors.

Agreements and Contracts

The business operations of Horizon North depend on successful execution of contracts. The key factors which will determine whether a client will continue to use Horizon North will be service quality, availability, reliability and performance of equipment used to perform its services, technical knowledge, experience, safety record, ongoing safety programs and competitive pricing. There can be no assurance that Horizon North's relationship with its customers will continue, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, could have a material adverse effect on Horizon North's business, financial condition and results of operations.

Significant Customers

The Corporation had two major customers who generated 39% of total revenues in the first nine months of 2018 compared to one major customer who generated 14% of total revenues in the first nine months of 2017. 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.

Permits

In most cases, permits issued by government agencies are required to build residential and commercial properties and 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 and Modular Solutions.

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 natural 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 natural gas and mining industry participants, thereby delaying or decreasing the demand for Horizon North's services.

Management is unable to predict the impact of potential emissions targets and it is possible that changes could adversely affect Horizon North's business, financial condition and results of operations. These regulations would likely result in higher operating costs for our customers in the region, putting further pressure on project economics, and may also impair Horizon North's ability to provide its services economically.

Merger and Acquisition Activity

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

Aboriginal & Community Relations

A component of Horizon North's business strategy is based on developing and maintaining positive relationships with the Aboriginal people and communities in the areas where Horizon North operates. These relationships are important to Horizon North's operations and customers who desire to work on traditional Aboriginal lands. The inability to develop and maintain relationships and to be in compliance with local requirements could adversely affect Horizon North's business strategy, growth and profitability.

Seasonal Operations

Each of Horizon North's businesses are affected by the seasonality associated with western Canadian oil and natural gas drilling industry. 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. The Modular Solutions segment is not impacted by seasonality.

Business Continuity, Disaster Recovery and Crisis Management

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

Cyber Security

Horizon North manages cyber security risk by ensuring appropriate technologies, processes and practices are effectively designed and implemented to help prevent, detect and respond to threats as they emerge and evolve. The primary risks to Horizon North include, loss of data, destruction or corruption of data, compromising of confidential customer or employee information, leaked information, disruption of business, theft or extortion of funds, regulatory infractions, loss of competitive advantage and reputational damage. Horizon North applies technical and process controls in line with industry-accepted standards to protect its information assets and systems. Data backup and recovery processes are in place to minimize risk of data loss and resulting disruption of business. Through ongoing vigilance and regular employee awareness, Horizon North has not experienced a cyber security event of a material nature. As it is difficult to quantify the significance of such events, cyber-attacks such as, security breaches of Corporation, customer, employee, and vendor information, as well as hardware or software corruption, failure or error, telecommunications system failure, service provider error, intentional or unintentional personnel actions, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and the corruption of data, may in certain circumstances be material and could have an adverse effect on Horizon North's business, financial condition and results of operations. As result of the unpredictability of the timing, nature and scope of disruptions from such attacks, Horizon North could potentially be subject to: operational delays, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of its systems and networks or financial losses, any of which could have a material adverse effect on Horizon North's reputation and competitive position, financial condition or results of operations.

Trade Relations

On September 30, 2018 the United States, Mexico and Canada announced the completion of negotiations concerning the North American Free Trade Agreement, signalling their intention to adopt a new United States-Mexico-Canada Agreement ("USMCA"). The proposed USMCA remains subject to further legal review and the domestic ratification procedures of each of the United States, Mexico and Canada. As the final terms and ratification of the USMCA remain uncertain, it is currently unclear how this agreement may affect Canada and what effects the final terms will have on the Corporation.

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, 2017 and 2016. As at September 30, 2018, Horizon North updated its accounting policies to include an adoption of IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers transition. The details are provided in note 3 of the Condensed Consolidated Interim Financial Statements as at September 30, 2018.

Critical Accounting Estimates and Judgments

This MD&A of the Corporation's financial condition and results of operations is based on its Consolidated Financial Statements which are prepared in accordance with International Financial Reporting Standards (IFRS). The presentation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of provisions at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates and judgments are based on historical experience and on various assumptions that are believed to be reasonable under the circumstances. Anticipating future events cannot be done with certainty, therefore these estimates may change as new events occur, more experience is acquired and as the Corporation's operating environment changes. The accounting estimates believed to be the most difficult, subjective or complex are the most critical to the reporting of results of operations and financial positions. They are as follows:

Revenue recognition

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.

Construction Receivable Estimate

The Corporation recognizes that the value of many construction contracts increases 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 receivables. 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 Obligation

The Corporation recognizes an asset retirement obligation ("ARO") 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

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("FVLCOD") and its value in use ("VIU"). The FVLCOD calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. The VIU calculation is based on a discounted cash flow model. The cash flows are derived from the Corporation's forecast and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The Corporation is required to make a judgment regarding the need for impairment at each reporting date by evaluating conditions specific to the organization that may lead to the impairment of assets.

Purchase price equations

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

Financial Instruments and Risk Management

(a) Overview

The Corporation is exposed to a number of different financial risks arising from the normal course of 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, 2018	December 31, 2017
Trade receivables		
Neither impaired nor past due	$ 19,907	$ 23,161
Outstanding 31-60 days	3,780	11,820
Outstanding 61-90 days	3,214	2,221
Outstanding more than 90 days	5,500	7,267
Total trade receivables	$ 32,401	$ 44,469
Construction receivables		
Neither impaired nor past due	$ 17,235	$ 18,655
Outstanding 31-60 days	2,009	918
Outstanding 61-90 days	188	-
Outstanding more than 90 days	2,476	14,006
Total construction receivables	$ 21,908	$ 33,579
Accrued revenue	$ 22,528	$ 12,953
Accrued construction revenue	17,403	9,695
Other receivables	683	1,034
Allowance for doubtful accounts	(3,167)	(2,965)
Total trade and other receivables	$ 91,756	$ 98,765

In the first nine months of 2018, the Corporation provided an allowance for $3.2 million of receivables aged greater than 90 days. As at October 31, 2018, the Corporation has collected $0.7 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, 2018, included in construction receivables were holdbacks of $5.2 million (September 30, 2017 - $0.1 million).

(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, 2018		December 31, 2017	
	Trade and payables(1)	Loans and borrowings(2)	Trade and payables(1)	Loans and borrowings(2)
Year 1	$ 50,439	$ -	$ 37,936	$ -
Year 2	4,338	24,140	-	73,016
Year 3	-	-	6,276	-
Year 4	1,139	-	-	-
Year 5 and beyond	5,628	-	4,941	-
	$ 61,544	$ 24,140	$ 49,153	$ 73,016

(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 credit 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, 2018 by approximately $24,000 (three months ended September 30, 2017 - $33,000). 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 0.50% to 2.25%. If prime were to have increased by 1.00%, it is estimated that the Corporation's net earnings would have decreased by approximately $88,000 for the three months ended September 30, 2018 (three months ended September 30, 2017 - $154,000). This assumes that the amount and mix of fixed and floating rate debt in the year remains unchanged and that the change in interest rates is effective from the beginning of the year.

Outstanding Shares

Horizon North had 164,268,988 voting common shares issued and outstanding and exercisable options to purchase 5,535,365 shares for a total potential of 169,804,353 shares as at October 31, 2018.

Off-Balance Sheet Financing

Horizon North has no off-balance sheet financing.

Management's Report on Disclosure Controls and Procedures and Internal Control over Financial Reporting

Disclosure Controls and 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 2018, 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, 2018 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 ICFR during the period ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

Limitations on the Effectiveness of Disclosure Controls and Procedures and Internal Control over Financial Reporting

Because of their inherent limitations, DC&P and ICFR may not prevent or detect misstatements, errors or fraud. Control systems, no matter how well conceived or implemented, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met.

Non-GAAP measures

Certain measures in this MD&A do not have any standardized meaning as prescribed by generally accepted accounting principles ("GAAP") and, therefore, are considered non-GAAP measures. These measures are regularly reviewed by the Chief Operating Decision Maker and provide investors with an alternative method for assessing the Corporation's operating results in a manner that is focused on the performance of the Corporation's ongoing operations and to provide a more consistent basis for comparison between periods. These measures should not be construed as alternatives to total profit and total comprehensive income determined in accordance with GAAP as an indicator of the Corporation's performance. The method of calculating these measures may differ from other entities and accordingly, may not be comparable to measures used by other entities. The following non-GAAP measures are used to monitor the Corporation's performance:

EBITDAS: Earnings before interest, taxes, depreciation, amortization, impairment, 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 earnings measure as it provides an indication of the Corporation's operating performance 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)	2018	2017	2018	2017
Total loss	$ (157)	$ (6,149)	$ (9,609)	$ (3,958)
Add:				
Share based compensation	836	275	2,073	813
Depreciation & amortization	9,972	10,005	31,097	32,998
Finance costs	768	788	2,520	2,291
Impairment loss on re-measurment of assets held for sale	-	3,457	-	3,457
(Gain) Loss on disposal of property, plant and equipment	(406)	211	(605)	(12,148)
(Earnings) loss from equity investments	-	(86)	(67)	105
Income tax expense (recovery)	697	(2,067)	(2,380)	(299)
EBITDAS	$ 11,710	$ 6,434	$ 23,029	$ 23,259

Advisories

This Management's Discussion and Analysis, prepared as at October 31, 2018, focuses on key statistics from the Consolidated Financial Statements and pertains to known risks and uncertainties relating to the business carried on by Horizon North. This discussion should not be considered all-inclusive, as it does not attempt to include changes that may occur in general economic, political and environmental conditions. Additional information related to the Corporation, including the Corporation's annual information form, is available on SEDAR at www.sedar.com. Unless otherwise indicated, the Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards and the reporting currency is in Canadian dollars.

Caution Regarding Forward-Looking Statements and Information

Certain statements contained in this MD&A constitute forward-looking statements or information ("forward-looking statements"). These statements relate to future events or future performance of Horizon North. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions are intended to identify forward-looking statements.

In particular, such forward-looking statements include:

Under the heading "Highlights" the statements that:

- "The Modular Solutions division exited the quarter with backlog of $99.9 million compared to $64.5 million at Q2 2018. The funnel of high-quality, high probability opportunities also increased, closing the quarter in the range of $250 million compared to $165 million at Q2 2018;
- With the recently announced positive Final Investment Decision ("FID") by LNG Canada of its liquefied natural gas ("LNG") project located in Kitimat, British Columbia, Horizon North has started to execute on its west coast LNG strategy. The strategy will be focused on the installation of an initial 200 beds of a potential 1,000 bed open camp facility and development of commercial and residential modular offerings on Horizon North's fully serviced land position in Kitimat, British Columbia;
- Horizon North is in the initial stage of mobilizing and installing a 150 bed camp facility for a liquified petroleum gas ("LPG") project located in Prince Rupert, British Columbia that has recently been approved by the project proponent;
- Horizon North's balance sheet improved as a result of continued focus on reducing working capital and proceeds received from a bought deal equity financing that closed on June 25, 2018 to support the execution of the Corporation's LNG strategy and anticipated growth in the Modular Solutions division."

Under the heading "Outlook" the statement that:

"Horizon North's focus for the remainder of 2018 and into 2019 will continue to be on:

- Executing on its west coast LNG strategy with first phase beginning Q4 2018 with the installation of an initial 200 beds of a potential 1,000 bed open camp facility;
- Strengthening and diversifying the Industrial Services business by growing and broadening the customer base through pursuing significant catering only opportunities for key customers in the Alberta oil sands and focusing on geographies with high potential such as northern Canada and the Montney and Duvernay regions; and
- Expanding the Modular Solutions backlog, evaluating additional manufacturing capacity and continuing to improve execution to increase profitability.

Liquefied Natural Gas (LNG)

On October 2, 2018, LNG Canada announced a positive Final Investment Decision for its LNG project located in Kitimat, British Columbia. Horizon North owns a 57-acre parcel of land within the District of Kitimat that is fully serviced, subdivided, permitted and zoned for the following type of development:

- Camp facilities - 16 acres will be used for an open camp facility of up to 1,000 beds, incorporating executive style accommodations and modern amenities. Horizon North has initiated the rapid mobilization and commissioning the initial 200 beds of this facility and expects that portion of the facility to be operational in early 2019;
- Commercial development - 14 acres will be used for commercial development which would be constructed by Horizon North's Modular Solutions division and will consist of modularly constructed hotels, retail or office space or a combination thereof; and

- Residential development – 27 acres is ideally suited for residential development for which Horizon North may utilize its existing modular residential platform to provide attached or detached single family or executive housing or explore alternative residential development opportunities.

Industrial Services

Industrial Services operations are expected to be moderately stronger as we exit 2018. Workforce accommodation activity is expected to improve as a result of activity in the Montney and Duvernay regions as customers continue to pursue infrastructure and liquids rich gas development projects. Activity levels in the Alberta oil sands region are expected to be stable while Horizon North continues to aggressively pursue projects south of Fort McMurray leveraging our existing high quality, high value catering and hospitality platform which requires limited incremental capital investment.

Rentals & Logistics activity levels will moderate in Q4 2018 consistent with historical trends and are expected to increase through the first half of 2019 based on improving customer project visibility. Pricing is expected to remain relatively stable through the remainder of 2018 with embedded price escalation clauses driving improved pricing as we move into 2019.

Modular Solutions

The Modular Solutions business is expected to continue its revenue and profitability growth as the business works through its expanded backlog of $99.9 million. The funnel of high-quality, high probability opportunities has expanded and sits in the range of $250 million, underpinned by social infrastructure, multifamily residential, commercial development opportunities and affordable housing projects. The remainder of 2018 will be focused on adding manufacturing capacity through workforce increases at existing facilities as well evaluating potentially additional new facilities to support increasing demand.

Statement of Financial Position

The strength of the Statement of Financial Position remains a key priority and Horizon North has significantly reduced its debt and working capital levels. Horizon North will continue to maintain a disciplined approach to capital spending and continue assessing its portfolio of assets in to ensure a focus on core business lines."

Under the heading "Dividend Payment" regarding the payment of a dividend to shareholders of record at the close of business on December 31, 2018 to be paid on January 15, 2019.

Under the heading "Modular Solutions" the statement that:

"A key metric for Modular Solutions is the backlog of projects and timing of backlog execution. Currently, the focus for this business unit is to secure and increase backlog, which was $99.9 million at the end of Q3 2018 compared to $30.3 million at the end of Q3 2017. With consistent backlog, revenues and plant efficiencies are expected to improve and generate more stable and predictable results."

Under the heading "Liquidity and Capital Resources" the statement that:

"The maturity date was extended to September 30, 2020 to provide certainty with respect to borrowing capacity as the Corporation evaluates its capitalization and debt structure through 2018."

Under the heading "Quarterly Summary of Results" the statement that:

"Horizon North, as a key part of its bifurcation strategy, has focused its manufacturing infrastructure on permanent modular projects rather than traditional camp manufacturing. This diversification strategy is intended to decrease the dependence on the resource sector and provide a smoother and more reliable business operation."

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;
- the impacts of a positive FID from LNG Canada with respect to the Kitimat LNG project;
- capital investment in the Canadian oil and gas sector;
- dividend payments;
- anticipated activity levels for 2018;
- operational results and capital spending;

- anticipated backlog in the Modular Solutions business;
- trade and other receivables;
- future operating costs and Corporation's access to capital;
- the effects of regulation by governmental agencies;
- the competitive environment in 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 are based are reasonable, undue reliance should not be placed on the forward-looking statements because Horizon North cannot give any assurance that they will prove to be correct. Since forward-looking statements 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.