ANNUAL INFORMATION FORM

For the fiscal year ended December 31, 2012

Dated March 20, 2013

TABLE OF CONTENTS

Caution Regarding Forward-Looking Information and Statements

Certain statements contained in this Annual Information Form constitute forward-looking statements or information. These statements relate to future events or future performance of Horizon North Logistics Inc. ("**Horizon**" or the "**Corporation**"). 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 in the second sentence under the heading "*Business Strategy and Operating Objectives*" the statement that "Horizon has created a network of operations that provide logistical services and solutions to remote resource development projects and plans to expand those businesses in the future". The foregoing statement is based on the assumption that there will be opportunities available to Horizon which will allow it to expand its activities and business in the future. Those assumptions are subject to the risks that there will be opportunities available to it with respect to large natural resource development projects in the areas that Horizon operates and that it will be successful in providing the services to those projects. In addition, under the heading "*Dividends or Distributions*", the last paragraph states "The intention is to continue to declare dividends on a quarterly basis" is a forward-looking statement that is based on the assumption the quarterly dividends will continue to be payable. That assumption is subject to the risk that economic conditions change to the extent that dividends may not be payable. In addition, the payment of dividends will be subject to the ongoing discretion of the Board.

Such statements also involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements which include:

- the impact of general economic conditions;
- industry conditions, including the adoption of new environmental regulations, as it relates to oil sands and other laws and regulations and changes in how they are interpreted and enforced;
- volatility of oil, gas and mineral prices;
- oil and gas product supply and demand;
- risks inherent in the Corporation's ability to generate sufficient cash flow from operations to meet its current and future obligations;
- increased competition;
- the lack of availability of qualified personnel or management;
- fluctuation in foreign exchange or interest rates;
- stock market volatility; and
- opportunities available to or pursued by the Corporation.

The foregoing list of factors is not exhaustive and are further discussed herein under the heading "*Risk Factors*". The Corporation believes the expectations reflected in the forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct, and such forward-looking statements should not be unduly relied upon. These statements speak only as of the date of this Annual Information Form. The forward-looking statements contained in this Annual Information Form, are expressly qualified by this cautionary statement.

Corporate Structure

Name, Address and Incorporation

Horizon North Logistics Inc. ("**Horizon**" or the "**Corporation**") is a remote resource development service company that provides workforce accommodation solutions, camp management and catering services, and road and access matting solutions. The head office and registered office of Horizon is located at Suite 1600, 505 - 3rd Street S.W., Calgary, Alberta, T2P 3E6. Horizon is a publicly traded company listed on the Toronto Stock Exchange ("**TSX**") under the symbol "HNL". Additional information can be found on Horizon's website at www.horizonnorth.ca.

Pe Ben Transport Ltd., a predecessor corporation to Horizon, was incorporated under the laws of the Province of Alberta by a Certificate of Incorporation dated May 16, 1967. On January 11, 1973, its name was changed to "Pe Ben Oilfield Services Ltd." Pe Ben Oilfield Services Ltd. ("**Pe Ben**") was continued federally under the *Canada Business Corporations Act* ("**CBCA**") on September 25, 1981. On April 27, 2006, Pe Ben amended its Articles to change its name to "Horizon North Logistics Inc." Horizon was continued from the CBCA to the *Business Corporations Act* (Alberta) ("**ABCA**") on May 24, 2006.

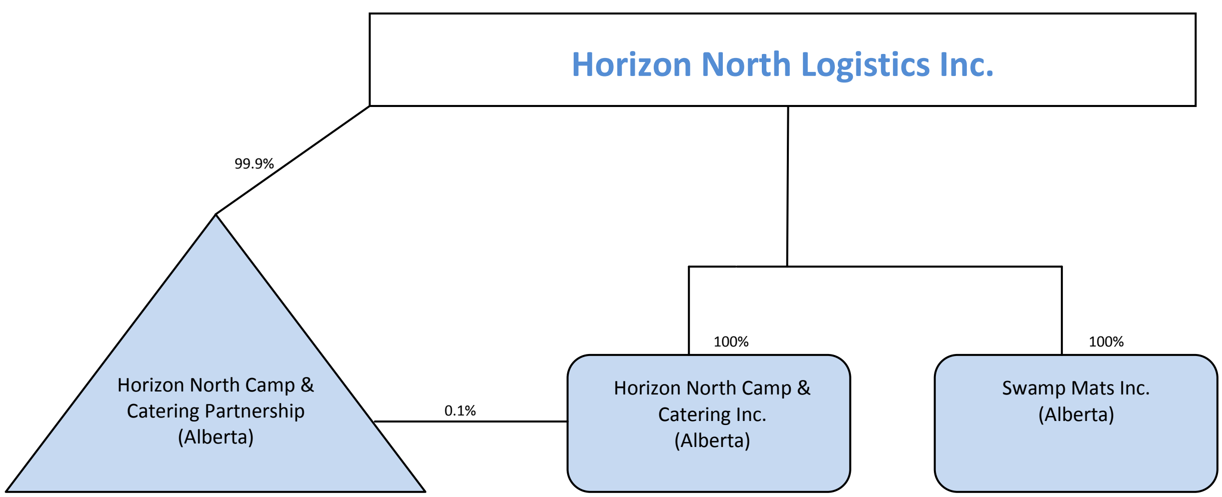
On July 1, 2007, Horizon amalgamated (the "**2007 Amalgamation**") with its wholly-owned subsidiaries Shanco Camp Services Ltd. ("**Shanco**"), Legacy Industrial Camps Inc. ("**Legacy**") and Fortier & Associates Camp Catering Inc. ("**Fortier**") and the amalgamated company continued under the name "Horizon North Logistics Inc."

Immediately following the 2007 Amalgamation, all of the business assets and liabilities of Shanco, Legacy and Fortier were transferred to the newly formed Horizon North Camp & Catering Partnership, of which the partners are Horizon (99.9%) and Horizon North Camp & Catering Inc. (0.1%), a 100% owned subsidiary of Horizon.

On November 30, 2007, a 100% owned subsidiary of Horizon acquired all of the business assets and liabilities of Northern Trailer and continued to carry on the business under the name Northern Trailer Ltd. ("**Northern Trailer**"). On October 1, 2008, the business assets and liabilities of Northern Trailer were transferred to Horizon North Camp & Catering Partnership.

Intercorporate Relationships

The following diagram illustrates the organizational structure of the Corporation and its material subsidiary entities:



General Development of the Business of Horizon

Three Year History

The Corporation provides workforce accommodation solutions, camp management and catering services, and road and access matting solutions. The following is a summary of the significant events in the development of Horizon over the past three fiscal years.

2010

The BlackSand Executive Lodge, north of Fort McMurray, Alberta ("**BlackSand Facilities**") was expanded by 144 newly manufactured executive beds in the second quarter of 2011. 191 existing craft style beds were redeployed from the under utilized camp rental and catering fleet, complementing 485 craft style beds which had been similarly redeployed in late 2009. This expansion brought the total number of rentable beds at the BlackSand Facilities to 1,300.

On April 26, 2010 Horizon announced that it had entered into an agreement for the design, manufacture, transportation and installation of a 2,700 person construction camp for a major Canadian oil sands development project. Total value of the contract was $104.0 million, which later expanded to a total of 3,000 beds and to a value of $135.0 million.

On June 28, 2010 Horizon announced it had entered into an agreement for the design, manufacture, transportation and installation of a 650 person construction camp for a major Canadian oil sands development project. Total value of the contract was $25.0 million.

On September 9, 2010 Horizon announced a Normal Course Issuer Bid ("**2010 NCIB**") to purchase up to a maximum of 6,985,634 existing common shares, representing ten percent of its then outstanding public float of common shares. In 2010, no common shares were repurchased by Horizon under the 2010 NCIB.

On November 15, 2010 Horizon announced an incremental commitment from its major customer at the BlackSand Facilities, increasing the minimum contracted commitment to 1,250 of the 1,300 rentable rooms per day through the end of 2011. In conjunction, Horizon also announced additional commitments by other customers for various camp rental and catering services contracts.

Horizon spent $30.6 million of net capital in 2010. Capital spending was concentrated on camp rental fleet expansion and replacement.

2011

Horizon's results reflected the continued growth of Horizon's businesses supported by increased investment and production levels in the Alberta oil sands and strong commodity pricing in 2011.

On June 13, 2011 Horizon announced that it had entered into two long-term camp rental and catering service contracts. The first contract called for the provision of a 250 person, single room and private washroom style camp along with catering and camp management services for 50 months. The second contract called for the provision of an 84 person executive style camp to house staff at an oil production facility for 60 months. Combined total revenue from the two projects is expected to be $58.0 million over the term of the contracts with incremental capital investment of $17.0 million.

On October 31, 2011 Horizon announced that it had entered into a contract to provide a 600 person single room and private washroom style camp for a major operator in the oil sands region of northern Alberta. Total value of the camp sale project, which included design, manufacture, transportation and site installation, was approximately $40.0 million. The camp was comprised of approximately 250 modular units which were completed in Q3 2012.

Horizon spent $92.3 million of net capital in 2011. Capital spending was concentrated on camp rental fleet expansion and replacement.

2012

Oil sands development and related activities continued to be the main driver of Horizon's business lines. The customer base expanded with the addition of new projects related to natural gas explorations and development, light oil development and pipeline projects.

On February 2, 2012 Horizon announced that it had entered into a contract to provide a new 600 person camp in the Fort McMurray, Alberta area, including accommodation, office and recreation facilities along with catering and camp management services. The total value of the contract was approximately $42.7 million, which was later expanded to a total of 720 beds and a value of approximately $46.3 million.

On May 28, 2012 Horizon announced a three year contract for the provision of a 350 person camp for a large multinational operator in north east British Columbia. Horizon will provide full turnkey service in exchange for a day rate per person, at a minimum daily utilization of 70% over the course of the contract, valued at approximately $40.5 million.

On August 13, 2012 Horizon announced a contracted sale of a new 1,900 person dormitory complex to a major operator in the Fort McMurray, Alberta oil sands region. The total value of the project, including design, manufacture, transportation and site installation, is approximately $140 million.

On December 4, 2012 Horizon announced two new contracts; a three year contract for the provision of camp facilities and turnkey service to accommodate 368 people for the operator of a SAGD oil sands project near Fort McMurray, Alberta, and the sale of a new 300 person camp including accommodation, office and recreation facilities to a mining operator in northwestern British Columbia. These contracts combined for an approximate value of $54.4 million.

Horizon spent $131 million of net capital in 2012. Capital spending was concentrated on meeting demand for contracted large camps via additions to the camp rental fleet.

Significant Acquisitions

Horizon has not completed any significant acquisitions or entered into any significant probable acquisitions within or since the completion of its most recently completed financial year.

Description of the Business of Horizon

General

Horizon is a remote resource development service company that provides workforce accommodation solutions, camp management and catering services, and road and access matting solutions.

Horizon provides these services in support of oil sands development, oil and gas exploration, mining and infrastructure projects throughout Canada's western provinces and northern territories where local infrastructure does not meet project requirements.

Revenues Generated by Reporting Segment

Operations are carried out in two main business segments: Camps & Catering, and Matting with revenues for the most recently completed two fiscal years as follows:

($000's)	2012	2011
Camps & Catering	447,189	344,128
Matting	91,466	68,385
Inter-segment eliminations	(12,040)	(9,520)
	526,616	**402,993**

Camps & Catering

The Camps & Catering segment is operated primarily through Horizon North Camp & Catering Partnership which provides full service workforce accommodation, camp management and catering services to customers working on projects in remote regions of Canada's western provinces and northern territories where the local infrastructure does not provide such facilities. The revenue streams in the Camps & Catering segment are identified as; camp rental and catering operations, camp sales, and space rental and service.

Horizon's continued growth over the last several years has been mainly driven by the Camps & Catering segment and led by the camp rental and catering operations. Revenues in camp rental and catering operations are dervied from; large camp operations, drill camp operations, catering only operations, and the associated service work with each operation.

Large camps range from 50 to 1,000 beds with contract durations of three months to multi-year commitments. Customers may be charged an all inclusive day rate for the room, provision of meals and associated housekeeping services, or charged on a split rate basis with a charge related to the equipment deployed and a separate charge related to the provision of meals and associated housekeeping services. A selection of large camp equipment is set up under a semi-permanent open camp concept in regions that have high anticipated and sustained activity levels. An open camp operates much like a hotel, where customers can house and feed their work crews for an all inclusive day rate for the room and provision of meals and associated housekeeping services.

Drill camp operations support upstream oil and gas customer drilling programs. These camps are typically configured with between 20 and 40 beds, with utilization closely tied to drilling rig activity. This part of Horizon's business is therefore somewhat exposed to the cyclical nature of the oil and gas exploration business which is closely tied to oil and natural gas commodity prices.

Camp sales revenues include the manufacture of camps sold to third parties and the transportation and installation associated with those sales. Horizon is a vertically integrated organization that designs and manufactures camps at facilities in Kamloops, British Columbia and Grande Prairie, Alberta both to support camp sales projects and for use in its own rental fleet.

Space rental and service revenues are generated by site office units primarily utilized by mining, construction and infrastructure projects mainly in British Columbia.

The Camps & Catering segment employed an average workforce of 1,478 people in 2012. The headcount at the end of 2012 was 1,575 as compared to 1,402 at the beginning of 2012, reflecting increased activity and growth during the year.

Camp sales, rental and catering are competitive businesses with a number of competitors, some of which are larger than Horizon.

The Corporation has one major customer in the Camps & Catering segment which generated 32% of total camp & catering revenues for 2012.

The following is an overview of Horizon's Camps & Catering assets as at December 31, 2012:

Beds in rental fleet	
Large Camps	6,905
Drill Camps	871
	7,776
BC Rental Fleet	750
	8,526
Camp manufacturing facilities	
Grande Prairie, Alberta	40,300 sq ft
Kamloops, British Columbia	109,000 sq ft
	149,300 sq ft

Manufacturing Facility in Kamloops, British Columbia

720 Bed Camp under construction near Fort McMurray, Alberta

Matting

The Matting segment is operated through Horizon's 100% owned subsidiary Swamp Mats Inc. which provides a full-service matting solution consisting of manufacturing, sales and rental, transportation, repair and maintenance, storage and mat management. The majority of Horizon's customers are oil and gas exploration and production companies, including oil sands producers, in western Canada. Matting is used to provide a solid surface over unstable ground conditions to facilitate the movement and operation of heavy equipment.

Much of western Canada's northern regions are covered with muskeg and swamps, limiting the movement of equipment to the winter months when the ground is frozen. The use of matting can extend the work season in these regions. In addition, projects can be interrupted in the summer months by periods of rain that soften the ground making it difficult to move equipment. Roads and work locations that have been surfaced with mats allow work to continue through these wet periods.

Horizon's manufacturing facilities are located in Grande Prairie, Alberta and have the capacity to build mats out of a variety of wood species. The industry's primary choice of wood is hardwood, typically oak, as it provides the best life cycle value. The mats are constructed of 3 plies of 2" x 8" hardwood boards and bolted together to generate a finished size of 8' x 14' x 5". The manufacturing facility can produce approximately 80 to 100 mats per day at normal operating levels.

Mats are offered to our customers via direct purchase or on a rental basis. Customers are charged a daily rental rate per mat plus amounts for transportation, installation and pick-up. Mats are also sold to customers who have an ongoing need for mats and therefore want to own their own supply. In many cases, Horizon will manage these mats for the customer, charging for transportation, installation and pick-up, storage and general inventory management. At December 31, 2012, Horizon was managing approximately 99,000 customer owned mats.

The Matting segment employed an average workforce of 116 people in 2012. The headcount at the end of 2012 was 127 as compared to 99 at the beginning of 2012, reflecting increased activity and growth during the year.

There are a number of competitors in the matting market, many of which provide similar products as those provided by Horizon.

The following is an overview of Horizon's matting assets as at December 31, 2012:

Rental mats	13,700
Mats managed for customers	99,000
Semi-trucks & trailers	25
Loaders	34
Mat manufacturing plant, Grande Prairie, Alberta	17,500 sq ft

Matted Access Road - Southwest of Grande Prairie, Alberta

Business Strategy and Operating Objectives

Horizon's business plan is focused on activities associated with remote resource development. Horizon has created a network of operations that provide logistical services and solutions to remote resource development projects and plans to expand those businesses in the future. Such projects include: oil sands development, precious mineral mines, frontier pipelines, hydro projects and infrastructure development.

To accomplish its objective of creating a profitable and growing business, Horizon focuses on the following initiatives:

- invest in businesses that provide services to address the logistical challenges of operating primarily in Canada's western provinces and northern territories. Horizon focuses on increasing its investment in assets that are strategically positioned to provide logistical services and support to large, remote resource development projects;

- work in partnership with northern communities and aboriginal peoples to allow them to participate and benefit financially in developmental activities on their lands and to assist their people in receiving training and employment opportunities;
- establish health, safety and environmental policies and practices that meet and exceed industry standards;
- provide human resource, information technology, health, safety and environment, and financial management expertise to facilitate the continued development of acquired businesses; and
- maintain a conservative balance sheet to support Horizon's continued growth.

Aboriginal Relationships

Horizon recognizes how important aboriginal business relationships are when working throughout Canada. Horizon recognizes the obligations and requirements laid out in the various land claims in the areas where it conducts its business and, with respect to its businesses, Horizon is of the view that aboriginal rights are to be respected and aboriginal people are to be given opportunities to participate and benefit from the activity on their lands.

As such, one of Horizon's objectives is to maximize the amount of local and aboriginal participation in its operations. Horizon is a significant employer of aboriginal people in the areas where it operates and is committed to help fund training and educational programs to assist young people and local businesses to meet the requirements for employment, safety and environmental excellence.

Horizon employs a Vice President, Aboriginal Relations who works closely with all of the operating companies of Horizon and reports directly to Horizon's President and Chief Executive Officer.

Health, Safety and Environment

Horizon is committed to the safe and efficient delivery of services to its customers in a manner that minimizes the impact to the environment and prevents pollution from its operations while conducting its business in compliance with applicable environmental laws and regulations. These principles are included in Horizon's Health, Safety and Environmental Protection Policy, which has been and will continue to be communicated to all employees, agents and contractors.

To achieve the goal of upholding safety practices, regular safety meetings and training seminars are held to ensure that all personnel are kept informed and that everyone within Horizon will continue working toward exceeding all applicable regulatory and safety requirements.

Horizon has established a Health, Safety and Environment Committee as a committee of its Board of Directors that reviews Horizon's health, safety and environmental objectives and performance. Horizon employs a Vice President, Health, Safety and Environment who works closely with all of the operating companies of Horizon and reports directly to Horizon's President and Chief Executive Officer.

Foreign Operations

Horizon's primary operations are in Canada; however, a small portion of its operations are conducted in the United States. The United States operations are conducted through a wholly-owned subsidiary, and are consolidated into the Corporation's quarterly and annual financial statements.

Competitive Conditions

The industries and businesses in which Horizon operates are highly competitive and in order to be successful, Horizon 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 operates are service quality and availability, reliability and performance of equipment, technical knowledge and experience and reputation for safety and value. Competitors offer similar services in all geographic regions in which Horizon operates.

Employees

As at December 31, 2012, Horizon had 1,735 employees.

Risk Factors

Volatility of Oil, Natural Gas and Mining Industry Conditions

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

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

Competition

Horizon provides Camps & Catering, Matting and Marine Services primarily to oil and natural gas and mineral exploration and production companies in the western Canadian provinces and northern territories. The service businesses in which Horizon operates are highly competitive. To be successful, Horizon 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 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 competes with several competitors that are both smaller and larger than it is. These competitors offer similar services in all geographic areas in which Horizon operates. As a result of competition, Horizon'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. 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's ability to generate revenue and earnings.

Credit Risk

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

Additional Funding Requirements

Horizon's cash flow may not be sufficient to fund its ongoing activities at all times. From time to time, Horizon may require additional financing. Failure to obtain such financing on a timely basis could cause Horizon to miss certain acquisition opportunities or prevent further growth of its operations. If Horizon's revenues decrease, it will affect Horizon's ability to expend the necessary capital to maintain its operations. If Horizon'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.

Issuance of Debt

From time to time, Horizon may enter into transactions to acquire assets or shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase Horizon's debt levels above industry standards. Horizon may require additional equity and/or debt financing that may not be available or, if available, may not be available on favorable terms. Neither Horizon's articles nor its by-laws limit the amount of indebtedness that Horizon may incur. The level of Horizon's indebtedness from time to time could impair its ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Labour Relations

The largest component of Horizon'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. In addition, Horizon will be at risk if there are any labour disruptions. Horizon 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 depend on successful execution of performance-based contracts. The key factors which will determine whether a client will continue to use Horizon will be service quality and availability, reliability and performance of equipment used to perform its services, technical knowledge and experience, safety record and ongoing safety programs and competitive price. There can be no assurance that Horizon'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's business, financial condition and results of operations.

Significant Customers

In the year ended December 31, 2012, the Corporation had two significant customers who each contributed greater than 10% of the consolidated revenue, for a combined total of 37%. The loss of these sources of revenue could have a substantial negative impact on the Corporation's future results from operations.

Reliance on Key Personnel

Horizon'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. Horizon does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of Horizon 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.

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 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 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 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 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's operations and facilities and those of its customers. A number of Horizon'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's services.

Management is unable to predict the impact of potential emissions targets and it is possible that changes could adversely affect Horizon'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's ability to provide its services economically.

Aboriginal Relationships

A component of Horizon's business strategy is based on developing and maintaining positive relationships with the aboriginal people and communities in the areas where Horizon operates. These relationships are important to Horizon'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's business strategy, growth and profitability.

Seasonal Operations

Each of Horizon's businesses has slightly different seasonal aspects. Certain segments of the Camps & Catering division are exposed to the seasonality of the western Canadian oil and natural gas drilling industry where the busiest months are January through March and the slowest months are April through September. However, seasonality has been significantly reduced due to increased exposure in the oil sands and mining sectors, which operate year round. The Matting segment is 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's business, it is subject to a number of regulations, environmental laws and risks associated with lawsuits arising from accidents and claims. Horizon manages these risks through a combination of quality management, training and by securing insurance coverage to protect the assets of Horizon in the event of litigation.

Dividends or Distributions

With growing cash flows from operations and a strong balance sheet, Horizon reached the point in 2011 where it's long held objective of providing an additional avenue of return to shareholders through the payment of a divided was achieved. The board declared the Corporation's first quarterly dividend on February 24, 2011.

The following is a summary of quarterly dividends declared to date:

Date delcared	Rate per share	Record date
February 24, 2011	$0.04	June 30, 2011
August 3, 2011	$0.04	September 30, 2011
November 2, 2011	$0.04	December 31, 2011
February 22, 2012	$0.05	March 31, 2012
May 2, 2012	$0.05	June 30, 2012
August 1, 2012	$0.05	September 30, 2012
October 31, 2012	$0.05	December 31, 2012
February 20, 2013	$0.0625	March 31, 2013

Horizon's dividends are considered eligible dividends for Canadian tax purposes.

The intention is to continue to declare dividends on a quarterly basis, however, the amount of future cash dividends, if any, will be subject to the discretion of the Board and may vary depending on a variety of factors and conditions (see *Risk Factors*).

Description of Capital Structure

Horizon Shares

Horizon is authorized to issue an unlimited number of Common Shares ("**Horizon Shares**") without nominal or par value. As at December 31, 2012, 108,709,275 Horizon Shares were issued and outstanding as fully paid and non-assessable. In addition, 10,870,928 Horizon Shares were reserved for issuance pursuant to options to purchase Horizon Shares as at December 31, 2012.

Holders of Horizon Shares ("**Horizon Shareholders**") are entitled to receive notice of, to attend and to one vote per share at meetings of Horizon Shareholders, to receive dividends if, as and when declared by the board of directors of Horizon and to receive *pro rata* the remaining property and assets of Horizon upon its dissolution, liquidation or winding-up, subject to the rights of shares having priority over the Horizon Shares.

Preferred Shares

Horizon is authorized to issue an unlimited number of preferred shares ("**Preferred Shares**"), issuable in series, of which, as at the date hereof, none are issued and outstanding. The Preferred Shares are issuable from time to time in one or more series and will have such rights, restrictions, conditions and limitations as the board of directors of Horizon may from time to time determine. The Preferred Shares shall rank senior to the Horizon Shares and the shares of any other class ranking junior to the Preferred Shares with respect to the payment of dividends or distribution of assets or return of capital of Horizon in the event of a dissolution, liquidation or winding-up of Horizon.

Market for Securities

Trading Price and Volume of Horizon Shares

The following table sets forth the monthly high, low and closing trading prices and the aggregate volume traded for the Horizon Shares on the TSX as reported by sources Horizon believes to be reliable for the periods indicated:

Period	$ High	$ Low	$ Close	Volume Traded
2012				
January	5.19	4.39	5.13	7,267,107
February	6.05	5.08	5.93	5,373,597
March	6.29	5.71	6.25	4,574,970
April	6.25	5.63	5.88	3,353,364
May	6.11	5.18	5.66	1,951,432
June	6.04	5.50	5.81	1,819,894
July	6.28	5.77	6.10	1,550,005
August	7.68	6.01	7.24	5,128,663
September	8.10	7.23	7.97	5,817,428
October	8.49	7.40	7.64	5,460,666
November	7.90	6.10	6.73	7,949,030
December	7.17	6.64	6.87	3,427,991
2013				
January	7.50	5.91	6.04	11,184,123
February	6.38	5.69	5.86	5,818,356
March 1 to 20	6.22	5.69	5.86	2,853,411

Prior Sales

The following table sets forth, for each class of securities of Horizon that is outstanding but not listed or quoted on a marketplace, the price at which securities of the class have been issued during the financial year ended December 31, 2012 and the number of securities of the class issued at that price and the date on which the securities were issued.

Description(1)	Number of Securities	$ Price per Security(2)	Date of Issuance
Options	30,000	4.80	January 9, 2012
Options	80,000	4.96	January 16, 2012
Options	2,438,200	6.25	April 2, 2012
Options	35,000	5.87	May 4, 2012
Options	15,000	5.47	May 18, 2012
Options	10,000	6.15	July 11, 2012
Options	7,500	5.97	July 23, 2012
Options	25,000	6.96	August 14, 2012
Options	25,000	7.97	October 1, 2012
Options	40,000	8.21	October 9, 2012
Options	45,000	7.87	December 19, 2012

(1) "Options" means options to purchase Horizon Shares pursuant to the Stock Option Plan of the Corporation.
(2) Represents the grant price per stock option.

Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

As at the date hereof, there are no securities of Horizon that are subject to escrow or a contractual restriction on transfer.

Directors and Officers

The following table sets forth the name, place of residence, date first elected as a director of Horizon and positions for each of the directors and officers of Horizon, together with their principal occupations during the last five years. The directors of Horizon shall hold office until the next annual meeting of shareholders or until their respective successors have been duly elected or appointed.

Name, Municipality, Province and Country of Residence	Position Presently Held	Director/ Officer Since	Principal Occupation During the Preceding 5 Years
William (Bill) Anderson Calgary, Alberta, Canada	Vice President, Health, Safety and Environment	June 2006	Vice President, Health, Safety and Environment of Horizon North since June 2006.
Jan Campbell Calgary, Alberta, Canada	Corporate Secretary	June 2006	Corporate Secretary of Horizon North since June 2006 and President of Comply Inc. a consulting firm which provides corporate secretarial services, since December 2005; prior thereto, Corporate Secretary of Precision Drilling Corporation.
Bob German Calgary, Alberta, Canada	President, and Chief Executive Officer, Director	June 2006	President and Chief Executive Officer, and director since January 1, 2010. Prior to that, Vice President, Finance and Chief Financial Officer of Horizon North since June 2006.
Roderick Graham(1)(2) Calgary, Alberta, Canada	Director, Chairman	January 2007	Mr. Graham was the President and Chief Executive Officer of ZCL Composites Inc. from October 1, 2010 to August 7, 2012. Prior to his role at ZCL, Mr. Graham co-founded and acted as Managing Director of Northern Plains Capital Corporation from September 2005 to September 2010.
Scott Matson Calgary, Alberta, Canada	Vice President Finance and Chief Financial Officer	January 2010	Vice President Finance and Chief Financial Officer since January 1, 2010. Prior to that, Controller, Operations Finance of Horizon North since June 2006.
Kevin Nabholz(1)(2)(3) Calgary, Alberta, Canada	Director	May 2012	Mr. Nabholz was the Executive Vice President, Major Projects at Suncor Energy from May 2005 to May 2012. Prior thereto, Mr. Nabholz was the Senior Vice President, Major Projects at Suncor from January 2002 to May 2005. Mr. Nabholz was at Suncor Energy for 25 years involved in all facets of the business, including Operations, Maintenance and Projects.
Russell Newmark(1)(2) Inuvik, Northwest Territories, Canada	Director	June 2006	Chief Executive Officer of E. Gruben's Transport Ltd.
Ric Peterson(3) Calgary, Alberta, Canada	Director	June 2006	Mr. Peterson is the President of Oculus Transport Ltd., a trucking company operating in northwestern Alberta and northeastern British Columbia. Mr. Peterson served as Executive Chairman of the Board of Horizon from May 2011 until May 6, 2012. Prior thereto, Mr. Peterson was the Chairman of Horizon from January 1, 2010 to May 2011. Prior to that, President and Chief Executive Officer of Horizon North from June 2006 through to December 2009 and President from November 2008 through to December 2009.
Ann Rooney(1) Calgary, Alberta, Canada	Director	August 2012	Ms. Rooney is an independent businesswoman. Ms. Rooney qualified as a Chartered Accountant in 1986 after working for several years as an environmental scientist with a specialty in limnology. In 2001, Ms. Rooney became a partner of Holt Rooney Chartered Accountants; a public practice firm in Calgary, Alberta. Ms. Rooney retired from public practice in 2011.
Dean Swanberg(3) Grande Prairie, Alberta, Canada	Director	June 2006	Mr. Swanberg has been the President of Zedcor Oilfield Rentals Ltd. since April 2011. Mr. Swanberg was the President of Swanberg Bros. Trucking LP, one of the largest transporters of drilling rigs in Western Canada, from May 2005 until October 2010 and has over 30 years experience in the transportation and logistics side of oil and gas development. Mr. Swanberg was also Senior Vice President and a Director of Producer's Oilfield Services Inc. from May 2005 to May 2006.
Dale E. Tremblay(1)(2)(3) Calgary, Alberta, Canada	Director	May 2010	Mr. Tremblay has been the Chairman and Chief Executive Officer of Western Energy Services Corp., an oilfield drilling and well servicing company in western Canada and portions of the United States, since December 2009. From August 2005 to December 2009, Mr. Tremblay was the President and Chief Executive Officer of Saxon Energy Services Inc. Mr. Tremblay was also a member of the Board of SES Holdings Limited, parent company of Saxon Energy Services Inc. from August 2008 until April 2011 and Chairman of the Board of SES Holdings Limited from January 2010 until April 2011.

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

As at March 20, 2013, the current officers and directors of Horizon, as a group, beneficially own or direct or control, directly and indirectly, an aggregate of 16,103,830 Common Shares, being approximately 14.92% of the outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

No director or executive officer of Horizon is, as at the date of this Annual Information Form, or has been, within the last 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company, that:

(i) was subject to a cease trade order or similar order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to a cease trade order or similar order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

No director or executive officer, other than as set forth below, of Horizon, or a shareholder holding a sufficient number of securities of Horizon to affect materially the control of Horizon:

(i) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation regarding bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(ii) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder; except,

(iii) Dale E. Tremblay was a director of Liv Spa Inc., a private company that was placed into voluntary bankruptcy on August 22, 2008, which bankruptcy was completed on December 2, 2009.

Penalties or Sanctions

No director or executive officer of Horizon, or a shareholder holding a sufficient number of securities of Horizon to affect materially the control of Horizon, has been subject to:

(i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Circumstances may arise where members of the board of directors or officers of Horizon are directors or officers of corporations which are in competition or in conflict to the interests of Horizon. Pursuant to the *Alberta Business Corporations A*ct, a director or officer of Horizon who is a party to a material contract or proposed material contract with Horizon or is a director or an officer of, or has a material interest in, any person who is a party to a material contract or proposed material contract with Horizon, is required to disclose the nature and extent of his or her interest and, subject to certain exemptions, a director shall not vote on any resolution to approve the material contract. To the best of their knowledge, the directors and officers of Horizon are not aware of any existing or potential material conflicts of interest between Horizon or a subsidiary of Horizon and a director or officer of Horizon or of a subsidiary of Horizon.

Audit Committee Information

Audit Committee Charter

The Audit Committee of Horizon ("**Audit Committee**") is responsible for reviewing Horizon's financial reporting procedures, internal controls and the performance of the external auditors. The Audit Committee Charter of Horizon is set forth as Appendix "A" of this Annual Information Form.

Composition of the Audit Committee

The current members of the Audit Committee are Ann Rooney (Chairman), Roderick Graham, Kevin Nabholz, Russell Newmark and Dale E. Tremblay. The Audit Committee is a standing committee appointed by the board of directors of Horizon to assist the board of directors of Horizon in fulfilling its oversight responsibilities with respect to the financial reporting by Horizon. Each member of the Audit Committee is independent as defined under Multilateral Instrument 52-110 *Audit Committees* ("**MI 52-110**") and none received any compensation, directly or indirectly, from Horizon other than for services as a member of the board of directors of Horizon and its committees, as applicable. All members of the Audit Committee are financially literate as defined in MI 52-110.

Relevant Education and Experience of Members of the Audit Committee

Roderick Graham

Mr. Graham has been a Director of Horizon since 2007 and is currently the Chairman of the Board. Mr. Graham was the President and Chief Executive Officer of ZCL Composites Inc. from October 1, 2010 to August 7, 2012. Prior to his role at ZCL, Mr. Graham co-founded and acted as Managing Director of Northern Plains Capital Corporation. From October of 2004 to August of 2005 Mr. Graham worked in institutional sales with Peters & Co. Limited. Mr. Graham was with ARC Financial Corporation from September 1998 to September 2004 and served as Senior Vice President and Director. Mr. Graham currently sits on the board of directors of three other publicly traded companies: Essential Energy Services Ltd, ZCL Composites Inc. and Raise Production Inc. as well as two other private oilfield service company boards. Mr. Graham holds an HBA from Wilfrid Laurier University, a CFA and an MBA (Ivey Scholar) from the University of Western Ontario.

Kevin Nabholz

Mr. Nabholz has over 30 years of experience in the oil sands industry. Mr. Nabholz recently retired as Executive Vice President, Major Projects at Suncor Energy Inc., having been at Suncor for 25 years. Mr. Nabholz was involved in all facets of the business at Suncor, including Operations, Maintenance and Projects and in his latest role led the execution of over $30 billion of major projects. Mr. Nabholz also sits on the board of Synergia Polygen, as well as the Northern Alberta Institute of Technology where he chairs the campus development committee.

Russell Newmark

Mr. Newmark has extensive knowledge of, and experience in, the Northwest Territories. His oil and gas experience in the far north has offered him the opportunity to work with oil and gas companies, the Inuvialuit Development Corporation, the Inuvialuit Regional Corporation and other applicable governmental bodies and officials. As Chief Executive Officer of E. Gruben's Transport Ltd., Mr. Newmark has added to the significant infrastructure, property, investments and assets in Inuvik and Tuktoyaktuk.

Ann Rooney

Ms. Rooney has been a Director of Horizon North Logistics Inc. since August 1, 2012. Ms. Rooney is an independent businesswoman. Ms. Rooney qualified as a Chartered Accountant in 1986 after working for several years as an environmental scientist with a specialty in limnology. Ms. Rooney's professional experience includes working as a Staff Accountant and Manager with Ernst and Young LLP, an independent GST Consultant, and a Manager at AltaGas Services Inc. In 2001, Ms. Rooney became a partner of Holt Rooney Chartered Accountants, a public practice firm in Calgary, Alberta. Ms. Rooney retired from public practice in 2011. Ms. Rooney has had extensive involvement with the Institute of Chartered Accountants of Alberta including serving as president in 1996-97. In 1996, Ms. Rooney was awarded an FCA (Fellow of the Chartered Accountants) in recognition of her meritorious service to the accounting profession and the community. Ms. Rooney earned the ICD.D professional designation in 2010. Ms. Rooney also holds Board and Audit Committee positions at Parkbridge Lifestyle Communities Inc. and Blackbridge Corp. Ms. Rooney is also a member of the National Board of Directors and sits on the audit committee of the Nature Conservancy of Canada, the country's leading national land conservation charitable organization.

Dale E. Tremblay

Mr. Tremblay is the Chairman and Chief Executive Officer of Western Energy Services Corp. From August 2005 to December 2009, Mr. Tremblay was the President and Chief Executive Officer of Saxon Energy Services Inc., and Chairman of the Board of SES Holdings Limited, the parent company of Saxon Energy Services Inc. until April 2011. Prior to that, Mr. Tremblay was the Senior Vice President, Finance and Chief Financial Officer of Precision Drilling Corporation from 1988 to 2005.

Pre-Approval of Policies and Procedures

The Audit Committee has delegated to the Chairman of the Audit Committee (or such other member of the Audit Committee who may be delegated authority), the authority to act on behalf of the Audit Committee between meetings of the Audit Committee with respect to the approval of audit and permitted non-audited services provided by KPMG LLP. The Audit Committee is required to be notified of any approved services over and above audit and tax. The Chairman reports on any such approved services at the next meeting of the Audit Committee.

Auditor Service Fees

The following table provides information about fees to Horizon and its affiliates for professional services rendered by KPMG LLP, Horizon's external auditor, during the fiscal year ended December 31, 2012:

Type of service provided (all figures in Cdn $)	Year-ended December 31, 2012	Year-ended December 31, 2011
Audit fees (including quarterly reviews)	$446,500	$419,000
Audit-related – IFRS	Nil	29,050
Audit-related fees	Nil	Nil
Tax Fees	14,780	9,225
All other fees	Nil	Nil
Total	**$461,280**	**$457,275**

Tax fees relate to services rendered for annual tax compliance.

Legal Proceedings and Regulatory Actions

Horizon is not involved in any legal proceedings that it believes might have a material adverse effect on its business or its results of operations.

During the course of the year ended December 31, 2012, Horizon was not subject to any penalties or sanctions imposed by a court in relation to securities legislation or by a securities regulatory authority, has not entered into a settlement agreement with a regulatory authority or been a subject of any other penalties or sanctions imposed by a court or a regulatory authority and has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

Interest of Management and Others in Material Transactions

Management of Horizon is not aware of any material interest, direct or indirect, of any director or executive officer of Horizon, any Shareholder of Horizon that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Horizon Shares or any associate or affiliate of such persons, in any transaction within the two most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Horizon.

Transfer Agent and Registrar

CIBC Mellon Trust Company, through its principal offices in Calgary, Alberta and Toronto, Ontario, is the transfer agent and registrar of the Horizon Shares. Canadian Stock Transfer Company Inc. acts as the Administrative Agent for CIBC Mellon Trust Company.

Material Contracts

There were no material contracts entered into in 2012 or to the date hereof in 2013, which were required to be filed under section 12.2 of National Instrument 51-102.

Interests of Experts

There is no person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under NI 51-102 by Horizon during, or related to, its most recently completed financial year other than KPMG LLP, the external auditors of Horizon.

KPMG LLP has confirmed that they are independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Alberta.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of Horizon.

Additional Information

Additional information concerning Horizon is available through the internet on SEDAR which may be accessed at www.sedar.com. Copies of such information may also be obtained without charge by request to the Corporate Secretary of Horizon by mail at 1600, 505 - 3rd Street S.W., Calgary, Alberta, Canada T2P 3E6, telephone at 403-517-4654 or facsimile at 403-517-4678.

Additional information, including information regarding Horizon's directors' and officers' remuneration, is contained in Horizon's Management Information Circular dated March 20, 2013, prepared in connection with the Annual General Meeting of Horizon Shareholders to be held on May 1, 2013.

Additional financial information is provided in Horizon's Audited Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2012, which are contained in Horizon's December 31, 2012 Annual Report. Copies of such documents may be obtained in the manner set forth above.

Appendix "A"

Audit Committee Charter

Purpose

1. The purpose of the Audit Committee is to:

   (a) review and recommend to the Board of Directors for acceptance, prior to their public release, all material financial information required to be gathered and disclosed by the Corporation;

   (b) oversee management designed and implemented accounting systems and internal controls; and

   (c) recommend, engage, supervise, arrange for the compensation and ensure the independence of the external auditor to the Corporation.

Composition

2. The Audit Committee will be comprised of at least three members of the Board to serve at the pleasure of the Board. Each member will at all times be independent and financially literate as those terms are defined in Multilateral Instrument 52-110 and possess:

   (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements;

   (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;

   (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more individuals engaged in such activities; and

   (d) an understanding of internal controls and procedures for financial reporting.

Meetings

3. The Audit Committee is required to meet in person, or by telephone conference call, at least once each quarter and as often thereafter as required to discharge the duties of the Audit Committee.

4. The Chair of the Audit Committee appointed by the Board will, in consultation with the members, determine the schedule, time and place of meetings, and in consultation with management and the external auditor, establish the agenda for meetings.

5. A quorum for a meeting of the Audit Committee shall be a majority of members present in person or by telephone conference call.

6. Notice of the time and place of every meeting shall be given in writing, by email or facsimile to each member of the Audit Committee at least 24 hours prior to the time fixed for such meeting, provided that a member may in any manner waive a notice of meeting.

Duties and Responsibilities of the Committee

7. The Committee's primary duties and responsibilities are to:

   (a) identify and monitor the management of the principal risks that could impact the financial reporting of the Corporation;

   (b) monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;

   (c) monitor the independence and performance of the Corporation's external auditors;

   (d) deal directly with the external auditors to approve external audit plans, other services (if any) and fees;

(e) directly oversee the external audit process and results (in addition to items described below) including review and attest services;

(f) provide an avenue of communication among the external auditors, management and the Board;

(g) be satisfied and obtain reasonable assurance from the external auditors that effective internal controls and management information systems are in place;

(h) review and implement effective corporate communications policies and practices; and

(i) ensure that the external auditor reports directly to the Committee.

8. The Committee shall have the authority to:

(a) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates;

(b) discuss with the management of the Corporation, its subsidiaries and affiliates and senior staff of the Corporation, any affected party and the external auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate;

(c) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(d) set and instruct the Corporation to pay the compensation for any advisors employed by the Committee; and

(e) communicate directly with the internal and external auditors of the Corporation.

9. The Committee shall, at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.

10. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of any disagreements between management and the external auditor regarding financial reporting.

11. The Committee shall:

(a) review the audit plan with the Corporation's external auditors and with management;

(b) discuss with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;

(c) review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;

(d) review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;

(e) review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;

(f) review audited annual financial statements and related documents in conjunction with the report of the external auditors and obtain an explanation from management of all significant variances between comparative reporting periods;

(g) consider and review with management, the internal control memorandum or management letter containing the recommendations of the external auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Corporation and subsequent follow-up to any identified weaknesses;

(h) review the Corporation's financial statements, management's discussion and analysis and annual and interim earnings press releases and with financial management and the external auditors before release to the public;

(i) before release, review and recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectuses, annual reports, annual information forms, management discussion and analysis and material press releases;

(j) oversee any of the financial affairs of the Corporation, its subsidiaries or affiliates, and, if deemed appropriate, make recommendations to the Board, external auditors or management; and

(k) be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and must periodically assess the adequacy of such procedures.

12. The Committee shall:

(a) evaluate the independence and performance of the external auditors and annually recommend to the Board the appointment of the external auditor, and their compensation, or the discharge of the external auditor when circumstances are warranted;

(b) consider the recommendations of management in respect of the appointment of the external auditors;

(c) pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by its external auditor, or the external auditors of the Corporation's subsidiary entities;

(d) approve the engagement letter for non-audit services to be provided by the external auditors or affiliates, together with estimated fees, and considering the potential impact of such services on the independence of the external auditors;

(e) when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the Change of Auditor Notice called for by National Instrument 51-102 and as required by other applicable securities regulation, and the planned steps for an orderly transition period; and

(f) review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.

13. The Committee shall:

(a) review with management at least annually, the financing strategy and plans of the Corporation; and

(b) review all securities offering documents (including documents incorporated therein by reference) of the Corporation.

14. The Committee shall review the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities.

15. The Committee shall review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.

16. The Committee shall enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters, which are directed to the Committee by any member of the Board, a shareholder of the Corporation, the external auditors, or senior management.

17. The Committee shall periodically review with management the need for an internal audit function.

18. The Committee shall establish and maintain procedures for:

(a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

19. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors.

20. The Committee shall assess, on an annual basis, the adequacy of this Charter and the performance of the Committee.