HORIZON NORTH

ANNUAL INFORMATION FORM

For the fiscal year ended December 31, 2015
Dated February 24, 2016

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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 North**" 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:

- under the heading "*Description of the Business of Horizon North*", the statements regarding the Corporation's core strategy and key initiatives.;
- under the heading "*Business Strategy and Operating Objectives*", the statements regarding the Corporation's focus on certain initiatives; and
- under the heading "*Dividends and Distributions*", the statement that "The intention is to continue to declare dividends on a quarterly basis". The payment of dividends will be subject to the ongoing discretion of the board of directors of Horizon North (the "**Board**");

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:

- the execution of the Corporation's core strategy and initiatives allowing Horizon North to achieve structural changes and efficiencies, achieve its business strategy and operating objectives and expand its activities and business in the future;
- quarterly dividends continuing to be payable;
- 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:

- economic conditions change to the extent that dividends may not be payable;
- 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; and
- changes in regulation by governmental agencies, including environmental regulation.

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

The head office and registered office of Horizon North is located at Suite 1600, 505 - 3rd Street S.W., Calgary, Alberta, T2P 3E6. Horizon North is a publicly traded company listed on the Toronto Stock Exchange ("**TSX**") under the symbol "HNL". Additional information can be found on Horizon North's website at www.horizonnorth.ca.

Pe Ben Transport Ltd., a predecessor corporation to Horizon North, 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**"). 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 of incorporation to change its name to Horizon North Logistics Inc. Horizon North was continued from the CBCA to the *Business Corporations Act* (Alberta) ("**ABCA**") on May 24, 2006.

On July 1, 2007, Horizon North 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**"). The amalgamated corporation continued under the name Horizon North Logistics Inc.

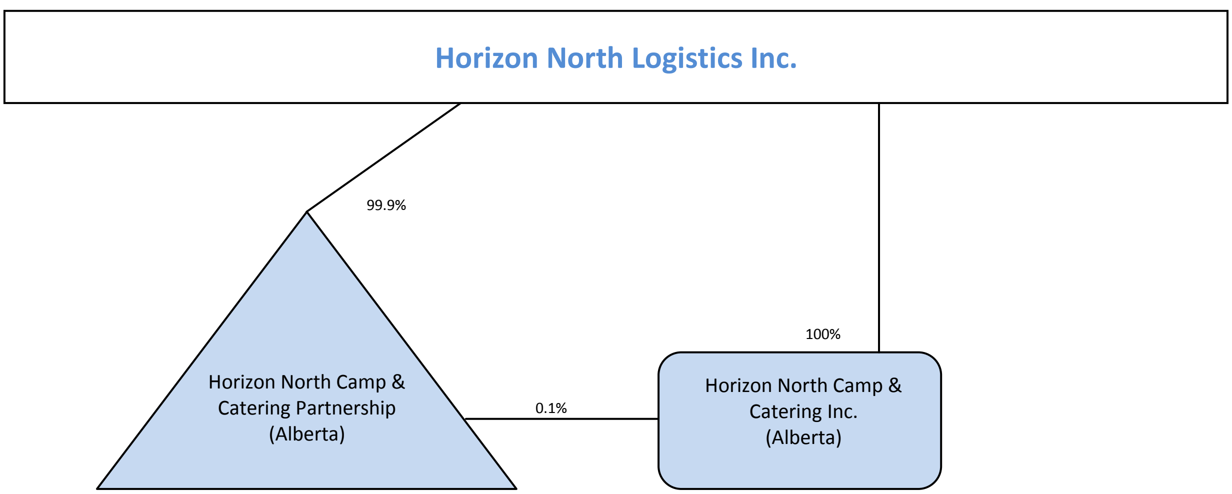
Immediately following the 2007 Amalgamation, all of the business assets and liabilities of Shanco, Legacy and Fortier were transferred to the newly formed Horizon North Camp & Catering Partnership, of which the partners are Horizon North (99.9%) and Horizon North Camp & Catering Inc. (0.1%), a wholly-owned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

On November 30, 2007, a wholly-owned subsidiary of Horizon North 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.

On June 1, 2013, the business assets and liabilities of Swamp Mats Inc., a wholly-owned subsidiary of Horizon North, 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 North

Three Year History

2013

Horizon North's operations were driven by investment in the Alberta oil sands, natural gas exploration and development, light oil development and pipeline projects. 2013 saw a significant amount of Horizon North's camp fleet in transition as assets were redeployed to new projects due to contract renewals in the first quarter and challenging operating conditions in the fourth quarter. In addition, Horizon North executed a significant manufacturing sales contract during the year which was facilitated by Horizon North's integrated business model allowing it to shift manufacturing production capacity to most effectively meet demand.

On January 10, 2013, Horizon North announced a contract revision with a major customer at its camp facilities north of Fort McMurray, Alberta. The customer committed to utilize the facilities through the first half of 2013, although at lower occupancy levels than 2012. Horizon North also announced that net capital spending plans would be reduced to $80 million from $110 million.

On July 25, 2013, Horizon North announced that it had entered into a contract to provide a 325 person camp for a mining operator in northern Canada. The total value of the camp sale project was approximately $46 million. The camp was comprised of a combination of existing assets and newly manufactured equipment.

On July 30, 2013, Horizon North announced that it had entered into a contract to provide a 180 person camp for the operator of a natual gas project located in north eastern British Columbia. Horizon North agreed to provide full turnkey service for an initial term of 24 months, with an option for the customer to extend for a further 24 months at the end of the term. Revenue over the initial term of the contract was approximately $16.5 million with an associated capital investment of $8 million.

On December 3, 2013, Horizon North announced that it had entered into a contract for the provision of a 250 person camp facility for the operator of a natural gas project in northeast British Columbia. Horizon North agreed to provide full turnkey service for a three year term. The camp facility was comprised primarily of existing equipment from Horizon North's fleet.

Capital spending in 2013 was concentrated on rental fleet expansion and replacement to meet demand in the camps and catering segment in addition to moderate maintenance capital. Gross capital spending in 2013 was $90 million which was offset by proceeds of $27 million received on the sale of existing equipment sold during the year to satisfy customer requirements.

2014

Horizon North continued to pursue opportunities for both construction and operation projects in the Alberta oil sands, natural gas and LNG related activities and infrastructure projects.

On February 10, 2014, Horizon North announced that it had entered into a contract for the provision of a 400 person camp facility for a major oil sands operator near Fort McMurray, Alberta. Horizon North agreed to provide full turnkey service in exchange for a day rate per person that included accommodation rental, catering and associated camp management services for a three year contract term. The capital investment to build and install this facility of approximately $29 million was included in the 2014 capital budget. Horizon North also announced a three year contract to provide a 350 person camp facility for the operator of a natural gas project in northeast British Columbia. Horizon North provided full turnkey service in exchange for a fixed monthly rental rate for the camp equipment plus a daily charge for each occupied room. This camp facility was comprised primarily of existing equipment.

On April 30, 2014, Horizon North announced that it was awarded a contract for the sale of a new 1,250 person dormitory complex to a major operator in the Fort McMurray, Alberta oil sands area. The contract was completed Q4 2015.

On December 4, 2014, Horizon North announced that it had signed a contract extension for a 720 person camp facility for a major operator in the Fort McMurray, Alberta oil sands area originally announced in 2012. Horizon North continued to provide full turnkey services for an additional one year term.

Capital spending in 2014, was concentrated primarily on expansion of the camp rental fleet to meet contract commitments, with the remainder on growth of the space rental fleet. Gross capital spending in 2014 was $114.6 million which was offset by proceeds of $14.9 million received on the sale of existing equipment.

2015

Overall, 2015 financial measures were below 2014 mainly as a result of the difficult economic conditions experienced throughout 2015, driven by the prolonged and steep decline in commodity pricing, especially oil.

On August 13, 2015, Horizon North announced that it had signed several new contracts with energy companies operating in Canada's Montney region of northeastern British Columbia. Under these contracts, Horizon North agreed to provide full service solutions including accommodation, rental, catering and associated camp management services for a three year term. The aggregate revenue of these new contracts was expected to be $41.7 million over the term and utilized 415 executive style beds and related infrastructure from Horizon North's existing fleet.

Throughout 2015 Horizon North continued to invest in developing and securing suitable land positions near proposed LNG project sites in British Columbia. Areas of focus included: Kitimat, Terrace, Port Edward and Prince Rupert, British Columbia. As a result, Horizon North is positioned to fully participate in LNG projects should they be sanctioned.

Capital spending in 2015 was mainly focused on replacement and expansion of the camp and drill camp rental fleet and land improvements related the Kitimat property. Gross capital spending in 2015 was $54.4 million which was partially offset by proceeds of $9.8 million received on the sale of existing camp facilities.

In 2015 Horizon North had one goal, to provide a fully integrated business model where it owns and controls the entire value chain through Design and Engineering, Manufacturing, Transportation and Logistics, Installation and Commissioning, Catering and Housekeeping Services, and Maintenance Services. This fully integrated business model serves to provide an exceptional experience for customers, guests, employees, shareholders and business partners.

To achieve this, Horizon North has adopted the value of One Company, One Brand, One Vision. This slogan integrates the belief that Horizon North was formed through mergers and acquisitions, filled with talent and a rich history of service providers. Through the merger of these companies, the Corporation has transformed into one brand which shares Horizon North's values of community, customer service, safety and Integrity. In 2015, Horizon North has made key changes to assist in achieving its goal to be one fully integrated company. Throughout the past year, it has made changes to its executive team and the divisional alignment of the Corporation.

From a financial perspective, Horizon North took several significant steps throughout the year to strengthen its balance sheet. In Q1 credit facilities were renegotiated and increased to $200 million while covenants were relaxed allowing greater financial flexibility. In July, a bought deal equity financing was completed for $80.6 million in gross proceeds which was used to reduce debt. As economic conditions continued to deteriorate in Q3, the Board decreased the dividend by 50% to further maintain financial flexibility. As a result, Horizon North exited the year with a strong balance sheet. This transformational change has positioned Horizon North to weather economic challenges and be well positioned for future growth.

Significant Acquisitions

Horizon North 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 North

General

Horizon North is a remote resource development service company that provides workforce accommodation solutions, camp management and catering services, and road and access matting solutions. Horizon North provides these services in support of oil sands development, oil and gas exploration and development, mining and infrastructure projects throughout Canada's western provinces and northern territories where local infrastructure does not meet project requirements.

The Corporation's core strategy is to focus on the western Canada and Alaska workforce accommodation market in support of large infrastructure development projects. Horizon North continues to make progress on several key initiatives intended to diversify our business base and position us for the next up-cycle in the resource sector. These initiatives include: developing land positions near proposed LNG project sites, pursuing diversification of the business base through development of the market for modular construction of permanent facilities, and driving structural changes to create efficiencies in our path towards One Company, One Brand, and One Vision.

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)	2015	2014
Camps & Catering	329,724	410,499
Matting	41,269	67,172
Inter-segment eliminations	(1,104)	(1,611)
	369,889	**476,060**

Camps & Catering

The Camps & Catering segment 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, manufacturing sales, relocatable structures rental and the associated service revenue within each operation.

Revenues in camp rental and catering operations are derived 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 and the provision of meals and associated housekeeping services, or be charged on a split rate basis with a charge related to the equipment deployed with a separate charge related to the provision of meals and associated housekeeping services. A certain amount 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 North's business is exposed to the cyclical nature of the oil and gas exploration business which in turn, is closely tied to oil and natural gas commodity prices.

Manufacturing sales revenues include the manufacture of camps sold to third parties and the transportation and installation associated with those sales. Horizon North 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.

Relocatable structures rental revenues are generated by site office units primarily utilized by mining, construction and infrastructure projects.

The Camps & Catering segment employed an average workforce of 1,387 people in 2015. The headcount at the end of 2015 was 1,216 as compared to 1,871 at the beginning of 2015. Headcount decreased in conjunction with lower activity in 2015 driven by the prolonged and steep decline in the price of oil.

Horizon North's Camps & Catering segment operates in a competitive environment with a number of competitors, some of which are larger than Horizon North.

Within the Camps & Catering segment, during 2015 two customers each contributed greater than 10% of revenue, for a combined total of 28%, compared to two customers who contributed 24% in 2014.

The following is an overview of Horizon North's Camps & Catering assets as at December 31, 2015:

Rentable beds	
Large Camps	9,355
Drill Camps	955
	10,310
Camp manufacturing facilities	
Grande Prairie, Alberta	43,334 sq ft
Kamloops, British Columbia	94,530 sq ft
	137,864 sq ft

BlackSand Executive Lodge, Fort McMurray

Mount Logan Lodge, Fort McMurray

Matting

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

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 heavy equipment. Roads and work locations that have been surfaced with mats allow work to continue through these wet periods.

Horizon North's mat 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 with an ongoing need who choose to own their own supply. In many cases, Horizon North will manage these mats for the customer, charging for transportation, installation and pick-up, storage and general inventory management. At December 31, 2015, Horizon North was managing approximately 120,000 customer owned mats.

The Matting segment employed an average workforce of 101 people in 2015. The headcount at the end of 2015 was 95 as compared to 116 at the beginning of 2015, a result of lower activity levels during the year.

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

The following is an overview of Horizon North's matting assets as at December 31, 2015:

Rental mats	28,714
Mats managed for customers	120,000
Semi-trucks & trailers	120
Loaders & Excavators	55
Mat manufacturing plant, Grande Prairie, Alberta	6,666 sq ft

Matted Access Narroway Road - Southwest of Grande Prairie, Alberta

Business Strategy and Operating Objectives

Horizon North is a full service camps and catering, manufacturing, and transportation and logistics company. We provide a full range of services to the LNG, oil sands, oil and gas, midstream, renewable energy, mining and exploration, forestry and the construction sectors. Horizon North provides fully integrated solutions, and has the ability to adjust the size, scope and scale for larger products and projects in Canada and Alaska.

Horizon North focuses on the following initiatives:

- providing an exceptional experience for customers, guests, employees, shareholders, and business partners; and
- providing superior, safe, self-perform accommodations and related ancillary infrastructure in Canada and Alaska.

Aboriginal & Community Relations

Horizon North recognizes how important aboriginal business relationships are when working throughout Canada. Horizon North 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 North 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.

One of Horizon North's objectives is to promote local and aboriginal participation in its operations. Horizon North 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 North employs a Vice President, Aboriginal & Community Relations who works closely with all of the operating companies of Horizon North and reports directly to Horizon North's President and Chief Executive Officer.

North Sands Lodge, Fort McMurray

Quality, Health, Safety and Environment

Quality, Health, Safety and Environment (QHSE), is at the heart of Horizon North's business practices. It is among the Corporation's top corporate priorities and the Corporation expects the same approach and same high standards from all Horizon North employees. Horizon North's main goal is "Achieving and maintaning incident and injury free oprations". The Corporation's QHSE Management System is subject to various reviews to ensure its continuing suitability, adequacy and effectiveness to meet legislative, customer requirements and corporate QHSE objectives.

Review includes assessing for improvement opportunities and the need for changes to the QHSE Management System, including policy and objectives. A planned review by senior management is conducted to ensure the continuing suitability, adequacy and effectiveness of the QHSE Management System. The review reaffirms our commitment to the continual improvement of QHSE performance.

Horizon North recognizes that client satisfaction depends on the quality of service provided, and to this end, the Corporation works hard to ensure its performance exceeds its customers' expectations.

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

Mount Logan Lodge, Fort McMurray

Kamloops Manufacturing Facility, British Columbia

Foreign Operations

Horizon North's primary operations are in Canada; however, a small portion of transactions 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 North operates are highly competitive and in order to be successful, Horizon North must 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 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 North operates.

Employees

As at December 31, 2015, Horizon North had 1,402 employees.

Risk Factors

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 and natural gas and mineral prices would likely affect activity levels in these industries and therefore affect the demand for the services provided by Horizon North.

Competition

Horizon North provides 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.

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.

Dividends and Distributions

The following is a summary of quarterly dividends declared for each of the three most recently completed financial years:

Date declared	Rate per share	Record date
February 20, 2013	$0.0625	March 31, 2013
April 13, 2013	$0.0625	June 30, 2013
July 30, 2013	$0.0625	September 30, 2013
October 29, 2013	$0.0625	December 31, 2013
February 19, 2014	$0.08	March 31, 2014
April 29, 2014	$0.08	June 30, 2014
July 29, 2014	$0.08	September 30, 2014
October 28, 2014	$0.08	December 31, 2014
February 18, 2015	$0.08	March 31, 2015
April 29, 2015	$0.08	June 30, 2015
June 14, 2015	$0.08	September 30, 2015
October 28, 2015	$0.04	December 31, 2015
February 24, 2016	$0.02	March 31, 2016

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

Horizon North's 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*"). In connection with declaring dividends, the Board 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.

Description of Capital Structure

Horizon North Shares

Horizon North is authorized to issue an unlimited number of common shares of the Corporation ("**Horizon North Shares**") without nominal or par value. As at December 31, 2015, a total of 132,606,651 Horizon North Shares were issued and outstanding as fully paid and non-assessable. In addition, 13,260,665 Horizon North Shares were reserved for issuance pursuant to options to purchase Horizon North Shares as at December 31, 2015.

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

Preferred Shares

Horizon North 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 may from time to time determine. The Preferred Shares shall rank senior to the Horizon North 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 North in the event of a dissolution, liquidation or winding-up of Horizon North.

Shareholder Protection Rights Plan

On March 23, 2015, the Corporation adopted a shareholder rights plan (the "**Rights Plan**") pursuant to a shareholder rights plan agreement between the Corporation and CST Trust Company. The Rights Plan was approved by Horizon North Shareholders on April 30, 2015. The Rights Plan has a term of three years and will expire after the annual meeting of Horizon North Shareholders in 2018, unless it is reconfirmed at such meeting or it is otherwise terminated in accordance with its terms.

The Rights Plan has the following objectives: (a) to prevent creeping acquisitions of control of Horizon North; (b) to give adequate time for Horizon North Shareholders to properly assess a take-over bid without undue pressure; (c) to provide the Board time to consider value-enhancing alternatives to a take-over bid and to allow competing bids to emerge; and (d) to ensure that Horizon North Shareholders are provided equal treatment under a take-over bid. The Rights Plan is not intended to prevent take-over bids that treat Horizon North Shareholders fairly and has not been adopted in response to any proposal to acquire control of Horizon North. The Rights Plan encourages a potential acquirer who makes a take-over bid to proceed either by way of a "Permitted Bid" (as defined in the Rights Plan), which generally requires a take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board. If a take-over bid fails to meet these minimum standards, the Rights Plan provides that holders of Horizon North Shares, other than the acquirer, will be able to purchase additional Horizon North Shares at a significant discount to market, thus exposing the acquirer to substantial dilution of its holdings.

A copy of the Rights Plan is available on the Corporation's SEDAR profile located at www.sedar.com.

Market for Securities

Trading Price and Volume of Horizon North Shares

The following table sets forth the monthly high, low and closing trading prices and the aggregate volume traded for the Horizon North Shares on the TSX to December 31, 2015 as reported by sources Horizon North believes to be reliable for the periods indicated:

Period	$ High	$ Low	$ Close	Volume Traded
2015				
January	2.70	2.07	2.16	7,103,783
February	2.48	2.10	2.28	4,574,049
March	2.52	2.05	2.32	8,162,167
April	3.40	2.25	3.35	8,951,745
May	4.00	3.27	3.72	12,926,239
June	4.29	3.65	3.85	12,652,973
July	4.03	2.94	3.00	6,436,196
August	3.33	2.33	3.27	5,756,897
September	3.24	2.27	2.38	16,654,207
October	3.10	2.13	2.25	16,555,455
November	2.61	2.22	2.39	5,831,337
December	2.39	1.95	2.26	5,352,780

Prior Sales

The following table sets forth, for each class of securities of Horizon North 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, 2015 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	3,166,000	2.30	February 27, 2015
Options	91,000	2.30	March 1, 2015
Options	93,000	3.35	May 1, 2015
Options	50,000	3.33	July 31, 2015
Options	150,000	3.00	August 4, 2015
Options	105,000	2.38	October 1, 2015

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

Directors and Officers

The following table sets forth the name, place of residence, date first elected as a director or appointed as an officer of Horizon North and positions for each of the directors and officers of Horizon North, together with their principal occupations during the last five years. The directors of Horizon North shall hold office until the next annual meeting of shareholders of the Corporation 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, Quality & HSE	June 2006	Vice President, Quality & HSE of Horizon North since June 2006.

Name, Municipality, Province and Country of Residence	Position Presently Held	Director/ Officer Since	Principal Occupation During the Preceding 5 Years
Richard Ballantyne[(2)(4)] Salt Spring Island, British Columbia, Canada	Director	April 2015	Mr. Ballantyne is a professional engineer working as an independent consultant and is the Chair of the B.C. Safety Authority. Mr. Ballantyne was President of Terasen Pipelines from 2001 to 2005, and prior to that Mr. Ballantyne held senior positions with Trans Mountain Pipeline and BC Gas Utility Ltd.
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.
Bradley Fedora[(3)(4)] Calgary, Alberta, Canada	Director	April 2015	Mr. Fedora joined Canyon Services Group Inc. ("**Canyon**") in September 2007 as President, was appointed to Canyon's board of directors in the spring of 2008 and has held the position of President and CEO since the fall of 2009.
Rod Graham Calgary, Alberta, Canada	President and Chief Executive Officer, Director	November 2014[(1)]	President and Chief Executive officer and a director since November 4, 2014. Prior thereto, Mr. Graham was the Senior Vice President Corporate Development and Planning of Horizon North since January 21, 2014. Prior thereto, Mr. Graham served as a director of Horizon North from January 2007 and Chair of the Board of Horizon North from May 3, 2012 to January 21, 2014. Mr. Graham was the President and Chief Executive Officer of ZCL Composites Inc. from October 1, 2010 to August 7, 2012.
Scott Matson Calgary, Alberta, Canada	Senior Vice President Finance and Chief Financial Officer	January 2010	Senior Vice President Finance and Chief Financial Officer since July 28, 2015. Prior thereto, Mr. Matson was Vice President Finance and Chief Financial Officer of Horizon North since January 1, 2010.
Kevin Nabholz[(2)(3)(4)] Calgary, Alberta, Canada	Director	May 2012	Mr. Nabholz is an independent businessman. Mr. Nabholz retired as Executive Vice President, Major Projects at Suncor Energy Inc. ("**Suncor**") on March 1, 2012, 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.
Russell Newmark[(2)(3)] Inuvik, Northwest Territories, Canada	Director	June 2006	Chief Executive Officer of E. Gruben's Transport Ltd.
Ann Rooney[(2)] 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.
Craig Shenher Calgary, Alberta, Canada	Senior Vice President Business Development	November 2014	Mr. Shehner was appointed Senior Vice President Business Development on November 26, 2014. Prior thereto Mr. Shenher was the Vice President Business Development since July 2010.
Dale E. Tremblay[(3)(4)] Calgary, Alberta, Canada	Director	May 2010	Mr. Tremblay is an independent businessman. From December 2009 to December 2013, Mr. Tremblay was the Chair of the Board 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.

(1) Mr. Graham served as a director of Horizon North from January 2007 until January 2014 and as Senior Vice President Corporate Development and Planning from January 21, 2014 until November 4, 2014.
(2) Member of the Audit Committee.
(3) Member of the Corporate Governance and Compensation Committee.
(4) Member of the Health, Safety & Environment Committee.

As at February 24, 2016, the current officers and directors of Horizon North, as a group, beneficially own, direct or control, directly and indirectly, an aggregate of 11,995,414 Horizon North Shares, being approximately 11.0% of the outstanding Horizon North Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

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

(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,

> 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; and Dale E. Tremblay was a director of GASFRAC Energy Services Inc. ("**GASFRAC**") between May 27, 2014 and February 13, 2015. On January 15, 2015, GASFRAC commenced proceedings and obtained court protection under the Companies' Creditors Arrangement Act ("**CCAA**") pursuant to an initial order granted by the Court of Queen's Bench in the Province of Alberta (the "**Court**"), as amended, whereby GASFRAC obtained protection from its creditors under the CCAA, other than in respect of GASFRAC's primary secured lender. Pursuant to Court orders, dated March 27, 2015 and June 22, 2015, respectively, GASFRAC completed the sale of most of its fracturing and related assets and intellectual property to a third party oil and gas service industry competitor, effective April 7, 2015 and then completed a CCAA Plan of Compromise and Arrangement pursuant to which a third party oil and gas service industry competitor acquired 100% equity ownership of GASFRAC, as an operating entity, effective July 7, 2015.

Penalties or Sanctions

No director or executive officer of Horizon North, or a shareholder holding a sufficient number of securities of Horizon North to affect materially the control of Horizon North, 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 are directors or officers of corporations which are in competition or in conflict to the interests of Horizon North. Pursuant to the ABCA, a director or officer of Horizon North who is a party to a material contract or proposed material contract with Horizon North 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 North, 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 North are not aware of any existing or potential material conflicts of interest between Horizon North or a subsidiary of Horizon North and a director or officer of Horizon North or of a subsidiary of Horizon North.

Audit Committee Information

Audit Committee Charter

The Audit Committee of Horizon North ("**Audit Committee**") is responsible for reviewing Horizon North's financial reporting procedures, internal controls and the performance of the external auditors. The Audit Committee Charter of Horizon North 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 (Chair), Richard Ballantyne, Kevin Nabholz, and Russell Newmark. The Audit Committee is a standing committee appointed by the Board to assist the Board in fulfilling its oversight responsibilities with respect to the financial reporting by Horizon North. Each member of the Audit Committee is independent as defined under National Instrument 52-110 *Audit Committees* ("**NI 52-110**") and none received any compensation, directly or indirectly, from Horizon North other than for services as a member of the Board and its committees, as applicable. All members of the Audit Committee are financially literate as defined in NI 52-110.

Relevant Education and Experience of Members of the Audit Committee

Ann Rooney

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 from 1996 to 1997. 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 sits as a member of the Alberta Securities Commission as well as serving on their governance committee. Ms. Rooney also holds Board and Audit chair positions at Parkbridge Lifestyle Communities Inc. Ms. Rooney is a member of the National Board of Directors and is chair of the audit committee of the Nature Conservancy of Canada, the country's leading national land conservation charitable organization.

Richard Ballantyne

Mr. Ballantyne is a professional engineer, independent corporate director and Chair of the B.C. Safety Authority. With more than 30 years in the processing and refinery business, Mr. Ballantyne was President of Terasen Pipelines from 2001 to 2005 and held senior positions with Trans Mountain Pipeline and BC Gas Utility Ltd. Mr. Ballantyne is a director of Stuart Olson Inc. and Sail Canada (the national governing body for the sport of sailing) and has served on several public, private and association boards. Mr. Ballantyne is a graduate of the University of British Columbia in mechanical engineering, attended the Banff School of Advanced Management, and is a certified director through the Institute of Corporate Directors.

Kevin Nabholz

Mr. Nabholz is an independent businessman. Mr. Nabholz has over 30 years of experience in the oil sands industry. Mr. Nabholz retired as Executive Vice President, Major Projects at Suncor on March 1, 2012, 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 is also a member of the Board of Governors of the Northern Alberta Institute of Technology (NAIT) where he also 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.

Pre-Approval of Policies and Procedures

The Audit Committee has delegated to the Chair 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 Chair 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 North and its affiliates for professional services rendered by KPMG LLP, Horizon North's external auditor, during the fiscal year ended December 31, 2015:

Type of service provided (all figures in Cdn $)	Year-ended December 31, 2015	Year-ended December 31, 2014
Audit fees (including quarterly reviews)	$433,000	$453,200
Audit-related fees	Nil	Nil
Tax Fees	Nil	8,255
All other fees	37,000	Nil
Total	**$470,000**	**$461,455**

All other fees relate to prospectuses.

Legal Proceedings and Regulatory Actions

Horizon North 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, 2015, Horizon North 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 North is not aware of any material interest, direct or indirect, of any director or executive officer of Horizon North, any Shareholder of Horizon North that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Horizon North Shares or any associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Horizon North.

Transfer Agent and Registrar

CST Trust Company, through its principal offices in Calgary, Alberta and Toronto, Ontario, is the transfer agent and registrar of the Horizon North Shares.

Material Contracts

The Corporation has not entered into any material contracts during the financial year ended December 31, 2015 or before that financial year that are still in effect other than contracts entered into in the ordinary course of business and the Rights Plan which is described under "*Description of Capital Structure - Shareholder Protection Rights Plan*" and is available on the Corporation's SEDAR profile located at www.sedar.com.

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 North during, or related to, its most recently completed financial year other than KPMG LLP, the external auditors of Horizon North.

KPMG LLP are the Auditor of Horizon North and have confirmed that they are independent with respect to Horizon North within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

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 North.

Additional Information

Additional information concerning Horizon North is available through the internet on SEDAR which may be accessed at www.sedar.com.

Additional information, including information regarding Horizon North's directors' and officers' remuneration, is contained in Horizon North's Management Information Circular prepared in connection with its most recent annual and special meeting of Horizon North Shareholders.

Additional financial information is provided in Horizon North's Audited Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2015, which are contained in Horizon North's December 31, 2015 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 National 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.