FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company:

Horizon North Logistics Inc. (the "**Company**")
Suite 900
240 – 4th Avenue S.W.
Calgary, Alberta T2P 4H4

2. Date of Material Change:

March 9, 2020

3. News Release:

A news release disclosing the information contained in this material change report was issued by the Company and disseminated through Cision on March 9, 2020. The news release was also filed with the securities regulatory authorities in each of the provinces of Canada under the Company's profile at www.sedar.com.

4. Summary of Material Change:

On March 9, 2020, the Company entered into a share purchase agreement (the "**Purchase Agreement**") with 10647802 Canada Limited, operating as Dexterra Facilities Management ("**Dexterra**"), and 9477179 Canada Inc. ("**Dexterra Parent**", and collectively with Dexterra, the "**Dexterra Parties**"), the sole shareholder of Dexterra and a wholly-owned subsidiary of Fairfax Financial Holdings Limited. Under the terms of the Purchase Agreement, the Company has agreed to acquire all of the issued and outstanding shares of Dexterra ("**Dexterra Shares**") in exchange for the issuance to Dexterra Parent of a number of common shares in the capital of the Company ("**Horizon Shares**") that will, immediately following completion of the Transaction (as defined below), represent 49% of the Horizon Shares (calculated on a fully diluted basis) outstanding immediately after closing (the "**Transaction**").

5. Full Description of Material Change

5.1 Full Description of Material Change:

This is a summary of the Transaction and the material terms of the Purchase Agreement and is qualified in its entirety by the full text of the Purchase Agreement, which is available under the Company's profile at www.sedar.com.

The Transaction

On March 9, 2020, the Company entered into a Purchase Agreement with the Dexterra Parties pursuant to which, subject to the terms and conditions of the Purchase Agreement, the Company has agreed to acquire all of the outstanding Dexterra Shares from Dexterra Parent in exchange for the issuance to Dexterra Parent of a number of Horizon Shares that will, immediately following completion of the Transaction, represent 49% of the Horizon Shares calculated on a fully diluted basis, provided that Dexterra Parent shall not at any time be issued more than 50% of the Horizon Shares on a non-diluted basis.

Approvals

Under the terms of the Purchase Agreement, the issuance of Horizon Shares to Dexterra Parent must be approved by a majority of the holders of Horizon Shares ("**Shareholders**") who vote (in person or by proxy) at a special meeting of Shareholders that will be called to approve such issuance and other ancillary matters related to the Transaction (the "**Horizon Meeting**"). The Company has agreed to call the Horizon Meeting as promptly as reasonably practicable and anticipates holding the meeting in mid-late May 2020.

In addition to other customary closing conditions, completion of the Transaction is subject to the conditional approval of the Toronto Stock Exchange ("**TSX**") for the listing of the Horizon Shares to be issued to Dexterra Parent and the receipt of approval under the *Competition Act* (Canada).

Assuming the timely receipt of regulatory approvals and approval by the Shareholders, the Transaction is expected to close in the first half of 2020.

Representations, Warranties and Covenants

The Company and the Dexterra Parties have each made customary representations, warranties and covenants in the Purchase Agreement, including, among others, covenants to conduct their businesses in the ordinary course consistent with past practice during the period between the execution of the Purchase Agreement and completion of the Transaction and covenants not to engage in certain kinds of transactions or take certain actions during this period unless previously disclosed or consented to in writing by the other party.

In connection with the Transaction, the Company's board of directors (the "**Board**") determined the Transaction will be considered a "change of control" for the purposes of, and in accordance with, the Company's stock option plan and restricted share unit plan and subject to certain conditions has accelerated the vesting of all outstanding options to purchase Horizon Shares ("**Options**") and all restricted share units). Under the terms of the Purchase Agreement, the Board agreed to use reasonable commercial efforts to cause each of the holders of Options to enter into option cancellation agreements prior to completion of the Transaction.

In addition to the covenants set out above, the Company also waived the application of its shareholder rights plan (the "**Rights Plan**") to the "Flip-In Event" (as defined in the Rights Plan) to the Transaction subject to obtaining the consent of Shareholders to such waiver at the Horizon Meeting.

Non-Solicitation, Termination Fee and Expense Reimbursement

Pursuant to the terms of the Purchase Agreement, the Company has agreed to terminate all discussions, and that it will not solicit, initiate, encourage or otherwise facilitate any discussions, concerning any other acquisition proposal, including a business combination, take-over bid or sale of material assets of the Company. However, the Board may respond to unsolicited superior proposals, subject to certain requirements and notification to the Dexterra Parties, who have the right to match any superior proposals within a five business day match period. In the event the Board determines that it has received a superior proposal and the Dexterra Parties do not exercise their right to match, the Board may accept, approve and recommend such superior proposal and withdraw its recommendation that Shareholders vote in favour of the Transaction at the Horizon Meeting (a "**Horizon Change in Recommendation**"). Notwithstanding a Horizon Change in Recommendation, the Company has agreed it will hold the Horizon Meeting to allow Shareholders to vote on the Transaction with the Dexterra Parties and must continue to comply with its obligations to complete the Transaction, subject to the terms and conditions of the Purchase Agreement.

Under the terms of the Purchase Agreement, the Company has agreed to pay a termination fee of $5,000,000 to the Dexterra Parties upon the termination of the Purchase Agreement in certain circumstances. The Company has also agreed to pay to Dexterra an expense reimbursement for all reasonably documented costs, up to a maximum of $1,000,000 in the event the Purchase Agreement is terminated in certain circumstances.

Investor Rights Agreement

In connection with the Transaction, the Company and Dexterra Parent have agreed to enter into an investor rights agreement (the "**Investor Rights Agreement**"), which contains certain restrictions and rights for Dexterra Parent in respect of the Horizon Shares it will own, along with governance matters for the combined entity. Under the terms of the Investor Rights Agreement, Dexterra Parent has agreed not to sell any Horizon Shares for a period of 24 months from completion of the Transaction, following which the Company has granted Dexterra Parent and its affiliates registration rights which require the Company to file prospectuses and take other actions from time to time to facilitate dispositions of Horizon Shares by Dexterra Parent and its affiliates.

In addition, so long as Dexterra Parent or its affiliates own 10% of the Horizon Shares (on a non-diluted basis), Dexterra Parent will maintain a pre-emptive right to participate in future issuances of Horizon Shares (or other voting or equity securities or options to purchase same) by the Company in order to maintain its pro rata ownership interest in the Company. The parties have also agreed that upon completion of the Transaction, the size and composition of the Board will be eight directors, and immediately following completion of the Transaction, the Board will be composed of four current directors of the Company (being Kevin Nabholz, Russell Newmark, Mary Garden and Rod Graham) and four nominees from the Dexterra Parties (being R. William McFarland, John MacCuish, David Johnston and Simon Landy). The right of the Dexterra Parties to continue to nominate directors (and the number of nominees they are able to put forward) will be subject to ongoing ownership requirements as more particularly set out in the Investor Rights Agreement.

Upon closing of the Transaction, Bill McFarland, Chairman of Dexterra, will become Chairman of the Board and John MacCuish, Chief Executive Officer of Dexterra, and Rod Graham, Chief Executive Officer of Horizon North, will be appointed Co-Chief Executive Officers, and both will sit on the Board.

Following the closing of the Transaction, the Company will have its head office in Toronto, Ontario, with Canadian corporate offices in both Toronto and Calgary.

Fairness Opinions and Board Recommendation

The Board, based on the unanimous recommendation of a special committee of independent directors (the "**Special Committee**") and after consultation with its legal and financial advisors, unanimously approved the Transaction and determined that it is fair to the Company, is in the best interests of the Company and unanimously recommends that the Shareholders vote in favour of the Transaction. Scotia Capital Inc. provided the Board with an opinion to the effect that, as of March 9, 2020, the issuance of Horizon Shares to Dexterra Parent in exchange for the Dexterra Shares is fair, from a financial point of view to the Company, subject to the limitations, qualifications, assumptions and other matters set forth in such opinion.

In making its recommendation, the Special Committee considered the Company's current market price and trading history and evaluated the terms of the proposed Transaction and the Company's current business and financial position. In addition, the Special Committee considered the Company’s future plans and prospects, including potential risks, and having regard to the potential effects of the proposed Transaction on the Company’s business. The Special Committee also considered the potential effects on the Company of not entering into the Transaction, including considering whether or not an alternative transaction was likely to emerge. The Board considered the same factors in making its determinations and recommendations described above.

Director, Executive Officer and Shareholder Support of the Transaction

Each of the directors and executive officers of the Company, holding or controlling an aggregate of 2.3% of the outstanding Horizon Shares, has entered into a customary voting support agreement with the Dexterra Parties pursuant to which each individual has committed to vote in favour of the Transaction subject to termination in the event of a Horizon Change in Recommendation.

In addition, Polar Asset Management Partners Inc., the Company's largest Shareholder holding approximately 15% of the Horizon Shares, has agreed to vote in favour of the Transaction in accordance with and subject to the terms of the voting support agreement with the Dexterra Parties, whether or not a superior proposal emerges, including in the event of a Horizon Change in Recommendation.

Shareholders Meeting

Further information regarding the Transaction will be contained in the information circular that the Company will prepare and mail to its Shareholders in connection with the Horizon Meeting. A copy of the information circular will be filed under the Company's profile at www.sedar.com.

5.2 Disclosure of Restructuring Transactions

Not applicable.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102 – *Continuous Disclosure Obligations*:

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

Rod Graham
Chief Executive Officer
Phone: 403-517-0664

9. Date of Report:

March 17, 2020

Important Information Relating to Forward-Looking Statements

Certain information set forth in this material change report regarding the Transaction, including, without limitation, the anticipated timing for the special meeting of Shareholders to approve the issuance of Horizon Shares to Dexterra Parent, the timing and anticipated receipt of required regulatory approvals and the anticipated timing for closing the Transaction, is forward-looking information within the meaning of applicable securities laws.

By its nature, forward-looking information is subject to numerous risks and uncertainties, some of which are beyond the Company's control. The forward-looking information contained in this material change report is based on certain key expectations and assumptions made by the Company, including expectations and assumptions concerning the receipt, in a timely manner, of regulatory and shareholder approvals in respect of the Transaction.

Forward-looking information is subject to various risks and uncertainties which could cause actual results and experience to differ materially from the anticipated results or expectations expressed in this material change report. The key risks and uncertainties include, but are not limited to: general global economic, market and business conditions; governmental and regulatory requirements and actions by governmental authorities; relationships with employees, customers, business partners, and competitors; and diversion of management time on the Transaction. There are also risks that are inherent in the nature of the Transaction, including: failure to satisfy the conditions to the completion of the Transaction and failure to obtain any required regulatory and other approvals (or to do so in a timely manner). The anticipated timeline for completion of the Transaction may change for a number of reasons, including the inability to secure necessary regulatory or other approvals in the time assumed or the need for additional time to satisfy the conditions to the completion of the Transaction. As a result *of the foregoing, readers should not place undue reliance on the forward-looking information contained in this material change report concerning the timing of the Transaction. A comprehensive discussion of other risks that impact the Company can also be found in the Company's public reports and filings which are available under the Company's profile at www.sedar.com.*

Readers are cautioned that undue reliance should not be placed on forward-looking information as actual results may vary materially from the forward-looking information. The Company does not undertake to update, correct or revise any forward-looking information as a result of any new information, future events or otherwise, except as may be required by applicable law.