



HORIZON NORTH

Annual Report 2015

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Information on Annual General Meeting

The Annual General Meeting of holders of common shares of Horizon North Logistics Inc. will be held on the 5th day of May 2016 at 3:00 p.m. (local time) in the Strand/Tivoli Room at the Metropolitan Conference Centre, 333-4th Avenue SW., Calgary, Alberta.

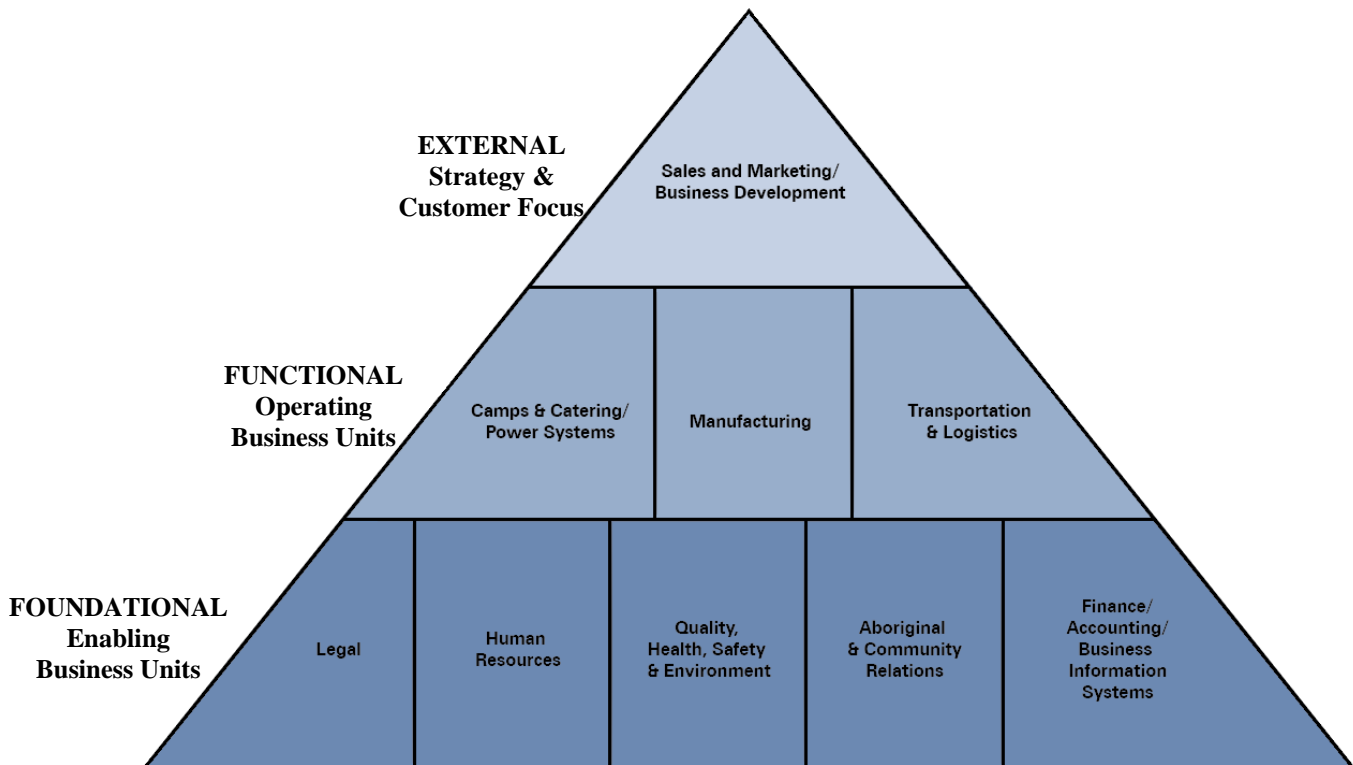
Shareholders are encouraged to attend and those unable to do so are requested to complete and submit the Instrument of Proxy at their earliest convenience.



President's Letter to Shareholders

Dear Shareholders;

Last year in the face of a deteriorating business environment I wrote to you outlining the transformational journey that Horizon North was embarking upon. The purpose of the structural changes that we have and continue to implement are to ensure the continued success of Horizon North. The move from a decentralized, holding company to a fully-integrated organization requires a strong base of experienced professionals and programs to support Horizon North's operations and we continue to integrate Horizon North based upon a functional operational pyramid, depicted below.



To date, we have made significant progress towards our integration goals in the following key areas of our organization:

- **Marketing** – we have implemented a unified and fresh approach to our look and branding that embraces our integrated, One Company, One Brand, One Vision model;
- **Sales Process** – we have introduced a matrix sales approach to better utilize our deep technical sales capabilities and allow improved customer service;
- **Cross-Selling** – we have a broad range of products and services that are complimentary and intuitively lend themselves to bundling;
- **Supply Chain/Lean Manufacturing** – our new Vice President, Manufacturing has a doctorate in Supply Chain and Lean Management, matched with a deep history in the manufacture of industrial products in multiple sectors including aviation and automotive;
- **World Class Quality Program** – we continue our implementation of First Time Quality (FTQ) programs throughout our product and service offerings;
- **Sophisticated Business Information Services Approach** – we are expanding our use of cutting edge software under the direction of our new Vice President, Business Information Services and his background in the technologically intensive airline industry;
- **Augmented Board of Directors** – our board of directors has continued to attract individuals with experience in large, public corporations and skillsets that complement an already strong core of directors;
- **Human Resource Strategy** – we have implemented a sophisticated approach to evaluation, support, compensation and retention of our employee base; and
- **Legal** – we continue to adopt strategies to increase the depth and sophistication of our risk mitigation and contracting capabilities.



President's Letter to Shareholders

These enhancements integrate well into our previously existing, high quality Camp/Lodge offering as well as our Transportation and Rental strategy. In addition, we raised approximately \$80.6MM through an equity financing in July 2015, which strengthened our balance sheet and positioned us to continue the execution of our strategic plan through the end of the decade.

The enhanced platform described above will allow our drive towards greater diversity in 2016. We seek increased diversity:

- of our customers and end markets;
- in our manufactured products offerings;
- in the breadth and types of services offered; and
- of the geography where you will find Horizon North.

This year, Horizon North celebrates its 10th Anniversary with the right platform, the right people and the right capital structure to pursue our mission to provide superior, safe, fully integrated, turn-key accommodations and related ancillary infrastructure in Canada and Alaska.

The next twelve months will not be without its challenges, but we will achieve our success through a combination of organic growth and strategic and opportunistic acquisitions. We are not going into 2016 haphazardly, we have a plan to see past the current economic challenges.

Rod Graham,
President, CEO and Director



Management's Discussion and Analysis Three months and years ended December 31, 2015 and 2014

HORIZON NORTH

This Management's Discussion and Analysis ("MD&A"), prepared as at February 24, 2016 focuses on key statistics from the Consolidated Financial Statements and pertains to known risks and uncertainties relating to the business carried on by Horizon North 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.

Annual Highlights

- Throughout 2015 Horizon North took some significant steps to strengthen and protect the balance sheet, starting in Q1 2015 by renegotiating the credit facility to relax covenant thresholds and increase the size of the facility. This was followed by a bought deal equity financing completed in July for \$80.6 million in gross proceeds, used to reduce debt. As the economic environment continued to deteriorate the Horizon North Board of Directors approved a 50% reduction to the shareholder dividend to maintain financial flexibility and weather the difficult economic times;
- 2015 was the start of a journey of transformational change which will position Horizon North for success and growth well into the next decade. The change moves Horizon North to a fully integrated product and services offering model and will diversify the business base by focusing on expanding into the permanent modular and facilities management markets;
- Throughout 2015 Horizon North continued to develop and secure suitable land positions near proposed LNG project sites in British Columbia positioning Horizon North to fully participate in LNG projects;
- The downturn in economic conditions experienced throughout 2015, mainly a result of a 46% drop in oil prices and a 37% drop in natural gas prices year over year, put downward pressure on Horizon North's pricing and decreased demand for Horizon North's products and services.

Annual Financial Summary

(000's except per share amounts)	Years ended December 31				
	2015	% change	2014	% change	2013
Revenue	\$ 369,889	(22%)	\$ 476,060	(14%)	\$ 554,387
EBITDAS ⁽¹⁾	62,460	(33%)	92,866	(26%)	126,334
EBITDAS as a % of revenue	17%		20%		23%
Operating earnings	4,778	(87%)	37,502	(41%)	63,291
Operating earnings as a % of revenue	1%		8%		11%
Total (loss) profit	(832)	(104%)	23,646	(44%)	42,451
Total comprehensive (loss) income	(775)	(103%)	24,026	(44%)	42,637
Earnings per share – basic	\$ (0.01)	(105%)	\$ 0.21	(46%)	\$ 0.39
– diluted	\$ (0.01)	(105%)	\$ 0.21	(45%)	\$ 0.38
Total assets	\$ 469,504	(13%)	\$ 539,978	15%	\$ 471,115
Long-term loans and borrowings	57,527	(61%)	146,370	87%	78,256
Cash from operations	99,995	74%	57,571	(54%)	125,369
Capital spending					
Purchase of property, plant & equipment	54,443	(52%)	114,581	27%	90,146
Proceeds from disposals of property, plant & equipment	(9,800)	(34%)	(14,946)	(44%)	(26,925)
Net Capital spending	44,643	(55%)	99,635	58%	63,221
Senior debt to EBITDAS ⁽²⁾	0.92:1.00		1.63:1.00		0.60:1.00
Total debt to EBITDAS ⁽²⁾	0.92:1.00		1.66:1.00		0.60:1.00
Debt to total capitalization ratio	0.15:1.00		0.35:1.00		0.21:1.00
Dividends declared	\$ 33,641	(5%)	\$ 35,307	29%	\$ 27,378
Dividends declared per share	\$ 0.28	(13%)	\$ 0.32	28%	\$ 0.25

(1) Please refer to page 30 of the Annual Report for the definitions of Non-GAAP and additional GAAP measures and reconciliation of Net Earnings to EBITDAS.

(2) Please refer to page 22 of the Annual Report for the definitions of Debt to EBITDAS.

Management's Discussion and Analysis
Three months and years ended December 31, 2015 and 2014

Average oil and natural gas prices ⁽¹⁾	2015	% change	2014	% change	2013
West Texas Intermediate (US\$/bbl)	\$ 49.58	(46%)	\$ 92.45	(6%)	\$ 97.93
Natural Gas – Henry Hub (US\$/MMBtu)	\$ 2.64	(37%)	\$ 4.22	(12%)	\$ 3.78

(1) Average of NYMEX daily closing prices.

Annual Overview

Horizon North's results for the year ended December 31, 2015 ("2015"), compared to the year ended December 31, 2014 ("2014"), reflected the uncertain and difficult economic conditions that persisted throughout 2015, primarily due to the decline in commodity prices, in particular the price of oil. The challenging economic environment put considerable downward pressure on pricing and drove diminished demand for Horizon North's products and services as customers made deep cuts to their capital programs and looked for every opportunity to reduce operating costs in 2015. These significant factors are the context and basis for the discussion and analysis which follow.

2015 started with a strong seasonal lift as a result of customer commitments made in late 2014. However, circumstances quickly deteriorated as the economic environment worsened and gained downward momentum in the back half of 2015 following a steep decline in the price of oil. Much of the second and third quarters of 2015 were spent working with existing customers revisiting contract pricing and occupancy commitments in order to help manage their costs. As a result, Horizon North experienced lower margins for the remainder of the year. Poor economic conditions drove diminished demand for Horizon North's products and services throughout 2015, particularly evident in the manufacturing and mat sales operations which saw fewer projects with significantly smaller scope in the second half of 2015 compared to 2014. In addition to the impact of uncertain and deteriorating economic conditions, Horizon North experienced, in aggregate, \$8.0 million of higher costs throughout the year related to: an extended installation schedule on a major oil sands camp sales project in the Fort McMurray area, a provincial sales tax assessment, severance costs related to various restructuring and efficiency initiatives undertaken during the year and an increase to the allowance for doubtful accounts.

In 2015 Horizon North began a journey of transformational change to position the Corporation for growth into the next decade. Change focused on the implementation of a fully integrated offering model and diversification of the business base by expanding the product and service offerings. 2015 focused on the realignment and restructuring of the functional groups to support expansion into the permanent modular and facilities maintenance markets and also drove improved operational efficiencies.

In light of the economic uncertainty Horizon North took some significant steps throughout 2015 to strengthen and protect the balance sheet. In the first quarter of 2015 the Corporation renegotiated its credit facility, increasing available limits to \$200.0 million and relaxing the covenants to provide increased financial flexibility. In July 2015 Horizon North further strengthened the balance sheet through the completion of a bought deal equity financing for gross proceeds of \$80.6 million which were used to reduce debt. As the economic downturn continued to deepen in the third quarter, the Horizon North Board of Directors took the additional step of reducing the shareholder dividend by 50% to maintain financial flexibility and weather the difficult economic times.

Net capital spending was \$44.6 million for 2015, a reduction from the \$50.0 million contemplated in Q3 2015. Capital spending in 2015 was related to the equipment and installation work for contracted projects and refreshing the camp fleet, drill camp fleet and the space rental fleet. In addition, a limited amount of capital was focused on developing and securing suitable land positions near proposed LNG project sites in British Columbia.

Consolidated revenues for the year ended December 31, 2015 decreased by \$106.2 million or 22% compared to 2014 with half of the decrease attributable to the manufacturing operations and the remainder coming equally from camp rental and catering and matting operations. All operations were significantly impacted by the difficult economic conditions throughout 2015 with revenue and activity levels reflecting the extent to which customers curtailed capital programs and reduced their costs through pricing reductions and decreased occupancy.

Manufacturing Sales revenues decreased by \$55.4 million or 46% compared to 2014, a reflection of customers cutting their capital projects. In 2014, a large oil sands camp project was underway throughout the year which was completed mid-2015 and was not replaced with a project of similar scope. In response to lower demand, manufacturing capacity was significantly reduced in the second half of 2015 through work sharing programs and headcount reductions. The total direct manufacturing hours decreased year over year with fewer hours dedicated to external revenue generating projects compared to 2014. The total direct hours in 2015 were 650,110, a decrease of 451,416 hours or 41% compared to 2014 with 62% of total direct hours allocated to external sales compared to 57% in 2014.

Management's Discussion and Analysis
Three months and years ended December 31, 2015 and 2014

Camp rental and catering revenues decreased \$28.5 million or 10% compared to 2014. The decrease in revenue was a result of downward pressure on pricing and generally decreased activity levels across the camp rental and catering operations. Large camps were the exception where activity increased compared to 2014 as a result of very strong seasonal activity in the first quarter of 2015 and a significant amount of fire camp work in the third quarter of 2015. Despite the higher activity, large camp revenue declined compared to 2014 due to pricing reductions on existing contracts and new projects. Large camp fleet utilization was 60% with an average of 9,113 rentable beds in 2015 compared to 63% utilization and an average of 7,613 rentable beds in 2014. Revenue per average available bed (RevPAAB) was \$64 compared to \$78 in 2014 mainly a result of decreased pricing experienced in 2015 and a different mix of contracts between the comparative years.

Matting revenues decreased \$25.9 million or 39% compared to 2014 as a result of the weak economic environment which drove significantly lower pricing and saw customers drastically reduce capital spending. The effect of the poor economic environment was a decrease in mat rental rates by 33% with utilization 4% lower year over year and a decrease in new mat sales by 90% compared to 2014.

EBITDAS were \$62.5 million, a decrease of \$30.4 million or 33% compared to 2014, and as a percentage of revenue, EBITDAS was 17%, a decrease from 20% in 2014. The decreased EBITDAS were primarily due to the very difficult economic environment which drove strong downward pressure on pricing and reduced demand for Horizon North's products and services. In addition to the impact of uncertain and deteriorating economic conditions, Horizon North experienced, in aggregate, \$8.0 million of higher costs throughout the year related to: an extended installation schedule on a major oil sands camp sales project in the Fort McMurray area, a provincial sales tax assessment, severance costs related to various restructuring and efficiency initiatives undertaken during the year and an increase to the allowance for doubtful accounts. Normalizing for this cost EBITDAS as a percentage of revenue would have been 19% compared to 20% for 2014. Throughout 2015, Horizon North took action to mitigate the margin compression by focusing on improving operational efficiencies and working with our suppliers to drive cost savings.

Total profit and earnings per share decreased year over year primarily as a result of the difficult economic environment experienced throughout 2015 which drove lower EBITDAS discussed above. The poor economic conditions, resulting from the decline in oil and natural gas prices, impacted the current and future activity levels and were indicators of impairment. Horizon North completed the required impairment testing using a multi-year discounted cash flow approach to determine if an impairment existed. It was determined there was an indication of impairment in the Camps & Catering cash generating unit which resulted in an impairment charge against goodwill of \$1.7 million.

The balance sheet continued to be strong as a result of the steps taken throughout 2015 and the ongoing focus to minimize working capital and manage capital spending. Net capital spending was \$44.6 million for 2015, a reduction from the \$50.0 million contemplated in Q3 2015. Debt levels and banking covenants are well within the required limits with debt of \$57.5 million and a Debt to Trailing Twelve Month (TTM) EBITDAS ratio of 0.92:1.00.

Outlook

Given the current uncertain and weak economic environment, as a result of depressed and volatile commodity prices, particularly oil, commenting on the 2016 outlook is a very difficult proposition. Horizon North anticipates the uncertainty and volatility seen in 2015 to persist through 2016 with continued weaker demand and depressed pricing for its products and services. It is anticipated that customers will continue to reduce capital programs and delay investment decisions as well as look at all opportunities to lower operating costs throughout 2016.

Ensuring a strong balance sheet will be a priority for 2016 and in light of the current economic environment the Horizon North Board of Directors has reduced the quarterly dividend to \$0.02 providing additional financial flexibility of \$10.6 million annually. Minimizing working capital and a reduced capital program will be a strong focus with capital spending limited to key initiatives, required maintenance and growth capital limited to contracted projects.

Horizon North will continue forward on the journey of transformational change that began in 2015. Horizon North will continue to realign and restructure the Corporation to focus on delivering a more fully integrated product and service offering model, diversify the business base and drive operational efficiency. Diversifying the business base will focus on expanding into the permanent modular and facilities management markets.

Horizon North will continue to develop and secure key land locations close to proposed LNG projects sites on the west coast of British Columbia. However, this will be done using a measured approach with the timing of capital spending aligned with projects as they emerge. Executing these strategies are key to weathering the downturn and positioning Horizon North for the recovery.

Dividend payment

Horizon North announced today that its Board of Directors has declared a dividend for the first quarter of 2016 at \$0.02 per share. The dividend is payable to shareholders of record at the close of business on March 31, 2016 to be paid on April 15, 2016. The Board of Directors regularly monitors the strength of the balance sheet, cash from operations and capital requirements to ensure the overall sustainability of Horizon North is not compromised. The dividends are eligible dividends for Canadian tax purposes.



Management's Discussion and Analysis
Three months and years ended December 31, 2015 and 2014

Annual Financial Results

(000's)	Years ended December 31, 2015				Total
	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	
Revenue	\$ 329,724	\$ 41,269	\$ -	\$ (1,104)	\$ 369,889
Expenses					
Direct costs	254,991	30,405	(14)	(1,104)	284,278
Selling & administrative	8,394	1,774	12,983	-	23,151
EBITDAS	\$ 66,339	\$ 9,090	\$ (12,969)	\$ -	\$ 62,460
EBITDAS as a % of revenue	20%	22%	-	-	17%
Share based compensation	759	212	746	-	1,717
Depreciation & amortization	43,994	9,173	930	(133)	53,964
Impairment loss	1,664	-	-	-	1,664
Loss on disposal of property, plant and equipment	337	-	-	-	337
Operating earnings (loss)	\$ 19,585	\$ (295)	\$ (14,645)	\$ 133	\$ 4,778
Finance costs					3,491
Earnings on equity investments					(347)
Income tax expense					2,466
Total loss					\$ (832)
Other comprehensive income					(57)
Total comprehensive loss					\$ (775)
Earnings per share – basic					\$ (0.01)
– diluted					\$ (0.01)

(000's)	Years ended December 31, 2014				Total
	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	
Revenue	\$ 410,499	\$ 67,172	\$ -	\$ (1,611)	\$ 476,060
Expenses					
Direct costs	311,316	50,596	3	(1,611)	360,304
Selling & administrative	8,002	1,071	13,817	-	22,890
EBITDAS	\$ 91,181	\$ 15,505	\$ (13,820)	\$ -	\$ 92,866
EBITDAS as a % of revenue	22%	23%	-	-	20%
Share based compensation	1,014	208	913	-	2,135
Depreciation & amortization	48,102	7,972	1,015	(194)	56,895
(Gain) loss on disposal of property, plant and equipment	(3,682)	25	(9)	-	(3,666)
Operating earnings (loss)	\$ 45,747	\$ 7,300	\$ (15,739)	\$ 194	\$ 37,502
Finance costs					4,551
Income tax expense					9,305
Total profit					\$ 23,646
Other comprehensive income					(380)
Total comprehensive income					\$ 24,026
Earnings per share – basic					\$ 0.21
– diluted					\$ 0.21



Management's Discussion and Analysis
Three months and years ended December 31, 2015 and 2014

Fourth Quarter Highlights

- The balance sheet continued to be strong as a result of an ongoing focus to minimize working capital and manage capital spending. Debt levels and banking covenants continue to be well below maximum thresholds with \$57.5 million of debt and a Debt to TTM EBITDAS ratio of 0.92:1.00;
- The weak economic environment in Q4 2015 was mainly driven by continued low oil and natural gas prices which resulted in downward pressure on Horizon North's pricing and lower demand for Horizon North's products and services; and
- Q4 2015 EBITDAS were significantly lower compared to Q4 2014 and included \$3.0 million of additional cost related to a large camp installation project in the Fort McMurray oil sands area and an increase in the allowance for doubtful accounts.

Fourth Quarter Financial Summary

(000's except per share amounts)	Three months ended December 31		
	2015	2014	% Change
Revenue	\$ 68,722	\$ 135,860	(49%)
EBITDAS ⁽¹⁾	8,518	27,774	(69%)
EBITDAS as a % of revenue	12%	20%	
Operating (loss) earnings	(6,940)	11,510	(160%)
Operating (loss) earnings as a % of revenue	(10%)	8%	
Total (loss) profit	(4,986)	7,183	(169%)
Total comprehensive(loss) income	(4,894)	7,329	(167%)
Earnings per share – basic	\$ (0.04)	\$ 0.06	(167%)
– diluted	\$ (0.04)	\$ 0.06	(167%)
Total assets	\$ 469,504	\$ 539,978	(13%)
Long-term loans and borrowings	57,527	146,370	(61%)
Cash from operations	16,082	18,056	(11%)
Capital spending			
Purchase of property, plant & equipment	13,207	17,540	(25%)
Proceeds from disposals of property, plant & equipment	(2,348)	(1,967)	19%
Net Capital spending	10,859	15,573	(30%)
Senior debt to EBITDAS ⁽²⁾	0.92:1.00	1.63:1.00	
Total debt to EBITDAS ⁽²⁾	0.92:1.00	1.66:1.00	
Debt to total capitalization ratio	0.15:1.00	0.35:1.00	
Dividends declared	\$ 5,304	\$ 8,840	(40%)
Dividends declared per share	\$ 0.04	\$ 0.08	(50%)

(1) Please refer to page 30 of the Annual Report for the definitions of Non-GAAP and additional GAAP measures and reconciliation of Net Earnings to EBITDAS.

(2) Please refer to page 22 of the Annual Report for the definitions of Debt to EBITDAS.

Fourth Quarter Overview

Horizon North's results for the three months ended December 31, 2015 ("Q4 2015") were well below the same period of 2014 ("Q4 2014") in all financial measures; revenue, EBITDAS, operating earnings, total comprehensive income and earnings per share. The majority of the blame lies squarely on the worsening economic environment as a result of the precipitous drop in the price of oil compared to Q4 2014. The increased economic uncertainty in Q4 2015 drove customers to cancel seasonal projects, delay committed projects and cut costs by beginning their winter break early, reducing the working days in December by up to ten days. Horizon North's Camps & Catering segment saw the largest declines in revenues and EBITDAS as a result of the low demand for manufacturing combined with lower occupancy across most camps compared to Q4 2014. In addition to the decreased demand for Horizon North's products and services, EBITDAS was further impacted by increased costs associated with a major oil sands camp project in the Fort McMurray area and an increase to the allowance for doubtful accounts resulting from a review of outstanding accounts.

Consolidated revenues for Q4 2015 were \$68.7 million, a decrease of \$67.1 million or 49% compared to Q4 2014. Of the decrease, \$33.7 million was related to low activity levels in manufacturing operations compared to Q4 2014. The remainder was due to weaker pricing and lower activity levels across all the other operations compared to Q4 2014.

Manufacturing Sales revenues were \$6.4 million, a decrease of \$33.7 million or 84% compared to Q4 2014. The decrease in revenues was a result of a large oil sands camp project which was in full production in Q4 2014 and completed in mid-2015. As a result of decreased demand there were fewer projects with smaller scope in the plant compared to Q4 2014. Total direct hours were 79,359, a decrease of 195,335 hours or 71% compared to Q4 2014 with 39% of total direct hours allocated to external sales projects in Q4 2015 compared to 76% in Q4 2014.

Camp rental and catering revenues were \$50.2 million, a decrease of \$27.5 million or 35% compared to Q4 2014. The difficult economic environment drove customers to reduce their costs as much as possible by cancelling seasonal projects and extending their winter break resulting in up to ten fewer working days at many camps in December. Large camp utilization and RevPAAB was 56% and \$50 respectively compared to 69% and \$79 in Q4 2014, reflective of the reduced pricing and activity levels quarter over quarter.

Matting revenues were \$8.6 million, a decrease of \$5.9 million or 41% compared to Q4 2014 for the same reasons as the other operations. The lower activity levels and reduced pricing drove owned rental mat utilization of 44% and a revenue per mat rental day of \$1.35 compared to 59% and \$2.10 in the same period of 2014. The owned mat rental fleet closed the quarter at 28,714 mats, an increase of 5,389 mats compared to Q4 2014.

EBITDAS in Q4 2015 were \$8.5 million, a decrease of \$19.3 million or 69% and as a percentage of revenue, were 12% compared to 20% in Q4 2014. The decrease between the comparative quarters was mainly due to the decline in the economic environment which drove lower activity levels and decreased pricing. In addition to the economic factors, Horizon North experienced \$3.0 million of increased costs in Q4 2015 related to an extended installation schedule for a large oil sands camp project and an increase to the allowance for doubtful accounts. Normalizing for this cost EBITDAS as a percentage of revenue would have been 16% compared to 20% for Q4 2014. In Q4 2015, Horizon North continued to focus on cost reduction initiatives to improve operational efficiencies and reduce input costs from suppliers.

Total profit and earnings per share decreased in Q4 2015 compared to Q4 2014 as a result of the lower revenues and EBITDAS discussed. The poor economic conditions, resulting from the decline in oil and gas prices, impacted the current and future activity levels and were indicators of impairment. Horizon North completed the required impairment testing using a multi-year discounted cash flow approach to determine if an impairment existed. It was determined there was an impairment in the Camps & Catering cash generating unit which resulted in an impairment charge against goodwill of \$1.7 million.

Horizon North continued to focus on minimizing working capital and managing capital spending throughout the quarter. Debt levels and banking covenants continued to be at very manageable levels and were well within the required limits closing the quarter with debt of \$57.5 million and a Debt to Trailing Twelve Month (TTM) EBITDAS ratio of 0.92:1.00.



Management's Discussion and Analysis
Three months and years ended December 31, 2015 and 2014

Fourth Quarter Financial Results

(000's)	Three months ended December 31, 2015				Total
	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	
Revenue	\$ 60,349	\$ 8,622	\$ -	\$ (249)	\$ 68,722
Expenses					
Direct costs	47,833	7,097	(1)	(249)	54,680
Selling & administrative	2,336	386	2,802	-	5,524
EBITDAS	\$ 10,180	\$ 1,139	\$ (2,801)	\$ -	\$ 8,518
EBITDAS as a % of revenue	17%	13%	-	-	12%
Share based compensation	130	37	169	-	336
Depreciation & amortization	10,870	2,435	238	7	13,550
Impairment loss	1,664				1,664
Gain on disposal of property, plant and equipment	(92)	-	-	-	(92)
Operating earnings (loss)	\$ (2,392)	\$ (1,333)	\$ (3,208)	\$ (7)	\$ (6,940)
Finance costs					556
Earnings on equity investments					(347)
Income tax recovery					(2,163)
Total loss					\$ (4,986)
Other comprehensive income					(92)
Total comprehensive loss					\$ (4,894)
Earnings per share – basic					\$ (0.04)
– diluted					\$ (0.04)

(000's)	Three months ended December 31, 2014				Total
	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	
Revenue	\$ 121,778	\$ 14,518	\$ -	\$ (436)	\$ 135,860
Expenses					
Direct costs	90,989	10,241	3	(436)	100,797
Selling & administrative	2,851	215	4,223	-	7,289
EBITDAS	\$ 27,938	\$ 4,062	\$ (4,226)	\$ -	\$ 27,774
EBITDAS as a % of revenue	23%	28%	-	-	20%
Share based compensation	223	62	200	-	485
Depreciation & amortization	12,460	2,872	315	(49)	15,598
Loss (gain) on disposal of property, plant and equipment	190	-	(9)	-	181
Operating earnings (loss)	\$ 15,065	\$ 1,128	\$ (4,732)	\$ 49	\$ 11,510
Finance costs					1,383
Income tax expense					2,944
Total profit					\$ 7,183
Other comprehensive income					(146)
Total comprehensive income					\$ 7,329
Earnings per share – basic					\$ 0.06
– diluted					\$ 0.06



Management's Discussion and Analysis
Three months and years ended December 31, 2015 and 2014

Camps & Catering

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

Revenues (000's)	Three months ended December 31			Years ended December 31		
	2015	2014	% change	2015	2014	% change
Large Camp revenue	\$ 43,677	\$ 60,425	(28%)	\$ 212,010	\$ 215,727	(2%)
Drill Camp revenue	2,119	4,308	(51%)	10,944	15,322	(29%)
Catering only revenue	2,167	4,473	(52%)	11,902	15,271	(22%)
Camp and catering service revenue	2,255	8,513	(74%)	15,541	32,580	(52%)
Total camp rental and catering revenues	\$ 50,218	\$ 77,719	(35%)	\$ 250,397	\$ 278,900	(10%)
Manufacturing sales revenue	6,376	40,085	(84%)	63,568	118,667	(46%)
Relocatable structures revenue	3,755	3,974	(6%)	15,759	12,932	22%
Total revenue	\$ 60,349	\$ 121,778	(50%)	\$ 329,724	\$ 410,499	(20%)
EBITDAS	\$ 10,180	\$ 27,938	(64%)	\$ 66,339	\$ 91,181	(27%)
EBITDAS as a % of revenue	17%	23%		20%	22%	
Operating (loss) earnings	\$ (2,392)	\$ 15,065	(116%)	\$ 19,585	\$ 45,747	(57%)

Camps & Catering segment revenues and EBITDAS declined significantly in Q4 2015 and for the full year 2015 compared to the same periods of 2014 due to the economic uncertainty and worsening economic conditions which persisted throughout 2015. The economic situation, driven in large part by the decline in the price of oil, caused customers to significantly reduce their capital programs, delay investment decisions and look for cost savings in the form of reduced pricing. Revenues and EBITDAS across all operations in the segment, with the exception of Relocatable Structures full year, were adversely impacted. This significant decline in the economic conditions quarter over quarter and year over year is the underlying context and is the fundamental driver for the discussion that follows.

Revenues from the Camps & Catering segment for the three months ended December 31, 2015 were \$60.3 million, a decrease of \$61.4 million or 50% compared to the three months ended December 31, 2014. EBITDAS for the three months ended December 31, 2015 were \$10.2 million, a decrease of \$17.8 million or 64% compared to the same period of 2014. The decrease in revenues were a result of lower activity levels and reduced pricing across all operations in the segment. Manufacturing operations were particularly impacted by the lack of demand accounting for \$33.7 million of the segment revenue decrease as a result of fewer projects with smaller scope compared Q4 2014 which had a large oil sands camp project underway. Camp rental and catering operation revenues were down significantly between the comparative periods. This was a reflection of pricing reductions and lower volumes as customers reduced their costs by postponing or cancelling seasonal projects, and extending the winter break. The combination of all these factors resulted in fewer number of working days in December by up to ten days at many camps.

Revenues from the Camps & Catering segment for the year ended December 31, 2015 were \$329.7 million, a decrease of \$80.8 million or 20% compared to 2014. EBITDAS for the year ended December 31, 2015 were \$66.3 million, a decrease of \$24.8 million or 27% compared to 2014. The year over year decrease in revenues and EBITDAS were primarily a result of the significantly weaker economic conditions in 2015 which drove decreased demand for Horizon North's products, services and put downward pressure on pricing. The bright spot in 2015 was the Relocatable Structures operation which saw revenues increase year over year as a result of a focused effort to expand into the Alberta market and the impact of fleet additions from the second half of 2014. The year over year decrease in EBITDAS was primarily a result of the poor economic conditions, however the Camps & Catering segment experienced an additional \$7.5 million of costs related to several significant factors. Manufacturing operations incurred higher costs throughout the year associated with a major oil sands camp project, severance costs related to restructuring and aligning headcount to the manufacturing demand, a provincial sales tax assessment and an increase in the allowance for doubtful accounts. As margins compressed across all operations throughout the year, Horizon North focused on improving its operational efficiency and actively worked with suppliers to decrease material and subcontract costs.

The lower results year over year underscore that Horizon North's activity in the Camps & Catering segment continue to be mainly driven by the resource sector, particularly oil sands and conventional oil and gas activity, with 83% of revenues for the year ended December 31, 2015 generated from this sector compared to 81% in the same period of 2014.

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Large Camps

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

Revenues (000's)	Three months ended December 31			Years ended December 31		
	2015	2014	% change	2015	2014	% change
Large Camp revenue	\$ 43,677	\$ 60,425	(28%)	\$ 212,010	\$ 215,727	(2%)
Bed rental days ⁽¹⁾	487,945	524,565	(7%)	2,011,388	1,755,383	15%
Revenue per bed rental day	\$ 90	\$ 115	(22%)	\$ 105	\$ 123	(15%)
RevPAAB ⁽²⁾	\$ 50	\$ 79	(37%)	\$ 64	\$ 78	(18%)
Rentable beds at period end	9,355	8,673	8%	9,355	8,673	8%
Average rentable beds ⁽³⁾	9,492	8,285	15%	9,113	7,613	20%
Utilization ⁽⁴⁾	56%	69%	(19%)	60%	63%	(5%)

(1) One bed rental day represents the provision of one bed for one day under a combined rental and catering manday rate, or the provision of one bed for one day under an equipment rental rate for dedicated camp equipment.

(2) RevPAAB equals revenue per average available rentable bed calculated as Large Camp revenue divided by average rentable beds available in the period.

(3) Average rentable beds available is equal to total average beds in the fleet over the period less beds required for staff.

(4) Utilization equals the total number of bed rental days divided by average rentable beds available in the period.

Revenues from large camp operations, for the three months ended December 31, 2015 decreased by \$16.7 million, or 28% compared to the same period of 2014. The decrease was a result of the down-turn in economic conditions which drove lower activity and lower pricing compared to Q4 2014. Customers decreased their costs in Q4 2015 by further reducing capital spending by postponing or cancelling seasonal projects and decreasing occupancy by extending their winter break. In December 2015 many camps had up to ten fewer working days compared to December 2014.

The key large camp metrics decreased for the three months ended December 31, 2015 compared to the same period of 2014 as a result of the declining economic environment discussed above. The downward pressure on pricing and customers' reduced capital spending was reflected in the 37% decrease in RevPAAB and 19% lower utilization compared to Q4 2014.

Revenues from the large camp operations, for the year ended December 31, 2015 decreased by \$3.7 million, or 2% compared to 2014. The relatively small decrease in revenues, considering the economic challenges in 2015, were reflective of the very strong seasonal lift experienced in Q1 2015 and high activity levels in Q3 2015 related to fire camp work, both of which partially offset the lower revenues in the remainder of the year. The seasonal lift in Q1 2015 was mainly related to projects that customers had committed to in the last quarter of 2014.

Similar to the Q4 discussion above, most of the key large camp metrics for year ended December 31, 2015, decreased as a result of the challenging economic environment compared to 2014. Year over year RevPAAB and utilization decreased by 18% and 5% respectively however bed rental days increased as a result of strong seasonal activity in Q1 2015 and Q3 2015.

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Drill Camps

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

Revenues (000's)	Three months ended December 31			Years ended December 31		
	2015	2014	% change	2015	2014	% change
Drill Camp revenue	\$ 2,119	\$ 4,308	(51%)	\$ 10,944	\$ 15,322	(29%)
Bed rental days ⁽¹⁾	15,370	26,421	(42%)	69,458	90,834	(24%)
Revenue per bed rental day	\$ 138	\$ 163	(15%)	\$ 158	\$ 169	(7%)
RevPAAB ⁽²⁾	\$ 26	\$ 55	(53%)	\$ 37	\$ 49	(24%)
Number of rentable beds at period end	955	855	12%	955	855	12%
Average rentable beds ⁽³⁾	903	855	6%	817	855	(4%)
Utilization ⁽⁴⁾	19%	34%	(44%)	23%	29%	(21%)

(1) One bed rental day represents the provision of one bed for one day under a combined rental and catering manday rate.

(2) RevPAAB equals revenue per average available rentable bed calculated as Drill Camp revenue divided by average rentable beds available in the period.

(3) Average rentable beds available is equal to total average beds in the fleet over the period less beds required for staff.

(4) Utilization equals the total number of bed rental days divided by average rentable beds available in the period.

Revenues from drill camp operations for the three months ended December 31, 2015 decreased by \$2.2 million or 51% compared to the same period of 2014. The decrease was due to the lower demand for drill camps driven by the significant decrease in drilling activity. The Canadian Association of Oil Drilling Contractors (CAODC) reported a 53% decrease in rig utilization between the comparative quarters. As a result, RevPAAB and utilization decreased by 53% and 44% respectively.

Revenues from drill camp operations for the year ended December 31, 2015 decreased by \$4.4 million or 29% compared to 2014. The decrease was primarily related to the significantly lower rig utilization in 2015 which decreased by 48% year over year according to the CAODC data. The first quarter of 2015 was relatively consistent with Q1 2014 which helped to partially offset the lower activity and pricing experienced in the second half of 2015. RevPAAB and utilization decreased by 24% and 21% respectively.

Catering Only

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

(000's for revenue only)	Three months ended December 31			Years ended December 31		
	2015	2014	% change	2015	2014	% change
Catering only revenue	\$ 2,167	\$ 4,473	(52%)	\$ 11,902	\$ 15,271	(22%)
Catering only days ⁽¹⁾	23,597	36,658	(36%)	94,033	120,606	(22%)
Revenue per catering only day	\$ 92	\$ 122	(25%)	\$ 127	\$ 127	-

(1) One catering only day equals the provision of catering and housekeeping services with no related bed rental for one day.

Revenues from the provision of catering and housekeeping services, with no associated bed rentals, for the three months ended December 31, 2015 decreased \$2.3 million or 52% compared to same period of 2014. This decrease was mainly due to lower activity levels in the catering only for customer owned drill camps as a result of the significantly lower rig activity discussed above. Due to the lower demand catering rates declined by 25% compared to Q4 2014. Additionally, warm weather in the Northwest Territories delayed the start of a seasonal project to January 2016 whereas the same project was active in Q4 of 2014.

Revenues from the provision of catering and housekeeping services, with no associated bed rentals, for the year ended December 31, 2015 decreased \$3.4 million or 22% compared to 2014. The lower revenues were primarily due to the full year impact of the lower drill camp activity and the project delay discussed above.

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Service

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

(000's)	Three months ended December 31			Years ended December 31		
	2015	2014	% change	2015	2014	% change
Camp and catering service revenue	\$ 2,255	\$ 8,513	(74%)	\$ 15,541	\$ 32,580	(52%)

Service revenues are related to the transportation, set-up and de-mobilization of camps for customers. Revenues for the three months ended December 31, 2015 decreased \$6.3 million or 74% compared to the same period in 2014, mainly driven by the lower demand for seasonal camps and drill camps which generate a significant portion of service activity.

Revenues for the year ended December 31, 2015 decreased \$17.0 million or 52% compared to the same period in 2014 and was reflective of the lower demand for season camps and drill camps discussed above in the Large Camps and Drill Camps sections.

Manufacturing Sales

Manufacturing sales revenues include the in-plant construction, transportation and installation of camps sold to third parties. The table below outlines the key performance metrics used by management to measure performance in the manufacturing sales operations:

(000's)	Three months ended December 31			Years ended December 31		
	2015	2014	% change	2015	2014	% change
Manufacturing sales revenue	\$ 6,376	\$ 40,085	(84%)	\$ 63,568	\$ 118,667	(46%)

	Three months ended December 31				Years ended December 31			
	2015		2014		2015		2014	
	Direct Hours	% of total hours	Direct Hours	% of total hours	Direct Hours	% of total hours	Direct Hours	% of total hours
External hours	31,092	39%	209,285	76%	402,305	62%	633,374	57%
Internal hours	48,267	61%	65,409	24%	247,805	38%	468,152	43%
Total direct hours ⁽¹⁾	79,359	100%	274,694	100%	650,110	100%	1,101,526	100%

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

Revenues for the three months ended December 31, 2015, decreased by \$33.7 million or 84% in the comparative quarter as a result of project timing and decreased demand. The fourth quarter of 2014 had a large oil sands camp project in full production, whereas Q4 2015 had fewer projects with smaller scope due to the diminished demand for manufacturing products and services.

Total direct hours, which include direct hours worked in the manufacturing plants and installation hours undertaken on project sites, for the three months ended December 31, 2015 were 79,359 hours, a decrease of 195,335 hours or 71% compared to the same period of 2014. The decrease in direct hours was a result of Horizon North managing production capacity through elimination of overtime, work share programs and headcount reductions to align with manufacturing demand. Of total direct hours, 39% were directed to external sales projects compared to 76% in the same period of 2014.

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Revenues for the year ended December 31, 2015 decreased \$55.1 million or 46% compared to 2014. The decrease was due to the timing of external sales projects and reduced demand for Manufacturing sales products and services compared to the 2014.

Total direct hours, which include direct hours worked in the manufacturing plants and installation hours undertaken on project sites, for the year ended December 31, 2015 were 650,110 hours, a decrease of 451,416 hours or 41% compared to 2014. The decrease in direct hours was a result of Horizon North managing headcount to align with manufacturing demand through elimination of overtime, implementing work share programs and reduction of headcount. A total of 62% direct hours were directed to external third party sales in 2015 compared to 57% in 2014.

Relocatable Structures

Relocatable structures revenues include the rental of relocatable structures and the associated transportation and service. Relocatable Structures include office units, lavatory units, mine dry units and associated equipment.

(000's)	Three months ended December 31			Years ended December 31		
	2015	2014	% change	2015	2014	% change
Relocatable structures revenue	\$ 3,755	\$ 3,974	(6%)	\$ 15,759	\$ 12,932	22%

Revenues for the three months ended December 31, 2015 were \$3.8 million, a decrease of \$0.2 million or 6% compared to the same period of 2014. The decrease in revenue was primarily a result of lower utilization on a larger fleet with 211 more units in Q4 2015 compared to the same period of 2014. Utilization in the fourth quarter of 2015 was 50% of 1,414 units compared to 77% of 1,203 units in the comparative quarter of 2014. The decrease in utilization was partially offset by stronger service activity which is driven by the different mix of contracts and equipment between the comparative periods.

Revenues for the year ended December 31, 2015 were \$15.8 million, an increase of \$2.8 million or 22% compared to 2014. The increased revenue was mainly attributable to higher service activity as a result of the different mix of contracts and equipment on rent. 2015 generally experienced an increase in multi-unit complexes and shorter contract terms. Utilization for the year ended 2015 was 62% of 1,414 units compared to 69% of 1,203 units in 2014.

Direct costs

Direct costs for the three months ended December 31, 2015 were \$47.8 million or 79% of revenues compared to \$91.0 million or 75% of revenue for the same period of 2014. Direct costs are closely related to business volumes and revenue mix with direct costs consisting primarily of labour, raw material, trucking, rent and utility costs. The decrease in direct costs, compared to Q4, 2014, were primarily related to the significantly lower activity levels, particularly in the manufacturing operations. Direct costs as a percentage of revenue increased by 4% in large part due to an additional \$2.0 million of direct costs related to increased labour, travel and accommodation costs associated with a significant oil sands camp project and severance associated with managing headcount to the volume of activity. Normalizing for this additional project cost, direct costs as a percentage of revenue would have been 76% relatively consistent with Q4 2014. The remaining increase was driven as a result of not being able to pass all of the pricing reductions through to Horizon North suppliers.

Direct costs for the year ended December 31, 2015 were \$255.0 million or 77% of revenue compared to \$311.3 million or 76% of revenue for 2014. Direct costs decreased as a result of the lower volumes discussed above however, direct costs as a percentage of revenue increased by 1%. Throughout the year the segment experienced \$6.3 million of increased costs related to several factors. Manufacturing operations incurred increased labour, travel and accommodation costs related to a significant oil sands camp project, severance costs associated with restructuring and aligning headcount to the manufacturing demand and a provincial sales tax assessment. Normalizing for these costs direct costs would have been 75% of revenue. Of note is the direct cost, as a percentage of revenue, is very consistent year over year indicating a reasonably good level of success in reducing direct costs to align with the decreased pricing experienced throughout 2015.

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Matting

Matting revenues are comprised of access mat rental revenue, other mat and rental equipment revenue, mat sales revenue, installation, transportation, service, and other revenue as follows:

	Three months ended December 31			Years ended December 31		
	2015	2014	% change	2015	2014	% change
<i>(000's except mat rental days and numbers of mats)</i>						
Access mat rental revenue ⁽¹⁾	\$ 1,862	\$ 3,093	(40%)	\$ 10,949	\$ 13,611	(20%)
Other mat and rental equipment revenue ⁽²⁾	\$ 341	\$ 831	(59%)	\$ 1,530	\$ 2,924	(48%)
Total mat and rental equipment revenue	\$ 2,203	\$ 3,924	(44%)	\$ 12,479	\$ 16,535	(25%)
Mat sales revenue	2,516	2,495	1%	6,435	20,601	(69%)
Installation, transportation, service and other revenue	3,903	8,099	(52%)	22,355	30,036	(26%)
Total revenue	\$ 8,622	\$ 14,518	(41%)	\$ 41,269	\$ 67,172	(39%)
EBITDAS	\$ 1,139	\$ 4,062	(72%)	\$ 9,090	\$ 15,505	(41%)
EBITDAS as a % of revenue	13%	28%		22%	23%	
Operating earnings (loss)	\$ (1,333)	\$ 1,128	(218%)	\$ (295)	\$ 7,300	(104%)
Access mat rental days – owned mats ⁽³⁾	1,184,252	1,273,117	(7%)	6,080,787	4,413,357	38%
Access mat rental days – third party mats ⁽⁴⁾	196,486	197,959	(1%)	1,360,685	1,837,077	(26%)
Total access mat rental days	1,380,738	1,471,076	(6%)	7,441,472	6,250,434	19%
Average owned access mats in rental fleet ⁽⁵⁾	29,287	23,411	25%	28,951	19,438	49%
Average sub rental access mats in rental fleet ⁽⁶⁾	2,136	2,151	(1%)	3,708	5,000	(26%)
Owned access mats in rental fleet at period end ⁽⁷⁾	28,714	23,325	23%	28,714	23,325	23%
Mats sold:						
New mats	2,120	1,755	21%	2,520	24,215	(90%)
Used Mats	1,870	1,516	23%	7,886	6,498	21%
Total mats sold	3,990	3,271	22%	10,406	30,713	(66%)

(1) Access mat rental revenue includes revenues generated from the rental of traditional oak and oak edged mats.

(2) Other mat and rental equipment revenue includes the rental of rig mats, quad mats and other ancillary equipment such as well site accommodation units and light towers.

(3) One mat rental day equals the rental of one owned access mat for one day.

(4) One mat rental day equals the rental of one third party sub rented access mat for one day.

(5) Average access mat rental fleet numbers reflect only owned access mats.

(6) Average sub rental access mats is the average number of non-owned access mats in the rental fleet. These mats are rented from third parties on a short term basis.

(7) Access mats in rental fleet at period end represents the number of owned access mats in the Matting fleet.

For both Q4 2015 and the full year 2015, revenues and EBITDAS declined markedly compared to the same periods of 2014 as a result of the uncertain economic conditions which deteriorated as the year progressed. The decline in the price of oil caused customers to significantly reduce their capital programs and look for cost savings in the form of reduced pricing. As a result, revenues and EBITDAS in all Matting operations in every quarter of 2015 were adversely impacted.

Revenues from the Matting segment for the three months ended December 31, 2015 were \$8.6 million, a decrease of \$5.9 million or 41% compared to the same period of 2014. EBITDAS for the three months ended December 31, 2015 were \$1.1 million, a decrease of \$2.9 million or 72% compared to the same period of 2014.

Revenues from the Matting segment for the year ended December 31, 2015 were \$41.3 million, a decrease of \$25.9 million or 39% compared to 2014. EBITDAS for the year ended December 31, 2015 were \$9.1 million, a decrease of \$6.4 million or 41% compared to 2014.

Mat and rental equipment revenue

Mat and equipment rental revenues for the three months ended December 31, 2015 decreased by 44% compared to the same period of 2014 as a result of lower demand and pricing. Rental mat utilization was 44%, a decrease of 25% compared to the same quarter of 2014 with revenue per mat rental day of \$1.35, a decrease of 36% from Q4 2014. The access mat fleet ended the quarter at 28,714 mats, an increase of 5,389 mats compared to Q4 of 2014.

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For the year ended December 31, 2015, mat and equipment rental revenues decreased 25% compared to 2014. Both activity levels and pricing softened year over year with 58% utilization and revenue per mat rental day of \$1.47 in 2015 compared to 62% and \$2.18 respectively in 2014. The mat fleet ended the year at 28,714 mats, an increase of 5,389 mats compared to 2014.

Mat sales revenue

Revenues from mat sales for the three months ended December 31, 2015 were relatively consistent with the same quarter of 2014 as a result of a large mat sale late in Q4 2015. Both new and used mat sales increased by 22% however the flat revenue quarter over quarter was reflective of a lower mat sales price in Q4 2015. The average price per mat was \$631 per mat compared to \$763 per mat in the same period of 2014 with the mix of new and used mats sold consistent in each comparative quarter.

Revenues from mat sales for the year ended December 31, 2015 decreased by 69% as a result of customers significantly reducing their capital programs compared to 2014.

Installation, transportation, service, and other revenue

Installation, transportation, service, and other revenues are driven mainly from the level of activity in the mat rental, mat sale and mat management businesses and are charged for separately from rentals and sales.

Revenues for the three months ended December 31, 2015 decreased 52% compared to the same period in 2014. The decrease in revenue was the result of the lower activity levels in the mat rental, sales operations and decreased demand for mat management services.

Revenues for the year ended December 31, 2015 decreased 26% compared to 2014 as a result of the significantly reduced demand for matting products and services compared to 2014.

Direct costs

Direct costs for the three months ended December 31, 2015 were \$7.1 million or 82% of revenue compared to \$10.2 million or 71% of revenue for the same period of 2014. Direct costs are driven by both the level and mix of business activity with the decrease in overall direct costs in Q4 2015 compared to Q4 2014 a result of the revenue mix shifting towards lower margin activity such as transportation and new mat sales. As a percentage of revenue, direct costs increased in the three months ended December 31, 2015 compared to the same period of 2014 mainly due to new mat sales which have a much lower margin than used mat sales.

Direct costs for the year ended December 31, 2015 were \$30.4 million or 74% of revenue compared to \$50.6 million or 75% of revenue for 2014. Direct costs are driven by both the level and mix of business activity. The decrease in direct costs year over year was mainly due to an overall decrease in business activity, particularly new mat sales. Of note is the direct cost, as a percentage of revenue, is very consistent year over year indicating a reasonably good level of success in reducing direct costs to align with the decreased pricing experienced throughout 2015.

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Corporate

Corporate costs are the costs of the head office which include the President and Chief Executive Officer, Senior Vice President Finance and Chief Financial Officer, Vice President Quality & HSE, Vice President Aboriginal & Community Relations, Corporate Secretary, corporate accounting staff, information technology, human resources, and associated costs of supporting a public company. Corporate costs for the three months ended December 31, 2015 were \$2.8 million, a decrease of \$1.4 million or 34% in comparison to Q4 2014. Corporate costs in Q4 2014 included a retirement allowance of the previous chief executive officer in November 2014, normalizing for the allowance, Q4 2015 was \$0.5 million lower than Q4 2014. The decrease related mainly to cost reduction initiatives such as restricted travel and entertainment.

For the year ended December 31, 2015, corporate costs were \$13.0 million, a decrease of \$0.9 million or 6% in comparison to the same period in 2014. Both years included costs associated with restructuring costs, a retiring allowance in Q4 2014 and severance in Q3 2015. Normalizing for these costs, 2015 corporate costs would have been \$12.6 million compared to \$12.9 million in 2014. The decrease of \$0.3 million was related to cost reduction initiatives in 2015.

Corporate costs as a percentage of total revenue for the three months and year ended December 31, 2015 were 4% respectively compared to 3% in each of the comparative periods of 2014. The increase as a percentage of revenue in the three months and year ended December 31, 2015 was a result of decreased revenues throughout the year.

Other Items

Selling and administrative

Total selling and administrative expenses are comprised of business development costs in the Camps & Catering, Matting and Corporate segments which include the Vice President, Sales and Marketing. For the three months ended December 31, 2015 costs were \$5.5 million, a decrease of \$1.8 million or 24% compared to Q4 2014. The decrease was attributable to lower corporate costs as described above. As a percentage of revenue, selling and administrative expenses for the three months ended December 31, 2015 were 8% compared to 5% in the comparative quarter, mainly due to lower revenues in Q4 2015.

For the year ended December 31, 2015, costs were \$23.2 million, relatively consistent compared to the same period in 2014. As a percentage of revenue, selling and administrative expenses for the year ended December 31, 2015 were 6%, compared to 5% in 2014 due to lower revenues in 2015.

Depreciation and amortization

(000's)	Three months ended December 31			Years ended December 31		
	2015	2014	% change	2015	2014	% change
Depreciation of property, plant and equipment	\$ 13,550	\$ 15,067	(10%)	\$ 53,964	\$ 53,927	-
Amortization of intangibles	-	531	(100%)	-	2,968	(100%)
Total depreciation and amortization	\$ 13,550	\$ 15,598	(13%)	\$ 53,964	\$ 56,895	(5%)

Depreciation of property, plant and equipment decreased \$1.5 million or 10% in the three months ended December 31, 2015 compared to the same period of 2014. The decrease was mainly related to large camp setup costs which were fully depreciated by the end of Q4 2015.

Depreciation of property, plant and equipment remained consistent for the year ended December 31, 2015 compared to 2014 mainly due to the timing of when camp setup costs were fully depreciated and setup costs related to new camps began depreciating.

Amortization costs related to customer relationships decreased for the three and year ended December 31, 2015 by \$0.5 million or 100% and \$3.0 million or 100% respectively as a result of the relationships being fully amortized in Q4, 2014.

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Impairment

(000's)	Three months ended December 31			Years ended December 31		
	2015	2014	% change	2015	2014	% change
Impairment of goodwill	\$ 1,664	\$ -	100%	\$ 1,664	\$ -	100%
Total impairment loss	\$ 1,664	\$ -	100%	\$ 1,664	\$ -	100%

The poor economic conditions, resulting from the decline in oil and gas prices, impacted the current and future activity levels and were indicators of impairment. Horizon North completed the required impairment testing using a multi-year discounted cash flow approach to determine if an impairment existed. It was determined that there was an indication of impairment in the Camps & Catering cash generating unit which resulted in an impairment charge against goodwill.

Financing costs

Financing costs include interest on loans and borrowings and interest of notes payable. For the three months ended December 31, 2015, financing costs were \$0.6 million, a decrease of \$0.8 million or 60% compared to 2014. For the year ended December 31, 2015, financing costs were \$3.5 million, a decrease of \$1.1 million or 23% compared to 2014.

The decrease in financing costs was mainly a result of lower average debt levels throughout the year which averaged \$92.7 million compared to \$126.6 million in 2014. The effective interest rate on loans and borrowings for 2015 was 3.2% compared to 3.3% in 2014. The slightly lower effective interest rate was a result of a decrease in the prime rate and the proportion of debt carried in bankers acceptances compared to 2014.

Income taxes

For the year ended December 31, 2015, income tax expense was \$2.5 million an effective tax rate of 150.9%, for the year ended December 31, 2014 income tax expense was \$9.3 million, an effective tax rate of 28.2%. The increased tax rate is mainly due to the Alberta provincial income tax rate increasing from 10% to 12% which became substantively enacted in June 2015. As a result, the Corporation revalued its deferred income tax balances, resulting in a deferred income tax expense adjustment of \$2.2 million.

Gain/Loss on disposal

For the three months ended December 31, 2015, Horizon North recognized gains of \$0.1 million compared to losses of \$0.2 million in Q4 2014. These gains and losses were normal course disposals as part of the on-going management of fleet assets.

For the year ended December 31, 2015, Horizon North recognized a loss of \$0.3 million related to normal course fleet management. The same period of 2014 included a \$3.7 million gain on disposal of camp assets and property related to the northern assets.

Liquidity and Capital Resources

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

(000's)	December 31, 2015	December 31, 2014
Current assets	\$ 67,519	\$ 134,342
Current liabilities excluding loans and borrowings ⁽¹⁾	32,443	60,337
Current portion of loans and borrowings	-	7,668
Current liabilities	32,443	68,005
Working capital ⁽²⁾	\$ 35,076	\$ 66,337
Bank borrowing:		
Available credit facility	\$ 200,000	\$ 175,000
Drawings on credit facility	57,527	146,370
Borrowing capacity ⁽³⁾	\$ 142,473	\$ 28,630

(1) Calculated as the sum of trade and other payables, deferred revenue and income taxes payable.

(2) Calculated as current assets less current liabilities.

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

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Working capital at December 31, 2015 was \$35.1 million compared to \$66.3 million at December 31, 2014, a decrease of \$31.3 million. The decrease in working capital was primarily due to the overall decrease in business activity in 2015 as a result of the economic downturn. Working capital was also reduced by the repayment of loans related to fleet equipment buyouts in the latter half of 2015. Borrowing capacity increased by \$113.8 million mainly as a result of the bought deal equity financing which closed on July 8, 2015 with the net proceeds of \$76.6 million applied to debt.

The Corporation's committed credit facility ("credit facility") has an available limit of \$200.0 million and is secured by a \$400.0 million first fixed and floating charge debenture over all assets of the Corporation and its wholly-owned subsidiaries. The interest rate is calculated on a grid pricing structure based on the Corporation's debt to EBITDAS ratio. Debt to EBITDAS is calculated as at the quarter end for the most recently completed calendar quarter and for the 12 months ended on such date. Amounts drawn on the credit facility incur interest at bank prime rate plus 0.50% to 1.75% or the Bankers' Acceptance rate plus 1.50% to 2.75%. The credit facility has a standby fee ranging from 0.34% to 0.62%. Amounts borrowed under the credit facility become due on March 31, 2018, the maturity date of the credit facility.

As at December 31, 2015, the Corporation was in compliance with all financial and non-financial covenants as shown below:

Debt Covenants	Covenants December 31, 2015
Maximum Consolidated Senior debt ⁽¹⁾ to Consolidated EBITDAS ratio ^{(3)/(4)} (must be 3.00:1.00 or less)	0.92:1.00
Maximum Consolidated Total debt ⁽²⁾ to Consolidated EBITDAS ratio ^{(3)/(5)} (must be 4.25:1.00 or less)	0.92:1.00
Minimum Consolidated Interest coverage ratio ⁽⁶⁾ (must be 3.00:1.00 or more)	19.0:1.00

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

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

(3) EBITDAS (Earnings before interest, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment, and share based compensation) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker. Horizon North's method of calculating EBITDAS may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities.

(4) Senior debt to EBITDAS is calculated as the ratio of senior debt to trailing 12 months EBITDAS.

(5) Total debt to EBITDAS is calculated as the ratio of total debt to trailing 12 months EBITDAS.

(6) Interest coverage is calculated as the ratio of trailing 12 months EBITDAS to 12 months trailing interest expense on loans and borrowings.

Capital Spending

For the year ended December 31, 2015, capital spending was \$54.4 million compared to \$114.6 million in the same period of 2014 as a result of a focused and disciplined 2015 capital program. Capital in 2015 was mainly focused on replacement and expansion of the large camp and drill camp rental fleet and land improvements related the Kitimat property compared to the same period of 2014 which focused on the relocatable structures fleet.

Management evaluates and manages its capital spending plans taking into account proceeds from the sale of property, plant and equipment of \$9.8 million resulting in net capital spending for the year ended December 31, 2015 of \$44.6 million compared to \$99.6 million for the same period of 2014.

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

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Quarterly Summary of Results

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

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

Horizon North is a service provider to the resource sector and its performance typically follows fluctuations in commodity pricing and activity levels in the sector. These fluctuations can create an increasingly competitive environment resulting in downward pressure on pricing and reduced demand for Horizon North's products and services. As well, Horizon North's decisions on the allocation of manufacturing resources and decisions on the relocation of the camp and catering fleet can have an impact on performance. The allocation of manufacturing resources between external projects and internal fleet requirements can significantly affect the timing of revenues between the quarters. This was evident in 2015 when a significant portion of manufacturing resources were allocated to external fleet in order to execute announced projects. The movement and redeployment of camps impacts performance as well, when camps are relocated to new areas or new contracts there are typically several months of down time to complete the relocations. In addition, there has been an increasingly competitive environment in the resource sector which has exerted downward pressure on pricing. Horizon North continues to invest in fleet capital to remain competitive in the Alberta oil sands area and to expand in northeastern British Columbia to serve natural gas exploration and development activities.

Risks and Uncertainties

Volatility of Oil, Natural Gas and Mining Industry Conditions

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

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

Competition

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

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

Credit Risk

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

Additional Funding Requirements

Horizon North's cash flow may not be sufficient to fund its ongoing activities at all times. From time to time, Horizon North may require additional financing. Failure to obtain such financing on a timely basis could cause Horizon North to miss certain acquisition opportunities or prevent further growth of its operations. If Horizon North's revenues decrease, it will affect Horizon North's ability to expend the necessary capital to maintain its operations. If Horizon North's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Horizon North.

Labour Relations

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

Agreements and Contracts

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

Significant Customers

The Corporation had two major customers during 2015 who generated 25% of total revenues compared to one major customer who generated 11.2% of total revenue in 2014. There can be no assurance that Horizon North's relationship with its customers will continue, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, could have a material adverse effect on Horizon North's business, financial condition and results of operations.

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Reliance on Key Personnel

Horizon North's success depends in large measure on certain key personnel. The loss of services of such key personnel could have a material adverse effect on Horizon North. Horizon North does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of Horizon North are likely to be of central importance. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Horizon North.

Camp Permits

In most cases, permits issued by government agencies are required to set up and operate remote work camp facilities. The issuance of permits is dependent upon water and waste treatment alternatives available, road traffic volumes and fire conditions in forested areas. Failure to receive or renew permits could have a negative impact on the business of the Camps & Catering segment.

Government Regulation

The operations of Horizon North are subject to a variety of federal, provincial and local laws of Canada, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment, the operation of equipment used in its operations and the transportation of materials and equipment it provides for its customers. Horizon North invests financial and managerial resources to ensure such compliance. Although such expenditures are generally not material to service providers, such laws or regulations are subject to change. Accordingly, it is impossible for Horizon North to predict the cost or impact of such laws and regulations on its future operations.

Environmental Regulation

The Government of Canada and provincial governments in areas where Horizon North does business have been working through various forms of regulation and legislation focused on climate change and greenhouse gas emissions. Future federal legislation, together with provincial emission reduction requirements may require the reduction of emissions or emissions intensity from Horizon North's operations and facilities and those of its customers. A number of Horizon North's customers are involved in the oil and gas exploration and development industry, with specific focus on oil sands related projects. Focus and scrutiny has recently intensified on oil sands development, which could lead to incremental environmental regulation or legislation.

Potential changes in requirements may result in increased operating costs and capital expenditures for oil and gas and mining industry participants, thereby delaying or decreasing the demand for Horizon North's services.

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

Aboriginal & Community Relations

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

Seasonal Operations

Each of Horizon North's businesses are affected by the seasonality associated with western Canadian oil and natural gas drilling industry. Camps & Catering segment is exposed to seasonality where the busiest months are January through March and the slowest months are April through September. The Matting segment is typically busiest in the spring and summer months of April through September when soft ground conditions hinder the movement of heavy equipment.

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

There were no new standards, amendments and interpretations to existing standards adopted by the Corporation.

Critical Accounting Estimates and Judgments

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

Revenue recognition

The Corporation uses the percentage-of-completion method in accounting for its construction contract revenue. Use of the percentage-of-completion method requires estimates of the stage of completion of the contract to date as a proportion of the total contract work to be performed in accordance with the accounting policy set out in the notes to the consolidated financial statements.

Construction Receivable Estimate

The Corporation recognizes that the value of many construction contracts increase over the duration of the construction period. Change orders may be issued by customers to modify the original contract scope of work or certain conditions may result in possible disputes or claims regarding additional amounts owing may arise. Construction work related to a change order or claim may proceed, and costs may be incurred, in advance of final determination of the value of the change order. As many change orders and claims may not be settled until the end of the construction project, significant increases or decreases in revenue and income may arise during any particular accounting period.

Collectability of receivables

The Corporation estimates the collectability of accounts receivable, including unbilled accounts receivable related to current period service revenue. An analysis of historical bad debts, client credit-worthiness, the age of accounts receivable and current economic trends and conditions are used to evaluate the adequacy of the allowance for doubtful accounts and the collectability of amounts receivable. Significant estimates must be made and used in connection with establishing the allowance for doubtful accounts in any accounting period. Material differences may result if management made different judgments or utilized different estimates.

Asset Retirement Obligations ("ARO")

The Corporation recognizes an asset retirement obligation to account for future demobilization and reclamation of specific camps. Use of an ARO requires estimates of the asset retirement costs, timing of payments, present value discount rate and inflation rate to determine the amount recognized, in accordance with the accounting policy set out in the notes to the consolidated financial statements.

Impairment

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

Financial Instruments and Risk Management

(a) Overview

The Corporation is exposed to a number of different financial risks arising from normal course business operations as well as through the Corporation's financial instruments comprised of cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. These risk factors include credit risk, liquidity risk, and market risk including currency exchange risk and interest rate risk.

The Corporation's risk management practices include identifying, analyzing and monitoring the risks faced by the Corporation. The following presents information about the Corporation's exposure to each of the risks and the Corporation's objectives, policies and processes for measuring and managing risk.

(b) Credit risk

Credit risk is the risk that a customer will be unable to pay amounts due causing a financial loss. The Corporation's practice is to manage credit risk by examining each new customer individually for credit worthiness before the Corporation's standard payment terms are offered. The Corporation's review may include financial statement review, credit references, or bank references. Customers that lack credit worthiness transact with the Corporation on a prepayment only basis.

The Corporation constantly monitors individual customer trade receivables and accrued revenue, taking into consideration industry, aging profile, maturity, payment history and existence of previous financial difficulties in assessing credit risk. A formal review is performed each month for each subsidiary, focusing on amounts in trade receivable and accrued revenue which have been outstanding for periods which are considered abnormal for each customer. The Corporation establishes an allowance for doubtful accounts for specifically identifiable customer balances which are assessed to have credit risk exposure.

The following shows the aged balances of trade and other receivables:

<i>(000's)</i>	December 31, 2015	December 31, 2014
Neither impaired nor past due	\$ 24,283	\$ 36,511
Outstanding 31-60 days	6,345	14,994
Outstanding 61-90 days	1,045	4,761
Outstanding more than 90 days	1,684	1,861
Total	33,357	58,127
Accrued revenue	8,332	20,634
Construction receivables	9,270	36,863
Other receivables	159	1,183
Allowance for doubtful accounts	(2,240)	(733)
Total trade and other receivables	\$ 48,878	\$ 116,074

In the twelve months ended December 31, 2015, the Corporation provided an allowance for \$2.2 million of receivables aged greater than 90 days. As at February 24, 2015, the Corporation has collected \$0.3 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 December 31, 2015, included in construction receivables were holdbacks of \$850,000 (2014 - \$6,800,000). The total of construction receivables aged less than 90 days was 53% at December 31, 2015 (2014 - 68%).

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(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:

	December 31, 2015		December 31, 2014	
	Trade and other payables ⁽¹⁾	Loans and borrowings ⁽²⁾	Trade and other payables ⁽¹⁾	Loans and borrowings ⁽²⁾
Year 1	\$ 31,611	\$ -	\$ 58,069	\$ 7,668
Year 2	-	57,100	-	146,370
Year 3	3,136	427	-	-
Year 4	-	-	-	-
Year 5 and beyond	5,927	-	5,890	-
	\$ 40,674	\$ 57,527	\$ 63,959	\$ 154,038

(1) Trade and other payables include trade and other payables, income taxes payable, and provisions.

(2) Loans and borrowings include non-interest bearing notes payable and Horizon North's senior secured revolving term facility. Cash flows of Horizon'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 twelve months ended December 31, 2015 by approximately \$82,625 (December 31, 2014 - \$136,000). This assumes that the quantity of USD raw material purchases and the foreign operations in the year remain unchanged and that the change in the USD/CAD exchange rate is effective from the beginning of the year.

(ii) Interest rate risk

The Corporation is exposed to interest rate risk as changes in interest rates may affect interest expense and future cash flows. The primary exposure is related to the Corporation's revolving credit facility which bears interest at a rate of prime plus 0.5% to 1.75%. If prime were to have increased by 1.00%, it is estimated that the Corporation's net earnings would have decreased by approximately \$855,725 for the twelve months ended December 31, 2015 (December 31, 2014 - \$1,254,000). 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 132,606,651 voting common shares issued and outstanding options to purchase 2,709,455 shares for a total potential of 135,316,106 shares as at February 24, 2016.

Off Balance Sheet Financing

Horizon North has no off balance sheet financing.

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

Disclosure Controls & Procedures

Disclosure controls and procedures (DC&P) are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure.

As at December 31, 2015, an evaluation was carried out, under the supervision of the CEO and the Senior Vice President Finance and CFO, of the effectiveness of the design and operation of Horizon North's DC&P as defined by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings. Based on this evaluation, the CEO and Senior Vice President Finance and CFO have concluded that, as at December 31, 2015, Horizon North's DC&P, as defined by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, were effective.

Throughout 2016, Horizon North will continue to evaluate its DC&P making modifications from time-to-time as deemed necessary. There were no changes in Horizon North's DC&P that occurred during the period ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, Horizon North's DC&P.

Internal Controls over Financial Reporting

Internal controls over financial reporting (ICFR) are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate ICFR.

Horizon North's ICFR include, but are not limited to, policies and procedures addressing:

- the maintenance of records that provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS;
- receipts and expenditures are being made only in accordance with authorizations of management and directors;
- maintenance of records in reasonable detail to accurately and fairly reflect transactions and disposition of assets; and
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on annual and interim consolidated financial statements.

Because of inherent limitations, ICFR can only provide reasonable assurance and may not prevent or detect all misstatements. Additionally, projections of an evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As at December 31, 2015, an evaluation was carried out, under the supervision of the CEO and the Senior Vice President and CFO, of the effectiveness of Horizon North's ICFR based on the framework and criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013.

Based on this evaluation, management concluded that the design and operating effectiveness of Horizon North's ICFR was effective as of December 31, 2015.

Throughout 2016, Horizon North will continue to evaluate its ICFR making modifications from time-to-time as deemed necessary. There were no changes in Horizon North's ICFR that occurred during the period ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, Horizon North'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.

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Non-GAAP measures

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

EBITDAS: Earnings before finance costs, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment and share based compensation ("EBITDAS"). Management believes that in addition to total profit and total comprehensive income, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker.

Debt to total capitalization: Calculated as the ratio of debt to total capitalization. Debt is defined as the sum of current and long-term portions of loans and borrowings. Total capitalization is calculated as the sum of debt and shareholders' equity.

Reconciliation of non-GAAP measures

The following provides a reconciliation of non-GAAP measures to the nearest measure under GAAP for items presented throughout the MD&A.

EBITDAS

(000's)	Three months ended December 31		Years ended December 31	
	2015	2014	2015	2014
Total (loss) profit	\$ (4,986)	\$ 7,183	\$ (832)	\$ 23,646
Add:				
Share based compensation	336	485	1,717	2,135
Depreciation & amortization	13,550	15,598	53,964	56,895
Impairment loss	1,664	-	1,664	-
(Gain) loss on disposal of property, plant and equipment	(92)	181	337	(3,666)
Finance costs	556	1,383	3,491	4,551
Earnings on equity investments	(347)	-	(347)	-
Income tax (recovery) expense	(2,163)	2,944	2,466	9,305
EBITDAS	\$ 8,518	\$ 27,774	\$ 62,460	\$ 92,866

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Related Parties

<i>(000's)</i>	December 31, 2015	December 31, 2014
Joint venture		
Recovery of administrative overhead	\$ 60	\$ 60
Included in accounts receivable	32	-
Key management personnel interests		
Sales	\$ 2,134	\$ 1,285
Included in accounts receivable	54	475

The Corporation earned a management fee for the year ended December 31, 2015 of \$60,000 (2014 - \$60,000) for the recovery of administrative overhead relating accounting and management services provided to Arctic Oil & Gas Services Ltd ("AOGS"), a joint venture that is 50% owned by the Corporation.

AOGS earned revenue during the year ended December 31, 2015 of \$2,134,000 (2014 – \$1,285,000) for catering services provided to E. Gruben's Transport Ltd, a company whereby a director of the Corporation is the Chief Executive Officer. The amounts included in trade receivables of AOGS as at December 31, 2015 is \$54,000 (2014 – \$475,000).

All related party transactions are in the normal course of operations and have been measured at the agreed exchange amounts, which is the amount of consideration established and agreed to by the related parties and is similar to those negotiated with third parties. All outstanding balances are to be settled with cash, and none of the balances are secured.

Advisories

This Management's Discussion and Analysis, prepared as at February 24, 2016 focuses on key statistics from the Consolidated Financial Statements and pertains to known risks and uncertainties relating to the business carried on by Horizon North. This discussion should not be considered all-inclusive, as it does not attempt to include changes that may occur in general economic, political and environmental conditions. Additional information related to the Corporation, including the Corporation's annual information form, is available on SEDAR at www.sedar.com. Unless otherwise indicated, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the reporting currency is in Canadian dollars.

Caution Regarding Forward-Looking Statements and Information

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

In particular, such forward-looking statements include, under the heading "Outlook" the statements that:

"Horizon North anticipates the uncertainty and volatility seen in 2015 to persist through 2016 with continued weaker demand and depressed pricing for its products and services. It is anticipated that customers will continue to reduce capital programs and delay investment decisions as well as look at all opportunities to lower operating costs throughout 2016.

As a priority, in light of the current economic environment Horizon North will continue to protect the strong balance sheet it currently has. Minimizing working capital and a reduced capital program will be a strong focus. Capital spending will be limited to key initiatives and required maintenance with growth capital limited to new contracted projects.

Horizon North will continue forward on the journey of transformational change that began in 2015. Horizon North will continue to realign and restructure the Corporation to focus on delivering a more fully integrated product and service offering model, diversify the business base and drive operational efficiency. Diversifying the business base will focus on expanding into the permanent modular and facilities management markets.

Management's Discussion and Analysis Three months and years ended December 31, 2015 and 2014

Horizon North will continue to develop and secure key land locations close to proposed LNG projects sites on the west coast of British Columbia. However, this will be done using a measured approach with the timing of capital spending aligned with projects as they emerge. Executing these strategies are key to weathering the downturn and positioning Horizon North for the recovery."

Many factors could cause the performance or achievements of Horizon North to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These include, but are not limited to general economic, market and business conditions.

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

- industry activity for oil, natural gas and mineral exploration and development in the western Canadian provinces and northern territories;
- commodity prices;
- anticipated activity levels for 2016;
- future operating costs and Corporation's access to capital;
- the effects of regulation by governmental agencies;
- the competitive environment in the which the Corporation operates;
- the ability of the Corporation to attract and retain personnel;
- the development of LNG and commodity transportation infrastructure;
- the relationships between the Corporation and its customers; and
- general economic and financial conditions.

Although Horizon North believes that the expectations and assumptions on which the forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because Horizon North cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of known and unknown risks and uncertainties. Such risks and uncertainties include, but are not limited to, the following:

- volatility in the price and demand for oil, natural gas and minerals;
- fluctuations in the demand for the Corporation's services;
- availability of qualified personnel;
- changes in regulation by governmental agencies, including environmental regulation; and
- other factors listed under "Risks and Uncertainties" in this MD&A and other risk factors identified in the Corporation's annual information form.

Readers are cautioned that the foregoing list of risks and uncertainties is not exhaustive. Additional information on these and other risk factors that could affect Horizon North's operations and financial results are included in Horizon North's annual information form which may be accessed through the SEDAR website at www.sedar.com. In addition, the reader is cautioned that historical results are not indicative of future performance. The forward-looking statements and information contained in this MD&A are made as of the date hereof and Horizon North does not undertake any obligation to update publicly or revise any forward-looking statements and information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Certain information set out herein may be considered as "financial outlook" within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding Horizon North's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.



Management's Report to Shareholders

The accompanying consolidated financial statements of Horizon North Logistics Inc. ("Horizon North" or the "Corporation") have been approved by the Board of Directors (the "Board") of Horizon North and have been prepared by management in accordance with International Financial Reporting Standards. Financial statements will, by necessity, include certain amounts based on estimates and judgments. The financial information contained throughout this report has been reviewed to ensure consistency with these consolidated financial statements.

Management has overall responsibility for internal controls and maintains accounting systems designed to provide reasonable assurance that transactions are properly authorized, assets safeguarded and that the financial records form a reliable base for the preparation of accurate and timely financial information. The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of disclosure controls and procedures and internal controls over financial reporting and have concluded that they are effective.

The Board oversees the management of the business and affairs of Horizon North; including ensuring management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee, which consists of three independent directors. An independent firm of chartered accountants, appointed as external auditor by the shareholders, has audited the consolidated financial statements and its report is included herein. The Audit Committee has reviewed the consolidated financial statements with management and the external auditor.

Rod Graham
President and
Chief Executive Officer

Scott Matson
Senior Vice President Finance and
Chief Financial Officer

February 24, 2016



INDEPENDENT AUDITORS' REPORT

To the Shareholders of Horizon North Logistics Inc.

We have audited the accompanying consolidated financial statements of Horizon North Logistics Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Horizon North Logistics Inc. as at December 31, 2015 and December 31, 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Chartered Professional Accountants

February 24, 2016
Calgary, Canada



Consolidated statement of financial position

(000's)	December 31, 2015	December 31, 2014
Assets		
Current assets:		
Trade and other receivables (Note 11)	\$ 48,878	\$ 116,074
Inventories (Note 12)	11,316	14,656
Prepayments	3,677	3,612
Income taxes receivable	3,648	-
Total Current assets	67,519	134,342
Non-current assets:		
Property, plant and equipment (Note 13)	398,727	401,130
Goodwill (Note 14)	-	1,664
Deferred tax assets (Note 18)	283	414
Other assets (Note 15)	2,975	2,428
Total Non-current Assets	401,985	405,636
Total Assets	\$ 469,504	\$ 539,978
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	\$ 30,626	\$ 55,577
Deferred revenue	832	2,268
Income taxes payable	-	2,492
Current portion of asset retirement obligation (Note 17)	985	-
Current portion of loans and borrowings (Note 16)	-	7,668
Total Current liabilities	32,443	68,005
Non-current liabilities:		
Asset retirement obligations (Note 17)	9,063	5,890
Loans and borrowings (Note 16)	57,527	146,370
Deferred tax liabilities (Note 18)	37,110	33,139
Total Liabilities	136,143	253,404
Shareholders' equity:		
Share capital (Note 19)	265,867	185,592
Contributed surplus	14,451	13,523
Accumulated other comprehensive income	831	774
Retained earnings	52,212	86,685
Total Shareholders' equity	333,361	286,574
Total Liabilities and Shareholders' equity	\$ 469,504	\$ 539,978

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

Ann Rooney
Director

Rod Graham
Director



Consolidated statement of comprehensive income
Twelve months ended December 31, 2015 and 2014

<i>(000's except per share amounts)</i>	December 31, 2015	December 31, 2014
Revenue (Note 5)	\$ 369,889	\$ 476,060
Operating expenses:		
Direct costs (Note 6)	284,278	360,304
Depreciation (Note 13)	53,964	53,927
Impairment loss (Note 14)	1,664	-
Share based compensation (Note 19)	971	1,222
Loss (gain) on disposal of property, plant and equipment	337	(3,666)
Direct operating expenses (Note 6)	341,214	411,787
Gross profit	28,675	64,273
Selling & administrative expenses:		
Selling & administrative expenses (Note 7)	23,151	22,890
Amortization of intangible assets (Note 14)	-	2,968
Share based compensation (Note 19)	746	913
Selling & administrative expenses (Note 7)	23,897	26,771
Operating earnings	4,778	37,502
Finance costs (Note 9)	3,491	4,551
Earnings on equity investments	(347)	-
Profit before tax	1,634	32,951
Current tax (recovery) expense	(2,573)	6,385
Deferred tax expense (Note 18)	5,039	2,920
Income tax expense (Note 10)	2,466	9,305
Total (loss) profit	(832)	23,646
Other comprehensive income:		
Translation of foreign operations	57	380
Other comprehensive income, net of income tax	57	380
Total comprehensive (loss) income	\$ (775)	\$ 24,026
(Loss) earnings per share:		
Basic (Note 20)	\$ (0.01)	\$ 0.21
Diluted (Note 20)	\$ (0.01)	\$ 0.21

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



Consolidated statement of changes in equity

<i>(000's)</i>	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance at December 31, 2013	\$ 183,851	\$ 11,836	\$ 394	\$ 98,346	\$ 294,427
Total profit	-	-	-	23,646	23,646
Share based compensation (Note 19)	-	2,135	-	-	2,135
Share options exercised (Note 19)	1,741	(448)	-	-	1,293
Translation of foreign operations	-	-	380	-	380
Dividends declared (Note 21)	-	-	-	(35,307)	(35,307)
Balance at December 31, 2014	\$ 185,592	\$ 13,523	\$ 774	\$ 86,685	\$ 286,574
Total loss	-	-	-	(832)	(832)
Share based compensation (Note 19)	-	1,717	-	-	1,717
Share options exercised (Note 19)	2,799	(789)	-	-	2,010
Translation of foreign operations	-	-	57	-	57
Issue of share capital (Note 19)	80,644	-	-	-	80,644
Share issue costs, net of tax (Note 19)	(3,168)	-	-	-	(3,168)
Dividends declared (Note 21)	-	-	-	(33,641)	(33,641)
Balance at December 31, 2015	\$ 265,867	\$ 14,451	\$ 831	\$ 52,212	\$ 333,361

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



Consolidated statement of cash flows
Twelve months ended December 31, 2015 and 2014

<i>(000's)</i>	December 31, 2015	December 31, 2014
Cash provided by (used in):		
Operating activities:		
(Loss) profit for the period	\$ (832)	\$ 23,646
Adjustments for:		
Depreciation (Note 13)	53,964	53,927
Amortization of intangible assets (Note 14)	-	2,968
Impairment loss (Note 14)	1,664	-
Share based compensation (Note 19)	1,717	2,135
Amortization of other assets (Note 15)	127	128
Gain on sale of property, plant and equipment	(2,811)	(6,101)
Earnings on equity investments	(674)	-
Unrealized foreign exchange	36	311
Finance costs (Note 9)	3,491	4,551
Income tax expense (Note 10)	2,466	9,305
Funds from operations	59,148	90,870
Income taxes paid	(3,343)	(63)
Interest paid	(3,241)	(4,232)
Changes in non-cash working capital items (Note 26)	47,431	(29,004)
Net cash flows from operating activities	99,995	57,571
Investing activities:		
Purchase of property, plant and equipment (Note 13)	(54,443)	(114,581)
Proceeds on sale of property, plant and equipment	9,800	14,946
Net cash flows used in investing activities	(44,643)	(99,635)
Financing activities:		
Proceeds from shares issued on exercise of options	2,010	1,293
Shares issued, net of share issue costs (Note 19)	76,326	-
(Repayment of) proceeds from loans and borrowings	(96,511)	74,118
Payment of dividends (Note 21)	(37,177)	(33,347)
Net cash flows (used in) from financing activities	(55,352)	42,064
Change in cash position	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

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

1. Reporting Entity

Horizon North Logistics Inc. (“Horizon” or the “Corporation”) is a company registered and domiciled in Canada and is a publicly traded company, listed on the Toronto Stock Exchange under the symbol HNL. The Corporation’s registered offices are at 1600, 505 – 3rd Street SW, Calgary, AB T2P 3E6. The consolidated financial statements of the Corporation as at and for the year ended December 31, 2015 comprise the Corporation and its subsidiaries and the Corporation’s interest in associates and jointly controlled entities. Horizon provides camp & catering services and ground matting services to oil and gas exploration and production companies, oilfield service companies and mining companies working on oil sands, mineral exploration and development, and conventional oil and gas projects primarily in western Canada.

2. Basis of Presentation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The consolidated financial statements were authorized for issue by the Board of Directors on February 24th, 2016.

(b) Basis of measurement

The consolidated financial statements have been prepared using the historical cost basis. Certain prior period amounts have been amended to conform to current period presentation.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation’s and subsidiaries functional currency with the exception of a United States (“US”) operational entity which has a US dollar functional currency.

(d) Use of estimates and judgments

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

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

The judgments, estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are as follows:

Estimates

- Revenue Recognition Estimate – The Corporation uses the percentage-of-completion method in accounting for its construction contract revenue. Use of the percentage-of-completion method requires estimates of the stage of completion of the contract to date as a proportion of the total contract work to be performed in accordance with the accounting policy set out in Note 3(i)(iv).
- Construction Receivable Estimate – The Corporation recognizes that the value of many construction contracts increase over the duration of the construction period. Change orders may be issued by customers to modify the original contract scope of work or conditions resulting 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.

2. Basis of Presentation (continued)

(d) Use of estimates and judgments (continued)

Estimates (continued)

- 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 (“ARO”) – The Corporation recognizes an asset retirement obligation to account for future demobilisation and reclamation of specific camps. Use of an ARO requires estimates of the asset retirement costs, timing of payments, present value discount rate and inflation rate to determine the amount recognized, in accordance with the accounting policy set out in Note 3(h).
- 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 to sell (“FVLCTS”) and its value in use (“VIU”). The FVLCTS 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 Corporation bases its impairment calculation on maintainable earning levels. 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.

Judgments

- Impairment - 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.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Corporation. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by the Corporation. Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders; therefore no goodwill is recognized as a result of such transactions.

(ii) Special purpose entities

The Corporation has established a number of special purpose entities (“SPE”) for operating purposes. An SPE is consolidated when, based on an evaluation of the substance of its relationship with the Corporation and the SPE’s risks and rewards, the Corporation concludes that it controls the SPE. SPE’s controlled by the Corporation were established under terms that impose strict limitations on the decision-making powers of the SPE’s management and that result in the Corporation receiving the majority of the benefits related to the SPE’s operations and net assets, being exposed to the majority of risks incident to the SPE’s activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

3. Significant Accounting Policies (continued)

(a) Basis of consolidation (continued)

(iii) Joint ventures

The Corporation's joint ventures are those entities over whose activities the Corporation has joint control, established by contractual agreement. Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognized at cost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Corporation's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Financial instruments

Financial Instrument	Category	Measurement Method
Trade and other receivables	Loans and receivables	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Loans and borrowings	Other financial liabilities	Amortized cost

(i) Non-derivative financial assets

The Corporation initially recognizes trade and other receivables and deposits on the date that they originate. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

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

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

The Corporation uses the following non-derivative financial asset classifications: financial assets at fair value through profit or loss and loans and receivables.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are initially recognized at fair value plus any directly attributable transaction costs. Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) Non-derivative financial liabilities

The Corporation initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which it becomes a party to the contractual provisions of the instrument.

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

3. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a legal right to offset the amounts and the Corporation intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Bank overdrafts that are repayable on demand and form an integral part of the Corporation's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

The Corporation has the following non-derivative financial liabilities: loans and borrowings, and trade and other payables.

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

(iii) Share capital

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

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Costs related to assets under construction are capitalized when incurred. Assets under construction are not depreciated until they are completed and available for use in the manner intended by management. When this occurs, the asset is transferred to property, plant and equipment by the nature of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within operating expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a major component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation, and its cost can be measured reliably. The carrying amount of the replaced major component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3. Significant Accounting Policies (continued)

(c) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is calculated using the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Corporation will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Assets	Method	Residual Value	Useful Life
Camp facilities	Straight-line	20%	15 years
Camp setup & installation	Straight-line	-	2 to 5 years
Buildings	Straight-line	-	20 years
Automotive & trucking equipment	Straight-line	-	4 to 8 years
Mats	Straight-line	-	6 years
Furniture, fixtures & other equipment	Straight-line	-	2 to 10 years
Asset retirement obligation	Straight-line	-	2 to 17 years

Depreciation methods, useful lives, and residual values are reviewed at each financial year end and adjusted if appropriate. Land and assets under construction are not depreciated.

(d) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. Goodwill is not amortized but is tested at least annually for impairment.

(ii) Assets acquired on business combinations

Non-operating intangible assets are intangible assets that are acquired as a result of a business combination, which arise from contractual or other legal rights and are not transferable or separable. On initial recognition they are measured at fair value. Amortization is charged on a straight line basis to the statement of comprehensive income over their expected useful lives which are:

	Estimated useful lives
Customer relationships	7 years
Other intangible assets	5 years

Amortization methods, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate. Other intangible assets that are acquired by the Corporation, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

(e) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on a weighted average or standard cost principle and includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3. Significant Accounting Policies (continued)

(f) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Corporation on terms that the Corporation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Corporation considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or assets that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The corporation has identified two CGU's: Camps and Catering and Matting. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs that are expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the group of CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units), on a pro rata basis.

3. Significant Accounting Policies (continued)

(f) Impairment (continued)

(ii) Non-financial assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(g) Employee benefits

(i) Defined contribution plan

The Corporation's defined contribution plan is a post-employment benefit plan under which the Corporation pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss when they are due.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under the short-term cash bonus plans if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Share based compensation transactions

The grant date fair value of share based compensation awards granted to employees is recognized as an expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards (vesting period). The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

(h) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax risk-free rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. As at December 31, 2015 and 2014 the Corporation has recognized a provision for Asset Retirement Obligation.

3. Significant Accounting Policies (continued)

(i) Revenue

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognized when the significant risks and rewards have transferred to the customer, collectability is reasonably assured, the associated costs can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. For the sale of camps and mats, transfer usually occurs when the product is delivered to the customer's site; however, in instances where the customer has provided a certificate of insurance for undelivered assets, the Corporation will recognize revenue prior to delivery.

(ii) Services

The Corporation's services are generally provided based upon purchase orders or contracts with its customers that include fixed or determinable prices based upon monthly, daily, or hourly rates. Revenue is recognized when services are rendered and only when collectability is reasonably assured.

(iii) Rental income

Rental income is recognized in profit or loss on a straight line basis over the term of the arrangement, or on a daily or monthly rate.

(iv) Construction contracts

Contract revenue includes the initial amount agreed to in the contract plus any variations in contract work, claims, and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

(j) Lease payments

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Leases in terms of which substantially all the risks and rewards of ownership are transferred to the Corporation are classified as finance leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease:

At inception of an arrangement, the Corporation determines whether such an arrangement is, or contains, a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Corporation the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Corporation separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Corporation concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Corporation's incremental borrowing rate.

3. Significant Accounting Policies (continued)

(k) Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction, or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(m) Earnings per share

The Corporation presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the total profit or loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which is comprised of share options granted to employees.

(n) Segment reporting

A segment is a distinguishable component of the Corporation that is engaged either in providing related products or services (business segment) which is subject to risks and returns that are different from those of other segments. The business segments are determined based on the Corporation's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Corporation's headquarters) and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

3. Significant Accounting Policies (continued)

(o) Foreign currency translation

The consolidated financial statements are presented in Canadian Dollars ("CAD").

Foreign currency transactions entered into are translated into the functional currency of the operations at the exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into the functional currency using the exchange rate on the period end date. Foreign currency translation gains and losses resulting from the settlement of transactions and the re-translation at period end are recognized in the statement of comprehensive income within total profit. Non-monetary items that originated in a foreign currency are translated at the exchange rate from the original transaction date.

The US entity has a US Dollar ("USD") functional currency and therefore are translated to be included in the consolidated financial statements in CAD as follows: income and expenses are translated into CAD using the exchange rates on the dates of the transactions and the assets and liabilities on the statement of financial position is translated into CAD at the period end exchange rate. The effect of translation is recognized in other comprehensive income and included as translation of foreign operations in accumulated other comprehensive income within equity.

Foreign currency gains and losses arising from monetary items receivable from or payable to a foreign operation, for which settlement is neither planned nor likely to occur, form a part of the exchange differences in the net investment in the foreign operations and are recognized initially in other comprehensive income. Upon disposal or partial disposal of an entity with a functional currency other than CAD, any accumulated exchange differences will be reclassified to the statement of comprehensive income within total profit.

(p) New standards and interpretations not yet adopted

The new standards, amendments to standards and interpretations not yet effective for the year ended December 31, 2015, and have not been applied in preparing these consolidated financial statements are disclosed below. The Corporation intends to adopt these standards, if applicable, when they become effective on or after January 1, 2016.

IFRS 9 Financial Instruments - IFRS 9 Financial Instruments addresses the classification and measurement of financial assets. The new standard defines two instead of four measurement categories for financial assets, with classification to be based partly on the Corporation's business model and partly on the characteristics of the contractual cash flows from the respective financial asset. The Corporation intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 15 Revenue from Contracts with Customers - IFRS 15 Revenue from Contracts with Customers contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Corporation intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 16 Leases - IFRS 16 Leases eliminates the current operating/finance lease dual accounting model for lessees. Instead, there is a single, on-balance sheet accounting model, similar to current finance lease accounting. The Corporation intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

4. Determination of fair values

A number of the Corporation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller, in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of plant, equipment, fixtures and fittings is based on the market and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

(b) Intangible assets

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use or eventual sale of the assets.

(c) Other financial assets and liabilities

The fair value of other financial assets and liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(d) Share-based compensation transactions

The fair value of the employee share options is measured using the Black-Scholes option pricing model. Measurement inputs include the share price on measurement date, the exercise price of the instrument, the expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the weighted average expected life of the instruments (based on historical experience and general option holder behavior), the expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions are not taken into account in determining fair value.

5. Revenue

(000's)	Twelve months ended December 31,	
	2015	2014
Rental and Catering revenue	\$ 278,904	\$ 308,368
Construction contract revenue	63,299	118,666
Rendering of services	21,251	28,420
Sales of goods	6,435	20,606
	\$ 369,889	\$ 476,060

Construction contract revenue has been determined based on the percentage of completion method. The amount of construction contract revenue results from the manufacture of camps and other modular facilities in the Camp & Catering segment. These units are based on specifically negotiated contracts with customers.

For construction contracts in progress, the aggregate amount of contract costs incurred and recognized profits, less recognized losses, as at December 31, 2015 were \$7,719,000 (2014 - \$48,599,000).

At December 31, 2015, advances received from customers under open construction contracts amounted to \$734,000 (2014 - \$1,509,000). Advances for which the related work has not been completed are presented as deferred revenue.

6. Direct Operating Expenses

(000's)	Twelve months ended December 31,	
	2015	2014
Labour	\$ 157,335	\$ 181,765
Job supplies	61,469	92,553
Rental equipment	13,628	17,365
Repairs & maintenance	10,040	12,465
Trucking costs	8,430	11,344
Other operating expenses	33,376	44,812
Direct costs	\$ 284,278	\$ 360,304
Depreciation	53,964	53,927
Impairment loss	1,664	-
Share based compensation	971	1,222
Loss (gain) on disposal of property, plant and equipment	337	(3,666)
	\$ 341,214	\$ 411,787

The amount of inventories recognized as an expense during the twelve months ended December 31, 2015 is \$17,103,000 (2014 - \$62,148,000).

7. Selling & Administrative Expenses

(000's)	Twelve months ended December 31,	
	2015	2014
Salaries	\$ 13,076	\$ 13,546
Other selling & administrative expenses	10,075	9,344
Selling & administrative expenses	23,151	22,890
Amortization of intangible assets	-	2,968
Share based compensation	746	913
	\$ 23,897	\$ 26,771

8. Personnel expenses

(000's)	Twelve months ended December 31,	
	2015	2014
Wages, salaries & benefits	\$ 166,067	\$ 191,413
Contributions to defined contribution plans	4,345	3,898
Share based compensation	1,717	2,135
	\$ 172,129	\$ 197,446

The Corporation has two types of defined contribution plans: a registered defined contribution plan covering a number of its employees and a collectively bargained plan covering union employees. Under the registered defined contribution plan, the Corporation matches individual contributions up to a maximum of 5% of the employee's annual salary. Under the collectively bargained plan, the Corporation contributes a set amount per hour worked. The total amount expended under both defined contribution plans for the year ended December 31, 2015 was \$4,345,000 (2014 - \$3,898,000).

9. Finance Costs

(000's)	Twelve months ended December 31,	
	2015	2014
Interest expense	\$ 3,280	\$ 4,149
Accretion of discount on notes payable	-	168
Accretion of provisions	211	234
	\$ 3,491	\$ 4,551

10. Income Taxes

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

(000's)	Twelve months ended December 31,	
	2015	2014
Earnings before income taxes	\$ 1,634	\$ 32,951
Combined federal and provincial income tax rate	26%	25%
Expected income tax provision	425	8,238
Future rate differential	2,165	-
Non-deductible share based compensation	446	534
Revisions to prior year tax estimates	(506)	702
Share issuance costs	(224)	-
Impairment of goodwill	433	-
Differences in jurisdictional tax rates	(87)	5
Non-taxable portion of capital gain	(98)	(296)
Other	(88)	122
	\$ 2,466	\$ 9,305

For the year ended December 31, 2015 income tax expense was \$2,466,000, an effective tax rate of 150.9%, for the year ended December 31, 2014 income tax expense was \$9,305,000, an effective tax rate of 28.2%. The increased tax rate is mainly due to the Alberta provincial income tax rate increasing from 10% to 12% which became substantively enacted in June 2015. As a result, the Corporation revalued its deferred income tax balances, resulting in a deferred income tax expense adjustment of \$2,165,000.

11. Trade and other receivables

(000's)	December 31, 2015	December 31, 2014
Trade receivables	\$ 33,325	\$ 57,652
Accrued receivables	8,332	20,634
Construction receivables	9,270	36,863
Loans and other receivables	159	1,183
Receivables due from related parties	32	475
	51,118	116,807
Allowance for doubtful accounts	(2,240)	(733)
Trade and other receivables	\$ 48,878	\$ 116,074

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. The Corporation estimates that the carrying value of financial assets within trade and other receivables approximate their fair value.

12. Inventories

(000's)	December 31, 2015	December 31, 2014
Raw materials	\$ 4,467	\$ 9,990
Finished goods	6,849	4,666
	\$ 11,316	\$ 14,656

13. Property, Plant and Equipment

Cost (000's)	Balance December 31, 2014	Additions	Disposals	Impact of Foreign Translation	Balance December 31, 2015
Camp facilities, setup & installation	\$ 454,094	\$ 28,808	\$ (12,617)	\$ 22	\$ 470,307
Land & Buildings	46,552	8,584	(31)	-	55,105
Automotive & trucking equipment	46,022	1,588	(2,926)	-	44,684
Mats	14,138	9,648	(5,192)	-	18,594
Furniture, fixtures & other equipment	6,566	1,810	(313)	-	8,063
Asset retirement obligation	5,316	4,530	(520)	-	9,326
Assets under construction	4,477	4,005	-	-	8,482
	\$ 577,165	\$ 58,973	\$ (21,599)	\$ 22	\$ 614,561

Accumulated Depreciation (000's)	Balance December 31, 2014	Depreciation	Disposals	Impact of Foreign Translation	Balance December 31, 2015
Camp facilities, setup & installation	\$ 130,868	\$ 36,977	\$ (8,097)	\$ 10	\$ 159,758
Land & Buildings	8,137	1,840	(16)	-	9,961
Automotive & trucking equipment	22,450	5,493	(2,679)	-	25,264
Mats	9,174	6,728	(2,767)	-	13,135
Furniture, fixtures & other equipment	3,647	1,549	(306)	-	4,890
Asset retirement obligation	1,759	1,377	(310)	-	2,826
Assets under construction	-	-	-	-	-
	\$ 176,035	\$ 53,964	\$ (14,175)	\$ 10	\$ 215,834

Carrying Amounts (000's)	Balance December 31, 2014	Balance December 31, 2015
Camp facilities, setup & installation	\$ 323,226	\$ 310,549
Land & Buildings	38,415	45,144
Automotive & trucking equipment	23,572	19,420
Mats	4,964	5,459
Furniture, fixtures & other equipment	2,919	3,173
Asset retirement obligation	3,557	6,500
Assets under construction	4,477	8,482
	\$ 401,130	\$ 398,727

13. Property, Plant and Equipment (continued)

Cost (000's)	Balance December 31, 2013	Additions	Disposals	Impact of Foreign Translation	Balance December 31, 2014
Camp facilities, setup & installation	\$ 380,718	\$ 82,628	\$ (9,334)	\$ 82	\$ 454,094
Marine equipment	12,811	-	(12,811)	-	-
Land & Buildings	31,066	19,028	(3,542)	-	46,552
Automotive & trucking equipment	37,833	11,734	(3,545)	-	46,022
Mats	10,125	8,401	(4,388)	-	14,138
Furniture, fixtures & other equipment	6,849	1,003	(1,286)	-	6,566
Asset retirement obligation	5,316	-	-	-	5,316
Assets under construction	12,690	(8,213)	-	-	4,477
	\$ 497,408	\$ 114,581	\$ (34,906)	\$ 82	\$ 577,165

Accumulated Depreciation (000's)	Balance December 31, 2013	Depreciation	Disposals	Impairment loss	Balance December 31, 2014
Camp facilities, setup & installation	\$ 96,672	\$ 39,067	\$ (4,883)	\$ 12	\$ 130,868
Marine equipment	12,070	60	(12,130)	-	-
Land & Buildings	8,538	1,616	(2,017)	-	8,137
Automotive & trucking equipment	20,359	5,371	(3,280)	-	22,450
Mats	6,593	5,056	(2,475)	-	9,174
Furniture, fixtures & other equipment	3,557	1,365	(1,275)	-	3,647
Asset retirement obligation	367	1,392	-	-	1,759
Assets under construction	-	-	-	-	-
	\$ 148,156	\$ 53,927	\$ (26,060)	\$ 12	\$ 176,035

Carrying Amounts (000's)	Balance December 31, 2013		Balance December 31, 2014
Camp facilities, setup & installation	\$ 284,046		\$ 323,226
Marine equipment	741		-
Land & Buildings	22,528		38,415
Automotive & trucking equipment	17,474		23,572
Mats	3,532		4,964
Furniture, fixtures & other equipment	3,292		2,919
Asset retirement obligation	4,949		3,557
Assets under construction	12,690		4,477
	\$ 349,252		\$ 401,130

During the year ended December 31, 2014, the Corporation disposed of its remaining marine equipment for a net gain on disposal of \$2,569,000.

13. Property, Plant and Equipment (continued)

(a) Assets under construction

At December 31, 2015, included in capital assets under construction is fleet equipment under construction for both maintenance and expansion purposes. At December 31, 2014, the Corporation had an office facility and fleet equipment under construction for both maintenance and expansion purposes. The Corporation has not capitalized any borrowing costs for the twelve months ended December 31, 2015 (2014 - \$nil), due to the short term nature of construction.

(b) Capital commitments

At December 31, 2015 the Corporation had no outstanding commitments to purchase property, plant and equipment (2014 - \$nil).

(c) Impairment loss

Property, Plant and Equipment assets are required to be tested for impairment when indicators are identified. The Corporation considers both qualitative and quantitative factors when determining whether an asset or CGU may be impaired. The Corporation noted the following indications of impairment for both Camp and Catering and Matting CGU's.

- During the year ended December 31, 2015 the market environment in which both CGU's operate has seen significant changes which are forecasted to have an adverse effect on the CGU's operation. As a result, management expects a decline in earnings in the subsequent year.

(d) Impairment testing for cash-generating units

For the purpose of impairment testing, the Corporation's assets are grouped and reviewed at the CGU level which represent the lowest level at which cash flows are generated.

The recoverable amounts of the CGU's were determined based on a value in use calculation which was determined by discounting future cash flows generated from the continuing use of the unit on a five year forecast which incorporates the Corporation's 2016 forecast approved by the Board of Directors. The calculation of the value in use was based on the following key assumptions:

- The approved 2016 forecast uses current contracts and market conditions to project revenue. Costs are calculated using historical gross margins and additional known or pending factors.
- The projections were based on a five year forecasted cash flow and extrapolated over the remaining useful life of the primary assets of 15 years and discounted at a pre-tax rate of 15.0% (2014 – 12.1%). The discount rate was estimated based on past experience, and industry average unlevered beta which was based on a debt leveraging of 12.0% at a market interest rate of 6%.
- Based on management's best estimates at December 31, 2015, a trailing five year average utilization, revenue per rentable day and profit margins, plus a 2% price inflation per year, were used to project cash flows from 2017 to 2020.
- The cash flows beyond 2020 have been extrapolated using a 2% per annum growth rate.
- The forecasted cash flows are based on management's best estimates of future pricing, asset utilization, rates for available equipment and costs to maintain that equipment.

The results of the tests indicated a recoverable amount of \$357,500,000 that resulted in an impairment of \$1,664,000 on the Camps & Catering CGU as at December 31, 2015 (2014 - \$nil), which represented the total amount of goodwill related to the Camps & Catering CGU. The results of the tests indicated no impairment on the Matting CGU as at December 31, 2015 (2014 - \$nil).

The most sensitive inputs to the value in use model used for all CGUs are the discount rate and the growth rate. All else being equal, a 1.0% increase in the discount rate would have resulted in the carrying amount exceeding the recoverable amount for the Camps & Catering and Matting CGUs by \$30.8 million and \$2.2 million, respectively. All else being equal, a 1.0% decrease in the discount rate would have resulted in the recoverable amount exceeding the carrying amount for the Camps & Catering and Matting CGUs by \$32.5 million and \$2.9 million, respectively. All else being equal, a 0.5% decrease in the growth rates would have resulted in the carrying amount exceeding the recoverable amount for the Camps & Catering and Matting CGUs by \$3.3 million and \$0.4 million, respectively. All else being equal, a 0.5% increase in the growth rates would have resulted in the recoverable amount exceeding the carrying amount for the Camps & Catering and Matting CGUs by \$3.5 million and \$0.4 million, respectively.

14. Intangible Assets and Goodwill

Intangible assets, other than goodwill, have finite useful lives. The amortization charges for intangible assets are included on the consolidated statement of comprehensive income. Goodwill has an infinite life and is not amortized.

Cost	Balance			Balance
(000's)	December 31, 2014	Additions	Impairment loss	December 31, 2015
Customer relationships	\$ -	\$ -	\$ -	\$ -
Goodwill	1,664	-	(1,664)	-
	\$ 1,664	\$ -	\$ (1,664)	\$ -

Amortization	Balance			Balance
(000's)	December 31, 2014	Amortization	Impairment loss	December 31, 2015
Customer relationships	\$ -	\$ -	\$ -	\$ -
Goodwill	-	-	-	-
	\$ -	\$ -	\$ -	\$ -

Carrying Amount	Balance		Balance
(000's)	December 31, 2014		December 31, 2015
Customer relationships	\$ -		\$ -
Goodwill	1,664		-
	\$ 1,664		\$ -

Cost	Balance			Balance
(000's)	December 31, 2013	Additions	Removal of fully amortized	December 31, 2014
Customer relationships	\$ 22,679	\$ -	\$ (22,679)	\$ -
Goodwill	1,664	-	-	1,664
	\$ 24,343	\$ -	\$ (22,679)	\$ 1,664

Amortization	Balance			Balance
(000's)	December 31, 2013	Amortization	Removal of fully amortized	December 31, 2014
Customer relationships	\$ 19,711	\$ 2,968	\$ (22,679)	\$ -
Goodwill	-	-	-	-
	\$ 19,711	\$ 2,968	\$ (22,679)	\$ -

Carrying Amount	Balance		Balance
(000's)	December 31, 2013		December 31, 2014
Customer relationships	\$ 2,968		\$ -
Goodwill	1,664		1,664
	\$ 4,632		\$ 1,664

14. Intangible Assets and Goodwill (continued)

(a) Impairment loss

Intangible assets with an indefinite useful life are required to be tested annually for impairment. The Corporation considers both qualitative and quantitative factors when determining whether an asset or CGU may be impaired.

(b) Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Corporation's CGU which represent the lowest level at which goodwill is monitored for internal management purposes and which are not higher than the Corporation's operating segments.

The recoverable amounts of the CGU's were determined based on a value in use calculation which was determined by discounting future cash flows generated from the continuing use of the unit on a five year forecast which incorporates the Corporation's 2016 forecast approved by the Board of Directors. The calculation of the value in use was based on the same key assumptions disclosed in Note 13(d).

The test resulted in an impairment to goodwill of \$1,664,000 on the Camps & Catering CGU as at December 31, 2015 (2014 - \$nil).

15. Other Assets

The Corporation's other assets consists of a 25 year prepaid lease for a building and land to accommodate a portion of the Corporation's manufacturing operations in Kamloops, British Columbia. The amount expensed during the year ended December 31, 2015 related to the prepaid lease was \$127,000 (2014 - \$128,000) with 19 years remaining. Also included in other assets at December 31, 2015 is a \$674,000 (2014 - \$327,000) equity accounted investment in Arctic Oil & Gas Services Inc. ("AOGS") a joint venture that is 50% owned by the Corporation.

16. Loans and Borrowings

(000's)	December 31, 2015	December 31, 2014
Committed credit facility	\$ 57,527	\$ 146,370
Notes payable	-	4,824
Vehicle and equipment financing	-	2,844
	\$ 57,527	\$ 154,038
Less current portion	-	(7,668)
	\$ 57,527	\$ 146,370

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

The Corporation's committed credit facility ("credit facility") has an available limit of \$200,000,000 and is secured by a \$400,000,000 first fixed and floating charge debenture over all assets of the Corporation and its wholly owned subsidiaries. The interest rate is calculated on a grid pricing structure based on the Corporation's debt to EBITDAS ratio. Debt to EBITDAS is calculated as at the quarter end for the most recently completed calendar quarter and for the 12 months ended on such date. Amounts drawn on the credit facility incur interest at bank prime rate plus 0.50% to 1.75% or the Bankers' Acceptance rate plus 1.50% to 2.75%. The credit facility has a standby fee ranging from 0.34% to 0.62%. Amounts borrowed under the facility become due on March 31, 2018, the maturity date of the facility. The credit facility is subject to the following financial covenants:

	Debt Covenants
Maximum Consolidated Senior debt ⁽¹⁾ to Consolidated EBITDAS ratio ⁽³⁾⁽⁴⁾	3.00:1.00 or less
Maximum Consolidated Total debt ⁽²⁾ to Consolidated EBITDAS ratio ⁽³⁾⁽⁵⁾	4.25:1.00 or less
Minimum Consolidated Interest coverage ratio ⁽⁶⁾	3.00:1.00 or more

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

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

(3) EBITDAS (Earnings before interest, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment, and share based compensation) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker. Horizon's method of calculating EBITDAS may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities.

(4) Senior debt to EBITDAS is calculated as the ratio of senior debt to trailing 12 months EBITDAS.

(5) Total debt to EBITDAS is calculated as the ratio of total debt to trailing 12 months EBITDAS.

(6) Interest coverage is calculated as the ratio of trailing 12 months EBITDAS to 12 months trailing interest expense on loans and borrowings.

As at December 31, 2015, the Corporation was in compliance with all financial and non-financial covenants related to the credit facility.

Notes Payable

Horizon incurred \$10,850,000 of notes payable during 2009 as part of the purchase price for drill camp equipment and generators. The notes payable are non-interest bearing and are repayable over a term of up to 6 years. Actual payments on the note are dependent on utilization levels of specific equipment with minimum repayments of at least \$1,000,000 per year. The fair value of these notes was initially measured at \$8,771,000 using a discount rate of 9% which was consistent with market rates for debt with similar characteristics at the time. As at December 31, 2015, these notes have a remaining balance of \$nil (2014 - \$4,824,000).

Principal Repayments for Loans and Borrowings

(000's)	Amount
2016	\$ -
2017	-
2018	57,527
2019	-
2020 and beyond	-
	\$ 57,527

17. Asset retirement obligations and commitments

- (a) Provisions include constructive site restoration obligations for camp projects to restore lands to previous condition when camp facilities are dismantled and removed at the end of their useful lives.

<i>(000's)</i>	December 31, 2015	December 31, 2014
Balance, beginning of year	\$ 5,890	\$ 5,656
Additions	1,305	-
Discount rate change	725	-
Accretion of provisions	211	234
Revisions/settled	1,917	-
Balance, end of year	\$ 10,048	\$ 5,890

The estimated present value of rehabilitating the sites at the end of their useful lives has been estimated using existing technology, at current prices, and discounted using a risk free rate. The future value amount at December 31, 2015 was \$11,122,000 (2014 - \$7,561,000) and determined using risk free interest rates of 0.48% to 2% (2014 - 4%) and an inflation rate of 1% (2014 - 1%). The timing of these payments is dependent on various factors, such as the estimated lives of the equipment and industry activity in the region, but is anticipated to occur between 2016 and 2028.

<i>(000's)</i>	December 31, 2015	December 31, 2014
Current	\$ 985	\$ -
Non-current	9,063	5,890
Balance, end of year	\$ 10,048	\$ 5,890

- (b) The Corporation has outstanding bank letters of credit as follows:

Maturity date	Amount <i>(000's)</i>
June 9, 2016	\$ 74
August 25, 2016	75
September 22, 2016	84

- (c) The Corporation rents premises and equipment under multiple operating lease contracts with varying expiration dates. The minimum lease payments under these leases over the next five years and beyond are as follows:

<i>(000's)</i>	Amount
2016	\$ 3,025
2017	2,618
2018	1,533
2019	1,147
2020 and beyond	2,362
	\$ 10,685

18. Deferred tax assets and liabilities

- (a) Unrecognized deferred tax assets and liabilities have not been recognized in respect of the following items:

<i>(000's)</i>	December 31, 2015	December 31, 2014
Deductible temporary differences	\$ 19	\$ 36
Tax losses	419	392
Balance, end of year	\$ 438	\$ 428

Tax losses not recognized expire in 2028 and beyond. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the subsidiary of the Corporation can utilize the benefits.

- (b) The Corporation has net operating losses for Canadian tax purposes of \$37,000 available to reduce future taxable income in Canada, and net operating losses for United States tax purposes of \$757,000 available to reduce future taxable income in the United States, which will expire as follows:

<i>(000's)</i>	Amount
2016	\$ -
2017	-
2018	-
2019	-
2020 and beyond	794
	\$ 794

The components of net deferred tax asset (liability) recognized are as follows:

<i>(000's)</i>	Assets		Liabilities		Net	
	2015	2014	2015	2014	2015	2014
Property, plant and equipment	\$ -	\$ -	\$ (45,701)	\$ (37,221)	\$ (45,701)	\$ (37,221)
Intangibles	2,552	2,563	-	-	2,552	2,563
Goodwill	2,337	2,346	(151)	(151)	2,186	2,195
Deferred partnership income	-	-	-	(3,501)	-	(3,501)
Non-capital loss carry forwards	302	414	-	-	302	414
Net capital loss carry forwards	283	558	-	-	283	558
Restructuring costs	48	50	-	-	48	50
Asset retirement obligation	2,691	1,435	-	-	2,691	1,435
Reserves	148	1,073	(261)	(291)	(113)	782
Share issue costs	925	-	-	-	925	-
Deferred tax asset					283	414
Deferred tax liability					(37,110)	(33,139)
					\$ (36,827)	\$ (32,725)

18. Deferred tax assets and liabilities (continued)

Movements in temporary differences during the year ended December 31, 2015 are as follows:

(000's)	December 31, 2014	Recognized in profit and loss	Recognized in equity	December 31, 2015
Property, plant and equipment	\$ (37,221)	\$ (8,480)	\$ -	\$ (45,701)
Intangibles	2,563	(11)	-	2,552
Goodwill	2,195	(9)	-	2,186
Deferred partnership income	(3,501)	3,501	-	-
Non-capital loss carry forwards	414	(112)	-	302
Net capital loss carry forwards	558	(275)	-	283
Restructuring costs	50	(2)	-	48
Asset retirement obligation	1,435	1,256	-	2,691
Reserves	782	(895)	-	(113)
Foreign exchange adjustments	-	(12)	-	-
Share issue costs	-	-	925	925
	\$ (32,725)	\$ (5,039)	\$ 925	\$ (36,827)

Movements in temporary differences during the year ended December 31, 2014 are as follows:

(000's)	December 31, 2013	Recognized in profit and loss	Recognized in equity	December 31, 2014
Property, plant and equipment	\$ (32,558)	\$ (4,663)	\$ -	\$ (37,221)
Intangibles	1,997	566	-	2,563
Goodwill	2,372	(177)	-	2,195
Deferred partnership income	(5,030)	1,529	-	(3,501)
Non-capital loss carry forwards	818	(404)	-	414
Net capital loss carry forwards	710	(152)	-	558
Restructuring costs	122	(72)	-	50
Asset retirement obligation	1,378	57	-	1,435
Reserves	386	396	-	782
	\$ (29,805)	\$ (2,920)	\$ -	\$ (32,725)

19. Share Capital

(a) Authorized

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

(b) Issued

	Number	Amount (000's)
Balance at December 31, 2013	110,084,884	\$ 183,851
Share options exercised	416,767	1,741
Balance at December 31, 2014	110,501,651	\$ 185,592
Share options exercised	600,000	2,799
Bought-deal equity financing	21,505,000	80,644
Share issue costs, net of tax of \$1.1M	-	(3,168)
Balance at December 31, 2015	132,606,651	\$ 265,867

On July 8, 2015, the Corporation closed a bought deal equity financing agreement with a syndicate of underwriters that purchased 21,505,000 common shares of the Corporation for resale to the public, including overallotment, at a price of \$3.75 per common share for gross proceeds of \$80,643,750. In connection with the offering, the Corporation incurred approximately \$4,317,000 in transaction costs which included \$4,032,000 in agent fees. Total transaction costs, net of tax, were applied against the proceeds in share capital during the year ended December 31, 2015.

19. Share Capital (continued)

(c) Share option plan

The Corporation has a share option plan for its directors, officers, and key employees whereby options may be granted, to a maximum of 10% of the issued and outstanding common shares, subject to terms and conditions. Share option vesting privileges are at the discretion of the Board of Directors and were set at three years. The Corporation uses graded vesting for share options over the period in which the option vests. All share options are equity settled with a weighted average remaining contractual life of 3.2 years and all options granted have a maximum term of 5 years.

	Year ended December 31, 2015		Year ended December 31, 2014	
	Outstanding options	Weighted average exercise price	Outstanding options	Weighted average exercise price
Balance, beginning of year	5,319,987	\$ 6.47	3,711,955	\$ 5.46
Granted	3,655,000	2.37	2,383,518	7.54
Forfeited	(1,021,833)	5.34	(358,719)	7.14
Exercised	(600,000)	3.35	(416,767)	3.10
Balance, end of year	7,353,154	\$ 4.84	5,319,987	\$ 6.47

	Year ended December 31, 2015		Year ended December 31, 2014	
	Exercisable options	Weighted average exercise price	Exercisable options	Weighted average exercise price
Balance, beginning of year	2,043,706	\$ 5.41	1,395,876	\$ 4.06
Vested	1,676,047	6.78	1,087,929	6.27
Forfeited	(410,298)	6.21	(23,332)	6.25
Exercised	(600,000)	3.35	(416,767)	3.10
Balance, end of year	2,709,455	\$ 6.59	2,043,706	\$ 5.41

The exercise prices for options outstanding and exercisable at December 31, 2015 are as follows:

Exercise price per share	Total options outstanding			Exercisable options	
	Number	Weighted average exercise price per share	Weighted average remaining contractual life in years	Number	Weighted average exercise price per share
\$2.30 to \$2.34	2,936,500	\$ 2.30	4.2	-	\$ -
\$2.35 to \$6.20	609,667	3.82	3.7	153,000	5.46
\$6.21 to \$6.27	1,702,586	6.25	1.3	1,702,586	6.25
\$6.28 to \$7.29	245,000	6.76	2.3	181,666	6.78
\$7.30 to \$9.01	1,859,401	7.64	3.4	672,203	7.66
	7,353,154	\$ 4.84	3.2	2,709,455	\$ 6.59

The weighted average share price at the date of exercise for share options exercised during the year ended December 31, 2015 was \$3.95/share (2014 - \$5.40/share).

19. Share Capital (continued)

(c) Share option plan (continued)

The Corporation calculated the fair value of the share options granted using the Black-Scholes pricing model to estimate the fair value of the share options issued at the date of grant. The weighted average fair market value of all options granted during the year and the assumptions used in their determination are as follows:

	December 31, 2015	December 31, 2014
Weighted average fair value per option	\$ 0.30	\$ 1.30
Weighted average forfeiture rate	7.41%	6.75%
Weighted average grant price	\$ 2.37	\$ 7.54
Weighted average expected life	3.0 years	3.0 years
Weighted average risk free interest rate	0.50%	1.18%
Weighted average dividend yield rate	13.7%	4.0%
Weighted average volatility	46.39%	33.94%

Expected volatility is estimated by considering historic average share price volatility. For the twelve months ended December 31, 2015, share based compensation for share options included in net earnings amounted to \$1,717,000 (2014 - \$2,135,000).

20. Earnings Per Share

The calculation of basic earnings per share for the twelve months ended December 31, 2015 was based on the total (loss) profit attributable to common shareholders of (\$832,000) (2014 - \$23,646,000).

A summary of the common shares used in calculating earnings per share for the twelve months ended December 31, 2015 and 2014 is as follows:

	2015	2014
Number of common shares, beginning of period	110,501,651	110,084,884
Weighted average effect of share options exercised	320,548	204,412
Weighted average effect of common shares issued	10,369,534	-
Weighted average common shares outstanding – basic	121,191,733	110,289,296
Effect of share purchase options ⁽¹⁾	-	387,988
Weighted average common shares outstanding – diluted	121,191,733	110,677,284

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

For the twelve months ended December 31, 2015, 4,741,944 share options (2014 - 4,587,987) were excluded from the calculation of weighted average common shares outstanding - diluted as the result would be anti-dilutive.

21. Dividends

On October 28, 2015, the Corporation's Board of Directors declared the 2015 fourth quarter dividend of \$0.04 per common voting share. For the twelve months ended December 31, 2015, the Corporation paid dividends totaling \$37,177,000 (December 31, 2014 - \$33,347,000).

(000's except per share amounts)	2015		2014	
	Amount per share	Total dividend amount	Amount per share	Total dividend amount
Record Date				
March 31	\$ 0.08	\$ 8,840	\$ 0.08	\$ 8,817
June 30	0.08	8,888	0.08	8,825
September 30	0.08	10,609	0.08	8,825
December 31	0.04	5,304	0.08	8,840
	\$ 0.28	\$ 33,641	\$ 0.32	\$ 35,307

On February 24, 2015, the Corporation's Board of Directors declared a dividend for the first quarter of 2016 at \$0.02 per share. The dividend is payable to shareholders of record at the close of business on March 31, 2016 to be paid on April 15, 2016.

22. Financial Risk Management

(d) Overview

The Corporation is exposed to a number of different financial risks arising from normal course business operations as well as through the Corporation's financial instruments comprised of cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. These risk factors include credit risk, liquidity risk, and market risk, including currency exchange risk and interest rate risk.

The Corporation's risk management practices include identifying, analyzing, and monitoring the risks faced by the Corporation. The following presents information about the Corporation's exposure to each of the risks and the Corporation's objectives, policies, and processes for measuring and managing risk.

(e) Credit risk

Credit risk is the risk that a customer will be unable to pay amounts due, causing a financial loss; as a result, the Corporation's maximum exposure to credit risk is the amount of trade and other receivables and cash and cash equivalents. 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, 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 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:

<i>(000's)</i>	December 31, 2015	December 31, 2014
Neither impaired nor past due	\$ 24,283	\$ 36,511
Outstanding 31-60 days	6,345	14,994
Outstanding 61-90 days	1,045	4,761
Outstanding more than 90 days	1,684	1,861
Total	33,357	58,127
Accrued revenue	8,332	20,634
Construction receivables	9,270	36,863
Other receivables	159	1,183
Allowance for doubtful accounts	(2,240)	(733)
Total trade and other receivables	\$ 48,878	\$ 116,074

In the twelve months ended December 31, 2015, the Corporation provided an allowance for \$1,524,000 of receivables aged greater than 90 days and collected \$nil that had previously been allowed for. The Corporation also applied \$17,000 of allowance for doubtful accounts against the associated receivable balance. As at February 24, 2016, the Corporation has collected \$330,000 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 December 31, 2015, included in construction receivables were holdbacks of \$850,500 (2014 - \$6,800,000). The total of construction receivables aged less than 90 days was 53% at December 31, 2015 (2014 - 68%).

22. Financial Risk Management (continued)

(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.

As at December 31, 2015, the Corporation has \$142,473,000 of available room on its committed credit facility (Note 16). The following shows the timing of cash outflows relating to trade and other payables and loans and borrowings:

	December 31, 2015			December 31, 2014		
	Trade and other payables ⁽¹⁾	Loans and borrowings ⁽²⁾	Total	Trade and other payables ⁽¹⁾	Loans and borrowings ⁽²⁾	Total
2016	\$ 31,611	\$ -	\$ 31,611	\$ 58,069	\$ 7,668	\$ 65,737
2017	-	57,527	57,527	-	146,370	146,370
2018	3,136	-	3,136	-	-	-
2019	-	-	-	-	-	-
2020 and beyond	5,927	-	5,927	5,890	-	5,890
	\$ 40,674	\$ 57,527	\$ 98,201	\$ 63,959	\$ 154,038	\$ 217,997

(1) Trade and other payables include trade and other payables, income taxes payable, and asset retirement provisions.

(2) Loans and borrowings include non-interest bearing notes payable, vehicle and equipment financing and committed credit facility. Cash flows of Horizon's note payable have been recorded according to estimated utilization of specific equipment.

(d) Market risk

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

(iii) 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 a foreign operational entity 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 twelve months ended December 31, 2015 by approximately \$83,000 (December 31, 2014 - \$136,000). 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.

(iv) 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 on a grid pricing structure based on the Corporation's debt to EBITDAS ratio. Amounts drawn on the credit facility incur interest at bank prime plus 0.50% to 1.75% or the Bankers' Acceptance rate plus 1.50% to 2.75%. If prime were to have increased by 1.00%, it is estimated that the Corporation's net earnings would have decreased by approximately \$886,000 for the twelve months ended December 31, 2015 (December 31, 2014 - \$1,254,000). 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.

23. Capital Management

The Corporation's main objective is to build a profitable, growth-oriented company. Therefore, the Corporation's primary capital management objective is to maintain a conservative balance sheet to maintain investor, creditor, and market confidence and to sustain future development of the business.

The Corporation monitors capital through two key ratios: total loans and borrowings to EBITDAS⁽¹⁾ and total loans and borrowings to total loans and borrowings plus shareholders' equity.

Total loans and borrowings to EBITDAS⁽¹⁾ is calculated as current loans and borrowings plus long-term loans and borrowings divided by trailing 12 months EBITDAS⁽¹⁾. Total loans and borrowings to EBITDAS⁽¹⁾ is monitored from both a historical and anticipated EBITDAS⁽¹⁾ perspective.

Total loans and borrowings to total loans and borrowings plus shareholders equity is calculated as current loans and borrowings plus long-term loans and borrowings divided by current loans and borrowings plus long-term loans and borrowings plus shareholders' equity.

The Corporation's strategy during the twelve months ended December 31, 2015, which was unchanged from 2014, is to maintain an appropriate level of loans and borrowings in comparison to EBITDAS⁽¹⁾ and total loans and borrowings plus shareholders' equity.

(000's)	December 31, 2015	December 31, 2014
Statement of financial position components of ratios		
Current loans and borrowings ⁽²⁾	\$ -	\$ 7,668
Loans and borrowings ⁽²⁾	57,527	146,370
Total loans and borrowings	57,527	154,038
Shareholders' equity	333,361	286,574
Total loans and borrowings plus shareholders' equity	\$ 390,888	\$ 440,612
Statement of comprehensive income components of ratios (trailing 12 months)		
Operating earnings	\$ 4,778	\$ 37,502
Depreciation	53,964	53,927
Amortization	-	2,968
Impairment loss	1,664	-
Loss (gain) on disposal of property, plant and equipment	337	(3,666)
Share based compensation	1,717	2,135
EBITDAS ⁽¹⁾	\$ 62,460	\$ 92,866
Total loans and borrowings to EBITDAS ⁽¹⁾	0.92	1.66
Total loans and borrowings to total loans and borrowings plus shareholders' equity	0.15	0.35

(1) EBITDAS (Earnings before finance costs, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment, and share based compensation) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker. Horizon's method of calculating EBITDAS and operating earnings (loss) may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities.

(2) The Corporation's loans and borrowings include the committed credit facility, vehicle and equipment financing and notes payable. The Corporation's variable-rate committed credit facility approximates its carrying value, as it is at a floating market rate of interest. The Corporation's notes payables and vehicle and equipment financing are non-interest bearing without a fixed term of repayment and have been initially measured at fair value.

24. Operating segments

The Corporation operates in Canada and the United States through two business segments: Camps & Catering and Matting. The Camps & Catering segment includes camp rental and catering services, as well as the manufacture, sale and repair of camps. Matting includes mat rental, installation and fleet management services, as well as the manufacture and sale of mats. Corporate includes the costs of head office administration, interest costs, taxes, other corporate costs and residual assets and liabilities.

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

Twelve months ended December 31, 2015 (000's)	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	\$ 329,724	\$ 41,269	\$ -	\$ (1,104)	\$ 369,889
EBITDAS ⁽¹⁾	66,339	9,090	(12,969)	-	62,460
Depreciation and amortization	43,994	9,173	930	(133)	53,964
Impairment loss	1,664	-	-	-	1,664
Loss on disposal of assets	337	-	-	-	337
Share based compensation	759	212	746	-	1,717
Operating earnings (loss)	19,585	(295)	(14,645)	133	4,778
Total assets	433,796	28,550	5,979	1,179	469,504
Capital expenditures	43,269	10,752	422	-	54,443

Twelve months ended December 31, 2014 (000's)	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	\$ 410,499	\$ 67,172	\$ -	\$ (1,611)	\$ 476,060
EBITDAS ⁽¹⁾	91,181	15,505	(13,820)	-	92,866
Depreciation and amortization	48,102	7,972	1,015	(194)	56,895
Gain on disposal of assets	(3,682)	25	(9)	-	(3,666)
Share based compensation	1,014	208	913	-	2,135
Operating earnings (loss)	45,747	7,300	(15,739)	194	37,502
Total assets	492,461	44,377	3,140	-	539,978
Capital expenditures	98,158	15,412	1,011	-	114,581

(1) EBITDAS (Earnings before interest, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment, and share based compensation) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker. Horizon's method of calculating EBITDAS may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities.

The Corporation has two major customers in the Camps & Catering segment which generated a combined 25% of total revenues for the year ended December 31, 2015 (December 31, 2014 – 11%).

25. Related Parties

<i>(000's)</i>	December 31, 2015	December 31, 2014
Joint venture		
Recovery of administrative overhead	\$ 60	\$ 60
Included in accounts receivable	32	-
Key management personnel interests		
Sales	\$ 2,134	\$ 1,285
Included in accounts receivable	54	475

The Corporation earned a management fee for the year ended December 31, 2015 of \$60,000 (2014 - \$60,000) for the recovery of administrative overhead relating accounting and management services provided to Arctic Oil & Gas Services Ltd ("AOGS"), a joint venture that is 50% owned by the Corporation.

AOGS earned revenue during the year ended December 31, 2015 of \$2,134,000 (2014 - \$1,285,000) for catering services provided to E. Gruben's Transport Ltd, a company whereby a director of the Corporation is the Chief Executive Officer. The amounts included in trade receivables of AOGS as at December 31, 2015 is \$54,000 (2014 - \$475,000).

All related party transactions are in the normal course of operations and have been measured at the agreed exchange amounts, which is the amount of consideration established and agreed to by the related parties and is similar to those negotiated with third parties. All outstanding balances are to be settled with cash, and none of the balances are secured.

Key management personnel include the directors and officers of Horizon that are also directors or officers of other companies. Key management personnel compensation for the year ended December 31, 2015 and 2014 is comprised as follows:

<i>(000's)</i>	December 31, 2015	December 31, 2014
Short-term employee benefits	\$ 2,501	\$ 3,600
Post-employment benefits	106	102
Termination benefits	-	925
Other long-term benefits	-	-
Share based compensation	552	754

26. Supplemental Information

Components of change in non-cash working capital balances related to operating activities:

<i>(000's)</i>	December 31, 2015	December 31, 2014
Accounts receivable	\$ 67,196	\$ (25,218)
Inventory	3,340	982
Prepaid expenses	(65)	(611)
Trade and other payables	(21,415)	(3,060)
Deferred revenue	(1,436)	(1,179)
Finance cost payable	(189)	82
	\$ 47,431	\$ (29,004)

27. Significant Subsidiaries

The consolidated financial statements of Horizon North Logistics Inc., the parent company, include the accounts of the Corporation and its one wholly-owned partnership, as well as four special purpose entities:

Subsidiary Name	Country of Incorporation	Ownership Interest (%)	
		December 31, 2015	December 31, 2014
Horizon North Camp & Catering Partnership ("Partnership")	Canada	100	100
Kitikmeot Caterers Ltd ("Kitikmeot")	Canada	49	49
Acho Horizon North Camp Services Limited Partnership ("Acho")	Canada	49	49
Secwepemc Camps & Catering Limited Partnership ("Secwepemc")	Canada	49	49
Halfway River Horizon North Limited Partnership ("HRHN")	Canada	49	-

The Partnership is the primary operating entity of the Corporation.

(a) Special purpose entities

The Corporation has a 49% interest in the ownership and voting rights of Kitikmeot, Acho, Secwepemc and HRHN and maintains two out of four board of director seats in these special purpose entities ("SPE"). These SPE's are consolidated when, based on an evaluation of the substance of its relationship with the Corporation and the SPE's risks and rewards, the Corporation concludes that it controls the SPE. The SPE's do not generate profit but rather have limited assets and the only non-flow through expenses are management fees paid to the partners. An aboriginal billing vehicle or partnership is required to achieve aboriginal participation and secure projects in specific regions of Canada. The Corporation's control is established under terms that impose strict limitations on the decision-making powers of the SPE's management. The control results in the Corporation receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to the majority of risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

The summarized aggregate financial information of the special purpose entities is provided below.

(000's)	Total Assets	Total Liabilities	Revenue	Profit or (Loss)
Kitikmeot Caterers Ltd	\$ 918	\$ 918	\$ 3,160	\$ -
Acho Horizon North Camp Services Limited Partnership	2,981	2,981	15,296	-
Secwepemc Camps & Catering Limited Partnership	1,661	1,661	9,169	-
Halfway River Horizon North Limited Partnership	1,769	1,769	1,739	-
December 31, 2015	\$ 7,329	\$ 7,329	\$ 29,364	\$ -

(000's)	Total Assets	Total Liabilities	Revenue	Profit or (Loss)
Kitikmeot Caterers Ltd	\$ 1,590	\$ 1,590	\$ 2,178	\$ -
Acho Horizon North Camp Services Limited Partnership	2,594	2,594	17,890	-
Secwepemc Camps & Catering Limited Partnership	2,481	2,481	12,529	-
December 31, 2014	\$ 6,665	\$ 6,665	\$ 32,597	\$ -

Corporate Information

Directors

Rod Graham
Calgary, Alberta

Kevin D. Nabholz⁽¹⁾⁽²⁾⁽³⁾
Calgary, Alberta

Russell Newmark⁽¹⁾⁽²⁾
Calgary, Alberta

Richard T. Ballantyne⁽¹⁾⁽³⁾
Salt Spring Island, British Columbia

Ann Rooney⁽¹⁾
Calgary, Alberta

Bradley P. D. Fedora⁽²⁾⁽³⁾
Calgary, Alberta

Dale E. Tremblay⁽²⁾⁽³⁾
Calgary, Alberta

(1) Audit Committee Member
(2) Corporate Governance and Compensation Committee Member
(3) Health, Safety and Environment Committee Member

Corporate Office

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Website

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Officers

Rod Graham
President and Chief Executive Officer

Scott Matson
Senior Vice President Finance and Chief Financial Officer

Craig Shenher
Senior Vice President Business Development

Bill Anderson
Vice President HSE and Quality

Jan Campbell
Corporate Secretary

Legal Counsel

Borden Ladner Gervais LLP
Calgary, Alberta

Auditor

KPMG LLP
Calgary, Alberta

Stock Exchange Listing

Toronto Stock Exchange
Symbol: HNL

Transfer Agent

CST Trust Company
Calgary, Alberta



HORIZON NORTH