

HORIZON NORTH

HORIZON NORTH LOGISTICS INC.

NOTICE OF SPECIAL MEETING

AND

**MANAGEMENT INFORMATION CIRCULAR
DATED APRIL 23, 2020**

**WITH RESPECT TO THE
SPECIAL MEETING OF SHAREHOLDERS**

**TO BE CONDUCTED VIA LIVE AUDIO WEBCAST
<https://web.lumiagm.com/187053516>**

TO BE HELD ON MAY 26, 2020

The board of directors of Horizon North Logistics Inc. ("Horizon North") UNANIMOUSLY recommends that Shareholders vote FOR the Share Issuance Resolution and the Option Resolution (each as defined in the enclosed management information circular).

These materials are important and require your immediate attention. They require Horizon North Shareholders to make important decisions. If you have any questions or require more information with respect to voting your common shares of Horizon North, please contact AST Trust Company (Canada) at 1-800-387-0825 (toll free).

MESSAGE TO SHAREHOLDERS

Horizon North Logistics Inc. ("**Horizon North**" or the "**Corporation**") is pleased to invite you to join us at a special meeting (the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Horizon Shares**") of the Corporation. The Meeting will be held on the 26th day of May, 2020 at 10:00 a.m. (Calgary time).

The health and safety of our Shareholders and other stakeholders is a top priority of Horizon North, therefore we have determined to hold the Meeting in a virtual only format via live audio webcast. Details on how to access the Meeting can be found on pages 12 to 15 of the accompanying management information circular (the "**Information Circular**"), which contains important information about voting on the business to be transacted at the Meeting in respect of the Transaction (as described below).

On March 9, 2020, the Corporation entered into a share purchase agreement (the "**Purchase Agreement**") with 9477179 Canada Inc. ("**Dexterra Parent**"), a wholly-owned subsidiary of Fairfax Financial Holdings Limited, and 10647802 Canada Limited, a wholly-owned subsidiary of Dexterra Parent ("**Dexterra**" and, together with Dexterra Parent, the "**Dexterra Parties**"), pursuant to which Horizon North will acquire all of the issued and outstanding common shares in the capital of Dexterra (the "**Dexterra Shares**") in exchange for such number of Horizon Shares that will, immediately following the completion of the Transaction, represent 49% of the issued and outstanding Horizon Shares (the "**Share Consideration**"), calculated on a fully diluted basis (the "**Transaction**").

Pursuant to the policies of the Toronto Stock Exchange ("**TSX**"), because the issuance of the Share Consideration to Dexterra Parent will exceed 25% of the current number of issued and outstanding Horizon Shares and will materially affect control of the Corporation, at the Meeting, Shareholders will be asked to consider and, if thought appropriate, approve an ordinary resolution (the "**Share Issuance Resolution**") to issue the Share Consideration to Dexterra Parent. The Share Issuance Resolution must be approved by a majority of the votes cast by Shareholders entitled to vote at the Meeting.

The Transaction is expected to create a leading support services company in Canada with a diversified portfolio of value-added services, end-markets and geographies, with the scale, capability and access to talent which will allow it to deliver on significant future growth opportunities. The Transaction will also result in significant cost savings and cross selling opportunities that will benefit all of the Corporation's stakeholders, including Shareholders, employees, partners and customers.

Immediately following the Transaction, the board of directors of Horizon North (the "**Board**") will consist of eight directors, comprised of four members of the current Board (being Kevin Nabholz, Russell Newmark, Mary Garden and Rod Graham) and four new members to be nominated by Dexterra Parent (being R. William McFarland, David Johnston, Simon Landy and John MacCuish). R. William McFarland, the current Chairman of Dexterra, will become Chairman of the Board. Rod Graham, the current President and Chief Executive Officer of Horizon North, and John MacCuish, the current Chief Executive Officer of Dexterra, will be appointed co-Chief Executive Officers, and both will sit on the Board.

In connection with the Transaction, the Board formed a special committee of independent directors (the "**Special Committee**") which supervised the negotiation of the terms of the Purchase Agreement and ancillary transaction documents.

The Special Committee, after consultation with its legal and financial advisors, unanimously recommended that the Board approve the Transaction and the entry into the Purchase Agreement. In making its recommendation, the Special Committee evaluated the terms of the proposed Transaction and the Corporation's current business and financial position, including future plans and prospects, having regard to the potential effects of the proposed Transaction on the Corporation's business. The Special Committee also considered the potential effects on the Corporation of not entering into the Transaction, including whether or not an alternative transaction was likely to emerge.

The Board, based in part on the unanimous recommendation of the Special Committee, and after receiving financial and legal advice, unanimously determined that the issuance of the Share Consideration in exchange for the Dexterra Shares is fair to the Corporation and that the Transaction and entry into the Purchase Agreement are in the best interests of the Corporation. Accordingly, the Board is UNANIMOUSLY recommending that Shareholders vote FOR the Share Issuance Resolution. The recommendation of the Board is based on various factors described more fully in the accompanying Information Circular, including those also considered by the Special Committee as well as the opinion of the Corporation's financial advisor that, as of March 9, 2020, the issuance of the Share Consideration to Dexterra Parent in exchange for the Dexterra Shares under the Purchase Agreement is fair, from a financial point of view, to the Corporation, subject to the assumptions, limitations, qualifications and other matters set forth therein.

The complete text of the fairness opinion is attached to the accompanying Information Circular as Appendix D.

Holders of approximately 21.39% of the issued and outstanding Horizon Shares (which includes each of the directors and certain executive officers of Horizon North, together with its largest shareholder, Polar Asset Management Partners Inc.), have entered into voting support agreements with Dexterra Parent, pursuant to which they have agreed, on the terms and conditions set forth therein, to vote all of their Horizon Shares **FOR** the Share Issuance Resolution.

Other Matters

In connection with the Transaction, the Board has agreed to use reasonable commercial efforts to cause each holder of options ("**Options**") to purchase Horizon Shares to enter into an Option cancellation agreement prior to completion of the Transaction pursuant to which such holder will exercise or surrender their Options for cancellation for nominal consideration. It is anticipated that following completion of the Transaction, the Corporation will grant new Options to certain executives, directors and employees with exercise prices no less than the closing price of the Horizon Shares on the TSX on the day prior to the grant, including certain individuals that will have entered into option cancellation agreements. The policies of the TSX require the Corporation to obtain Shareholder approval in order to permit grants of new Options to such holders within three months of their existing Options being cancelled.

In addition, the Corporation's ability to grant Options under its stock option plan requires Shareholder approval of unallocated Options every three years, which approval is set to expire on May 4, 2020. Accordingly, at the Meeting, Shareholders will also be asked to consider an ordinary resolution (the "**Option Resolution**") to approve (i) all unallocated Options that will be available following completion of the Transaction under the Corporation's stock option plan after giving effect to the Option cancellation agreements and issuance of Horizon Shares to Dexterra Parent; and (ii) the grant of new Options to holders that entered into Option cancellation agreements within three months of such cancellation.

The purpose of the approvals under the Option Resolution are to renew the equity compensation structure of Horizon North and allow the Corporation to grant Options following completion of the Transaction as a tool to attract and retain new and existing talented personnel.

The Option Resolution must be approved by a majority of the votes cast by Shareholders entitled to vote at the Meeting, excluding the votes of existing holders of Options who may benefit from a subsequent grant of Options shortly after closing. The approvals sought pursuant to the Option Resolution are conditional upon completion of the Transaction. However, approval of the Option Resolution is not a condition to closing of the Transaction.

If the Option Resolution is not approved by Shareholders or the Transaction does not otherwise proceed (in which case the Option Resolution will have no force and effect), previously granted Options will remain outstanding under their terms and not be affected. However, in such circumstances, all unallocated Options (including those that would otherwise be available upon cancellation or expiry) will be unavailable for allocation or re-allocation, as applicable. In such event, the Corporation intends to seek approval of the unallocated Options under its stock option plan at its

upcoming annual meeting of Shareholders and will not be permitted to grant new Options until such approval is obtained.

The enclosed Information Circular describes the Transaction, including the conditions to its completion and the anticipated benefits to various stakeholders, as well as the post-closing structure of Horizon North. In addition, it sets forth the actions to be taken by you at the Meeting in respect of the Share Issuance Resolution and the Option Resolution in more detail.

This year, having regard to the unprecedented public health impact of coronavirus disease 2019, also known as COVID-19, and to mitigate risks to the health and safety of our communities, Shareholders, employees and other stakeholders, the Corporation will hold its Meeting in a virtual only format via live audio webcast.

Voting

Your participation at the Meeting is important to us. We encourage all Shareholders to take the opportunity to read the accompanying Information Circular in full as it contains important information that will assist you in exercising your right to vote as a Shareholder. If the Share Issuance Resolution is not approved by Shareholders, the Corporation will not proceed with the Transaction.

Registered Shareholders as of the record date of April 22, 2020 can exercise their right to vote on the business at the Meeting by attending the Meeting via live audio webcast at <https://web.lumiagm.com/187053516>, in accordance with the enclosed instructions or by completing and submitting a proxy. **We strongly encourage all Shareholders to submit their votes well in advance of the Meeting.** Instructions on how to vote by proxy are included in the accompanying Information Circular. To ensure that your vote is recorded, please return the enclosed form of proxy in the envelope provided, properly completed and duly signed, to the Corporation's transfer agent and registrar, AST Trust Company (Canada), prior to 10:00 a.m. (Calgary time) on May 22, 2020 or, in the case of any adjournment or postponement of the Meeting, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment or postponement thereof.

Beneficial Shareholders, including those who hold Horizon Shares in the name of a bank, trust company, securities dealer or broker, or other intermediary, will receive a voting instruction form that can be used to provide voting instructions. The voting instruction form contains instructions on how to complete the form, where to return it to and the deadline for returning it, which may be earlier than the deadline for Shareholders whose Horizon Shares are registered in their name. It is important that you read and follow the instructions on the voting instruction form in order to have your vote count. If you are unsure about anything in such voting instructions, contact your bank, trust company, securities dealer or broker, or other intermediary through which you hold your Horizon Shares.

Recent Developments

The impact of the COVID-19 pandemic and the rapidly evolving reaction of governments and the public to the pandemic have created a certain amount of uncertainty in business planning. Despite the uncertain global environment, we remain, and Fairfax Financial Holdings Limited and the Dexterra Parties have advised us that they remain, fully supportive and committed to closing the Transaction. All parties and their advisors are working diligently to provide that all conditions to closing are satisfied, and that the Transaction will close in May 2020 following approval of Shareholders. Management of Horizon North and Dexterra believe that the combined company will be in a better position to navigate the current environment and realize on future growth potential.

On behalf of the Board, we would like to express our gratitude for the continued support our Shareholders have demonstrated over time and in respect of the Transaction.

Sincerely,

(signed) "*Rod Graham*"

(signed) "*Kevin D. Nabholz*"

Rod Graham

Kevin D. Nabholz

President and Chief Executive Officer

Chairman of the Board



HORIZON NORTH

HORIZON NORTH LOGISTICS INC.
900, 240 – 4TH AVENUE S.W. CALGARY, ALBERTA T2P 4H4

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT a special meeting ("**Meeting**") of holders ("**Shareholders**") of common shares ("**Horizon Shares**") of Horizon North Logistics Inc. (the "**Corporation**") will be held on the 26th day of May, 2020 at 10:00 a.m. (Calgary time) for the following purposes:

1. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution, the full text of which is set forth in Appendix B to the accompanying the management information circular (the "**Information Circular**"), approving the issuance of such number of Horizon Shares to 9477179 Canada Inc. ("**Dexterra Parent**") that represent 49% of the issued and outstanding Horizon Shares calculated on a fully diluted basis (including securities exchangeable or exercisable for Horizon Shares) pursuant to the share purchase agreement dated March 9, 2020 among the Corporation, 10647802 Canada Limited ("**Dexterra**") and Dexterra Parent (the "**Transaction**");
2. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution, the full text of which is set forth in Appendix C to the Information Circular, approving the unallocated options that will be available under the Corporation's stock option plan following, and conditional upon, completion of the Transaction, including options which may be considered to be re-granted following their cancellation immediately prior to completion of the Transaction; and
3. to transact such other business as may be properly brought before the Meeting or any adjournment or postponement thereof.

The details of all matters proposed to be put before Shareholders at the Meeting are set forth in the Information Circular and instrument of proxy accompanying this Notice of Meeting. At the Meeting, Shareholders will be asked to approve each of the foregoing items.

The Corporation currently intends to hold the Meeting on May 26, 2020, at 10:00 a.m. (Calgary time). The health and safety of the communities in which Horizon North operates, its Shareholders, employees and other stakeholders are a top priority of the Corporation. **In view of the current and rapidly evolving COVID-19 pandemic and to mitigate health and safety risks, the Meeting will be held in a virtual only format, which will be conducted via live audio webcast at <https://web.lumiagm.com/187053516>.** Details on how to access the Meeting can be found in the Information Circular.

As always, the Corporation encourages Shareholders to vote their Horizon Shares prior to the Meeting following the instructions set out in the instrument of proxy or voting instruction form received by such Shareholders.

Only Shareholders of record at the close of business on April 22, 2020 are entitled to notice of and to attend the Meeting or any adjournment or postponement thereof and to vote thereat. **A Shareholder may attend the Meeting or may be represented by proxy in the live audio webcast. Shareholders who are unable to attend the Meeting or any adjournment or postponement are requested to date, sign and return the accompanying instrument of proxy for use at the Meeting or any adjournment or postponement thereof. To be effective, the enclosed instrument of proxy must be mailed so as to reach or be deposited with the office of AST Trust Company (Canada), Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, prior to 10:00 a.m. (Calgary time) on May 22, 2020 or, in**

the case of any adjournment or postponement of the Meeting, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment or postponement thereof.

DATED at the City of Calgary, in the Province of Alberta, this 23rd day of April, 2020.

BY ORDER OF THE BOARD OF DIRECTORS,

(signed) "*Jan M. Campbell*"

Jan M. Campbell
Corporate Secretary

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HORIZON NORTH

HORIZON NORTH LOGISTICS INC.

MANAGEMENT INFORMATION CIRCULAR

FOR THE SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 26, 2020

INFORMATION CONTAINED IN THIS CIRCULAR

All capitalized terms used herein but not otherwise defined have the meanings set forth under "*Glossary*" attached as Appendix A to this Information Circular.

This Information Circular is delivered in connection with the solicitation of proxies by and on behalf of management of the Corporation for use at the Meeting and for the purposes set out in the foregoing Notice of Meeting and any adjournment or postponement thereof in connection with the proposed Transaction between the Corporation and the Dexterra Parties. At the Meeting, Shareholders will be asked to vote on the issuance by the Corporation to Dexterra Parent of the Share Consideration in exchange for the acquisition by the Corporation of all of the issued and outstanding Dexterra Shares.

No person is authorized to give any information or make any representation in connection with the Transaction not contained in this Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized or as being accurate. For greater certainty, to the extent that any information provided on the Corporation's and/or Dexterra's website is inconsistent with this Information Circular, you should rely on the information provided in this Information Circular.

All summaries of and references to the Transaction documents in this Information Circular, including the Purchase Agreement, the Investor Rights Agreement and the Support Agreements, are qualified in their entirety by the complete text of such agreements, which are available under the Corporation's profile on SEDAR at www.sedar.com. You are urged to read carefully the full text of the Purchase Agreement, the Investor Rights Agreement and the Support Agreements, including all schedules thereto.

The information in this Information Circular is given as at April 23, 2020 unless otherwise indicated.

All information relating to the Dexterra Parties has been provided to Horizon North by the Dexterra Parties. Horizon North has relied upon this information without having made any independent inquiries as to the accuracy or completeness thereof; however the Corporation has no reason to believe such information is misleading or inaccurate. Neither the Board nor the Corporation assumes any responsibility for the accuracy or completeness of such information or for any omission on the part of the Dexterra Parties to disclose facts or events which may affect the accuracy or completeness of any such information.

This Information Circular does not constitute an offer to sell or a solicitation of an offer to purchase any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or proxy solicitation. Neither delivery of this Information

Circular nor any distribution of the securities referred to in this Information Circular will, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Information Circular.

Shareholders should not construe the contents of this Information Circular as legal, tax or financial advice and should consult with their own legal, tax, financial or other professional advisors in considering the relevant legal, tax, financial or other matters contained in this Information Circular.

GENERAL

Words in this Information Circular importing the singular number, where the context requires, include the plural and vice versa and words importing any gender include all genders. In this Information Circular, unless otherwise noted, all dollar amounts are expressed in Canadian dollars.

FORWARD-LOOKING INFORMATION

This Information Circular contains certain forward-looking information and financial outlook within the meaning of Applicable Canadian Securities Laws (collectively, "forward-looking statements") relating to future events, including the future performance of the Corporation and Dexterra as a combined company, in addition to business prospects or opportunities. Actual results may differ materially from those expressed or implied by forward-looking statements. The forward-looking statements contained in this Information Circular are expressly qualified by this cautionary statement. Forward-looking statements speak only as of the date of this Information Circular, unless otherwise indicated, and the Corporation does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by Applicable Laws.

All statements other than statements of historical fact may be forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, forecasts, guidance, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expect", "anticipate", "continue", "will", "potential", "intend", "could" and similar expressions) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements include, but are not limited to, statements with respect to:

- the anticipated benefits and investment highlights of the Transaction and features of the combined company, including the ability of the combined company to create long-term value, better service customers and carry forward best practices from both companies, in addition to its growth potential, and expectations around operational synergies, cash flows, cost savings and capital requirements;
- the expected timing of the Meeting;
- the expected timing for completion of the proposed Transaction, including the ability of the Corporation and the Dexterra Parties to satisfy conditions to Closing of the Transaction;
- the Corporation's intent to not seek approval for the renewal of the Shareholder Rights Plan and the SRP Agreement at its upcoming 2020 annual meeting of Shareholders, if the Transaction is completed;
- Dexterra Parent's commitment to remain a long-term shareholder of the combined company;
- the expected composition of the Board and executive team of the combined company, including announcement date thereof; and the location of the combined company's head and corporate offices and its post-Closing auditors; and

- Horizon North's objectives with respect to dividend payments and financial performance after Closing, subject to, among other things, the impact of the coronavirus disease (COVID-19) pandemic.

The forward-looking statements are based on certain key expectations and assumptions made by the Corporation, including expectations and assumptions concerning: the benefits of the Transaction and combined company; the state of the economy and the support services industry generally; and the availability and cost of financing and labour.

Although the Corporation believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because neither the Corporation nor the Dexterra Parties can give assurances that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the risks that the parties will not receive the requisite Shareholder Approval to complete the Transaction; that the Closing conditions to the Transaction may not be satisfied and the Transaction may not close; the ability of the Corporation to integrate Dexterra's business into its business and operations and realize financial, operational and anticipated synergies and benefits; the resources required to integrate the Corporation and Dexterra in connection with the Transaction; the demand for the combined company's services; competition; the impact of COVID-19 global health pandemic and the associated risks on the Corporation's people, property, plans, operations, and results and the communities in which it operates; volatility in the price and demand for oil, natural gas and minerals; availability of qualified personnel; changes in regulation by governmental agencies, including environmental regulation; general economic conditions including the capital and credit markets; and the ability to access sufficient capital from internal and external sources. Readers are cautioned that the foregoing list of factors is not exhaustive. For a full discussion of the Corporation's material risk factors, see the Corporation's annual information form for the year ended December 31, 2019 and the risk factors in other documents filed from time to time with securities regulatory authorities, accessible through the SEDAR website (www.sedar.com). For a full discussion of Dexterra's material risk factors, see "*Risk Factors of Dexterra*" in Appendix F to this Information Circular.

Any financial outlook provided in this Information Circular has been included for the purpose of providing information relating to management's current expectations and plans for the future, is based on a number of significant assumptions and may not be appropriate, and should not be used, for any other purpose.

NON-GAAP MEASURES

References are made in this Information Circular to adjusted earnings before interest, taxes, depreciation and amortization ("**EBITDA**") that are not defined and do not have any standardized meaning prescribed by Canadian Generally Accepted Accounting Principles ("**GAAP**") and, therefore, may not be comparable with definitions of EBITDA that may be used by other public companies. Non-GAAP measures should not be considered in isolation or as a substitute for measures prepared in accordance with GAAP. Management believes that EBITDA is a useful supplemental measure that may assist Shareholders and investors in assessing the financial performance and position of the combined company. Management also uses non-GAAP measures internally in order to facilitate operating performance comparisons from period to period and assess Horizon North's and Dexterra's ability to meet its future capital expenditure and working capital requirements. Management believes this non-GAAP measure is an important supplemental measure of operating performance because it highlights trends in the core business that may not otherwise be apparent when relying solely on GAAP financial measures.

Management believes this measure allows for assessment of the Corporation's and Dexterra's operating performance and financial condition on a basis that is more consistent and comparable between reporting periods.

SUMMARY

The following is a summary of certain information contained elsewhere in this Information Circular provided for convenience only and is qualified in its entirety by reference to the more detailed information contained or referred to elsewhere in this Information Circular, including the Appendices hereto. The capitalized terms used in this document are defined in the Glossary attached as Appendix A to this Information Circular. Shareholders are urged to read this Information Circular and the Appendices carefully and in their entirety.

The Meeting and Record Date

The Meeting will be held on the 26th day of May, 2020 at 10:00 a.m. (Calgary time) in a virtual only format via live audio webcast at <https://web.lumiagm.com/187053516> for the purposes below and set forth in the accompanying Notice of Meeting. The Board has fixed April 22, 2020 as the Record Date for determining Shareholders entitled to receive notice of and vote at the Meeting. There shall be no change to the Record Date in the event of an adjournment or postponement of the Meeting.

For details on how to access the Meeting, see "*Virtual Only Meeting*" and "*Instructions On Voting at the Virtual Meeting*".

Purpose of the Meeting

The Meeting is a special meeting of Shareholders. At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, the Share Issuance Resolution approving the issuance of the Share Consideration to Dexterra Parent pursuant to the Transaction involving the Corporation and the Dexterra Parties. The full text of the Share Issuance Resolution is attached as Appendix B to this Information Circular. The Share Issuance Resolution must be approved by a majority of the votes cast by Shareholders entitled to vote at the Meeting.

In addition, at the Meeting, Shareholders will also be asked to consider and, if deemed advisable, to pass the Option Resolution, the full text of which is attached as Appendix C to this Information Circular, to approve the Unallocated Options that will be available under the Option Plan following, and conditional upon, completion of the Transaction, including Options which may be considered to be re-granted following the cancellation of Options immediately prior to completion of the Transaction. The Option Resolution must be approved by a majority of the votes cast by Shareholders entitled to vote at the Meeting, excluding the votes of existing Optionholders who may benefit from a subsequent grant of Options shortly after Closing.

The Transaction

The terms of the Transaction are the result of arm's-length negotiations between the Corporation and the Dexterra Parties and their respective advisors and, in the case of the Corporation, the supervision and input from the Special Committee.

On March 9, 2020, Horizon North and the Dexterra Parties entered into the Purchase Agreement pursuant to which Horizon North agreed, among other things, to acquire all of the issued and outstanding Dexterra Shares in exchange for issuing the Share Consideration to Dexterra Parent. Immediately following completion of the Transaction, the current Shareholders will hold 51% of the outstanding Horizon Shares and Dexterra Parent will hold 49% of the outstanding Horizon Shares, on a Fully Diluted Basis (subject to certain limitations such that Dexterra Parent will not hold more than 49.99% on a non-diluted basis).

This Information Circular contains a summary of the events leading up to the execution of the Purchase Agreement and the public announcement of the proposed Transaction. See "*Matters to be Acted Upon at the Meeting – The Transaction – Background to the Transaction*" for a detailed description of the background to the Transaction.

Following completion of the Transaction, the new Board of Horizon North will consist of four Horizon North directors and four Dexterra Parent nominees. Additionally, John MacCuish and Rod Graham, the current CEOs of Dexterra and Horizon North, respectively, will be Co-CEOs of Horizon North.

Completion of the Transaction is subject to a number of conditions which remain to be satisfied as of the date of this Information Circular including, among other things, the approval of the Share Issuance Resolution by Shareholders. As of the date hereof, the Parties are in receipt of the other Required Approvals, being the Competition Act Clearance, the TSX Conditional Approval and the Exemptive Relief. Subject to the satisfaction or waiver of all remaining conditions, the Parties expect the Closing Date to occur in May 2020.

Recommendation of the Board

The Board, based, in part, on the unanimous recommendation of the Special Committee, and after receiving financial and legal advice, unanimously determined that the issuance of the Share Consideration in exchange for the Dexterra Shares is fair to the Corporation, and that the Transaction and entry into the Purchase Agreement are in the best interests of the Corporation. The recommendation of the Board is based on various factors described more fully herein, including those also considered by the Special Committee as well as the Fairness Opinion which states that, as of March 9, 2020, the issuance of the Share Consideration to Dexterra Parent in exchange for the Dexterra Shares under the Purchase Agreement is fair, from a financial point of view, to the Corporation. **Accordingly, the Board is UNANIMOUSLY recommending that Shareholders vote FOR the Share Issuance Resolution. In connection with the Transaction, the Board also UNANIMOUSLY recommends that Shareholders vote FOR the Option Resolution.**

Reasons for the Board Recommendation

In unanimously determining that the Transaction and entry into the Purchase Agreement are in the best interests of the Corporation, that the issuance of the Share Consideration in exchange for the Dexterra Shares is fair to the Corporation and unanimously recommending to Shareholders that they approve the Share Issuance Resolution, the Board and the Special Committee considered and relied upon a number of principal factors, including factors related to: (a) discussions with management and the Corporation's respective financial and legal advisors regarding, among other things, the terms and conditions of the Transaction, as well as the potential benefits and risks associated with the Transaction and receipt of the Fairness Opinion; (b) that the Transaction may result in highly complementary stable facilities management and modular services businesses with excellent growth prospects for Horizon North through industry and geographic diversification; (c) the procedural safeguards and fairness in respect of the Transaction, including the Shareholder Approval and other Required Approvals, as well as the ability of the Board to respond to and accept a Superior Proposal; and (d) the certainty of Closing given, among other things, the Dexterra Parties' conditions to Closing. See "*Matters to be Acted Upon at the Meeting – The Transaction – Reasons for the Board Recommendation*" for a more detailed description of these and other principal factors.

Fairness Opinion

Scotiabank provided the Board with its Fairness Opinion that, as of March 9, 2020 and subject to the assumptions, limitations and qualifications contained therein, the issuance of the Share Consideration to Dexterra Parent in exchange for the Dexterra Shares under the Purchase Agreement is fair from a financial point of view to the Corporation.

The Fairness Opinion is described under the heading "*Matters to be Acted Upon at the Meeting – The Transaction – Fairness Opinion*". The complete text of the Fairness Opinion, which describes, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, is attached as Appendix D to this Information Circular, and should be read in its entirety.

Transaction Documents

The Transaction will be effected pursuant to the terms and conditions of the Purchase Agreement. The Purchase Agreement contains covenants, representations and warranties of and from each of the Dexterra Parties and Horizon North and various conditions precedent, both mutual and with respect to the Dexterra Parties and Horizon North. In addition, each of the directors and certain executive officers of the Corporation, together with the Corporation's largest Shareholder, Polar Asset Management, has entered into a Support Agreement with the Dexterra Parties. At Closing, the Corporation and Dexterra Parent will enter into the Investor Rights Agreement which will provide for certain governance matters and matters related to Dexterra Parent's ability to transfer its Horizon Shares.

This Information Circular contains summaries of certain provisions of the Purchase Agreement, as well as the Investor Rights Agreement to be entered into at Closing and the Support Agreements, which are qualified in their entirety by reference to the full text of such agreements, which are publicly available on Horizon North's SEDAR profile at www.sedar.com.

See "*Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents*" for further details.

Parties to the Transaction

Horizon North

Horizon North is a Calgary, Alberta based, publicly listed corporation (TSX: HNL.TO) providing a full range of industrial, commercial, and residential products and services under its two operating divisions: Industrial Services and Modular Solutions. The Industrial Services business includes workforce accommodations, camp management services, access solutions, maintenance and utilities. The Modular Solutions business integrates modern design concepts and technology with state of the art, off-site manufacturing processes; producing high quality building solutions for commercial, industrial and residential offerings including offices, hotels, and retail buildings, as well as distinctive single detached dwellings and multi-family residential structures.

The Dexterra Parties

Dexterra is a Canadian business that operates in the outsourced support services industry across Canada, specializing in facilities management and workforce accommodation and forestry. See "*Description of Business of Dexterra*" in Appendix F to this Information Circular. Dexterra Parent is a wholly-owned indirect subsidiary of Fairfax Financial Holdings Limited, a TSX-listed holding company (TSX: FFH and FFH.U), which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management.

See "*Information Concerning 10647802 Canada Limited*" attached as Appendix F to this Information Circular for further details.

Approvals

In addition to Shareholder Approval, Closing of the Transaction is subject to Competition Act Clearance, the TSX Conditional Approval and other customary closing conditions. The Parties received Competition Act Clearance on April 17, 2020 and TSX Conditional Approval on April 22, 2020. See "*Matters to be Acted Upon at the Meeting – The Transaction – Securities Law Matters*" and "*Matters to be Acted Upon at the Meeting – The Transaction – Other Regulatory Matters*".

Timing of Closing of the Transaction

Subject to all conditions precedent to the Transaction as set forth in the Purchase Agreement being satisfied or waived by the appropriate Party, if the Meeting is held on the date currently scheduled, the Share Issuance

Resolution is approved by the requisite majority of Shareholders and all other conditions specified in the Purchase Agreement are satisfied or waived, Horizon North expects the Closing Date will occur in May 2020.

Risk Factors

In the course of its deliberations, the Special Committee and the Board also identified and considered a variety of risks (as described in greater detail under the heading "*Risk Factors*") and potentially negative factors relating to the Transaction, including the following:

- The Corporation may fail to realize the anticipated benefits of the Transaction;
- The Horizon Shares to be issued, or that are issuable, pursuant to the Transaction will dilute current Shareholders;
- Dexterra Parent will be a control person of the Corporation (within the meaning of Applicable Canadian Securities Laws) and will be considered to have control (from an accounting perspective) of Horizon North upon completion of the Transaction;
- The Purchase Agreement may be terminated in certain circumstances;
- Horizon North is restricted from soliciting Acquisition Proposals from other potential purchasers; and
- The Dexterra Parties' right to match and the Termination Fee may discourage other potential purchasers from making a Superior Proposal.

Shareholders should consider these and other risk factors relating to the Transaction and the Corporation in evaluating whether to approve the Share Issuance Resolution.

QUESTIONS AND ANSWERS REGARDING THE TRANSACTION

The following are some, but not all, of the questions that you, as a Shareholder, may have regarding the Transaction and answers to those questions. These questions are provided for convenience only and should be read in conjunction with this Information Circular.

What am I voting on in respect of the Transaction?

In connection with the proposed Transaction, Shareholders are voting on the issuance by the Corporation to Dexterra Parent of the Share Consideration. In exchange for the Share Consideration, the Corporation will acquire all of the issued and outstanding Dexterra Shares.

The full text of the Share Issuance Resolution is set out in Appendix B to this Information Circular.

What level of Shareholder support is required to approve the Share Issuance Resolution?

In accordance with the policies of the TSX, the Share Issuance Resolution must be approved by a majority of the votes cast by Shareholders entitled to vote at the Meeting. Such approval of the Share Issuance Resolution is referred to in this Information Circular as the "**Shareholder Approval**".

Holders of approximately 21.39% of the outstanding Horizon Shares (which includes each of the directors and certain executive officers of Horizon North, together with its largest shareholder, Polar Asset Management), have entered into Support Agreements with Dexterra Parent, pursuant to which they have agreed, on the terms and conditions therein, to vote all of their Horizon Shares **FOR** the Share Issuance Resolution.

Why should I vote in favour of the Share Issuance Resolution?

Approval of the Share Issuance Resolution is a condition to completion of the Transaction and the Board is recommending that Shareholders vote **FOR** the Share Issuance Resolution.

The Transaction is expected to create a leading support services company in Canada with a diversified portfolio of value-added services, end-markets and geographies, with the scale, capability and access to talent which will allow it to create long-term value, better service customers and carry forward best practices from both companies.

In making its recommendation that Shareholders vote **FOR** the Share Issuance Resolution, the Board carefully considered a number of factors described in this Information Circular, including the recommendation by the Special Committee that the Board approve the Transaction and entry into of the Purchase Agreement. In making its recommendation to the Board, the Special Committee considered a number of factors, including but not limited to, the financial performance and prospects of the Corporation and its business, including management's forecasts and long-term expectations, along with corresponding information about Dexterra and its business. In addition, the Special Committee considered the support of the Corporation's largest shareholder Polar Asset Management and each of the directors and certain executive officers to vote in favour of the Transaction.

In addition, in making its determination, the Board relied on a Fairness Opinion of the Corporation's financial advisor, Scotiabank. On March 9, 2020, Scotiabank provided its Fairness Opinion to the Board, that subject to the assumptions, qualifications and limitations set out therein, the issuance of the Share Consideration to Dexterra Parent in exchange for the Dexterra Shares under the Purchase Agreement is, as of the date of the Fairness Opinion, fair from a financial point of view to the Corporation. The full text of the Fairness Opinion is attached as Appendix D to this Information Circular.

See "*Matters to be Acted Upon at the Meeting – The Transaction – Reasons for the Board Recommendation*" and "*Matters to be Acted Upon at the Meeting – The Transaction – Fairness Opinion*".

What happens if the Share Issuance Resolution is not approved by Shareholders?

In order for the Transaction to proceed, the Share Issuance Resolution must be approved by a majority of votes cast by Shareholders entitled to vote at the Meeting. Pursuant to the Purchase Agreement, so long as the Board does not change its recommendation that the Shareholders vote for the Share Issuance Resolution, there are no other consequences if the Transaction is not approved by Shareholders, except for certain expense reimbursement requirements and in certain circumstances where an Acquisition Proposal has been made prior to the Meeting. See "*Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Purchase Agreement*".

In addition, if the Transaction does not Close, the market price of the Horizon Shares may be impacted to the extent that the market price reflects a market assumption that the Transaction will Close. If the Transaction does not Close, and the Board decides to seek another transaction, there can be no assurance that it will be able to find an equivalent or more attractive alternative.

What does the Board think of the Transaction?

The Board, upon the recommendation of the Special Committee and after consultation with its legal and financial advisors, has unanimously determined that the Transaction is fair and in the best interests of the Corporation. **The Board is UNANIMOUSLY recommending that Shareholders vote FOR the Share Issuance Resolution.** See "*Matters to be Acted Upon at the Meeting – The Transaction – Reasons for the Board Recommendation*".

When does the Corporation expect the Transaction will Close?

If approved by the Shareholders at the Meeting and provided the other Closing conditions of the Transaction are satisfied, it is anticipated that the Transaction will close in May 2020.

What approvals are required for the Transaction?

In addition to Shareholder Approval, Closing of the Transaction is subject to Competition Act Clearance, TSX Conditional Approval and other customary closing conditions. The Parties received Competition Act Clearance on April 17, 2020 and the TSX Conditional Approval on April 22, 2020. See "*Matters to be Acted Upon at the Meeting – The Transaction – Securities Law Matters*" and "*Matters to be Acted Upon at the Meeting – The Transaction – Other Regulatory Matters*".

What will the impact of the Transaction be on existing Shareholders?

Following Closing of the Transaction, Shareholders will have an opportunity to continue to participate in the growth and upside potential of the combined company. However, Closing of the Transaction will create a new control person of the Corporation (within the meaning of Applicable Canadian Securities Laws) as Dexterra Parent will be issued at least 49% (but not more than 49.99%) of the issued and outstanding Horizon Shares immediately following Closing of the Transaction. Dexterra Parent will also be considered to have control (from an accounting perspective) of Horizon North and, as a result of the foregoing, be in a position to influence matters affecting or requiring Shareholder approval.

In addition, at Closing, the Corporation and Dexterra Parent will enter into the Investor Rights Agreement, pursuant to which Dexterra Parent will agree not to sell its Horizon Shares for 24 months. Under the terms of the Investor Rights Agreement, Dexterra Parent will have certain rights including the right to require the Corporation to take certain actions to facilitate dispositions of its Horizon Shares after such 24 month period, to nominate directors and to participate in future issuances of Horizon Shares.

What is going to happen to the Board?

Pursuant to the Purchase Agreement and the Investor Rights Agreement, upon Closing of the Transaction, the Parties have agreed that four current directors of the Corporation will resign from the Board and four Dexterra Parent nominees will be appointed to the Board to fill those vacancies.

Upon Closing of the Transaction, the size and composition of the Board will be eight directors composed of four current directors of the Corporation (being Kevin Nabholz, Russell Newmark, Mary Garden and Rod Graham) and four Dexterra Parent nominees (being R. William McFarland, David Johnston, Simon Landy and John MacCuish). 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.

In addition, R. William McFarland, Chairman of Dexterra, will become Chairman of the Board and both John MacCuish, CEO of Dexterra, and Rod Graham, President and CEO of Horizon North, will be appointed Co-CEOs of Horizon North, and will sit on the Board. See *"Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Investor Rights Agreement"*, *"Information Concerning Post-Closing Horizon North – Pro Forma Information of Horizon North After Giving Effect to the Transaction – Directors and Officers"* and *"Risk Factors"*.

What will happen to the Options as a result of the Transaction?

Under the terms of the Purchase Agreement, the Board has agreed to use reasonable commercial efforts to cause each existing Optionholder to enter into an Option Cancellation Agreement prior to Closing of the Transaction pursuant to which such Optionholder will exercise or surrender their Options for cancellation for nominal consideration. It is anticipated that, following Closing of the Transaction, Horizon North will grant new Options to certain directors, executives and employees with exercise prices no less than the closing price of the Horizon Shares on the TSX on the day prior to the grant, including certain individuals whose Options were cancelled immediately prior to the Transaction pursuant to an Option Cancellation Agreement.

The policies of the TSX require approval by disinterested Shareholders for such re-granting of Options within three months of existing Options being cancelled (meaning the votes of anyone who may benefit from the "re-grant" should be excluded). In addition, in order to grant any new Options following completion of the Transaction, whether to Optionholders whose Options were cancelled immediately prior to completion of the Transaction or otherwise, the Corporation must obtain Shareholder approval for the Unallocated Options, as such previous approval expires May 4, 2020.

Accordingly, at the Meeting, the Corporation will be seeking disinterested Shareholder approval: (a) for the re-granting of Options to certain directors, executive officers and employees within three months of such holder's existing Options being cancelled, and (b) of the number of Unallocated Options that would be available upon completion of the Transaction under its 10% rolling Option Plan, which would be (i) a maximum of 32,434,687 Options assuming all outstanding Options are surrendered for cancellation under the Option Cancellation Agreements prior to completion of the Transaction; and (ii) a minimum of 25,717,887 Options in the event that no Options are surrendered for cancellation under the Option Cancellation Agreements prior to Closing of the Transaction.

The full text of the Option Resolution in respect of the approval of Unallocated Options and re-granting of Options described above is set out in Appendix C to this Information Circular.

The re-grant of Options and increase in Unallocated Options is conditional upon completion of the Transaction. Accordingly, if the Transaction is not completed, the Option Resolution will be revoked and subsequent approval of

the Unallocated Options under the Option Plan will be deferred until the Corporation's upcoming 2020 annual meeting of Shareholders.

See "*Matters to be Acted Upon at the Meeting – The Transaction – Option Resolution*".

What level of Shareholder support is required to approve the Option Resolution?

In accordance with the policies of the TSX, the Option Resolution must be approved by a majority of the votes cast by Shareholders entitled to vote at the Meeting, excluding the votes of existing Optionholders who may benefit from a subsequent grant of Options shortly after Closing.

What if I have other questions about the Transaction?

If you have other questions regarding the Transaction, you may contact Rod Graham, President and CEO or Scott Matson, Senior Vice President and CFO at 403-517-4654.

What if I have other questions about voting?

If you have questions or need assistance with the completion and delivery of your proxy, you may contact AST Trust Company (Canada) at 1-800-387-0825 (toll free).

VIRTUAL ONLY MEETING

The health and safety of Shareholders and other stakeholders is a top priority of Horizon North, therefore, the Meeting will be held in a virtual only format via live audio webcast. Instructions on voting at the Meeting can be found below under the heading "*Instructions on Voting at the Virtual Meeting*". Shareholders will have an equal opportunity to participate at the Meeting online regardless of their geographic location.

Registered holders of Horizon Shares ("**Registered Shareholders**") and duly appointed proxyholders (including non-registered Shareholders ("**Beneficial Shareholders**") who have duly appointed themselves as proxyholders) will be able to attend, submit questions and vote at the Meeting online at <https://web.lumiagm.com/187053516>. Registered Shareholders and duly appointed proxyholders (including Beneficial Shareholders who have duly appointed themselves as proxyholders) may enter the Meeting by clicking "I have a control number" and entering a valid control number and the password "horizon2020" (case sensitive) before the start of the Meeting. Guests, including Beneficial Shareholders, who have not duly appointed themselves as a proxyholder, can log in to the Meeting by clicking "I am a guest" and completing the online form. Guests will be able to listen to the Meeting, but will not be able to ask questions or vote at the Meeting. See "*Instructions on Voting at the Virtual Meeting*" for additional information on voting at the Meeting and "*Instructions on Voting at the Virtual Meeting – Appointing a Proxy*" for additional information on appointing yourself or a third party as a proxyholder and registering with AST Trust Company (Canada).

If you attend the Meeting online, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. You should ensure you have a strong, preferably high-speed, internet connection wherever you intend to participate in the Meeting. The Meeting will begin promptly at 10:00 a.m. (Calgary time) on May 26, 2020, unless otherwise adjourned or postponed. Online check-in will begin one hour prior to the Meeting, at 9:00 a.m. (Calgary time). It is recommended that you log in online at least 15 minutes before the Meeting starts to allow ample time for online check-in procedures.

INSTRUCTIONS ON VOTING AT THE VIRTUAL MEETING

How to vote depends on whether you are a Registered Shareholder or Beneficial Shareholder. You are a Registered Shareholder if the Horizon Shares you own are registered directly in your name. You are a Beneficial Shareholder if the Horizon Shares you own are registered for you in the name of an intermediary such as a bank, trust company, securities broker or other nominee (each, an "**Intermediary**").

Registered Shareholders

Registered Shareholders may vote their Horizon Shares in the following ways: (1) in advance of the Meeting by submitting the Instrument of Proxy provided herewith by mail, internet, telephone or fax, as outlined below under "*Voting in Advance of the Meeting*", or (2) during the Meeting by online ballot through the live audio webcast platform.

Registered Shareholders who wish to be represented at the Meeting by proxy must complete and deliver the Instrument of Proxy or other proper form of proxy to AST Trust Company (Canada) in the manner set out in the Instrument of Proxy. Shareholders are entitled to vote on all matters as described in the Instrument of Proxy. Rod Graham and Scott Matson (the management designees named in the accompanying Instrument of Proxy) are officers and/or directors of Horizon North. **A Shareholder has the right to appoint a person (who need not be a Shareholder), other than Rod Graham and Scott Matson, to represent such Shareholder at the Meeting.** To exercise this right, a Shareholder should insert the name of the person being appointed as proxyholder in the blank space provided on the Instrument of Proxy. Such Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instructions on how the Shareholder's Horizon Shares are to be voted. An Instrument of Proxy will not be valid unless it is deposited at the offices of AST Trust Company (Canada), Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, by 10:00 a.m. on May 22, 2020 or, if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the

time and date of the adjourned or postponed Meeting. Registered Shareholders may also submit their Instrument of Proxy by internet, telephone or fax, as described below under "*Voting in Advance of the Meeting*". Registered Shareholders who wish to appoint a proxy different than the management designees **MUST** submit an Instrument of Proxy appointing a proxyholder **AND** register that proxyholder by contacting AST Trust Company (Canada) at 1-866-751-6315 (in North America) by 10:00 a.m. (Calgary time) by May 22, 2020 or, if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time and date of the adjourned or postponed Meeting. Registering your proxyholder is an additional step to be completed AFTER you have submitted your Instrument of Proxy. Failure to register the proxyholder will result in the proxyholder not receiving a control number that will act as their online sign-in credentials and that is required for them to vote at the Meeting. In light of the current and rapidly evolving COVID-19 pandemic, Registered Shareholders are encouraged to submit their Instrument of Proxy as soon as practicable. See "*Instructions on Voting at the Virtual Meeting – Appointing a Proxy*" below.

Registered Shareholders who want to attend the Meeting and vote online during such Meeting should not complete the Instrument of Proxy and should instead follow the instructions below:

Step 1: Log in online at <https://web.lumiagm.com/187053516> at least 15 minutes before the Meeting starts.

Step 2: Click "I have a control number" and then enter your control number and password "horizon2020" (case sensitive) and complete an online ballot during the Meeting. The control number located on the Instrument of Proxy or in the email notification you received from AST Trust Company (Canada) is your control number.

If you use your control number to log in to the Meeting, any vote you cast at the Meeting will revoke any proxy you previously submitted. If you do not wish to revoke a previously submitted proxy, you should not vote during the Meeting.

Beneficial Shareholders

Beneficial Shareholders are Shareholders whose Horizon Shares are not held in their own name but in the name of a "nominee" such as a bank, trust company, securities dealer or broker, or other intermediary. As such, the Intermediary will be the entity legally entitled to vote the Horizon Shares held by such Beneficial Shareholders and must seek such Beneficial Holders' instructions as to how to vote such Beneficial Holders' Horizon Shares.

A Beneficial Shareholder may vote their Horizon Shares in two ways: (1) in advance of the Meeting by submitting the voting instruction form to the Intermediary, or (2) during the Meeting by online ballot through the live audio webcast platform, BUT only if such Beneficial Shareholder has been duly appointed as proxyholder AND has registered as proxyholder with AST Trust Company (Canada).

Beneficial Shareholders, except those that have previously informed their Intermediary that they do not wish to receive material relating to shareholders' meetings will have received the Information Circular from such Intermediary, together with a voting instruction form. The voting instruction form contains instructions on how to complete the form, where to return it to and the deadline for returning it, which may be earlier than the deadline for Shareholders whose Horizon Shares are registered in their name. It is important that you read and follow the instructions on the voting instruction form in order to have your vote count. If you are unsure about anything in such voting instructions, contact your bank, trust company, securities dealer or broker, or other intermediary through which you hold your Horizon Shares.

Beneficial Shareholders who wish to vote at the Meeting through the live audio webcast platform, must insert their own name in the space provided on the voting instruction form received from the Intermediary. In so doing, such Beneficial Shareholder will be instructing its Intermediary to appoint such Beneficial Shareholder as proxyholder. Beneficial Shareholders must adhere strictly to the signature and return instructions provided by the Intermediary.

It is not necessary to complete the form in any other respect, since such Beneficial Shareholder will be voting at the Meeting by online ballot through the live audio webcast platform. Beneficial Shareholders who wish to vote at the Meeting must register as proxyholder by contacting AST Trust Company (Canada) at 1-866-751-6315 (in North America). AST Trust Company (Canada) will then provide the Beneficial Shareholder with a control number by email after the proxy voting deadline has passed. The control number is the Beneficial Shareholder's username for the purposes of logging into the Meeting.

Beneficial Shareholders who do not plan to attend the Meeting can either mark their voting instructions on the voting instruction form or appoint another person (a proxyholder) to attend the Meeting and vote their Horizon Shares for them. Beneficial Shareholders who appoint a proxyholder other than Rod Graham and Scott Matson (the management designees on the voting instruction form) must submit their voting instruction form appointing that proxyholder AND register that proxyholder by contacting AST Trust Company (Canada) at 1-866-751-6315 (in North America). AST Trust Company (Canada) will then provide the proxyholder with a control number by email after the proxy voting deadline has passed. The control number is the proxyholder's username for the purposes of logging into the Meeting. See "*Instructions on Voting at the Virtual Meeting – Appointing a Proxy*" below for additional information on appointing and registering a proxyholder with AST Trust Company (Canada).

Only Registered Shareholders, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. **If you are a Beneficial Shareholder and wish to vote at the Meeting, you must insert your own name in the space provided on the voting instruction form sent to you by your Intermediary, follow all of the applicable instructions provided by your Intermediary AND register yourself as your proxyholder by contacting AST Trust Company (Canada) at 1-866-751-6315 (in North America), as further described below under "*Instructions on Voting at the Virtual Meeting – Appointing a Proxy*".** By doing so, you are instructing your Intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your Intermediary. AST Trust Company (Canada) will then provide a control number that will act as your online sign-in credentials by email after the proxy voting deadline has passed and you have been duly appointed.

Beneficial Shareholders who have duly appointed themselves as a proxyholder that attend the Meeting online will be able to vote by completing a ballot online during the Meeting through the live audio webcast platform as follows:

Step 1: Log in online at <https://web.lumiagm.com/187053516> at least 15 minutes before the Meeting starts.

Step 2: Click "I have a control number" and then enter your control number and password "horizon2020" (case sensitive). Proxyholders (including Beneficial Shareholders who have appointed themselves as proxyholder) who have been duly appointed and registered with AST Trust Company (Canada) will receive a control number by email from AST Trust Company (Canada) after the proxy voting deadline has passed.

Failing to register your proxyholder with AST Trust Company (Canada) will result in the proxyholder not receiving a control number, which is required to vote at the Meeting. Beneficial Shareholders who have not duly appointed themselves as proxyholder will not be able to vote at the Meeting but will be able to participate as a guest.

Beneficial Shareholders who have provided voting instructions to their Intermediary and change their mind about how they want to vote, or who decide to attend the Meeting and vote online, must contact their Intermediary to find out what to do.

Appointing a Proxy

Shareholders who wish to appoint a person other than Rod Graham and Scott Matson, the management designees identified in the Instrument of Proxy or voting instruction form (including a Beneficial Shareholder who wishes to appoint themselves as proxyholder), to represent them at the Meeting **MUST** submit their Instrument of Proxy or voting instruction form (as applicable), appointing such proxyholder **AND** register that proxyholder online, as described below. Registering your proxyholder is an additional step to be completed **AFTER** you have submitted your

Instrument of Proxy or voting instruction form. Failure to register the proxyholder with AST Trust Company (Canada) will result in the proxyholder not receiving a control number to participate in the Meeting and only being able to attend as a guest. Guests will be able to listen to the Meeting but will not be able to vote.

Step 1: Submit your Instrument of Proxy or voting instruction form: To appoint a proxyholder, insert such person's name in the blank space provided in the Instrument of Proxy or voting instruction form and follow the instructions for submitting such Instrument of Proxy or voting instruction form. This must be completed prior to registering such proxyholder.

Step 2: Register your proxyholder: To register a proxyholder, Shareholders must contact AST Trust Company (Canada) at 1-866-751-6315 (in North America) by 10:00 a.m. (Calgary time) on May 22, 2020, or, if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time and date of the adjourned or postponed Meeting, and provide AST Trust Company (Canada) with the required proxyholder contact information so that AST Trust Company (Canada) may provide the proxyholder with a control number via email. Without a control number, proxyholders will not be able to vote or ask questions at the Meeting but will be able to participate as a guest.

Validly appointed proxyholders will be able to vote by completing a ballot online during the Meeting through the live audio webcast platform as follows:

Step 1: Log in online at <https://web.lumiagm.com/187053516> at least 15 minutes before the Meeting starts.

Step 2: Click "I have a control number" and then enter your control number and password "horizon2020" (case sensitive). Proxyholders who have been duly appointed and registered with AST Trust Company (Canada) will receive a control number by email from AST Trust Company (Canada) after the proxy voting deadline has passed.

PROXY SOLICITATION

This Information Circular is furnished in connection with the solicitation of proxies by the management of Horizon North for use at the Meeting of Shareholders to be held on the 26th day of May, 2020 at 10:00 a.m. (Calgary time) in a virtual only format via live audio webcast, and at any adjournment(s) or postponement(s) thereof, for the purposes set forth in the accompanying Notice of Meeting.

Accompanying this Information Circular (and filed with applicable securities regulatory authorities) is the Instrument of Proxy for use at the Meeting, by Registered Shareholders. Beneficial Shareholders will use the accompanying voting instruction form.

The Corporation encourages Shareholders to vote their Horizon Shares prior to the Meeting and in advance of proxy deadlines following the instructions set out in the Instrument of Proxy or voting instruction form received by such Shareholders. Shareholders may also vote in advance of the Meeting by internet, telephone or fax, as outlined below under "*Voting in Advance of the Meeting*".

Proxies will be solicited by mail and may also be solicited personally or by telephone or facsimile by the directors or officers of Horizon North, who will not be specifically remunerated therefor. The cost of solicitation by management of Horizon North will be borne by Horizon North. Horizon North may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of voting securities of Horizon North (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of this Information Circular, the Notice of Meeting and Instrument of Proxy to the beneficial owners of such securities. Horizon North will provide, without cost to such persons, upon request to Horizon North, additional copies of the foregoing documents required for this purpose.

The Corporation will be delivering proxy-related materials through Intermediaries to both non-objecting Beneficial Shareholders and objecting Beneficial Shareholders, and the Corporation intends to pay Intermediaries for the delivery of such material.

REVOCATION OF PROXIES

A Registered Shareholder who has submitted an Instrument of Proxy may revoke it by an instrument in writing signed by the Shareholder or by an authorized attorney or, if the Shareholder is a corporation, by a duly authorized officer, and deposited at the offices of AST Trust Company (Canada), Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, at any time up to and including the last Business Day preceding the day of the Meeting or any adjournment or postponement thereof. Registered Shareholders who log in to the Meeting using their control number will revoke any and all previously submitted proxies and will be provided the opportunity to vote online by ballot.

Only registered Shareholders have the right to revoke an Instrument of Proxy at the Meeting. Beneficial Shareholders who wish to change their vote must, in sufficient time in advance of the Meeting, contact their respective Intermediaries to find out what to do to change their vote.

EXERCISE OF DISCRETION BY PROXYHOLDERS

The persons named in the enclosed Instrument of Proxy will vote the Horizon Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them by completing a ballot online through the live audio webcast platform. In the absence of such direction, such Horizon Shares will be voted **FOR** the approval of the Share Issuance Resolution and **FOR** the approval of the Option Resolution. The enclosed Instrument of Proxy confers discretionary authority upon the persons named therein with respect to any amendments or variations in the matters outlined in the accompanying Notice of Meeting or any other business which may properly come before the Meeting. The management of the Corporation knows of no such amendments, variations or other business to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters which are not known to management of Horizon North should properly come before the Meeting, the Instrument of Proxy given pursuant to the solicitation by management of Horizon North will be voted on such matters in accordance with the best judgment of the persons voting the Instrument of Proxy.

SIGNING OF THE INSTRUMENT OF PROXY

The Instrument of Proxy must be signed by the Registered Shareholder or his or her duly appointed attorney authorized in writing or, if the Registered Shareholder is a corporation, by a duly authorized officer. An Instrument of Proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate Shareholder) should indicate that person's capacity (following his signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Horizon North).

VOTING IN ADVANCE OF THE MEETING

Voting by Mail

Shareholders may send their Instrument of Proxy by mail to the offices of AST Trust Company (Canada), Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, so that it is received or deposited by 10:00 a.m. on May 22, 2020 or, if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time and date of the adjourned or postponed Meeting.

Voting by Internet

Shareholders may use the internet site at www.astvotemyproxy.com to transmit their voting instructions. Shareholders should have the Instrument of Proxy in hand when they access the website. Shareholders will be

prompted to enter their control number, which is located on the Instrument of Proxy. If Shareholders wish to vote by internet, your vote must be received prior to 10:00 a.m. (Calgary time) on May 22, 2020 or, in the case of any adjournment or postponement of the Meeting, not later than 48 hours (excluding Saturdays, Sundays or statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment or postponement thereof. **The website may be used to appoint a proxyholder to attend and vote on a Shareholder's behalf at the Meeting and to convey a Shareholder's voting instructions. Please note that if a Shareholder appoints a proxyholder and submits their voting instructions and subsequently wishes to change their appointment, a Shareholder may resubmit their Instrument of Proxy and/or voting direction, prior to the deadline noted above. When resubmitting an Instrument of Proxy, the most recently submitted Instrument of Proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last Instrument of Proxy is submitted by the deadline noted above.**

Voting by Telephone

In order to vote by telephone, use any touch-tone telephone to transmit your voting instructions not less than 48 hours (excluding Saturdays, Sundays or statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment or postponement thereof. Telephone toll-free 1-888-489-5760 and follow the instructions the "Vote Voice" provides you. Have the Instrument of Proxy in hand when you call. You will be prompted to enter your control number, which is located on the Instrument of Proxy. The control number is your personal security code and will be used to authenticate your voting instructions. **If you vote by telephone, you cannot appoint anyone other than the persons named on the Instrument of Proxy as your proxy holder.**

Voting by Facsimile

In order to vote by fax, complete, sign and date your Instrument of Proxy and send it by fax to AST Trust Company (Canada) at 1-866-781-3111 (toll-free within Canada and the U.S.). AST Trust Company (Canada) must receive your Instrument of Proxy not less than 48 hours (excluding Saturdays, Sundays or statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment or postponement thereof.

VOTING SHARES AND PRINCIPAL HOLDERS OF SHARES

Voting of Horizon Shares – General

As at April 22, 2020 (the Record Date), the Corporation had 165,416,904 Horizon Shares issued and outstanding, each of which carries the right to one vote at meetings of Shareholders. Only Registered Shareholders as of the close of business on the Record Date are entitled to receive notice of and to vote at the Meeting, except to the extent that: (a) the Shareholder has transferred the ownership of any of its Horizon Shares after the Record Date; and (b) the transferee of those Horizon Shares produces properly endorsed share certificates, or otherwise establishes that the transferee owns the Horizon Shares, and demands not later than ten (10) days before the day of the Meeting that the transferee's name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote its Horizon Shares at the Meeting.

A quorum of Shareholders is present at a meeting of Shareholders if at least two (2) persons are present together (including through participation in an audio webcast) holding or representing not less than 5% of the Horizon Shares entitled to be voted at the Meeting.

Principal Shareholders

As of the date of this Information Circular, the directors and officers of Horizon North are not aware of anyone who beneficially owns, directly or indirectly, or exercises control or direction over, securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of Horizon North entitled to be voted at the Meeting other than Polar Asset Management, as set forth in the table below. In connection with the Transaction, Polar Asset Management has entered into a Support Agreement with the Dexterra Parties pursuant to which it has

agreed to vote in favour of the Share Issuance Resolution. Following completion of the Transaction, Polar Asset Management's ownership of, and control or direction over Horizon Shares, will be reduced to below 10%.

Name of Shareholder and Municipality of Residence	Horizon Shares Owned, Controlled or Directed ⁽¹⁾	Percentage of Horizon Shares
Polar Asset Management Partners Inc. Toronto, Ontario	31,573,904	19.09%

Notes:

- (1) As of April 17, 2020, Polar Asset Management has confirmed, on behalf of client accounts over which it has discretionary trading authority, it holds or exercises control or direction over 31,573,904 Horizon Shares.

As of the date of this Information Circular, the directors and officers of Horizon North are not aware of anyone who will as a result of the Transaction, beneficially own, directly or indirectly, or exercise control or direction over securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of Horizon North entitled to be voted at the Meeting other than Dexterra Parent, who will become a control person of the Corporation (within the meaning of Applicable Canadian Securities Laws) following the Transaction as more particularly detailed in the table below. See "*Voting Shares and Principal Holders of Shares – Control of the Corporation*".

Name of Shareholder and Municipality of Residence	Horizon Shares Owned, Controlled or Directed	Percentage of Horizon Shares
9477179 Canada Inc. (Dexterra Parent) Toronto, Ontario	158,929,967 ⁽¹⁾	49% ⁽²⁾

Notes:

- (1) Pursuant to the Transaction, Horizon North will issue a minimum of 158,929,967 Horizon Shares and up to a maximum of 166,000,261 Horizon Shares to Dexterra Parent, subject to the number of Options outstanding immediately prior to Closing.
- (2) Assumes all Options are cancelled immediately prior to the Closing of the Transaction.

Control of the Corporation

As a result of the proposed Transaction, Dexterra Parent will become a new control person of the Corporation within the meaning of Applicable Canadian Securities Laws. However, at the date of this Information Circular, neither Dexterra Parent nor any of its controlled affiliates hold any Horizon Shares.

Pursuant to the Transaction, Dexterra Parent is entitled to be issued such number of Horizon Shares required to represent 49% of the Horizon Shares immediately after the Closing Time, calculated on a Fully Diluted Basis (referred to as the Share Consideration). However, if the number of Horizon Shares to be issued to Dexterra Parent at the Closing Time exceeds 49.99% of the total number of outstanding Horizon Shares on a *non-diluted basis* (which may occur if Options remain outstanding at Closing Time), then the number of Horizon Shares that will be issued to Dexterra Parent at the Closing Time will be capped at 49.99% of the issued and outstanding Horizon Shares immediately following Closing Time. Accordingly, a small portion of the Horizon Shares that Dexterra Parent is entitled to receive at the Closing Time may be held back and only subsequently issued when their issuance would not result in Dexterra Parent owning more than 49.99% of the issued and outstanding Horizon Shares, on a non-diluted basis, at such time, and only until Dexterra Parent has received the full Share Consideration.

Under the Transaction, Dexterra Parent will be entitled to a number of Horizon Shares within a range of (i) a minimum of 158,929,967 Horizon Shares, assuming all Options are cancelled immediately prior to the Closing of the Transaction (representing 49.00% of the issued and outstanding Horizon Shares post-Transaction, on a fully and non-diluted basis), and (ii) a maximum of 166,000,261 Horizon Shares, assuming all Options remain outstanding or are exercised immediately prior to Closing of the Transaction. The maximum number of Horizon Shares issuable to Dexterra Parent under the Transaction represents 100% of the currently issued and outstanding pre-Transaction

Horizon Shares, on a non-diluted basis. However, pursuant to the terms of the Purchase Agreement, the actual number of Horizon Shares to be issued to Dexterra Parent shall at no time exceed 49.99% of the outstanding Horizon Shares following such issuance.

MATTERS TO BE ACTED UPON AT THE MEETING

The Transaction

Background to the Transaction

The terms of the Transaction are the result of arm's-length negotiations between the Corporation and the Dexterra Parties and their respective advisors and, in the case of the Corporation, the supervision and input from the Special Committee. The following is a summary of the events leading up to the negotiation of the Purchase Agreement and the key meetings, negotiations, discussions and actions by and between the Parties that preceded the execution of the Purchase Agreement and public announcement of the Transaction.

On October 19, 2018 a representative of Scotiabank facilitated an introductory meeting between Paul Rivett, a former officer of Hamblin Watsa Investment Counsel Ltd. ("**Hamblin Watsa**"), the investment manager of Fairfax and its affiliates, and Rod Graham, President and CEO of Horizon North. The discussions were preliminary in nature and included the evaluation of a potential asset sale, share sale or other business combination involving the Corporation and Dexterra. On April 24, 2019, a follow up meeting between Mr. Rivett and Mr. Graham was held to further discuss the possibility of a transaction. The discussions remained high level and specific details about the structure or consideration for a proposed transaction were not discussed.

Horizon North regularly reviews its overall corporate strategy and, from time to time, considers various strategic opportunities that may facilitate the achievement of its business plan or otherwise be in the best interests of the Corporation. However, at the time of the initial meeting on October 19, 2018, and the follow-up meeting on April 24, 2019, Horizon North was focused on the execution of its then existing business plan and was not pursuing any strategic options. In light of such considerations, Horizon North determined not to pursue a proposed transaction with Dexterra at that time.

On August 30, 2019, Mr. Graham, Mr. Rivett and R. William McFarland, Chairman of the board of directors of Dexterra (the "**Dexterra Board**"), held a meeting to follow up on the preliminary discussions with Mr. Rivett held earlier in the year about the prospect of a potential business combination involving Horizon North and Dexterra. The Corporation considered various factors, including its current business and financial position and potential synergies with Dexterra's business, including the opportunity to further diversify the Corporation's service offerings, and, as a result of these discussions the Board instructed Mr. Graham to engage in further discussions with the Dexterra Parties regarding a potential transaction.

Based on this discussion, on September 10, 2019, the Corporation and Hamblin Watsa entered into the Confidentiality Agreement providing for the disclosure of certain information between the Parties to facilitate the assessment of a potential transaction.

On September 11, 2019, Mr. Graham, Scott Matson, Senior Vice President and CFO of Horizon North, Mr. McFarland and John MacCuish, CEO of Dexterra, met to discuss the operating philosophies of Horizon North and Dexterra to better understand the rationale for a proposed transaction.

Concurrently, the Board determined it was appropriate to seek financial advice in respect of a proposed transaction with the Dexterra Parties. On September 17, 2019, the Corporation retained Scotiabank as its financial advisor to assist in evaluating a potential transaction and prepare an analysis of Horizon North's status quo business plan.

On September 24, 2019, Kevin Nabholz, Chairman of the Board, and Mr. McFarland had an introductory meeting to discuss reciprocal interests in a potential transaction; they agreed there was a strong strategic fit for both Parties and that further discussions between the two companies should continue.

During the remainder of September and into October 2019, representatives from Horizon North and Scotiabank met to discuss the Corporation's current business prospects, financial outlook and growth prospects and the merits of a proposed transaction with Dexterra.

On October 22, 2019, Mr. Graham and Prem Watsa, Chairman of Fairfax, had a further discussion about the strategic merits for a potential business combination between Horizon North and Dexterra.

On October 30, 2019, the Board met and Mr. Graham provided an update on his discussion with Mr. Watsa. At the meeting, Scotiabank also presented its preliminary analysis regarding a potential combination of Horizon North and Dexterra. The Board concluded that more detailed information was required to determine whether a potential combination between the parties was practicable from a strategic and financial perspective.

On November 3, 2019, Mr. Graham and Mr. Rivett had a call to further discuss the merits of combining the two companies.

On November 16, 2019, Mr. Graham contacted each of Mr. McFarland, Mr. Rivett and Mr. Watsa to further discuss the rationale for proceeding with a transaction.

On November 26, 2019, the Board held a meeting at which Scotiabank presented an analysis of Horizon North's then-existing business plan and provided an updated analysis on a potential transaction with Dexterra. The Board discussed and agreed that such a transaction was strategically compelling. The Board decided to pursue further discussions with the Dexterra Parties to explore the financial terms of a potential transaction.

On November 27, 2019, Mr. Nabholz, on behalf of Horizon North, sent a written non-binding proposal to Dexterra relating to a potential business combination between Horizon North and Dexterra, pursuant to which Horizon North would offer Horizon Shares as consideration. The non-binding proposal outlined several reasons why Horizon North believed that a potential combination between the Parties had merit and was subject to certain customary conditions, including satisfactory completion of due diligence, approval by the respective boards of directors and agreement between the Parties on the terms of a definitive transaction agreement.

On December 1, 2019, representatives of Dexterra requested a meeting between Mr. Nabholz and Mr. Watsa. Subsequently, on December 5, 2019, Messrs. Nabholz, Watsa, McFarland and Rivett met in Toronto, Ontario to discuss the strategic merits and financial terms of a potential combination. The meeting concluded without the Parties agreeing on the financial terms for a potential transaction.

Consequently, on December 9, 2019 Mr. Nabholz provided representatives of Dexterra with a document outlining the rationale for proposed deal terms.

On December 14, 2019, following ongoing discussions between the parties, Dexterra provided Mr. Nabholz with a counter-proposal for the proposed transaction.

On December 16, 2019, the Board met to receive an update on the discussions between representatives of Horizon North and Dexterra to-date, as well as the proposed terms of a potential transaction. The Board, having considered financial advice from Scotiabank, provided management with parameters for acceptable transaction terms and indicated their support to proceed with a transaction if an agreement with the Dexterra Parties could be reached within such parameters. Subject to an agreement on financial terms being reached with the Dexterra Parties, the Board approved moving forward with reciprocal commercial and financial due diligence. At the December 16, 2019 meeting, the Board determined it was in the Corporation's best interests to establish the Special Committee of independent directors, consisting of Mr. Nabholz (as Chairman), Brad Fedora and Russell Newmark. The Special

Committee was established with the mandate to supervise and, where considered appropriate, conduct negotiations on behalf of the Corporation, and to evaluate and make a recommendation to the Board with respect to the proposed transaction, should an agreement be reached.

On December 17, 2019, Mr. Nabholz requested a meeting with representatives of Dexterra to discuss the proposed financial terms of a transaction. Subsequently, on December 18, 2019, Mr. Nabholz and Mr. Graham, on behalf of Horizon North, and Mr. Watsa and Mr. McFarland, on behalf of Dexterra, met and agreed to move forward under a proposed transaction whereby Horizon North and Dexterra would combine, with Dexterra Parent holding a 49% interest in the combined company, and existing Horizon North Shareholders maintaining a 51% interest.

On December 20, 2019, the Special Committee met with management and its legal advisors, Blake, Cassels and Graydon LLP ("**Blakes**"), to receive an update from Mr. Graham on the status of discussions with the Dexterra Parties. During that meeting, Blakes provided an overview of the duties and responsibilities of members of the Special Committee and also reviewed with the Special Committee the duties and responsibilities of the directors in respect of a potential transaction. Also at that meeting, the Corporation received a written non-binding proposal (the "**Proposal**") from the Dexterra Parties, relating to a potential business combination whereby the Corporation would acquire all of the issued and outstanding Dexterra Shares in exchange for issuing Horizon North Shares to Dexterra Parent that would, immediately after Closing represent 49% of the issued and outstanding Horizon Shares on a Fully Diluted Basis. The Proposal was subject to certain customary conditions including satisfactory completion of confirmatory due diligence, approval of each Party's board of directors and agreement among the Parties with respect to the terms of definitive transaction documents, and post-Closing governance considerations. The Dexterra Parties requested a response to their Proposal no later than December 23, 2019.

The Board approved the execution by Horizon North of the non-binding Proposal and authorized management to provide various due diligence items to the Dexterra Parties and undertake due diligence on the business of Dexterra.

On December 23, 2019, the Corporation formally engaged Scotiabank as its financial advisor based on, among other things, its industry knowledge and its experience working with companies and special committees on Canadian transactions.

On December 23, 2019, the Corporation entered into the Proposal to facilitate discussions and negotiations regarding the proposed transaction. The Proposal contained Horizon North's covenant to negotiate exclusively with the Dexterra Parties until 11:59 p.m. (Toronto time) on January 29, 2020.

Between December 23, 2019 and January 29, 2020, management of Horizon North, the Dexterra Parties and Hamblin Watsa and their respective financial and legal advisors met and exchanged information on the respective businesses and operations. During this period, the Special Committee met regularly to receive updates on the status of financial, commercial and legal due diligence and discuss the proposed terms of the Transaction.

On January 29, 2020, the Parties agreed to extend the exclusivity period under the Proposal to 11:59 p.m. (Toronto time) on February 24, 2020 to allow for additional financial due diligence.

On February 24, 2020, the Parties and their respective advisors commenced negotiations of the terms of the Purchase Agreement and Investor Rights Agreement and the Parties further agreed to extend the exclusivity period under the Proposal to 11:59 p.m. (Toronto time) on March 9, 2020.

During the period of February 24, 2020 to March 9, 2020, the Parties conducted negotiations and finalized the terms of the Purchase Agreement and Investor Rights Agreement.

On February 27, 2020, Mr. Nabholz and Mr. McFarland met with a representative of Polar Asset Management, the Corporation's largest shareholder to discuss the proposed transaction. The discussions were conducted pursuant to a non-disclosure agreement between the Corporation and Polar Asset Management, whereby Polar Asset

Management agreed not to trade any Horizon Shares for a specified period. At this meeting, Polar Asset Management expressed its strong support for the Transaction and agreed to enter into a Support Agreement.

On March 3, 2020, Mr. Watsa and Mr. McFarland met with representatives of Polar Asset Management to further discuss the support of Polar Asset Management for the Transaction.

The Special Committee met on the evening of March 7, 2020 to review and consider the specific transaction terms that had been negotiated by the Parties, the anticipated benefits to the Corporation of pursuing the Transaction and the proposed transaction documents that resulted from the negotiations with the Dexterra Parties. Blakes provided a comprehensive summary of the material terms of the proposed Purchase Agreement, Investor Rights Agreement and Support Agreements and reiterated the duties and responsibilities of members of the Special Committee. At this meeting, Scotiabank reviewed its financial analysis of the Share Consideration with the Special Committee. The Special Committee discussed, among other things, the proposed final terms of the Purchase Agreement and Investor Rights Agreement, Polar Asset Management's support of the Transaction and the potential impact of the Transaction on the various stakeholders of the Corporation. After discussion, the Special Committee unanimously determined that the Transaction and the entry into the Purchase Agreement are in the best interests of the Corporation, and that it would recommend that the Board approve the Transaction and the entry into the Purchase Agreement.

Following the meeting of the Special Committee, management of the Parties and their respective legal and financial advisors finalized the terms of the Purchase Agreement, Investor Rights Agreement and D&O Support Agreements. On March 9, 2020, the entire Board held a meeting at which the Special Committee recommended that the Board approve the Transaction and the entering into of the Purchase Agreement. At this meeting, Blakes provided a comprehensive summary to the Board of the Transaction documents, the necessary regulatory and Shareholder approvals and reviewed with the Board the duties and responsibilities of the directors in respect of the Transaction. Scotiabank reviewed its financial analysis of the Share Consideration with the Board and rendered an oral opinion, confirmed by delivery of a written opinion dated March 9, 2020, to the Corporation to the effect that, as of such date and based on and subject to various assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, the Share Consideration to be issued by the Corporation pursuant to the Purchase Agreement was fair, from a financial point of view, to the Corporation. In consideration of, among other things, the recommendation of the Special Committee and the advice of its financial and legal advisors, the Board then unanimously determined that the Transaction is fair to the Corporation, that the Transaction and entry into the Purchase Agreement by the Corporation are in the best interests of the Corporation and unanimously recommended that the Shareholders vote in favour of the Share Issuance Resolution.

In connection with the approval of the Transaction and subject to the consummation thereof, the Board also determined it would be in the best interests of the Corporation to accelerate the vesting of all issued and outstanding (but not yet vested Incentive Securities), immediately prior to the Closing Date of the Transaction, pursuant to their terms, in accordance with the terms of the Option Plan or RSU Plan, as applicable, subject to each holder thereof entering into an Option Cancellation Agreement with the Corporation. See "*Matters to be Acted Upon at the Meeting – The Transaction – Treatment of Incentive Securities – Treatment of Options*" for more details.

The Board further determined that it would be in the best interests of the Corporation to (i) waive the application of the Shareholder Rights Plan to the Flip-In Event (as defined in the SRP Agreement) that would result from consummation of the Transaction, and (ii) extend the Separation Time to the date that is 10 Business Days following the approval of the Transaction by the Shareholders. See "*Matters to be Acted Upon at the Meeting – The Transaction – Shareholder Rights Plan*" for more details.

Following the meeting of the Board, the Purchase Agreement and D&O Support Agreements were executed and delivered. Thereafter, a joint news release of the Corporation and Dexterra announcing the proposed Transaction was disseminated after markets on March 9, 2020.

On April 23, 2020, the Board approved the contents and mailing of this Information Circular to Shareholders, subject to any amendments that may be approved by the Corporation's executive officers, and reconfirmed its recommendations that Shareholders vote in favour of the Share Issuance Resolution and the Option Resolution.

Recommendation of the Board

The Board, based, in part, on the unanimous recommendation of the Special Committee, and after receiving financial and legal advice, unanimously determined that the issuance of the Share Consideration in exchange for the Dexterra Shares is fair to the Corporation, and that the Transaction and entry into the Purchase Agreement are in the best interests of the Corporation. **Accordingly, the Board is UNANIMOUSLY recommending that Shareholders vote FOR the Share Issuance Resolution.** The recommendation of the Board is based on various factors described more fully herein, including those also considered by the Special Committee as well as the Fairness Opinion that, as of March 9, 2020, the issuance of the Share Consideration to Dexterra Parent in exchange for the Dexterra Shares under the Purchase Agreement is fair, from a financial point of view, to the Corporation. The full text of the Fairness Opinion is attached as Appendix D to this Information Circular.

Reasons for the Board Recommendation

In unanimously determining that the Transaction is in the best interests of the Corporation, that the issuance of the Share Consideration in exchange for the Dexterra Shares is fair to the Corporation and unanimously recommending to Shareholders that they approve the Share Issuance Resolution, the Board consulted with the Corporation's management and its financial and legal advisors, received and considered the unanimous recommendation from the Special Committee and the Fairness Opinion, reviewed a significant amount of information and considered a number of factors, including, without limitation, those listed below.

The Special Committee made its recommendation regarding the Transaction to the Board, and the Board made its determination regarding the Transaction and its recommendation to the Shareholders, based upon the totality of the information presented and considered by it. The following summary of the information and factors considered by the Special Committee and the Board is not intended to be exhaustive, but includes a summary of the information and principal factors considered by the Special Committee and the Board in their evaluation of the Transaction and subsequent recommendations. The recommendations were made after consideration of, among other things, all of the factors noted below and in light of the Special Committee's and the Board's knowledge of the business, financial condition and prospects of the Corporation and after consultation with the Corporation's management and the Corporation's respective legal and financial advisors.

Information Considered

In evaluating and approving the Transaction and in making their recommendations, the Special Committee and the Board, as applicable, gave careful consideration to the current and expected future position of the business of the Corporation and all terms of the Purchase Agreement and Investor Rights Agreement. The Special Committee and the Board considered and relied on extensive information, advice and analysis in the course of its mandate, including:

- Information concerning the business, operations, assets, financial performance and condition, operating results and prospects of the Corporation and its business, including management's forecasts and long-term expectations of the Corporation's future financial and operating performance, along with corresponding information about Dexterra and its business.
- The impact and status of general industry, regulatory, political, economic and market conditions and trends relevant to the Corporation's business.
- The risks and uncertainties affecting the Corporation and its business, as well as those affecting Dexterra and its business, both on a stand-alone basis and as a combined company.

- That Polar Asset Management, the Corporation's largest Shareholder, has agreed to vote in favour of the Transaction in accordance with and subject to the terms of a voting support agreement with the Dexterra Parties, (the "**Polar Support Agreement**"), which is considered a "hard lock-up", meaning Polar Asset Management will vote in favour of the Transaction, whether or not a Superior Proposal emerges, including in the event of a Change in Recommendation. As of the date of this Information Circular, Polar Asset Management holds approximately 19.09% of the Horizon Shares.
- That each of the directors and certain executive officers of the Corporation, holding or controlling an aggregate of approximately 2.3% of the outstanding the Horizon Shares, has entered into a customary voting support agreement with the Dexterra Parties (the "**D&O Support Agreements**" and together with the Polar Support Agreement, the "**Support Agreements**"), pursuant to which each individual has committed to vote in favour of the Transaction, subject to termination in the event of a Change in Recommendation.
- Discussions with the Corporation's management and respective financial and legal advisors, including as to, among other things, the terms and conditions of the Transaction, as well as the potential benefits and risks associated with the Transaction.
- That Scotiabank provided the Board with an opinion to the effect that, as of March 9, 2020, the issuance of the Share Consideration to Dexterra Parent in exchange for the Dexterra Shares under the Purchase Agreement is fair, from a financial point of view to the Corporation, subject to the limitations, qualifications, assumptions and other matters set forth in such opinion.
- That Dexterra Parent will own at least 49% of the outstanding Horizon Shares as a result of the Transaction and will be the Corporation's largest Shareholder and entitled to elect half of the Board and the Chair of the Board.
- That Dexterra Parent has agreed not to transfer its Horizon Shares for at least 24 months following Closing of the Transaction.
- The results of detailed discussions with management of the Corporation and the Special Committee respecting the background to the offer, their views on the Corporation's prospects, including its forecast and related risks and uncertainties, their views that an alternative transaction having superior terms to that proposed by the Dexterra Parties was unlikely to emerge, given management's on-going review of the prospects for the Corporation in light of the capital markets and the industry in which the Corporation operates.
- That the Dexterra Parties required that the Corporation agree under the Purchase Agreement to convene and hold the Meeting to consider and vote upon the Share Issuance Resolution, including in the event that a Superior Proposal is received.
- That the Termination Fee is payable only in certain limited circumstances.
- That the terms and conditions of the Purchase Agreement, including the Corporation's and the Dexterra Parties' representations, warranties and covenants, and the conditions to their respective obligations are, in the judgment of the Corporation, after consultation with its legal counsel, reasonable.
- The likelihood that the conditions to complete the Transaction will be satisfied, including the nature of the approvals required by both the Corporation and the Dexterra Parties' to be obtained as a condition to completing the Transaction.
- Information regarding the terms and conditions of other relevant precedent transactions.
- Legal advice regarding the duties and responsibilities of the Special Committee members and the Board, and financial advice of Scotiabank, as the Corporation's financial advisor.

- Various other factors, considerations and information, as more fully described below.

Benefits of the Transaction

In making its recommendation and determination, the Special Committee and the Board, as applicable, considered a number of potential benefits of the Transaction to the Corporation including, without limitation, the following principal factors:

- **Long Term Investment.** Under the terms of the Investor Rights Agreement, Dexterra Parent has agreed to maintain its share ownership in the Corporation for a period of at least 24 months.
- **Better Acquisition Terms Highly Unlikely.** Having regard to the Corporation's current prospects and the Corporation's organizational structure, and based on internal analysis, the Special Committee's and the Board's view is that it is highly unlikely that any other party or parties would be prepared to enter into a transaction with the Corporation on similar or more favourable terms.
- **Fairness Opinion.** Scotiabank provided the Board with an opinion to the effect that, as of March 9, 2020, the issuance of the Share Consideration to Dexterra Parent in exchange for the Dexterra Shares under the Purchase Agreement is fair, from a financial point of view to the Corporation, subject to the limitations, qualifications, assumptions and other matters set forth in such opinion. See "*Matters to be Acted Upon at the Meeting – The Transaction – Fairness Opinion*".
- **Opportunity to Participate in Horizon North's Ongoing Business.** The Transaction will provide existing Shareholders with the opportunity to continue to participate in the upside potential of the combined company's business following the Transaction.
- **Reasonable Restrictions on Dexterra's Business Pending Closing.** The Purchase Agreement contains certain restrictions on, among other things, significant transactions, changes of business and capitalization by Dexterra until the Transaction is completed or the Purchase Agreement is terminated. These restrictions are designed to safeguard the value of the business being acquired by the Corporation.
- **Creation of Pan-Canadian Support Services Platform.** The combined company is expected to have increased scale, capability and access to talent to deliver on significant future growth opportunities across multiple paths through better regional representation for sales and operations, with an objective to grow to over \$1 billion of revenue and \$100 million of EBITDA.
- **Opportunities for Synergy and Growth.** The Transaction is expected to result in highly complementary stable facilities management and modular services businesses with excellent growth prospects for Horizon North through the pursuit of larger contracts and expansion opportunities as a result of combined business relationships. In addition, the Transaction is intended to result in a leading national workforce accommodations service provider with thousands of employees across Canada and significant cost savings and cross selling opportunities.
- **Industry and Geographic Diversification** Post-Closing Horizon North will have a diversified portfolio of value-added services with a broader customer base across commercial, hospitality and multi-use end-markets in the modular services business and a facilities management business focused on recession resistant end-markets including healthcare, defence and all levels of government and a wide range of other client segments including aviation, education, retail, industrial, commercial, hospitality, mining and oil and gas. In addition, the combined company is expected to benefit from an extended geographic platform across Western, Central and Northern Canada, with the potential to further accelerate the expansion strategy in Northern and Central Canada and build upon the Parties' existing relationships with Indigenous communities.

- **Cost Synergies** The Transaction is expected to lead to significant cost-savings for the combined company through the consolidation of overhead costs, including anticipated supply chain efficiencies and a reduction in financial expenses, including but not limited to general and administrative costs.
- **Stronger Balance Sheet and Free Cash Flow Profile.** The Transaction will result in a significant reduction in leverage for Horizon North due to Dexterra's minimal net debt. Dexterra also has minimal long-term annual capital requirements (approximately \$3 million) and is expected to contribute significant free cash flow.

Procedural Safeguards and Fairness

- **Arm's-Length Negotiations.** The Transaction is the result of extensive, arm's-length negotiations between the Corporation and the Dexterra Parties and their respective advisors and, in the case of the Corporation, the supervision and input from the Special Committee. As described above (see "*Matters to be Acted Upon at the Meeting – The Transaction – Background to the Transaction*"), the Special Committee, with the assistance of the Corporation's management and advisors, engaged in extensive analysis and negotiations in order to obtain the best available terms for the Corporation.
- **Shareholder Approvals Required.** The Transaction will only become effective if it is approved by at least a majority of the Horizon Shares voted by Shareholders, in person or by proxy, at the Meeting.
- **Special Committee and Board Oversight.** The Special Committee, which is comprised solely of independent directors, supervised, reviewed and considered, and was involved throughout the process of negotiation of, the Transaction. The Special Committee and the Board were advised by experienced and qualified legal and financial advisors. The Special Committee unanimously recommended that the Board approve the Transaction, and the Transaction was unanimously approved by the Board.
- **Ability to Respond to and Accept a Superior Proposal.** The Purchase Agreement does not preclude unsolicited Acquisition Proposals from other parties and permits the Corporation to accept a Superior Proposal in certain circumstances. Accordingly, subject to the terms and conditions of the Purchase Agreement, if a Superior Proposal were to be made that Dexterra did not match, it could be accepted by the Corporation upon paying the Termination Fee to Dexterra.
- **Certainty of Closing.** The obligation of the Dexterra Parties to complete the Transaction is subject to a limited number of conditions which the Special Committee and the Board believe are reasonable under the circumstances.

Risks and Potential Negative Factors

The Special Committee and the Board also considered a number of risks and other potentially negative factors concerning the Transaction, including the following:

- As a result of the Transaction, Shareholders will experience significant dilution to their existing shareholdings.
- The prohibition contained in the Purchase Agreement on Horizon North's ability to solicit competing transaction proposals from third parties to acquire the Corporation following execution of the Purchase Agreement.
- Under the Purchase Agreement, prior to the completion of the Transaction or the termination of the Purchase Agreement, the Corporation is subject to a number of restrictions on the conduct of its business, which could delay or prevent the Corporation from pursuing business opportunities without the Dexterra Parties' consent.

- If the Transaction is not consummated and the Board decides to seek an alternative transaction, there is no guarantee that the Corporation will be able to complete an equivalent or more favourable transaction for the Corporation.
- If the Purchase Agreement is terminated in certain circumstances, the Corporation is required to pay the Dexterra Parties the Termination Fee of \$5.0 million (which any third party considering a superior transaction proposal would have to take into account), in addition to potentially having to pay an Expense Reimbursement Payment of up to \$1.0 million.
- The risks relating to obtaining the Regulatory Approvals by the Outside Date, having regard to the nature of such approvals, and the subjective factors to be applied by the regulators.
- The risks to the Corporation if the Transaction is not completed, including the costs to the Corporation in pursuit of the Transaction, the diversion of management's attention away from conducting the Corporation's business and the potential impact on the Corporation's current business relationships, Horizon Share price and ability to attract and retain key employees.
- The conditions to the Dexterra Parties' obligation to complete the Transaction and the rights of the Dexterra Parties to terminate the Purchase Agreement in certain circumstances.
- The substantial amount of time, effort and costs associated with entering into the Purchase Agreement and completing the Transaction. In addition, these activities involve substantial disruptions to the operation of the Corporation's business, including the risk of diverting management's attention from other strategic priorities in order to implement the Transaction, integration efforts, and the risk that the operations of the Corporation would be disrupted by employee concerns or departures, or changes to or termination of the Corporation's relationships with its customers, suppliers and distributors following the public announcement of the Transaction.

The Special Committee and the Board, with the assistance of the Corporation's management and advisors, assessed these risks and concluded that the potential benefits of the Transaction, if it is completed, were sufficient to justify proceeding with the Transaction.

The foregoing discussion of the principal factors and risks considered and given weight by the Special Committee and the Board is not intended to be exhaustive but is believed by the Special Committee and the Board to include the material factors considered by each of the Special Committee and the Board in their respective assessments of the Transaction. In view of the variety of factors and the amount of information considered in connection with the Special Committee's and the Board's evaluation of the Transaction and the complexity of such matters, the Special Committee and the Board did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative or specific weights to the foregoing factors, and individual directors may have given different weights to different factors. The Special Committee and the Board recommended the Transaction based upon the totality of the information presented to and considered by them. Their respective reasons for recommending the Transaction include certain assumptions relating to forward-looking information, and such information and assumptions are subject to various risks. See "*Forward-Looking Information*" and "*Risk Factors*".

Recent Developments

Since the announcement of the Transaction on March 9, 2020, the trading price of a Horizon Share dropped from \$0.58 to \$0.335 as of April 23, 2020.

On March 11, 2020, Horizon North made the decision to pause the Corporation's dividend in order to improve financial flexibility and exercise fiscal prudence in light of increasing market uncertainty.

On March 26, 2020, Horizon North announced that it was taking a series of steps to help mitigate the negative impacts of the COVID-19 pandemic and other global commodity conditions.

These steps included the Corporation reducing its 2020 net capital outlook by two-thirds (from \$30 million to approximately \$10 million) for 2020 as follows:

- A reduction of sustaining capital from \$13 million to approximately \$8 million, including a pause in mat manufacturing;
- Deferral of key Horizon North growth projects, until it is determined fiscally prudent to proceed, including no further spend on the Fairfield by Marriott hotel in Kitimat, British Columbia and deferral of remaining construction of the temporary construction modular units and large complexes for a client supporting LNG development, resulting in a reduction from budgeted spending of \$24 million to \$8 million, which was primarily spent in the first quarter of 2020;
- A reduction in expected proceeds from Horizon North dispositions from \$10 million to \$8 million; and
- Reductions to fixed operating costs, along with general and administrative costs throughout the organization, including salary reductions for Horizon North's executive team and reductions in compensation for the Board. In particular, the salary of the CEO was reduced by 25% while the salaries of Senior Vice Presidents and Vice Presidents were reduced by 15% and 10% respectively. The compensation of each member of the Board was reduced by 25%.

As a result of the uncertainty and corresponding anticipated decline in revenue as a result of the COVID-19 pandemic, Horizon North also withdrew its previously announced financial guidance with respect to the Transaction and the Parties' anticipated results, as issued in Horizon North's March 9, 2020 press release and March 10, 2020 investor relations presentation, including in respect of the post-Closing dividend payments and cost synergies. It remains Horizon North's objective following Closing to grow to over \$1 billion of revenue and \$100 million of EBITDA and pay an expected \$0.08 annual dividend per Horizon Share (payable quarterly) subject to industry and economic recovery from the effects of the COVID-19 pandemic. The ability and timing of Horizon North to achieve these results or pay such dividends, will be dependent on the ultimate impact of the COVID-19 pandemic on the combined company and its customers, which is difficult to predict at this time as described under "*Risk Factors - The completion of, and anticipated benefits from, the proposed Transaction may be adversely affected by the recent COVID-19 pandemic*".

Despite the uncertain global environment, Horizon North and Dexterra remain committed to completion of the Transaction, with Closing anticipated to occur at the end of May 2020, subject to the satisfaction of all required Closing conditions. Management of Horizon North and Dexterra believe the combined company will be in a better position to navigate the current environment and realize on future growth potential and leverage on combined relationships across complementary modular and facilities management platforms.

Fairness Opinion

In connection with the evaluation by the Board of the Transaction, the Board received the Fairness Opinion from Scotiabank that, as of March 9, 2020 and subject to the assumptions, limitations and qualifications contained in the Fairness Opinion, the issuance of the Share Consideration to Dexterra Parent in exchange for the Dexterra Shares under the Purchase Agreement is fair, from a financial point of view, to the Corporation.

The following summary of the Fairness Opinion is qualified in its entirety by reference to the full text of the Fairness Opinion attached as Appendix D to this Information Circular. The Board urges Shareholders to read the Fairness Opinion carefully and in its entirety.

Horizon North initially contacted Scotiabank on September 17, 2019 regarding a potential advisory assignment. Scotiabank was formally engaged as a financial advisor to the Corporation in respect of the Transaction pursuant to an engagement agreement dated as of December 23, 2019. Scotiabank acted as a financial advisor to the Corporation to perform such financial advisory and investment banking services as are customary in transactions similar to the Transaction, including assisting Horizon North in analyzing its status quo business plan and structuring, negotiating and effecting a possible transaction between Horizon North and Dexterra. In connection with this mandate, Scotiabank has provided the Board with the Fairness Opinion, that, as of March 9, 2020, and, subject to certain assumptions, qualifications and limitations, the consideration to be paid by the Corporation pursuant to the Transaction is fair, from a financial point of view, to the Corporation.

Scotiabank provided the Fairness Opinion to the Board for its exclusive use in considering the Transaction. The Fairness Opinion may not be published, disclosed to any other person, relied upon by any other person, or used for any other purpose, without the prior written consent of Scotiabank, which consent has been obtained for the purposes of the inclusion of the Fairness Opinion in this Information Circular.

Scotiabank was not requested to opine as to, and the Fairness Opinion does not address, the price at which the Horizon Shares may trade at any time or any terms or aspects of the Transaction other than the issuance of Share Consideration to Dexterra Parent in exchange for the Dexterra Shares.

Pursuant to the terms of the engagement agreement with Scotiabank, the Corporation is obligated to pay Scotiabank certain fees for its services, a portion of which was payable upon delivery of the written Fairness Opinion to the Board (which portion was not contingent on completion of the Transaction). A substantial portion of the fees payable to Scotiabank are contingent on completion of the Transaction. The Corporation has also agreed to reimburse Scotiabank for its reasonable expenses and to indemnify Scotiabank and its representatives in respect of certain liabilities that might arise out of its engagement as financial advisor, in each case on customary terms.

Shareholder Rights Plan

The Corporation has adopted a shareholder rights plan (the "**Shareholder Rights Plan**") pursuant to an amended and restated rights agreement between the Corporation and AST Trust Company (the "**Rights Agent**") dated as of March 15, 2017 (the "**SRP Agreement**"). The primary purpose of the Shareholder Rights Plan is to ensure that no person (or persons acting jointly or in concert) acquire more than 20% of the Horizon Shares except pursuant to certain prescribed transactions outlined in the SRP Agreement.

In order to ensure that the Shareholder Rights Plan did not apply to the Board-approved signing and implementation of the Transaction, prior to execution of the Purchase Agreement the Board determined that it would be in the best interests of the Corporation, and resolved, to waive, subject to the consent of holders of Horizon Shares to be obtained at the Meeting, the application of Section 3.1 of the Shareholder Rights Plan to the Flip-In Event (as defined in the SRP Agreement) that would result from consummation of the Transaction as a result of Dexterra Parent becoming an "Acquiring Person" as defined in the SRP Agreement (including the resulting extension of the Separation Time (as defined in the SRP Agreement, but generally meaning the time at which the rights to acquire Horizon Shares under the Shareholder Rights Plan separate from the associated Horizon Shares) to the date that is 10 Business Days following the approval by the Shareholders of the Share Issuance Resolution).

In addition, in order to ensure the Separation Time does not occur as a result of the proposed Transaction (whether completed or not) and to effectively terminate the Shareholder Rights Plan upon completion of the Transaction, the Board has resolved to amend the SRP Agreement by amending the definitions of "Separation Time" and "Expiration Time" in the manner described in the Share Issuance Resolution. In any event, the Shareholder Rights Plan and the SRP Agreement will automatically expire and be of no force and effect at the termination of the 2020 annual meeting of Shareholders, unless they are reconfirmed by a resolution approved by a majority of Shareholders voting in respect of that resolution at that meeting. If the Transaction is completed, the Corporation does not anticipate seeking the approval of the Shareholder Rights Plan and the SRP Agreement at its upcoming 2020 annual meeting of Shareholders.

Therefore, at the Meeting, Shareholders are being asked to consider, and if deemed advisable, approve the waiver of the Flip-in Event under the SRP Agreement, the inapplicability of the Separation Time to the Transaction and the expiration and termination of the Shareholder Rights Plan and SRP Agreement upon completion of the Transaction, as part of and described in additional detail in the Share Issuance Resolution.

Share Issuance Resolution

It is a condition to the completion of the Transaction that the Share Issuance Resolution be approved at the Meeting.

The TSX Company Manual requires that the Share Issuance Resolution be approved by a majority of Shareholders entitled to vote at the Meeting, by operation of: (i) Section 611(c) of the TSX Company Manual because the number of Horizon Shares issuable pursuant to the Transaction exceeds 25% of the number of Horizon Shares of the Corporation which are outstanding, on a non-diluted basis, and (ii) Section 604(a)(i) of the TSX Company Manual because Dexterra Parent will own greater than 20% of the issued and outstanding Horizon Shares resulting in a material effect on control of the Corporation. See "*Matters to be Acted Upon at the Meeting – The Transaction – Securities Law Matters – Toronto Stock Exchange*".

It is the intention of the persons named in the Instrument of Proxy, if not expressly directed otherwise in such Instrument of Proxy, to vote such proxies FOR the Share Issuance Resolution. The full text of the Share Issuance Resolution is set forth in Appendix B to this Information Circular.

Option Resolution

Under the terms of the Purchase Agreement, the Board has agreed to use reasonable commercial efforts to cause each existing Optionholder to enter into an Option Cancellation Agreement prior to Closing of the Transaction pursuant to which such Optionholder will exercise their Options or surrender their Options for cancellation for nominal consideration, as more particularly described under the heading "*Matters to be Acted Upon at the Meeting – The Transaction – Treatment of Incentive Securities – Treatment of Options*". It is anticipated that, following Closing of the Transaction, Horizon North will grant new Options to certain executives, directors and employees with exercise prices no less than the closing price of the Horizon Shares on the TSX on the day prior to the grant, including certain individuals that will have entered into Option Cancellation Agreements.

Under the Option Cancellation Agreements, existing Options will be cancelled for nominal consideration. The purpose of the approvals under the Option Resolution are to renew the equity compensation structure of Horizon North and allow the Corporation to grant Options following completion of the Transaction as a tool to attract and retain new and existing talented personnel. Under the terms of the Option Plan, there are certain restrictions on the number of Options that can be issued to directors, officers and insiders. For additional details on the limits of Options issued to directors, officers and insiders, as well as a detailed summary of the Option Plan and the Corporation's approach to executive compensation, see Appendix G to this Information Circular.

As of the date of this Information Circular, there are 7,451,878 Options issued and outstanding, of which 93,000 are set to expire on April 30, 2020 in accordance with their terms. Accordingly, in the event that all Optionholders enter into Option Cancellation Agreements, a maximum of 7,358,878 Options would be cancelled in connection with the Transaction. The precise number of Options to be granted to certain remaining executives, directors and employees of Horizon North following Closing is not known at this time and will be determined by the post-Closing Horizon North Board. Subject to the number of Options that are cancelled pursuant to the Option Cancellation Agreements and the number of Options that are granted following Closing of the Transaction, a maximum of 7,358,878 Options may be considered to be "re-granted", pursuant to which 7,358,878 Horizon Shares would be issuable upon the exercise thereof. Of the aggregate 7,358,878 Options that could be considered re-granted, up to 2,370,513 could be granted to continuing directors of Horizon North (being the four remaining Horizon North directors), as a group and up to 1,402,495 could be granted to continuing officers of Horizon North, as a group.

Under the policies of the TSX, a grant of new Options to holders that have had their existing Options cancelled within three months of such cancellation is considered a "re-grant". The TSX requires approval by disinterested Shareholders for such "re-granting" of Options, meaning the votes of anyone who may benefit from the "re-grant" should be excluded. Accordingly, Optionholders that enter into Option Cancellation Agreements will be asked to confirm the number of Horizon Shares they own for the purposes of confirming the aggregate number of Horizon Shares that will be excluded from the vote on the Option Resolution in accordance with the TSX policies. As of the date hereof, the Corporation is aware of an aggregate of 3,469,790 Horizon Shares held by the Corporation's directors and officers, which are expected to be excluded from the votes cast on the Option Resolution for the purposes of obtaining disinterested Shareholder Approval.

In accordance with the requirements of the TSX, listed issuers that have stock option plans that do not have a fixed maximum number of securities issuable must obtain approval of all Unallocated Options, rights or other entitlements under the stock option plan from both a majority of the issuer's board of directors and a majority of the issuer's security holders every three years. The Option Plan requires such approvals, as the maximum number of Horizon Shares that may be issued under the Option Plan is 10% of the issued and outstanding Horizon Shares at any time. Information relating to the Option Plan is set out in Appendix G to this Information Circular.

For the purposes hereof, "**Unallocated Options**" means 10% of the issued and outstanding Horizon Shares less the number of Horizon Shares issuable pursuant to outstanding Options issued under the Option Plan, calculated at any point in time.

At Horizon North's annual and special meeting of Shareholders held on May 4, 2017, Horizon North sought and obtained approval of the issuance of Unallocated Options available under its Option Plan until May 4, 2020. Therefore, in order to be in a position to grant Options following completion of the Transaction, whether to Optionholders whose Options were terminated immediately prior to completion of the Transaction or otherwise, at the Meeting, Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution approving the issuance of Unallocated Options under the Option Plan for an additional three years.

Taking into account the 93,000 Options set to expire on April 30, 2020, which will result in 7,358,878 Options outstanding as at May 1, 2020, following successful completion of the Transaction, under Horizon North's 10% rolling Option Plan, there would be (i) a maximum of 32,434,687 Unallocated Options, assuming all outstanding Options are surrendered for cancellation under the Option Cancellation Agreements prior to completion of the Transaction; and (ii) a minimum of 25,717,887 Unallocated Options in the event that no Options are surrendered for cancellation under the Option Cancellation Agreements prior to completion of the Transaction.

At the Meeting, the Corporation will be seeking disinterested Shareholder approval: (a) for the re-granting of Options to certain directors, executive officers and employees within three months of the existing Options being cancelled, and (b) of the number of Unallocated Options that would be available upon completion of the Transaction under its 10% rolling Option Plan, which would be (i) a maximum of 32,434,687 Options assuming all outstanding Options are surrendered for cancellation under the Option Cancellation Agreements prior to completion of the Transaction; and (ii) a minimum of 25,717,887 Options in the event that no Options are surrendered for cancellation under the Option Cancellation Agreements prior to completion of the Transaction.

The full text of the ordinary resolution (the "**Option Resolution**") in respect of the approval of Unallocated Options and re-granting of Options described above is set out in Appendix C to this Information Circular.

The re-grant of Options and increase in Unallocated Options is conditional upon completion of the Transaction. Accordingly, if the Transaction is not completed, the Option Resolution will be revoked and subsequent approval of the Unallocated Options under the Option Plan will be deferred until the Corporation's annual meeting of Shareholders.

If the Option Resolution is not approved by Shareholders or the Transaction does not otherwise proceed (in which case the Option Resolution will have no force and effect), previously granted Options will remain outstanding under

their terms and not be affected. However, in such circumstances, all Unallocated Options (including those that would otherwise be available upon cancellation or expiry) will be unavailable for allocation or re-allocation, as applicable.

In order to be effective, the Option Resolution must be approved by a majority of the votes cast by Shareholders entitled to vote at the Meeting, excluding the votes of existing Optionholders who may benefit from a subsequent grant of Options shortly after Closing.

It is the intention of the persons named in the Instrument of Proxy, if not expressly directed otherwise in such Instrument of Proxy, to vote such proxies FOR the Option Resolution. The full text of the Option Resolution is set out in Appendix C to this Information Circular.

Transaction Documents

The descriptions of the Purchase Agreement, the Investor Rights Agreement and the Support Agreements both below and elsewhere in this Information Circular are not exhaustive and are qualified in their entirety by reference to the full text of such agreements, which are publicly available on Horizon North's SEDAR profile at www.sedar.com.

Purchase Agreement

Pursuant to the terms of the Purchase Agreement, effective as of the Closing Date, Dexterra Parent has agreed to sell to the Corporation, and the Corporation has agreed to purchase from Dexterra Parent, all of the issued and outstanding Dexterra Shares. In consideration for the Dexterra Shares, the Corporation has agreed to issue to Dexterra Parent the Share Consideration.

In the event that the Share Consideration represents more than 49.99% of the total number of outstanding Horizon Shares (on a non-diluted basis) immediately following the Closing Time, the number of Horizon Shares to be issued to Dexterra Parent at the Closing Time shall be reduced to such number of Horizon Shares required to represent 49.99% of the outstanding Horizon Shares immediately following the Closing Time, rounded down to the nearest whole Horizon Share. If there is a Horizon Share Shortfall, on each subsequent issuance of Horizon Shares by the Corporation (including on exercise of any Options outstanding immediately following the Closing Time), the Corporation shall promptly issue additional Horizon Shares to Dexterra Parent until Dexterra Parent has received the full Share Consideration, provided that at no time will Horizon Shares be issued to Dexterra Parent in an amount whereby Dexterra Parent and its affiliates would, following such issuance, beneficially own or control greater than 49.99% of the outstanding Horizon Shares (on a non-diluted basis).

a) Conditions to the Transaction

The respective obligations of the Parties to complete the Transaction are subject to the satisfaction or waiver of certain conditions, including:

- (i) The Share Issuance Resolution has been passed by Shareholders.
- (ii) The Competition Act Clearance has been obtained and remains in force and not modified or rescinded.
- (iii) The Corporation has received the TSX Conditional Approval for the Share Consideration no later than the Business Day immediately before the Closing Date.
- (iv) The lenders under the Horizon Credit Facility and the Dexterra Credit Facility have consented to, or otherwise provided a waiver with respect to any default or consent requirement relating to, the Transaction pursuant to the terms of such credit facilities, or the Parties shall have made arrangements to have adequate credit facilities in place for the Corporation as soon as practicable following Closing.

- (v) There has been no action taken under any existing Applicable Law, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any Governmental Authority, that makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Transaction, or results in a judgment or assessment of material damages directly or indirectly relating to the Transaction.
- (vi) The Exemptive Relief has been provided by the appropriate Securities Authorities, or the Parties shall be satisfied, acting reasonably, that alternative disclosure can be provided by Dexterra in the Information Circular that is satisfactory under Applicable Canadian Securities Laws.

The Corporation is not required to complete the Transaction unless each of the following conditions is satisfied, which conditions are for the exclusive benefit of the Corporation and may only be waived, in whole or in part, by the Corporation in its sole discretion:

- (i) Conditions related to covenants to be performed by the Dexterra Parties and the correctness of representations and warranties provided by the Dexterra Parties.
- (ii) There being no action or proceeding pending that is reasonably likely to:
 - (A) prohibit or impose any limitations on the Corporation's ability to acquire, hold or exercise full rights of ownership over, any Dexterra Shares, including the right to vote Dexterra Shares;
 - (B) prohibit or restrict the Transaction, or the ownership or operation by the Corporation of a material portion of the business or assets of Dexterra or any of Dexterra's subsidiaries, the Corporation or any of its subsidiaries, or compel the Corporation to dispose of or hold separate any material portion of the business or assets of the Corporation or any of its subsidiaries, Dexterra or any of Dexterra's subsidiaries as a result of the Transaction; or
 - (C) prevent or materially delay the consummation of the Transaction, or if the Transaction is consummated, have or be reasonably expected to have a Material Adverse Effect.
- (iii) No Material Adverse Change having occurred with respect to Dexterra since the date of the Purchase Agreement.
- (iv) Immediately prior to the Closing Time: (i) there shall be no other shares or other securities in the capital of Dexterra outstanding other than the Dexterra Shares being transferred to the Corporation; and (ii) no Person shall have any agreement or option or any right or privilege (whether by law, pre-emptive right, by contract or otherwise) capable of becoming an agreement or option for the purchase, subscription, allotment or issuance of any unissued Dexterra Shares or other equity interests in Dexterra.
- (v) Executed resignations and customary mutual releases, in form and substance satisfactory to the Corporation, acting reasonably, shall have been received by the Corporation from certain mutually agreed directors of Dexterra and its subsidiaries (effective as of the Closing Date).
- (vi) The Corporation will have received from the Dexterra Parties a copy of the Investor Rights Agreement duly executed by Dexterra Parent.

The Dexterra Parties are not required to complete the Transaction unless each of the following conditions is satisfied, which conditions are for the exclusive benefit of the Dexterra Parties and may only be waived, in whole or in part, by the Dexterra Parties in their sole discretion:

- (vii) Conditions related to covenants to be performed by the Corporation and the correctness of representations and warranties provided by the Corporation.
- (viii) There being no action or proceeding pending that is reasonably likely to:
 - (A) prohibit or impose any limitations on Dexterra or Dexterra Parent's ability to acquire, hold or exercise full rights of ownership over, any Horizon Shares forming part of the Share Consideration or to exercise any of its rights under the Investor Rights Agreement;
 - (B) prohibit or restrict the Transaction, or the ownership or operation by the Corporation of a material portion of the business or assets of Dexterra or any of Dexterra's subsidiaries, the Corporation or any of its subsidiaries, or compel the Corporation to dispose of or hold separate any material portion of the business or assets of the Corporation or any of the its subsidiaries, Dexterra or any of Dexterra's subsidiaries as a result of the Transaction; or
 - (C) prevent or materially delay the consummation of the Transaction, or if the Transaction is consummated, have or be reasonably expected to have a Material Adverse Effect.
- (ix) No Material Adverse Change shall have occurred with respect to the Corporation since the date of the Purchase Agreement.
- (x) Executed resignations and customary mutual releases, in form and substance satisfactory to Dexterra Parent, acting reasonably, shall have been received by the Dexterra Parties from such directors of the Corporation as is necessary to give effect to the composition of the Board contemplated by the Investor Rights Agreement (effective as of the Closing Date and conditional upon Closing).
- (xi) Nominees of Dexterra Parent shall have been appointed to the Board as is necessary to give effect to the composition of the Board contemplated by the Investor Rights Agreement (effective as of the Closing Date and conditional upon Closing).
- (xii) The Dexterra Parties will have received from the Corporation a copy of the Investor Rights Agreement duly executed by the Corporation.
- b) Representations and Warranties and Covenants

The Purchase Agreement contains customary representations and warranties of the Corporation and Dexterra.

The representations and warranties provided by the Corporation in favour of the Dexterra Parties relate to organization and qualification, corporate authority, subsidiaries, non-contravention, shares reserved for issuance, change of control, litigation, bankruptcy and insolvency, taxes, reporting issuer status, capitalization, the Share Consideration, orders, incentive securities, financial reports, internal controls and financial reporting, books and records, absence of undisclosed liabilities, absence of certain changes or events, Governmental Authorizations, compliance with laws, restrictions on business activities, non-arm's length transactions, title and sufficiency of assets, customers and suppliers, no defaults, environmental, material contracts, termination rights under material contracts, employee benefit plans, employees, brokers and finders, fairness opinion, board approval, long term and derivative transactions, insurance, no limitation, payments to employees, intellectual property, off-balance sheet transactions, information systems, money laundering laws and foreign corrupt practices, sanctions legislation and debt.

The representations and warranties provided by Dexterra in favour of the Corporation relate to organization and qualification, corporate authority, subsidiaries, non-contravention, litigation, bankruptcy and insolvency, taxes,

private issuer status, incentive securities, financial reports, internal controls and financial reporting, books and records, absence of undisclosed liabilities, absence of certain changes or events, Governmental Authorizations, compliance with laws, restrictions on business activities, non-arm's length transactions, title and sufficiency of assets, customers and suppliers, no defaults, environmental, material contracts, termination rights under material contracts, employee benefit plans, employees, brokers and finders, long term and derivative transactions, insurance, no limitation, payments to employees, intellectual property, off-balance sheet transactions, information systems, money laundering laws and foreign corrupt practices, sanctions legislation and debt.

The Purchase Agreement also contains customary negative and affirmative covenants of the Corporation and the Dexterra Parties relating to the operation of their businesses during the period between the execution of the Purchase Agreement and completion of the Transaction and relating to the Transaction. Among others, these include covenants to conduct their businesses consistent with the past practices taken in the Ordinary Course, use all reasonable commercial efforts to maintain and preserve their respective businesses, assets and business relationships, not to engage in certain kinds of transactions, not to take certain actions that are inconsistent with the Purchase Agreement, which might affect the consummation of the Transaction and on incurring, extending, renewing or replacing any indebtedness other than expressly provided in the Agreement. The Purchase Agreement also sets out certain rights and obligations of the Corporation and the Dexterra Parties with respect to obtaining the government and Regulatory Approvals necessary for the Transaction.

In particular, the Corporation has agreed to take all permissible action necessary prior to Closing to waive the application of the Shareholder Rights Plan to the Transaction and ensure it does not interfere with the consummation of the Transaction. In addition, the Board determined the Transaction will be considered a "change of control" for the purposes of, and in accordance with, the Option Plan and RSU Plan and, subject to certain conditions (including that, where applicable, the holder has entered into an Option Cancellation Agreement), has accelerated the vesting of all outstanding Options and all RSUs. Under the terms of the Purchase Agreement, the Board agreed to use reasonable commercial efforts to cause each of the Optionholders to enter into Option Cancellation Agreements prior to completion of the Transaction.

The representations, warranties and covenants contained in the Purchase Agreement were made only for purposes of that agreement and as of specific dates, are solely for the benefit of the Parties, may be subject to limitations agreed upon by the Parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the Parties instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the Parties that differ from those applicable to investors. Shareholders should not rely on the representations, warranties, or covenants or any description thereof as characterizations of the actual state of facts or condition of the Corporation, the Dexterra Parties or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties, and covenants may change after the date of the Purchase Agreement, which subsequent information may or may not be fully reflected in public disclosures by the Corporation.

c) Covenants Regarding Interim Period Operations

Each of the Corporation and the Dexterra Parties has agreed that, from the date of the Purchase Agreement until the earlier of the Closing Date or termination of the Purchase Agreement, except with the prior written consent of the other party, as otherwise permitted or contemplated by the Purchase Agreement, or required by Applicable Laws, their respective businesses shall be conducted, and the parties shall not take any action except, in the Ordinary Course and each of the Corporation and Dexterra shall use all reasonable commercial efforts to maintain and preserve its respective business, assets and business relationships.

Each of the Corporation and the Dexterra Parties has agreed that, from the date of the Purchase Agreement until the earlier of the Closing Date or termination of the Purchase Agreement, except with the prior written consent of the other Parties, as otherwise permitted or contemplated by the Purchase Agreement, or required by Applicable Laws, their respective businesses shall be conducted, and the Parties shall not take any action except, in the Ordinary

Course and each of the Corporation and Dexterra shall use all reasonable commercial efforts to maintain and preserve its respective business, assets and business relationships.

In particular, prior to the Closing of the Transaction, each of the Corporation and Dexterra has agreed not to, other than in the Ordinary Course, among other things: (i) pay, settle, discharge or satisfy any material claims, liabilities, litigation, lawsuits, arbitrations, proceedings or obligations in excess of \$1,000,000; (ii) enter into any contract with regards to any lease for real property; (iii) enter into, modify or terminate any employment, consulting, severance, collective bargaining or similar agreement, policy, or arrangement with any employee, consultant, officer or director; (iv) grant any employee, consultant, contractor, officer or director an increase in compensation or benefits in any form; (v) take any action with respect to the amendment or grant of any "change of control", severance, termination pay, pay in lieu of notice of termination or retention policies or arrangements for any directors, officers, employees, consultants or contractors; or (vi) make any Tax filings outside of the Ordinary Course of business.

d) Covenants of the Corporation Regarding Non-Solicitation; Right to Accept a Superior Proposal

The Corporation has covenanted and agreed that, expressly as provided in the Purchase Agreement, it shall not, and shall cause its subsidiaries, its and its subsidiaries' directors, employees (including any officers) not to, and shall instruct its and its subsidiaries' Representatives (who are not directors or employees (including any officers) thereof) not to:

- (i) solicit, assist, initiate, encourage or in any way facilitate any Acquisition Proposal or inquiries, proposals or offers regarding an Acquisition Proposal;
- (ii) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal, or furnish to any other Person any information with respect to its businesses, properties, operations, prospects or conditions (financial or otherwise) in connection with an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other Person to do or seek to do any of the foregoing;
- (iii) withdraw, amend, modify or qualify, or propose publicly to withdraw, amend, modify or qualify, in any manner adverse to the Dexterra Parties, the approval of the Transaction by the Board or the recommendations or determinations of the Board in favour of the Transaction;
- (iv) waive, modify or release any third party from or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive, modify, release any third party from, or provide any consent to any third party under, or otherwise forbear in respect of, any rights or other benefits under confidential information agreements, including, without limitation, any "standstill provisions" thereunder; or
- (v) accept, recommend, approve, agree to, endorse, or propose publicly to accept, recommend, approve, agree to, or endorse any Acquisition Proposal or letter of intent, agreement, understanding or arrangement with respect thereto, or otherwise take any action that could reasonably be expected to lead to an Acquisition Proposal.

The Corporation has covenanted and agreed to immediately cease and cause to be terminated all existing solicitations, discussions and negotiations (including through any of its Representatives) initiated or conducted before the date of the Purchase Agreement (other than with the Dexterra Parties) which respect to any proposal that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal.

The Corporation has covenanted and agreed that notwithstanding the covenants that it has agreed to with respect to non-solicitation, at any time prior to obtaining a Shareholder Approval, the Corporation and its representatives may:

- (i) enter into or participate in any discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly by the Corporation or any of its Representatives) seeks to initiate such discussions or negotiations with the Corporation that do not or will not require any waiver, modification or release of, or consent under, any confidentiality, standstill or similar agreement or restriction to which the Corporation or any of its subsidiaries is a party, or otherwise result from a breach of Section 6.1 (the non-solicitation provisions) of the Purchase Agreement and, subject to execution of a confidentiality and standstill agreement on terms that are no less favourable to the Corporation than those contained in the Confidentiality Agreement (provided that, such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to the Dexterra Parties as set out below and shall not grant such third party the exclusive right to negotiate with the Corporation), may furnish to such third party information concerning the Corporation and its business, properties and assets, in each case if, and only to the extent that:
 - (A) the third party has first made a written bona fide Acquisition Proposal, which did not result from a breach of Section 6.1 of the Purchase Agreement, and in respect of which the Board determines in good faith, after consultation with its outside legal and financial advisors, constitutes or could reasonably be expected to lead to a Superior Proposal;
 - (B) prior to furnishing such information to or entering into or participating in any such discussions or negotiations with such third party, the Corporation provides prompt notice to the Dexterra Parties to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such Person together with a copy of the confidentiality and standstill agreement referenced above and, if not previously provided to the Dexterra Parties, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that the Corporation shall notify the Dexterra Parties orally and in writing of any inquiries, offers or proposals with respect to an actual or contemplated Superior Proposal (which written notice shall include, without limitation, a copy of any such proposal (and any amendments or supplements thereto), the identity of the Person making it, and, if not previously provided to the Dexterra Parties, copies of all information provided to such party), within 24 hours of the receipt thereof, and shall keep the Dexterra Parties promptly and fully informed of each change in the proposed consideration to be offered pursuant to such Acquisition Proposal and each material change in any of the terms of such Acquisition Proposal; and
 - (C) the Corporation shall continue to at all times be in compliance with Section 6.1 of the Purchase Agreement; and
- (ii) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if:
 - (A) the third party making the Acquisition Proposal shall not have been restricted from making, or require consent from the Board for such Acquisition Proposal pursuant to existing confidentiality, non-disclosure or standstill agreement or similar restriction;
 - (B) the Corporation and its Representatives comply, and at all times have complied, with all of their obligations under Section 6.1 of the Purchase Agreement and the other provisions of Article 6 of the Purchase Agreement; and
 - (C) prior to such acceptance, recommendation, approval or implementation, the Board shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of the Purchase Agreement as contemplated by Section 6.1(d) thereof and

after receiving the advice of outside counsel, that the failure by the Board to take such action would be inconsistent with its fiduciary duties under Applicable Laws.

The Corporation has covenanted and agreed to promptly (and in any event within 24 hours) notify each of the Dexterra Parties (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to the Corporation, its subsidiaries or their assets, or any amendments to the foregoing. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) which has been received or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the Person making any inquiry, proposal, offer or request. In addition, The Corporation shall provide each of the Dexterra Parties with copies of any other agreements relating to the Acquisition Proposal to which it has access (for example, lock-up or voting agreements with Shareholders or agreements to provide financing, financial support or other assistance to the Person making such Acquisition Proposal) and any amendments thereto. The Corporation shall keep each of the Dexterra Parties promptly and fully informed of each change in the proposed consideration to be offered pursuant to such Acquisition Proposal and of each material change in any of the terms of such Acquisition Proposal and shall provide to each of the Dexterra Parties copies of all material or substantive correspondence with the Person making such Acquisition Proposal, with respect to such Acquisition Proposal or proposal, inquiry, offer or request if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence. The Corporation shall provide to each of the Dexterra Parties copies of all material or substantive correspondence with Shareholders with respect to any Acquisition Proposal or proposal, inquiry, offer or request if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence.

The Corporation shall give each of the Dexterra Parties, orally and in writing, at least five Business Days' advance notice of any decision by the Board to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which shall set out the reasonable determination of the Board, in consultation with its financial advisors, of the financial value of the consideration offered by such third party (including the value ascribed to any non-cash consideration) to Shareholders under such Superior Proposal, and which notice shall confirm that the Board has determined that such Acquisition Proposal constitutes a Superior Proposal, shall identify the third party making the Superior Proposal and provide a copy thereof (including all proposed agreements relating thereto) and any amendments thereto. During the five Business Day period commencing on delivery of such notice which complies with the foregoing requirements in all respects, the Corporation agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not withdraw, redefine, modify or change the recommendation of its directors regarding the Transaction. During such five Business Day period the Corporation shall, and shall cause its financial and legal advisors to, negotiate in good faith with the Dexterra Parties and their financial and legal advisors to enable the Dexterra Parties, at their election, to propose adjustments in the terms and conditions of the Purchase Agreement and the Transaction as the Dexterra Parties deem appropriate. The Board shall review any proposal by the Dexterra Parties to amend the terms of the transactions contemplated in the Purchase Agreement and the Transaction in order to determine, in good faith in the exercise of its fiduciary duties, whether the Dexterra Parties' proposal to amend the transactions contemplated by the Purchase Agreement and the Transaction would result in the Acquisition Proposal not being a Superior Proposal compared to the proposed amendment to the transactions contemplated by the Purchase Agreement and the Transaction. In the event the Dexterra Parties propose to amend the Purchase Agreement such that the Superior Proposal ceases to be a Superior Proposal and so advises the Board in writing prior to the expiry of such five Business Day period, the Board shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not withdraw, redefine, modify or change its recommendation in respect of the Transaction and the Dexterra Parties and the Corporation shall enter into an amended version of the Purchase Agreement reflecting such proposed amendments, and upon execution thereof, the Board shall promptly reaffirm its recommendations by press release. For greater certainty, each successive amendment to an Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of the Purchase Agreement and shall initiate a new five Business Day match right period.

Unless the reaffirmation of the Purchase Agreement applies or unless the Corporation has made a Change in Recommendation, if requested by the Dexterra Parties, the Board shall promptly reaffirm its recommendations and determinations by press release (and in any event within two Business Days of being requested to do so by the

Dexterra Parties (or in the event that the Meeting to approve the Share Issuance Resolution is scheduled to occur within such period, as soon as practicable and in any event prior to the scheduled date of the Meeting)).

Each of the Dexterra Parties, respectively, agrees that all information that may be provided to it by the Corporation with respect to any Acquisition Proposal shall be treated as if it were "Confidential Information" as that term is defined in the Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Confidentiality Agreement or in order to enforce its rights under the Purchase Agreement in legal proceedings.

In the event that the Corporation provides a notice of any decision by the Board to accept, recommend, approve or enter into an agreement to implement a Superior Proposal under the Purchase Agreement on a date which is less than five Business Days prior to the Meeting, Dexterra Parent shall be entitled to require the Corporation to adjourn or postpone the Meeting to a date acceptable to Dexterra Parent.

Notwithstanding anything in the Purchase Agreement, if the Corporation has made a Change in Recommendation, the Parties agree that the Corporation may (i) publicly announce and describe in any public communication or communication to Shareholders (including the Information Circular), the background, reasons and substance of such Change in Recommendation; (ii) may take all necessary actions relating to the calling of a meeting of Shareholders to consider approval of the applicable Superior Proposal (including to solicit proxies in connection therewith), provided that such meeting shall not take place prior to the Meeting; and (iii) may withdraw, qualify, amend or modify the approval or recommendation of the Transaction by the Board in a manner adverse to the Dexterra Parties.

For greater certainty, the foregoing shall not limit in any way the obligation of the Corporation to convene and hold the Meeting, to waive the application of the Shareholder Rights Plan and extend the Separation Time, to otherwise comply with its covenants and to consummate the Transaction while the Purchase Agreement remains in force, all subject to the terms and conditions of the Purchase Agreement.

Nothing in the Purchase Agreement shall prevent the Corporation, the Board or any committee thereof, directly or indirectly through their respective Representatives, from (i) taking and disclosing to Shareholders any position required by Applicable Canadian Securities Laws, including complying with section 2.17 of NI 62-104 and similar provisions under Applicable Canadian Securities Laws relating to the provision of directors' circulars in respect of an Acquisition Proposal; or (ii) calling and/or holding a meeting of Shareholders requisitioned by such Shareholders in accordance with the ABCA or as required by any order; provided however that Board is not permitted to make a Change in Recommendation except to the extent otherwise permitted by the Purchase Agreement

e) Termination

The Purchase Agreement may be terminated at any time prior to the Closing Date:

- (i) by mutual written consent of all of the Parties;
- (ii) by any Party if the Share Issuance Resolution shall have failed to receive the requisite vote of Shareholders for approval at the Meeting (including any adjournment or postponement thereof);
- (iii) by any Party if the Closing Date shall not have occurred on or prior to the Outside Date, except that the right to terminate the Purchase Agreement for this reason is not be available to any Party whose failure to fulfill any of its covenants or obligations or whose breach of representations or warranties under the Purchase Agreement has been the cause of, or resulted in, the failure of the Closing Time to occur by the Outside Date;
- (iv) by the Corporation if certain Closing conditions (other than those conditions that by their nature are to be satisfied at Closing of the Transaction, but subject to satisfaction or waiver of those conditions) have not been satisfied or waived by the Outside Date or are incapable of being

satisfied by the Outside Date; provided that, the Corporation has complied with and is not then in breach of the Purchase Agreement so as to cause certain Closing conditions not to be satisfied;

- (v) by either of the Dexterra Parties if certain Closing conditions (other than those conditions that by their nature are to be satisfied at Closing of the Transaction, but subject to satisfaction or waiver of those conditions) have not been satisfied or waived by the Outside Date or are incapable of being satisfied by the Outside Date; provided that, the Dexterra Party seeking to terminate has complied with and is not then in breach of the Purchase Agreement so as to cause certain Closing conditions not to be satisfied;
- (vi) by either of the Dexterra Parties if the Board or any committee of the Board (A) fails to unanimously recommend or withdraws, amends, modifies or qualifies, or publicly proposes or states an intention to withdraw, amend, modify or qualify, its recommendation in favour of the Transaction, (B) accepts, approves, endorses or recommends, or publicly proposed to accept, approve, endorse or recommend or takes no position or a neutral position, in each case with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for more than five Business Days (or beyond the third Business Day prior to the date of the Meeting, if sooner), (C) accepts, endorses, recommends, approves or enters into (other than a confidentiality and standstill agreement permitted by and in accordance with the Purchase Agreement) or publicly proposes to accept, endorse, recommend, approve or enter into any agreement, letter of intent, understanding or arrangement relating to an Acquisition Proposal including a Change in Recommendation, (D) fails to publicly reaffirm its recommendation in favour of the Transaction within the time periods in the Purchase Agreement, or (E) the Corporation wilfully or intentionally breaches its non-solicitation obligations under the Purchase Agreement in any material respect;
- (vii) If the Purchase Agreement is terminated for any of the foregoing reasons, the Purchase Agreement shall forthwith become void and no Party shall have any liability or further obligation to the other Party thereunder except as provided in the Purchase Agreement Sections 1.4 *[Date for Any Action]*, 1.5 *[Entire Agreement]*, 1.10 *[Interpretation Not Affected by Party Drafting]*, 4.4 *[Privacy Issues]*, 6.2 *[Dexterra Damages]*, 6.3 *[Dexterra Liquidated Damages]* and 6.4 *[Expenses]* Article 9 *[Notices]* and Article 10 *[General]*, all of which survive such termination and each Party's obligations under the Confidentiality Agreement, which shall survive such termination, and provided that, no Party will be relieved from any liability for any fraud or wilful or intentional breach of any provision of the Purchase Agreement prior to the date of such termination.

f) Termination Fee and Expense

If at any time after the execution of the Purchase Agreement:

- (i) the Purchase Agreement is terminated by either Party if the Share Issuance Resolution failed to receive the requisite vote of Shareholders at the Meeting and prior to such termination an Acquisition Proposal (other than a Superior Proposal for which a Change in Recommendation has occurred) is or has been publicly announced, proposed, disclosed, offered or made by any Person other than Dexterra or its affiliates and, within twelve months following the date of such termination:
 - (A) the Board recommends any Acquisition Proposal which is subsequently consummated at any time thereafter (whether or not within such twelve-month period);
 - (B) the Corporation enters into a binding definitive agreement in respect of any Acquisition Proposal which is subsequently consummated at any time thereafter (whether or not within such twelve-month period); or

- (C) any Acquisition Proposal is consummated; or
- (ii) the Purchase Agreement is terminated by either Party if the Share Issuance Resolution failed to receive the requisite vote of Shareholders at the Meeting and at any time prior to such termination a Change in Recommendation has occurred; or
- (iii) the Purchase Agreement is terminated by a Dexterra Party if the Board or any committee of the Board (A) fails to unanimously recommend or withdraws, amends, modifies or qualifies, or publicly proposes or states an intention to withdraw, amend, modify or qualify, its recommendation in favour of the Transaction, (B) accepts, approves, endorses or recommends, or publicly proposed to accept, approve, endorse or recommend or takes no position or a neutral position, in each case with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for more than five Business Days (or beyond the third Business Day prior to the date of the Meeting, if sooner), (C) accepts, endorses, recommends, approves or enters into (other than a confidentiality and standstill agreement permitted by and in accordance with the Purchase Agreement) or publicly proposes to accept, endorse, recommend, approve or enter into any agreement, letter of intent, understanding or arrangement relating to an Acquisition Proposal including a Change in Recommendation, (D) fails to publicly reaffirm its recommendation in favour of the Transaction within the time periods in the Purchase Agreement, or (E) the Corporation wilfully or intentionally breaches its non-solicitation obligations under the Purchase Agreement in any material respect;

(each of the above a "**Dexterra Damages Event**");

the Corporation shall pay to Dexterra (or to whom Dexterra may direct in writing) five million dollars (\$5,000,000) (the "**Termination Fee**") as liquidated damages.

If (i) the Purchase Agreement is terminated due to the failure of a Party to satisfy the representations and warranties and covenants, as set out in the Purchase Agreement, the defaulting Party shall pay to the non-defaulting Party all reasonable documented expenses incurred by the non-defaulting Party in connection with the Transaction, up to a maximum of \$1,000,000, (ii) the Purchase Agreement is terminated by a Party pursuant to the Share Issuance Resolution failing to receive the requisite vote of Shareholders at the Meeting and no Change in Recommendation or other event described above in paragraph f (iii) above has occurred prior to such termination, the Corporation shall pay to Dexterra all reasonable documented expenses incurred by the Dexterra Parties in connection with the Transaction, up to a maximum of \$500,000, or (iii) a Dexterra Damages Event has occurred, the Corporation shall pay (or cause to be paid) to Dexterra all reasonable documented expenses incurred by the Dexterra Parties in connection with the Transaction, up to a maximum of \$1,000,000, in addition to the Termination Fee (any such payment, an "**Expense Reimbursement**").

Investor Rights Agreement

Upon Closing of the Transaction, the Corporation and Dexterra Parent will enter into the Investor Rights Agreement. The Investor Rights Agreement will provide that Dexterra Parent and any of its Affiliates (as defined in the Investor Rights Agreement) that hold Horizon Shares and become party to the Investor Rights Agreement (collectively, the "**Investor Rights Shareholders**") will not be permitted to directly or indirectly transfer any Horizon Shares prior to the date that is at least 24 months from the date of the Investor Rights Agreement (the "**Lock-up Period**"), except to another affiliate.

After the Lock-up Period, for so long as the Investor Rights Shareholders, in the aggregate, directly or indirectly own, control or direct at least 10% of the outstanding Horizon Shares (on a non-diluted basis), Dexterra Parent on behalf of itself or the Investor Rights Shareholders (each, a "**Requesting Shareholder**") may at any time and from time to time, make a written request (a "**Demand Notice**") to the Corporation to file such documents and take such other steps to qualify for distribution, issuance or sale the number of Horizon Shares requested by the Requesting

Shareholder, as may be reduced pursuant to the Investor Rights Agreement (the "**Qualifying Securities**"), to the public for cash by means of a prospectus (a "**Demand Distribution**"), subject to certain restrictions discussed below.

After receipt of the Demand Notice, the Corporation has five Business Days to determine whether it wishes to distribute Horizon Shares under the prospectus prepared in connection with such Demand Distribution by giving written notice to the Requesting Shareholders, provided that if the lead underwriter, acting in good faith, determines that the inclusion of the Horizon Shares to be distributed by the Corporation in the Demand Distribution should be limited for certain specified reasons, then the maximum number of Horizon Shares to be distributed will be allocated first, to the number of Qualifying Securities; and second, to the number of Horizon Shares to be distributed by the Corporation, if any, that may be accommodated in such distribution.

The Corporation will not be obligated to effect a Demand Distribution: (a) within 90 days of the completion of a previous Demand Distribution or during a period where the Corporation or Dexterra Parent has agreed with the underwriters not to distribute the Horizon Shares; (b) during a regularly scheduled black-out period under an insider trading policy or other similar policy of the Corporation; (c) if, within a particular calendar year, the Corporation has already effected an aggregate of three Demand Distributions from Requesting Shareholders; (d) unless the distribution of Qualifying Securities would reasonably be expected to result in gross proceeds of at least \$30 million; (e) other than in a province or territory of Canada; (f) in the event that the Board determines in good faith (with the Dexterra Parent nominees abstaining from such determination) that there is a Valid Business Reason (as such term is defined in the Investor Rights Agreement) and that it is, therefore, in the best interests of the Corporation to defer the filing of a prospectus at such time; or (g) if the Corporation is advised in writing by an independent investment dealer selected by the Corporation that, in such dealer's opinion, the Demand Distribution at that time and on the terms requested would adversely affect any proposed financing by the Corporation, in which case the Corporation's obligations will be deferred for a period of not more than 90 days after completion or abandonment of such financing.

If at any time following the Lock-up Period and for so long as the Investor Rights Shareholders own in the aggregate, directly or indirectly at least 10% of the outstanding Horizon Shares (on a non-diluted basis), the Corporation proposes to make a distribution, then the Corporation will promptly give written notice of the proposed distribution to the Investor Rights Shareholders, which notice will offer each Investor Rights Shareholder the opportunity to qualify for distribution such number of Horizon Shares as such shareholder shall request (the "**Piggy-Back Shares**"). The Corporation will use commercially reasonable efforts to cause to be qualified in such offering the Piggy-Back Shares, provided that if the lead underwriter of such proposed distribution, acting in good faith, determines the inclusion of the Piggy-Back Shares in the proposed distribution should be limited for certain specified reasons, then the maximum number of Horizon Shares that the lead underwriter advises should be distributed will be allocated first, to the number of Horizon Shares that the Corporation proposed to distribute; and second, to the number of Piggy-Back Shares, if any, that may be accommodated in such distribution.

In addition, so long as the Investor Rights Shareholders own 10% of the Horizon Shares (on a non-diluted basis), the Investor Rights Shareholders 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 Corporation in order to maintain their pro rata ownership interest in the Corporation.

For so long as the Investor Rights Shareholders, in the aggregate, own, control or direct, directly or indirectly, at least 10% of the outstanding Horizon Shares (on a non-diluted basis), the Board will at all times consist of eight directors or such other number as the Corporation and Dexterra Parent may agree. For so long as the Investor Rights Shareholders, in the aggregate, own, control or direct, directly or indirectly, at least 20% of the outstanding Horizon Shares (on a non-diluted basis,) Dexterra Parent shall also be entitled to have at least one of its nominees appointed to each committee of the Board. In addition, for so long as the Investor Rights Shareholders, in the aggregate, own, control or direct, directly or indirectly, at least: (i) 40% of the outstanding Horizon Shares (on a non-diluted basis) at the time such nomination is delivered, then shall be entitled to designate 50% of the nominees; (ii) 30% (but less than 40%) of the outstanding Horizon Shares (on a non-diluted basis) at the time such nomination is delivered, then Dexterra Parent shall be entitled to designate one-third of the nominees; (iii) 20% (but less than 30%) of the

outstanding Horizon Shares (on a non-diluted basis) at the time such nomination is delivered, then Dexterra Parent shall be entitled to designate 20% of the nominees; and (iv) 10% (but less than 20%) of the outstanding Horizon Shares (on a non-diluted basis) at the time such nomination is delivered, then Dexterra Parent shall be entitled to designate one nominee, each such number of nominees rounding up to the nearest whole member.

At the time the Investor Rights Agreement becomes effective, Rod Graham, the current President and CEO of Horizon North, and John MacCuish, the current CEO of Dexterra, shall each be the Co-CEOs of the Corporation and additional officers shall be appointed by the Board. The Board will also take all necessary actions to appoint R. William McFarland as Chair of the Board.

The Investor Rights Agreement will continue until: (a) the first date on which none of the Investor Rights Shareholders owns, controls or directs, directly or indirectly, any outstanding Horizon Shares or securities or rights convertible into or exchangeable for or carrying rights to acquire Horizon Shares; (b) the Investor Rights Agreement is terminated by written agreement of the parties thereto; or (c) the dissolution or liquidation of the Corporation.

Support Agreements

Each of the directors and certain executive officers of the Corporation, collectively holding or controlling an aggregate of 2.3% of the outstanding the Horizon Shares, have entered into D&O Support Agreements pursuant to which each individual has committed to, among other things, vote his or her Horizon Shares in favour of the Share Issuance Resolution and against any Acquisition Proposal or any other matter that would otherwise interfere with, delay or adversely affect the Transaction, subject to automatic termination in the event of a Change in Recommendation.

In addition, Polar Asset Management, the Corporation's largest Shareholder holding approximately 19.09% of the Horizon Shares, has agreed to vote in favour of the Transaction in accordance with and subject to the terms of the Polar Support Agreement. Under the terms of the Polar Support Agreement, among other things, Polar Asset Management has agreed to vote in favour of the Transaction and against any Acquisition Proposal or any other matter that would otherwise interfere with, delay or adversely affect the Transaction, whether or not a Superior Proposal emerges, including in the event of a Change in Recommendation.

The Support Agreements automatically terminate on the earliest of (i) mutual written agreement of the parties; (ii) the termination of the Purchase Agreement in accordance with its terms; (iii) the Closing Date; and (iv) written notice by Dexterra Parent to the respective Shareholder if any representation or warranty of the respective Shareholder under the Support Agreement is untrue or incorrect in any material respect or the respective Shareholder has not complied in any material respect with its covenants contained in the Support Agreement. The Polar Support Agreement may also be terminated where there is an amendment to the Purchase Agreement that is materially adverse to the Corporation and/or Polar Asset Management without Polar Asset Management's consent or by June 10, 2020, unless extended pursuant to the Polar Support Agreement.

The D&O Support Agreements may also be terminated upon written notice by the respective director or executive officer where there is a Change in Recommendation. Under the Polar Support Agreement however, Polar Asset Management has agreed to support the Transaction whether or not there is a Change in Recommendation.

Treatment of Incentive Securities

Accelerated Vesting of Incentive Securities

The completion of the Transaction will be considered a "change of control" pursuant to the Corporation's Option Plan and the RSU Plan. The Board has determined that, in connection with the Transaction and subject to the consummation thereof, it would be in the best interests of the Corporation to accelerate the vesting of all issued and outstanding (but not yet vested) Incentive Securities, immediately prior to the Closing Date of the Transaction,

pursuant to their terms, in accordance with the terms of the Option Plan or RSU Plan, as applicable, subject to each holder thereof entering into an Option Cancellation Agreement with the Corporation.

In the event the Transaction is not completed, all outstanding Incentive Securities will be restored to their original vesting terms. For greater certainty, in the event that a holder of Incentive Securities does not enter into an Option Cancellation Agreement, none of the Incentive Securities held by such holder shall vest and such Incentive Securities shall remain outstanding.

Treatment of Options

Pursuant to the terms of the Option Cancellation Agreements, no later than the third Business Day immediately prior to the scheduled Closing Date, the Optionholder will submit a duly executed and completed option election form (the "**Option Election Form**") to advise the Corporation if it wishes to:

- (a) exercise some or all of its Options, in accordance with their terms; or
- (b) effective immediately prior to the Closing Time, surrender for cancellation such holder's Options in exchange for a payment from the Corporation, within 14 days of the Closing Date, of an amount of \$0.01 per Option;

Provided that, where an Optionholder has entered into an Option Cancellation Agreement and does not submit an Option Election Form on or prior to the third Business Day immediately prior to the scheduled Closing Date in respect of such Optionholder's Options, the Optionholder shall be deemed to have elected to surrender such Options for cancellation, in exchange for the payment set out in (b) above.

Immediately prior to the Closing Time (but subject to the completion of the Transaction) and after the issuance of the Horizon Shares or payment to which the Optionholder is entitled under the Option Cancellation Agreement, the Optionholder's Options and related option agreements shall be deemed to have been cancelled and terminated and of no further effect.

As of the date hereof, all of the Options are currently out-of-the-money. The lowest exercise price of the outstanding Options is \$1.04, which is significantly higher than the closing price of \$0.335 of the Horizon Shares on the TSX on April 23, 2020. Accordingly, it is anticipated that the majority, if not all, of the existing Optionholders will enter into Option Cancellation Agreements prior to Closing of the Transaction.

Treatment of RSUs

The Corporation's RSUs are cash settled. In connection with the Transaction the Board has approved the accelerated vesting and payout of RSUs for holders, conditional upon the holders thereof entering into Option Cancellation Agreements. In the event a holder of RSUs does not enter into an Option Cancellation Agreement prior to completion of the Transaction, such holder's RSUs will remain outstanding.

Securities Law Matters

The Horizon Shares to be issued for the Share Consideration will be issued in reliance on exemptions from prospectus and registration requirements of Applicable Canadian Securities Laws and will not be subject to any restricted or hold period under Applicable Canadian Securities Laws.

As a reporting issuer, Horizon North is subject to MI 61-101 which regulates transactions which raise the potential for conflicts of interest, including issuer bids, insider bids, related party transactions and business combinations. The Transaction does not constitute an issuer bid, insider bid or related party transaction. The Transaction does not constitute a "business combination" for the purposes of MI 61-101 since no holder of an equity security of the Corporation is having his or her interest in such security terminated without consent pursuant to the Transaction.

Toronto Stock Exchange

Pursuant to rule 611(c) of the TSX Company Manual, shareholder approval is required in circumstances where an issuance of securities will result in the issuance of 25% or more of an issuer's outstanding securities on a non-diluted basis in connection with an acquisition. Under the terms of the Transaction, Horizon North has agreed to issue to Dexterra Parent such number of Horizon Shares that will, immediately following completion of the Transaction, represent 49% of the outstanding Horizon Shares on a Fully Diluted Basis. The number of Horizon Shares to be issued will be calculated on a Fully Diluted Basis, which means that the actual number of Horizon Shares to be issued will not be finalized until just prior to Closing of the Transaction. Any future issuances of the Corporation to which the pre-emptive rights granted under the Investor Rights Agreement apply will be subject to the approval of the TSX.

Under the Transaction, Dexterra Parent will be entitled to a number of Horizon Shares within a range of (i) a minimum of 158,929,967 Horizon Shares, assuming all Options are cancelled immediately prior to the Closing of the Transaction, and (ii) a maximum of 166,000,261 Horizon Shares, assuming all Options remained outstanding or are exercised immediately prior to completion of the Transaction. However, pursuant to the terms of the Purchase Agreement, the actual number of Horizon Shares to be issued to Dexterra Parent shall at no time exceed 49.99% of the outstanding Horizon Shares. Accordingly, a small portion of the Horizon Shares that Dexterra Parent is entitled to receive at the Closing Time may be held back and only subsequently issued when their issuance would not result in Dexterra Parent owning more than 49.99% of the issued and outstanding Horizon Shares at such time.

In addition, pursuant to Section 604(a)(i) of the TSX Company Manual, the TSX will also generally require disinterested securityholder approval as a condition of acceptance of a notice of an issuance of securities pursuant to an acquisition if in the opinion of the TSX the transaction materially affects control of the listed issuer. Pursuant to the policies of the TSX, the phrase "materially affect control" means the ability of any securityholder or combination of securityholders acting together to influence the outcome of a vote of securityholders, including the ability to block significant transactions. A transaction that results, or could result, in a new holding of more than 20% of the voting securities by one securityholder or combination of securityholders acting together will be considered by the TSX to materially affect control, unless the circumstances indicate otherwise. As Dexterra Parent will hold 49% of the outstanding Horizon Shares on a Fully Diluted Basis following Closing, the Transaction will materially affect control of Horizon North. However, as no insiders of Dexterra Parent currently own any of the Horizon Shares, no votes are required to be excluded from the Share Issuance Resolution.

On April 22, 2020, Horizon North received TSX Conditional Approval for the listing of the Horizon Shares to be issued as the Share Consideration pursuant to the Transaction, subject to Horizon North fulfilling all of the conditions set out therein.

Other Regulatory Matters

Competition Act Clearance

Part IX of the Competition Act requires that the parties to a transaction that exceeds the thresholds set out in sections 109 and 110 of the Competition Act (a "**Notifiable Transaction**") provide the Commissioner with pre-Closing notification filings ("**Notifications**") in respect of the transaction. Subject to certain exemptions discussed below, a Notifiable Transaction cannot be completed until the applicable waiting period under section 123 of the Competition Act has expired or been terminated by the Commissioner.

The initial waiting period for a Notifiable Transaction expires 30 days after the day on which the parties to the transaction have each submitted their respective Notifications. The parties are entitled to complete a Notifiable Transaction at the end of the 30-day period, unless the Commissioner requests additional information from the parties, pursuant to subsection 114(2) of the Competition Act (a "**Supplementary Information Request**"). If the Commissioner issues a Supplementary Information Request, the parties may not complete the transaction until 30 days after the parties comply with such Supplementary Information Request and may only complete the transaction

following that 30-day period if there is no order issued by the Competition Tribunal in effect that prohibits completion at the relevant time.

A Notifiable Transaction may be completed before the end of the applicable waiting period in two circumstances: (i) the Commissioner notifies the parties that he does not, at that time, intend to challenge the transaction by making an application under section 92 of the Competition Act (a "**No Action Letter**"); or (ii) the Commissioner issues an advance ruling certificate (an "**ARC**") under subsection 102(1) of the Competition Act. In the case of a No Action Letter, the Commissioner retains the right to challenge the transaction before the Competition Tribunal at any time within one year after the transaction is completed. Under the terms of the Purchase Agreement, Closing of the Transaction is conditional on either: (i) receipt of an ARC; or (ii) expiry or termination of the 30-day period and, unless waived by each of Horizon North and Dexterra Parent, receipt of a No Action Letter.

The Transaction is a Notifiable Transaction. Accordingly, each of the Corporation and the Dexterra Parties submitted certified Notifications on March 19, 2020 and the Corporation and the Dexterra Parties jointly submitted a request to the Commissioner for an ARC or, in the alternative, a No Action Letter on March 19, 2020. The Parties received a No Action Letter in respect of the Transaction on April 17, 2020, which satisfies the Competition Act Clearance condition.

Exemptive Relief

As more particularly described in Appendix F of this Information Circular, on March 7, 2018, Dexterra acquired the Carillion Services Assets. Pursuant to section 14.2 of Form 51-102F5 - *Information Circular* and Item 32 of Form 41-101F1 – *Information Required in a Prospectus*, Horizon North is required to include in this Information Circular the financial statement disclosure in respect of Dexterra required by Form 41-101F1, including financial statements of the Carillion Services Assets, including (i) a carve-out statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the period from January 1, 2018 to March 7, 2018 and for the year ended December 31, 2017; and (ii) notes to the carve-out annual financial statements, including a summary of significant accounting policies (the "**Carillion Financial Statements**").

Dexterra acquired the Carillion Services Assets from Carillion Canada in connection with a court-approved transaction in proceedings under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA Proceedings**"). As the Carillion Services Assets were acquired pursuant to an accelerated sales process that was conducted during the CCAA Proceedings very early in 2018 and only comprised part of Carillion Canada Inc.'s business, Dexterra was not provided with audited historical financial statements of the Carillion Services Assets for the fiscal year ended December 31, 2017 or any period thereafter. In addition, Dexterra had limited opportunity to conduct due diligence due to the truncated sales process in the CCAA Proceedings and urgent liquidity constraints facing this business. See Appendix F of this Information Circular for further information on Dexterra and the Carillion Services Assets.

Following considerable effort by Dexterra, it has been determined that the Carillion Financial Statements do not exist or are not obtainable. Consequently, Horizon North received Exemptive Relief on April 14, 2020 from the Securities Authorities from the requirement to include in this Information Circular the Carillion Financial Statements.

INFORMATION CONCERNING HORIZON NORTH

Horizon North is a Calgary, Alberta based, publicly listed corporation (TSX: HNL.TO) providing a range of industrial services and modular construction solutions. Information about Horizon North is available under its SEDAR profile at www.sedar.com.

INFORMATION CONCERNING THE DEXTERRA PARTIES

Dexterra is a Canadian business that provides quality solutions for the operation and maintenance of built assets and infrastructure including facilities management and workforce accommodations, and forestry services. Dexterra

Parent is an indirect wholly-owned subsidiary of Fairfax. See Appendix F to this Information Circular for more information.

INFORMATION CONCERNING POST-CLOSING HORIZON NORTH

Post-Closing Horizon North

Following completion of the Transaction, Dexterra will legally exist as a wholly-owned subsidiary, and Horizon North will continue to be a publicly-listed corporation. The combined company will offer a range of services in asset light facilities management, workforce accommodations, industrial services and modular construction solutions to a broader base of combined customers across a more diversified industry and geographic platform throughout Canada.

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

Additional information regarding Dexterra is available in Appendix F to this Information Circular and information regarding Horizon North is available under its SEDAR profiles at www.sedar.com.

Pro Forma Information of Horizon North After Giving Effect to the Transaction

General

The Transaction will constitute a "reverse takeover" as defined by section 1.1(1) of NI 51-102, as it is a "transaction where the issuer (Horizon North) acquires a person or company (Dexterra) by which the securityholders of the acquired person or company (Dexterra), at the time of the transaction, obtain control of the issuer (Horizon North)", pursuant to IFRS.

Selected Pro Forma Financial Information

The following table sets out (i) certain financial information for each of Horizon North and Dexterra as at and for the year ended December 31, 2019 before giving effect to the Transaction; and (ii) certain unaudited pro forma financial information for the combined company as at and for the year ended December 31, 2019 after giving effect to the Transaction. Additional information is set forth in the pro forma financial statements of the combined company attached as Appendix E to this Information Circular. Reference should also be made to the audited financial statements for the year ended December 31, 2019 of each of Dexterra, attached as Appendix F to this Information Circular, and Horizon North, which are available under its SEDAR profile at www.sedar.com.

	As at and for year ended December 31, 2019		
	Horizon North before giving effect to the Transaction	Dexterra before giving effect to the Transaction	Horizon North after giving effect to the Transaction
	(expressed in thousands of \$, except per share amounts)		
Revenue	458,096	261,059	719,155
Income/(Loss) for the year	(84,786)	9,304	(75,482)
Per share (basic and diluted)	(0.51)	0.07	(0.23)
Assets	484,913	174,830	513,920
Long-term debt	108,066	-	108,066
Shareholders' equity	241,765	145,123	241,064

Notes:

- (1) For pro forma adjustments, see the notes to the Unaudited Pro Forma Consolidated Financial Statements attached as Appendix E to this Information Circular.

- (2) The pro forma financial information for the combined company as at and for the year ended December 31, 2019 was prepared using the share price for the Horizon Shares and Dexterra Shares as of March 9, 2020 (based on the closing price on the TSX in respect of the Horizon Shares). It is expected that the COVID-19 pandemic will have a significant impact on the financial condition of Horizon North.

The unaudited pro forma consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the financial results that would have occurred had the Transaction actually occurred at the times contemplated by the notes to the unaudited pro forma consolidated financial statements or the results expected in future periods. See "*Risk Factors*".

Directors and Officers

Upon completion of the Transaction, the size and composition of the Board will be eight directors composed of four current directors of the Corporation (being Kevin Nabholz, Russell Newmark, Mary Garden and Rod Graham) and four Dexterra Parent nominees (being R. William McFarland, David Johnston, Simon Landy and John MacCuish). In addition, R. William McFarland, Chairman of Dexterra, will become Chairman of the Board and both John MacCuish, CEO of Dexterra, and Rod Graham, President and CEO of Horizon North, will be appointed Co-CEOs of Horizon North, and will sit on the Board.

Following completion of the Transaction, the Dexterra Parent nominees will be the following:

R. William McFarland. Mr. McFarland has been a director of Dexterra since July 2019. Mr. McFarland brings significant financial and management experience to Dexterra. Mr. McFarland was formerly the Chief Executive Officer of PricewaterhouseCoopers Canada (2011 to June 2018). Prior to that, Mr. McFarland was a member of the executive team at PricewaterhouseCoopers Canada from 2005 to 2011 and led the Greater Toronto Area audit practice from 2002 to 2005. Mr. McFarland is a Chartered Professional Accountant and a fellow of the Chartered Professional Accountants of Ontario. Mr. McFarland is the lead director of Fairfax, chair of the board of directors of The Conference Board of Canada and a director and chairman of each of AGT Food & Ingredients Inc. and Farmer's Edge Inc.

David Johnston. Mr. Johnston has been as a director of Dexterra since March 2018. Mr. Johnston has held a number of distinguished management and leadership positions in academia and government, including as acting as the 28th Governor General of Canada from 2010 to 2017. Mr. Johnston has held a number of academic positions, including as principal and vice-chancellor of McGill University for fifteen years and as the president and vice-chancellor of the University of Waterloo. Mr. Johnston has also served on numerous provincial and federal task forces and committees, acted as president of the Association of Universities and Colleges of Canada (now Universities Canada) and of the Conférence des recteurs et des principaux des universités du Québec. Mr. Johnston is a member of the Order of Canada and was promoted to companion, the Order's highest level, in 1997. Mr. Johnston was also the first non-U.S. citizen to be elected chair of Harvard University's board of overseers.

John MacCuish. Mr. MacCuish is a director of Dexterra and has served as Chief Executive Officer since 2018. Mr. MacCuish was formerly a director and officer of Carillion Canada from 2011 to March 2018. Prior to joining Carillion Canada, Mr. MacCuish held executive roles with Compass Group Canada and Sodexo Canada. Mr. MacCuish has over 30 years of experience in outsourced support services management including providing facility and food services to clients in various sectors including defense, aviation, healthcare, education, natural resources and industry. He is a leader in providing custom solutions for infrastructure and solutions for organizations. Mr. MacCuish is also a director and Chief Executive Officer of each of Rising Two Sons Limited, P&D Holdings Inc., Shaughnessy & Associates Ltd. and Powerful Group of Companies Inc. and a director of each of 9198-4468 Quebec Inc. and Tangmaarvik Inland Camp Services Inc.

Simon Landy. Mr. Landy is a director of Dexterra. Mr. Landy co-founded the Outland Group in 1985, a major remote camp provider to government and industry in Canada's north. Outland Group remains one of the largest reforestation companies in Canada as part of Dexterra with well over one billion trees planted during the past 35 years. Mr. Landy led Outland Group's successful partnerships with First Nations communities across Canada in both

business and education. Mr. Landy served as a director of Tangmaarvik Inland Camps Inc. and 9198-4468 Quebec Inc. (2016 to 2018) and was managing director of a partnership with the Fédération des coopératives du Nouveau-Québec in Quebec's Nunavik region. After a long career with Outland, Mr. Landy retired from the company and joined the Dexterra board of directors in 2018. Mr. Landy holds a Bachelor of Science, Honours, from McGill University and graduated from the University of Toronto as a medical doctor in 1986.

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.

Members of the Board committees will be appointed following completion of the Transaction in accordance with Applicable Canadian Securities Laws. It is currently intended that following the completion of the Transaction, the Board will amend the Corporation's by-laws to, among other things, provide that the Chair of the Board shall have a casting vote in the event of a tie vote among the directors.

Auditors

The auditors of Horizon North are KPMG LLP, who will remain auditors of the Corporation after Closing until such time as a successor is appointed. Following Closing, Horizon North intends to change the auditors to PricewaterhouseCoopers LLP, subject to approval by the post-Closing Horizon North Board and the Shareholders at the upcoming annual meeting.

RISK FACTORS

In addition to the other information contained in this Information Circular, Shareholders should give careful consideration to the following risk factors prior to voting on the matters being put before them at the Meeting. Any of the matters highlighted in these risk factors could adversely affect the Corporation's business and financial condition, causing a Shareholder to lose all, or part of, its, his or her investment. The risks and uncertainties described below are those relating to the Transaction which the Corporation currently believes to be material, but they are not the only ones faced by the Corporation. If any of the following risks, or any other risks and uncertainties that the Corporation has not yet identified or that the Corporation currently considers not to be material, actually occur or become material risks, the Corporation's business, prospects, financial condition, results of operations and cash flows and consequently the price of the Corporation's securities could be materially and adversely affected. In addition, a discussion of the risks affecting the Corporation and the Corporation's business appears under the heading "Risk Factors" in the Corporation's annual information form dated March 11, 2020 for the year ended December 31, 2019, and "Risks and Uncertainties" in the Corporation's management's discussion and analysis dated March 11, 2020 for the year ended December 31, 2019, and a discussion of the risks affecting Dexterra and Dexterra's business appear under the heading "Risk Factors of Dexterra" in Appendix F to this Information Circular.

We may fail to realize the anticipated benefits of the Transaction.

The Transaction is subject to normal commercial risks that the Transaction may not be completed on the terms negotiated or at all. Horizon North and the Dexterra Parties are proposing to complete the Transaction to create the opportunity to realize certain benefits including, among other things, potential cost savings and operational synergies. If the Parties are not able to successfully combine and integrate their businesses in an efficient and effective manner, the anticipated benefits and cost savings of the Transaction may not be realized fully, or at all, or it may take longer to realize them and at a significantly greater cost than expected. An inability to realize the full extent of the anticipated benefits and cost savings of the Transaction, as well as any delays encountered in the integration process, could have a material adverse effect on the revenues, level of expenses and operating results of Horizon North.

The completion of, and anticipated benefits from, the proposed Transaction may be adversely affected by the recent COVID-19 pandemic.

On March 11, 2020, the World Health Organization officially declared the outbreak of COVID-19 a "pandemic." The outbreak of COVID-19 has resulted in a widespread health crisis with adverse impacts to worldwide economies and financial markets, the full effects of which are not yet known. The extent to which COVID-19 may impact the combined company is unknown, and will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. If the disruptions posed by COVID-19 or other matters of global concern continue for an extensive period of time and restrict or delay the ability to satisfy conditions to the Transaction, the ability to complete the proposed Transaction, in a timely manner, may be affected. As a result, in addition to normal commercial risks related to the Transaction, the COVID-19 outbreak presents the risk that Horizon North may face a material reduction in demand, or increase in delinquent or unpaid bills, for its products and services due the financial hardship that its clients may be undergoing, creating a further risk that the combined company may not be able to realize the anticipated benefits of the Transaction.

The unaudited pro forma financial information is presented for illustrative purposes only.

The unaudited pro forma financial information contained in this Information Circular is presented for illustrative purposes only and should not be considered to be an indication of Horizon North's results of operations or financial condition following the completion of the Transaction. The actual results of operations and financial condition of the combined company following the completion of the Transaction may be substantially different. The unaudited pro forma financial information has been derived from the historical financial statements of Horizon North and Dexterra and adjustments, assumptions and preliminary estimates have been made in connection with the preparation of this information. These adjustments, assumptions and estimates are preliminary and based on information available at the time of the preparation of the pro forma financial statements, and these kinds of adjustments, assumptions and estimates are difficult to make with accuracy. As a result, the actual results of operations and financial condition of Horizon North following the completion of the Transaction may not be consistent with, or evident from, the unaudited pro forma financial information included in this Information Circular, and any differences may be material. The assumptions used in preparing the unaudited pro forma financial information may not prove to be accurate, and other factors may materially affect the combined company's results of operations or financial condition following the Transaction.

The Horizon Shares to be issued, or that are issuable, pursuant to the Transaction will dilute Shareholders.

If the Transaction is completed, and subject to the terms of the Purchase Agreement, Dexterra Parent will be entitled to between 158,929,967 and 166,000,261 Horizon Shares (depending on the number of Options outstanding immediately prior to the Closing Time), which will represent 49% of the issued and outstanding Horizon Shares post-Closing. As a result, existing Shareholders will have their positions significantly diluted by the increase in additional outstanding Horizon Shares.

Dexterra Parent will be a control person of the Corporation (within the meaning of Applicable Canadian Securities Laws) upon completion of the Transaction.

Upon completion of the Transaction, Dexterra Parent will be the Corporation's single largest Shareholder, beneficially owning at least 49% of the issued and outstanding Horizon Shares. In light of such ownership, Dexterra Parent will be a control person of the Corporation (within the meaning of Canadian Securities Laws) and will be considered to have control (from an accounting perspective) of Horizon North. As such, Dexterra Parent will be in a position to influence matters affecting Shareholders or requiring Shareholder approval, including the election of directors to the Board, approval of security-based compensation arrangements, amendments to the articles and by-laws of the Corporation and the determination of significant corporate actions. In addition, pursuant to the Investor Rights Agreement, Dexterra Parent has certain rights including with respect to Board representation, including representation of four nominees on the Board, which will consist of eight directors immediately post-Closing. See

"Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Investor Rights Agreement". In addition, the Board intends to amend the by-laws of the Corporation following completion of the Transaction to provide the Chair of the Board, who will be a Dexterra Parent nominee, with a casting vote in the event of a tie vote among the directors.

Accordingly, as Dexterra Parent will be a control person of the Corporation (within the meaning of Applicable Canadian Securities Laws) and will be considered to have control (from an accounting perspective) of Horizon North, there can be no assurance that Dexterra Parent's interests will align with the Corporation's interests or the interests of other Shareholders. In addition, such influence could limit the price that an acquirer might be willing to pay in the future for Horizon Shares and it may have the effect of delaying or preventing a change of control of us, such as a merger or take-over.

The Transaction is subject to satisfaction or waiver of several conditions.

The completion of the Transaction is subject to the satisfaction of a number of conditions precedent, certain of which are outside of the Corporation's control, including, but not limited to, Shareholder Approval and other customary conditions. A substantial delay in obtaining satisfactory approvals and/or the imposition of unfavourable terms or conditions in the approvals to be obtained could result in the termination of the Purchase Agreement. There can be no certainty, nor can the Corporation provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Transaction is not completed: (a) the market price of the Horizon Shares may be impacted to the extent that the market price reflects a market assumption that the Transaction will be completed; (b) certain costs related to the Transaction, such as legal, accounting and financial advisory fees, must be paid by the Corporation even if the Transaction is not completed; (c) in certain instances, if the Transaction is not completed, the Corporation must pay the Termination Fee (or, in certain circumstances, reimbursement of certain expenses) to Dexterra, which could adversely affect the Corporation's financial condition; (d) the Corporation may not be successful in finding another business opportunity that is of equal or greater benefit to the Corporation; and (e) the time and attention of the Corporation's management will have been diverted away from the conduct of the Corporation's business in the Ordinary Course.

Until the Transaction is completed, the Corporation is restricted from taking certain actions.

Until the Transaction is completed, the Purchase Agreement restricts the Corporation from taking certain specified actions without the consent of Dexterra and Dexterra Parent. These restrictions may prevent the Corporation from pursuing certain business opportunities that may arise prior to the completion of the Transaction. See *"Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Purchase Agreement"*.

The Purchase Agreement may be terminated in certain circumstances.

The Corporation and the Dexterra Parties have the right, in certain circumstances, to terminate the Purchase Agreement. Accordingly, there can be no certainty, nor can the Corporation provide any assurance, that the Purchase Agreement will not be terminated by either party prior to the completion of the Transaction. See *"Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Purchase Agreement – Termination"*.

If the Purchase Agreement is terminated or the Transaction is not consummated, there could be an adverse effect on us.

If the Transaction is not completed, the market price of the Horizon Shares may decline to the extent that the market price reflects a market assumption that the Transaction will be completed. If the Transaction is not completed and the Board decides to seek another strategic transaction, there can be no assurance that it will be able to find a party willing to consummate a transaction on terms as favourable as the Transaction. Furthermore, in the event that the Purchase Agreement is terminated and the Transaction is not consummated, the Corporation may, in certain circumstances, be obligated to pay the Termination Fee or Expense Reimbursement payment to Dexterra, including in circumstances where the Corporation has insufficient resources to fund our payment obligation.

Even if the Purchase Agreement is terminated without payment of the Termination Fee, the Corporation may, in the future, be required to pay the Termination Fee in certain circumstances. The Purchase Agreement provides that the Corporation is required to pay the Termination Fee to Dexterra if it enters into an agreement in respect of an alternative transaction satisfying certain conditions within 12 months of the Purchase Agreement being terminated by either the Corporation or the Dexterra Parties as a result of the failure to obtain Shareholder Approval where a third party has announced an Acquisition Proposal prior to the Meeting. The Corporation may have insufficient resources to fund the Corporation's payment obligation. See *"Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Purchase Agreement – Termination"*.

The Corporation is restricted from soliciting Acquisition Proposals from other potential purchasers.

While the terms of the Purchase Agreement permit the Corporation to consider unsolicited Acquisition Proposals, the Purchase Agreement restricts the Corporation from soliciting third parties to make an Acquisition Proposal that may constitute a Superior Proposal. See *"Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Purchase Agreement – Covenants of the Corporation Regarding Non-Solicitation; Right to Accept a Superior Proposal"*.

The Corporation may be required to complete the Transaction even if a Superior Proposal is received and the Board makes a Change in Recommendation. Under the Purchase Agreement, the Dexterra Parties are entitled to force the Meeting to proceed notwithstanding a Change in Recommendation. In such circumstance, the Corporation has agreed it will hold the Meeting to allow Shareholders to vote on the Share Issuance Resolution. In the event the Share Issuance Resolution is approved, the Corporation must continue to comply with its obligations to complete the Transaction, subject to the terms and conditions of the Purchase Agreement, creating a risk that such Superior Proposal, if one should emerge, would not be effected.

The Dexterra Parties' right to match and the Termination Fee may discourage other potential purchasers from making a Superior Proposal.

Pursuant to the Purchase Agreement, as a condition to entering into a definitive agreement in respect of a Superior Proposal, the Corporation would be required to offer the Dexterra Parties the right to match the terms of that Superior Proposal, and the Corporation would be required to pay the Termination Fee to Dexterra. This right to match and the Termination Fee may discourage other parties from making a Superior Proposal, even if they would otherwise have been willing to invest in the Corporation on more favourable terms than the Transaction.

Dexterra Parent's significant interest in the Corporation upon completion of the Transaction may impact the liquidity of the Horizon Shares.

The Horizon Shares may be less liquid and trade at a discount relative to the trading that could occur in circumstances where Dexterra Parent did not have the ability to significantly influence or determine matters affecting the Corporation. Additionally, Dexterra Parent's significant voting interest in the Corporation may discourage transactions involving a change of control of the Corporation, including transactions in which an investor, as a Shareholder, might otherwise receive a premium for its Horizon Shares over the then-current market price.

The pending Transaction may divert the attention of the Corporation's management.

The proposed Transaction could cause the attention of the Corporation's management to be diverted from the day-to-day operations of the business and customers or suppliers may seek to modify or terminate their business relationships with the Corporation. These disruptions could be exacerbated by a delay in the completion of the Transaction and could have an adverse effect on the business, operating results or prospects of the Corporation.

The change of control provisions in certain of Dexterra's existing contractual arrangements will be triggered by the Transaction.

As a result of the Transaction, certain of Dexterra's existing contractual arrangements include change of control provisions that are triggered by acquisition of the Dexterra Shares by Horizon North, requiring Dexterra to seek consent from the counterparty if the change of control trigger is fulfilled. There is no guarantee that consent will be obtained. The change of control provisions in certain of Dexterra's arrangements or agreements Dexterra may enter into in the future, may be triggered upon completion of the Transaction.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information as of December 31, 2019

Plan Category	Number of Securities to be issued upon exercise of outstanding Options, warrants and rights	Weighted-average exercise price of outstanding Options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	9,701,273	\$1.94	6,840,417
Equity compensation plans not approved by security holders	--	--	--
Total	9,701,273	\$1.94	6,840,417

Horizon North Options Post-Closing

Provided the Option Resolution is approved by Shareholders at the Meeting, Horizon North intends to grant new Options to certain executives and may further determine to grant new Options to directors and certain employees shortly after Closing of the Transaction, with exercise prices no less than the closing price of the Horizon Shares on the TSX on the day prior to such grant. See "*Matters to be Acted Upon at the Meeting – The Transaction – Option Resolution*" and "*Matters to be Acted Upon at the Meeting – The Transaction – Option Resolution – Treatment of Incentive Securities – Treatment of Options*".

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, no director or executive officer of Horizon North was indebted to Horizon North or its subsidiaries. Further, at no time since the beginning of the financial year ended December 31, 2019 did any director or executive officer, or any associate of any such director or executive officer of Horizon North, owe any indebtedness to Horizon North or owe any indebtedness to any other entity which is, or at any time has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Horizon North or any of its subsidiaries.

MANAGEMENT CONTRACTS

Horizon North has no management contracts or other arrangements in place where management functions are to a substantial degree performed by a person other than the directors or officers of Horizon North.

COMMUNICATING WITH THE BOARD

Shareholders may write to the Board or any member or members of the Board in care of the Corporate Secretary at the following address:

Letters addressed to the Board, or any individual independent director, are reviewed as a group to determine if a response from the Board is appropriate. While the Board oversees management, it does not participate in the day-to-day functions and operations of Horizon North and is not normally in the best position to respond to inquiries on those matters. Inquiries on operations or day-to-day management of Horizon North will be directed to the appropriate personnel within Horizon North for a response. The Board has instructed the Corporate Secretary to review all correspondence and, in her discretion, not to forward any items if they:

- are not relevant to Horizon North's operations, policies and philosophies;
- are commercial in nature; or
- are not appropriate for consideration by the Board.

All inquiries will receive a written response from either the Board or management, as appropriate. The Corporate Secretary maintains a log of all correspondence addressed to members of the Board. Directors may review the log at any time and request copies of any correspondence received.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any informed person (as defined in NI 51-102) of the Corporation, director or executive officer, proposed nominee for election as a director or any associate or affiliate of any of the foregoing in any transaction that took place since the beginning of the most recently completed financial year in any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as set forth below, no person who has been a director or executive officer of the Corporation at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than as described elsewhere in this Information Circular.

Executive Employment Agreements

Each of Rod Graham, President and CEO and Scott Matson, Senior Vice President and CFO, has an existing employment agreement with the Corporation. For a detailed summary of the material terms of the employment agreements see Appendix G to this Information Circular. In addition, the Corporation has an executive employment arrangement with Mark Becker, President, Industrial Services, which provides for a change of control provision on substantially the same terms as set forth in the executive employment agreements of the CEO and CFO. For the purposes of these existing executive employment agreements and arrangements, the Board has determined that the Transaction will not result in a change of control pursuant to such agreements or arrangement. Accordingly, no change of control payments will be triggered as a result of the Transaction.

In connection with the Transaction, the Corporation has entered into conditional executive employment agreements with Rod Graham and John MacCuish in respect of their Co-CEO roles and Mark Becker as President, Industrial Services with Horizon North. In addition, the Corporation has entered into a retention agreement with Scott Matson in respect of his role as Senior Vice President and CFO such that Mr. Matson has agreed to remain in that role in Calgary, Alberta for a period of up to 6 months following completion of the Transaction, until such time as Horizon North can fill that position in Toronto, Ontario. Each of these agreements is conditional upon completion of the Transaction and will not become effective until immediately after Closing. The terms of the conditional employment agreements for Messrs. Graham, MacCuish and Becker are substantially the same as the existing executive employment agreements summarized in Appendix G to this Information Circular.

Summary of Interests of Directors and Executive Officers in the Transaction

As discussed in more detail under the heading "*Matters to be Acted Upon at the Meeting – The Transaction – Treatment of Incentive Securities*", the Corporation has agreed to use its reasonable commercial efforts to cause each Optionholder to enter into Option Cancellation Agreements. Accordingly, if the directors and executive officers set out below enter into an Option Cancellation Agreements, then they will receive a nominal payment of \$0.01 for each Option surrendered for cancellation and the RSUs they hold will vest and be paid out shortly after Closing. In the event a holder of RSUs does not enter into an Option Cancellation Agreement prior to completion of the Transaction, such holder's Incentive Securities will remain outstanding following Closing.

Name	Number of Horizon North Incentive Securities held just prior to Closing		Estimated Aggregate Payment for Outstanding Incentive Securities held (\$) ⁽¹⁾
	Options ⁽²⁾	RSUs	
Richard T. Ballantyne Director	100,000	43,334	\$14,650.21
Bradley P.D. Fedora Director	100,000	43,334	\$14,650.21
Mary Garden Director	100,000	43,334	\$14,650.21
Kevin D. Nabholz Director	120,000	55,001	\$18,525.32
Russell A. Newmark Director	100,000	43,334	\$14,650.21
Ann I. Rooney Director	100,000	43,334	\$14,650.21
Dale E. Tremblay Director	100,000	43,334	\$14,650.21
Rod Graham President and Chief Executive Officer and Director	2,050,513	310,991	\$118,467.30
Scott Matson Senior Vice President and Chief Financial Officer	585,484	78,284	\$30,514.30
Mark Becker President, Industrial Services	535,887	82,576	\$31,370.31
Joseph Kiss President, Modular Solutions	510,161	55,304	\$22,522.37

Notes:

- (1) Represents aggregate payout of RSUs and Options, assuming each holder above enters into an Option Cancellation Agreement. In the event a holder of Incentive Securities does not enter into an Option Cancellation Agreement prior to completion of the Transaction, such holder's Incentive Securities will remain outstanding and no payment in respect of Options or RSUs will be made. As of the date hereof, all outstanding Options are out-of-the-money therefore the value has been calculated at the nominal consideration of \$0.01 for surrender of Options pursuant to the terms of the Option Cancellation Agreements. The value of RSUs has been determined by multiplying the aggregate number of RSUs by the closing price of \$0.315 in respect of the Horizon Shares on the TSX on April 17, 2020. The actual value of the RSUs will be determined as of the last Business Day prior to Closing.
- (2) Represents the number of Options that will be held by each individual just prior to Closing taking into account Options set to expire on April 30, 2020.

ADDITIONAL INFORMATION

Additional financial information is provided in the Corporation's audited consolidated financial statements and management's discussion and analysis for the most recently completed fiscal period ended December 31, 2019, contained in the Corporation's annual report for the year ended December 31, 2019. The Corporation will provide

to any person upon request, the Corporation's audited consolidated financial statements and related management's discussion and analysis contained in the annual report for the financial year ended December 31, 2019, together with the report of the auditors thereon, and one copy of the Corporation's interim consolidated financial statements subsequent to such audited consolidated financial statements and a copy of this Information Circular. These documents can be obtained free of charge by contacting the Corporate Secretary of the Corporation at 900, 240 – 4th Avenue SW, Calgary, Alberta T2P 4H4 or by accessing the Corporation's website at www.horizonnorth.ca or on SEDAR at www.sedar.com.

DIRECTORS' APPROVAL

The contents and the sending of this Information Circular have been approved by the directors of Horizon North.

April 23, 2020

(signed) "*Jan M. Campbell*"

Jan M. Campbell
Corporate Secretary

APPENDIX A

GLOSSARY

Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the meanings set forth below when used in this Information Circular, including the appendices hereto.

"ABCA" means the *Business Corporations Act*, R.S.A. 2000, c. B 9, as such may be amended from time to time prior to the Closing Date.

"Acquisition Proposal" means, other than:

- (a) the Transaction, and
- (b) any transaction involving only the Corporation and one or more of its wholly-owned subsidiaries or between or among one or more of the Corporation's wholly-owned subsidiaries,
- (c) any inquiry, request for discussions or negotiations, offer or proposal whether or not in writing to the Corporation or Shareholders from any Person or Persons "acting jointly or in concert" (within the meaning of NI 62-104) relating to, or which constitutes, or which may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions):
 - (i) any direct or indirect sale, disposition, issuance or acquisition of shares or other equity interests (or securities convertible into or exercisable for such shares or interests) from the Corporation or Shareholders as the case may be that, when taken together with any securities of the Corporation held by the proposed acquiror, and any Person acting jointly or in concert with such acquiror and assuming the conversion of any convertible securities held by the proposed acquiror and any Person acting jointly or in concert with such acquiror, would constitute beneficial ownership representing 20% or more of any class of equity or voting securities of the Corporation or any of its subsidiaries or rights or interests therein or thereto;
 - (ii) any direct or indirect sale, disposition, acquisition or purchase (or any lease, long-term supply agreement, joint venture or other arrangement having the same economic effect as a sale, disposition, acquisition or purchase) of assets of any member of the Horizon Group (including, without limitation, the shares of any subsidiary) representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Corporation or any of its subsidiaries;
 - (iii) an amalgamation, arrangement, share exchange, merger, business combination, consolidation, recapitalization or other similar transaction involving the Corporation or any of its subsidiaries;
 - (iv) any take-over bid, tender offer, issuer bid, exchange offer, treasury issuance, recapitalization, liquidation, dissolution, reorganization or winding up or other similar transaction involving the Corporation that, if consummated, would result in a Person or group of Persons acting jointly or in concert acquiring beneficial ownership of 20% or more of any class of equity or voting securities of the Corporation and assuming the conversion of any convertible securities held by the Person or group of Persons acting jointly or in concert;

- (v) any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Purchase Agreement or the Transaction;
- (vi) any other transaction or series of transactions involving the Corporation or any of its subsidiaries that would have a similar effect as the foregoing; or
- (vii) any public announcement of an intention to do any of the foregoing.

"Adjusted EBITDA" has the meaning ascribed thereto in Appendix F under the heading *"Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures"*.

"Adjusted EBITDA Margin" has the meaning ascribed thereto in Appendix F under the heading *"Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures"*.

"Applicable Canadian Securities Laws" means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, blanket orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Closing Date, that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or persons or its or their business, undertaking, property or securities.

"Applicable Laws", in the context that refers to one or more Persons, means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by any Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or persons or its or their business, undertaking, property or securities, including for greater certainty, Applicable Canadian Securities Laws.

"ARC" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Other Regulatory Matters – Competition Act Clearance"*.

"Beneficial Shareholder" has the meaning ascribed thereto under the heading *"Virtual Meeting Only"*.

"Blakes" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Background to the Transaction"*.

"Board" means the board of directors of the Corporation as it may be comprised from time to time, including any duly constituted and acting committee thereof.

"Business Day" means any day other than a Saturday, Sunday, statutory holiday or other day when banks in the City of Calgary, Alberta or the City of Toronto, Ontario, are not generally open for business.

"Carillion Canada" has the meaning ascribed thereto in Appendix F under the heading *"Name, Address and Incorporation"*.

"Carillion Financial Statements" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Other Regulatory Matters – Exemptive Relief"*.

"Carillion Services Assets" means certain assets and associated liabilities comprising the services business carried on by Carillion Canada Inc. and certain of its affiliates.

"**CBCA**" has the meaning ascribed thereto in Appendix F under the heading "*Name, Address and Incorporation*".

"**CCAA Proceedings**" has the meaning ascribed thereto in Appendix F under the heading "*Description of the Business of Dexterra – Recent History – 2018*".

"**CEO**" means chief executive officer.

"**CFO**" means chief financial officer.

"**Change in Recommendation**" means any acceptance, recommendation, approval or entering into an agreement to implement a Superior Proposal from a third party, and any withdrawal, amendment, modification or qualification by the Board or any committee thereof of their recommendation in favour of the Transaction in conjunction with such Superior Proposal where: the Corporation, prior to obtaining the approval of the Share Issuance Resolution by the Shareholders at the Meeting: (i) accepts, recommends, approves or enters into an agreement to implement a Superior Proposal from a third party, but only if: (A) the third party making the Acquisition Proposal shall not have been restricted from making, or require consent from the Board for such Acquisition Proposal pursuant to existing confidentiality, non-disclosure or standstill agreement or similar restriction; (B) the Corporation and its Representatives comply, and at all times have complied, with all of their non-solicitation obligations under the Purchase Agreement; and (C) prior to such acceptance, recommendation, approval or implementation, the Board shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of the Purchase Agreement and after receiving the advice of outside counsel, that the failure by the Board to take such action would be inconsistent with its fiduciary duties under Applicable Laws.

"**Closing**" means the completion of the acquisition of the Dexterra Shares by Horizon North in exchange for the issuance of the Share Consideration to Dexterra Parent in accordance with the terms of the Purchase Agreement.

"**Closing Date**" shall be the date that is no later than three Business Days following the satisfaction or waiver of the conditions set forth under the Purchase Agreement.

"**Closing Time**" means 9:00 a.m. (Calgary time) on the Closing Date.

"**Co-CEOs**" means John MacCuish, Chief Executive Officer of Dexterra, and Rod Graham, President and Chief Executive Officer of Horizon North, who will be appointed Co-Chief Executive Officers of Horizon North post-Closing.

"**Commissioner**" means the Commissioner of Competition appointed under the Competition Act or any person duly authorized to exercise the powers of the Commissioner of Competition.

"**Competition Act**" means the *Competition Act*, R.S.C., 1985, c. C-34, as amended.

"**Competition Act Clearance**" means either of the following:

- (a) the issuance of an advance ruling certificate by the Commissioner under section 102(1) of the Competition Act in respect of the transactions contemplated by the Purchase Agreement; or
- (b) the applicable waiting period under subsection 123(1) of the Competition Act, and any extension thereof, shall have expired or shall have been terminated under subsection 123(2) of the Competition Act, or the obligation to submit a notification under Part IX of the Competition Act shall have been waived by the Commissioner pursuant to paragraph 113(c) of the Competition Act; and (b) unless waived by each of the Corporation and Dexterra Parent, the Commissioner shall have issued a "no-action" letter confirming that the Commissioner does not, at that time, intend to make an application for an order under section 92 of the Competition Act in respect of the transactions contemplated by the Purchase Agreement, and such "no action" letter remains in full force and effect.

"Confidentiality Agreement" means the confidentiality agreement between the Corporation and Hamblin Watsa Investment Counsel Ltd. dated September 10, 2019, as amended and supplemented on December 23, 2019.

"D&O Support Agreements" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Reasons for the Board Recommendation – Information Considered"*.

"Demand Distribution" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Investor Rights Agreement"*.

"Demand Notice" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Investor Rights Agreement"*.

"Dexterra" means 10647802 Canada Limited, a corporation existing under the laws of Canada.

"Dexterra Board" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Background to the Transaction"*.

"Dexterra Credit Facility" means the \$32 million revolving credit facility of Dexterra, as borrower with Canadian Imperial Bank of Commerce, as lender due on June 10, 2023.

"Dexterra Damages Event" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Purchase Agreement – Termination Fee and Expense"*.

"Dexterra Disclosure Letter" means the disclosure letter dated March 9, 2020 delivered by Dexterra to Horizon.

"Dexterra Group" means Dexterra and its subsidiaries.

"Dexterra Parent" means 9477179 Canada Inc., a corporation existing under the laws of Canada.

"Dexterra Parties" means, collectively, Dexterra and Dexterra Parent.

"Dexterra Shares" means the issued and outstanding common shares in the capital of Dexterra.

"EBITDA" has the meaning ascribed thereto under the heading *"Non-GAAP Measures"*.

"Environmental Laws" means, with respect to any Person or its business, activities, property, assets or undertaking, all Applicable Laws, relating to environmental or occupational health and safety matters of the jurisdictions applicable to such Person or its business, activities, property, assets or undertaking, including legislation governing the use, handling and storage of Hazardous Substances.

"Exemptive Relief" means the exemption sought from the Securities Authorities by Horizon North and Dexterra from the requirement to include in this Information Circular the Carillion Financial Statements.

"Expense Reimbursement" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Purchase Agreement – Termination Fee and Expense"*.

"Fairfax" means Fairfax Financial Holdings Limited.

"Fairness Opinion" means the opinion of Scotiabank to the effect that, on March 9, 2020, subject to the assumptions, qualifications and limitations set out therein, the issuance of the Share Consideration to Dexterra Parent in exchange for the Dexterra Shares under the Purchase Agreement is, as of March 9, 2020, fair from a financial point of view to the Corporation.

"**Fiscal 2018**" has the meaning ascribed thereto in Appendix F under the heading "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

"**Fiscal 2019**" has the meaning ascribed thereto in Appendix F under the heading "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

"**Fully Diluted Basis**" means, immediately after the Closing Time, the number of issued and outstanding Horizon Shares plus the number of Horizon Shares issuable upon the exercise of the then outstanding Options, if any, which have not been exercised or cancelled (or agreed to be cancelled) pursuant to Option Cancellation Agreements;

"**GAAP**" has the meaning ascribed thereto under the heading "*Non-GAAP Measures*".

"**Governmental Authority**" means any:

- (a) national, federal, provincial, state, regional, municipal, local or other government or any governmental regulatory or administrative authority department, court, tribunal, arbitral body, commission, board, bureau, ministry or agency, or official, domestic or foreign including any political subdivision thereof;
- (b) any subdivision, agent, commission, board or authority of any of the foregoing;
- (c) any quasi-governmental or private body exercising any regulatory, expropriation or Taxing Authority under or for the account of any of the foregoing; and
- (d) any stock exchange, including the TSX.

"**Governmental Authorizations**" means, collectively, licenses, permits, certificates, consents, orders, grants, registrations, recognition orders, exemption relief orders, no-action relief and other authorizations (including in connection with Environmental Laws) from any Governmental Authority necessary in connection with its business as it is now, individually or in the aggregate, being or proposed to be conducted.

"**Hamblin Watsa**" has the meaning ascribed thereto under the heading "*Matters to be Acted Upon at the Meeting – The Transaction – Background to the Transaction*".

"**Hazardous Substances**" means any pollutant, contaminant, waste or other substance of any nature, hazardous substance, hazardous material, toxic substance, dangerous substance or dangerous good as defined, or that is prohibited, listed, defined, designated, regulated, classified judicially interpreted or identified in any applicable Environmental Laws including petroleum and all derivatives thereof and synthetic substitutions therefor.

"**Horizon Credit Facility**" means the \$150 million credit facility of Horizon North with Scotiabank, as lead lender due on September 30, 2021.

"**Horizon Disclosure Letter**" means the disclosure letter dated March 9, 2020 delivered by Horizon to the Dexterra Parties.

"**Horizon Group**" means Horizon North and its subsidiaries.

"**Horizon North**" or the "**Corporation**" means Horizon North Logistics Inc., a corporation existing under the laws of the Province of Alberta.

"**Horizon Share Shortfall**" means any difference between the Share Consideration and the number of Horizon Shares actually issued to Dexterra Parent at the Closing Time pursuant a reduction of the number of Horizon Shares to be issued to Dexterra Parent at the Closing Time to such number of Horizon Shares required to represent 49.99% of the

outstanding Horizon Shares immediately following the Closing Time, rounded down to the nearest whole Horizon Share.

"Horizon Shares" means the common shares in the capital of the Corporation.

"IFRS" means International Financial Reporting Standards as incorporated in the Handbook of the Chartered Professional Accountants (Canada) at the relevant time applied on a consistent basis.

"IFRS 16" has the meaning ascribed thereto in Appendix F under the heading *"Management's Discussion and Analysis of Financial Condition and Results of Operations – Adoption of IFRS 16 Leases"*.

"Incentive Securities" means, collectively, the Options and RSUs.

"Information Circular" means the Notice of Meeting, together with this management information circular, including all appendixes hereto, as amended, supplemented or otherwise modified from time to time.

"Intermediary" has the meaning ascribed thereto under the heading *"Instructions on Voting at the Virtual Meeting"*.

"Instrument of Proxy" means the instrument of proxy for use by Registered Shareholders at the Meeting.

"Investor Rights Agreement" means the agreement substantially in the form attached as Schedule "E" to the Purchase Agreement with such changes thereto as may be agreed upon by the parties thereto prior to Closing.

"Investor Rights Shareholders" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Investor Rights Agreement"*.

"Lock-up Period" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Investor Rights Agreement"*.

"Material Adverse Change" or **"Material Adverse Effect"** means, with respect to Horizon North or Dexterra, as the case may be, any fact or state of facts, circumstance, change, effect, occurrence or event that:

- (a) individually or in the aggregate is, or would reasonably be expected to be, material and adverse to the condition (financial or otherwise), business, operations, properties, licenses, affairs, assets, liabilities (contingent or otherwise), capitalization, results of operations or cash flows of Horizon North or Dexterra and their respective subsidiaries, taken as a whole, as the case may be, other than any such change, effect, occurrence or event directly or indirectly relating to or resulting from:
 - (i) conditions generally affecting the industries in which such Party and its subsidiaries operate in jurisdictions in which such Party and its subsidiaries carry on business;
 - (ii) changes to Applicable Laws, Taxes, IFRS or changes in accounting or regulatory requirements generally applicable to the industries in which such Party and its subsidiaries operate as a whole;
 - (iii) general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere;
 - (iv) global, national or regional political conditions, including the outbreak of war or acts of terrorism;
 - (v) natural disasters or outbreaks of illness;

- (vi) in the case of Horizon North, any matter which has been publicly disclosed by Horizon North in the Horizon Public Record (which for this purpose shall solely consist of annual information forms, financial statements, management discussion and analysis, news releases generally disclosed and filed on SEDAR, and material change reports) subsequent to January 1, 2019 (other than a matter which has been publicly disclosed as a risk factor or under a forward-looking information cautionary statement) or disclosed in the Horizon Disclosure Letter, in each case, prior to the date of the Purchase Agreement, and in the case of Dexterra, any matter which has been disclosed in the Dexterra Disclosure Letter, except in each case to the extent of any fact or state of facts, circumstance, change, effect, occurrence or event that arises after the date hereof;
- (vii) in the case of Horizon North, relating to a change in the market trading price or trading volume of Horizon North's publicly listed securities (it being understood that, unless otherwise excluded by Sections (a)(i) through (a)(x) of this definition inclusively, the causes underlying any such change may be considered to determine whether same constitute a Material Adverse Change or Material Adverse Effect);
- (viii) the failure of such Party to meet any internal or published projections, forecasts or estimates of revenues, earnings or cash flow (it being understood that, unless otherwise excluded by Sections (a)(i) through (a)(x) of this definition inclusively, the causes underlying any such change may be considered to determine whether same constitute a Material Adverse Change or Material Adverse Effect);
- (ix) the announcement of the Purchase Agreement and the transactions contemplated hereby, including the Transaction; or
- (x) in the case of Horizon North, any matter expressly consented to in writing by Dexterra after the date hereof or permitted or required by the Purchase Agreement (excluding Section 3.1(h) of the Purchase Agreement for such purpose), and in the case of Dexterra, any matter expressly consented to in writing by Horizon North after the date hereof or permitted or required by the Purchase Agreement (excluding Section 3.2(e) of the Purchase Agreement for such purpose);

provided however, that where the change or effect referred to in Sections (a)(i) through (a)(v) of this definition primarily relates only to (or has the effect of primarily relating only to) Horizon North or Dexterra, as the case may be, or disproportionately affects Horizon North or Dexterra and its respective subsidiaries, taken as a whole, as the case may be, compared to other entities of similar size operating in the same jurisdictions in the industries in which such Party and its subsidiaries operate, in which case, the relevant exclusion from this definition of Material Adverse Change or Material Adverse Effect referred to above shall not be applicable; and provided that references in certain sections of the Purchase Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretative for purposes of determining whether a Material Adverse Change or Material Adverse Effect has occurred; or

- (b) either individually or in the aggregate prevents or materially delays, or individually or in the aggregate would reasonably be expected to prevent or materially delay, the consummation of the Transaction or Horizon North, Dexterra or Dexterra Parent, as the case may be, from performing its material obligations under the Purchase Agreement in any material respect;

"**MD&A**" has the meaning ascribed thereto in Appendix F under the heading "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

"Meeting" means the special meeting of the Shareholders to be held to consider the Share Issuance Resolution and related matters, and any adjournment(s) or postponement(s) thereof.

"MI 61-101" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

"NI 51-102" means National Instrument 51-102 – *Continuous Disclosure Obligations*.

"NI 62-104" means National Instrument 62-104 – *Take-Over Bids and Issuer Bids*.

"No Action Letter" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Other Regulatory Matters – Competition Act Clearance"*.

"Notice of Meeting" means the notice of special meeting of Shareholders which accompanies this Information Circular.

"Notifiable Transaction" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Other Regulatory Matters – Competition Act Clearance"*.

"Notifications" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Other Regulatory Matters – Competition Act Clearance"*.

"Option Cancellation Agreements" means the agreements proposed to be entered between the Corporation and each of the Optionholders, prior to the Closing Date and conditional upon Closing, in form and substance satisfactory to the Dexterra Parties, acting reasonably.

"Option Election Form" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Treatment of Incentive Securities – Treatment of Options"*.

"Option Plan" means the amended and restated stock option plan of the Corporation, dated as of March 1, 2017.

"Option Resolution" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Option Resolution"*.

"Optionholders" means the holders of the Options.

"Options" means the outstanding stock options of the Corporation granted under the Option Plan, whether or not vested, entitling the holders thereof to acquire Horizon Shares.

"Ordinary Course" means, with respect to an action taken by a Person, that such action is consistent with the past practices of the Person and is taken in the ordinary course of the normal day-to-day operations of the Person.

"Outside Date" means July 10, 2020 or such other date as the Corporation, Dexterra and Dexterra Parent may agree in writing; subject to the right of any of the Corporation, Dexterra or Dexterra Parent to extend the Outside Date for up to an additional 30 days, if the Required Approvals have not been obtained by such date (or, in the case of the Exemptive Relief, if Closing has not occurred by the Outside Date primarily due to a delay in receiving the Exemptive Relief), by giving written notice to the other parties to such effect no later than 5:00 pm (Toronto time) on the date that is at least five days prior to the original Outside Date; provided that notwithstanding the foregoing, each of the Corporation, Dexterra and Dexterra Parent shall not be permitted to extend the Outside Date if the failure to obtain the Required Approvals is primarily the result of such party's failure to comply with its covenants set forth in the Purchase Agreement.

"P3s" has the meaning ascribed thereto in Appendix F under the heading *"Description of the Business of Dexterra – Recent History – 2017"*.

"**Parties**" means, collectively, the parties to the Transaction, and "**Party**" means any one of them.

"**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status.

"**PGC**" has the meaning ascribed thereto in Appendix F under the heading "*Description of the Business of Dexterra – Recent History – 2019*".

"**Piggy-Back Shares**" has the meaning ascribed thereto under the heading "*Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Investor Rights Agreement*".

"**Polar Asset Management**" means Polar Asset Management Partners Inc.

"**Polar Support Agreement**" has the meaning ascribed thereto under the heading "*Matters to be Acted Upon at the Meeting – The Transaction – Reasons for the Board Recommendation – Information Considered*".

"**Proposal**" has the meaning ascribed thereto under the heading "*Matters to be Acted Upon at the Meeting – The Transaction – Background to the Transaction*".

"**Purchase Agreement**" means the share purchase agreement dated March 9, 2020 between the Corporation, Dexterra and Dexterra Parent.

"**Qualifying Securities**" has the meaning ascribed thereto under the heading "*Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Investor Rights Agreement*".

"**Record Date**" means the close of business on April 22, 2020.

"**Registered Shareholders**" has the meaning ascribed thereto under the heading "*Virtual Meeting Only*".

"**Regulatory Approvals**" means any consent, waiver, permit, permission, exemption, review, order, decision or approval of, or any registration and filing with or withdrawal of any objection or successful conclusion of any litigation brought by, any Governmental Authority, or the expiry, waiver or termination of any waiting period imposed by law or a Governmental Authority or pursuant to a written agreement between the Parties and a Governmental Authority to refrain from consummating the Transaction, in each case required or advisable under Applicable Law in connection with the Transaction, including the Competition Act Clearance, the Exemptive Relief and the TSX Conditional Approval.

"**Representatives**" means the officers, directors or employees or any financial advisor, expert or other advisor or representative of the Corporation or any of its subsidiaries.

"**Requesting Shareholder**" has the meaning ascribed thereto under the heading "*Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Investor Rights Agreement*".

"**Required Approvals**" means the Competition Act Clearance, the TSX Conditional Approval, the Exemptive Relief and the Shareholder Approval.

"**Rights Agent**" has the meaning ascribed thereto under the heading "*Matters to be Acted Upon at the Meeting – The Transaction – Shareholder Rights Plan*".

"**RSU Plan**" means the restricted share unit plan of the Corporation, dated as of May 5, 2016, as amended and restated March 1, 2017.

"**RSUs**" means the restricted share units issued pursuant to the RSU Plan.

"**Scotiabank**" means Scotia Capital Inc., financial advisor to Horizon North.

"**Securities Authorities**" means, collectively, the securities commissions or similar securities regulatory authorities in each of the provinces and territories of Canada.

"**Separation Time**" has the meaning ascribed thereto in the SRP Agreement.

"**Share Consideration**" means such number of Horizon Shares required to represent 49% of the Horizon Shares calculated on a Fully Diluted Basis immediately after the Closing Time, rounded up to the nearest whole Horizon Share.

"**Share Issuance Resolution**" means the ordinary resolution of the Shareholders in respect of the issuance of Horizon Shares to Dexterra Parent to be considered at the Meeting substantially in the form attached as Appendix B to this Information Circular.

"**Shareholder Approval**" means approval by the Shareholders of the Share Issuance Resolution at the Meeting.

"**Shareholder Rights Plan**" means the shareholder rights plan of Horizon North adopted pursuant to the SRP Agreement.

"**Shareholders**" means holders of Horizon Shares from time to time.

"**Special Committee**" means the special committee of independent directors of the Board which was formed to supervise the negotiation of the Transaction and the terms of the Purchase Agreement and ancillary transaction documents.

"**SRP Agreement**" means the amended and restated rights agreement between the Corporation and Rights Agent dated as of March 15, 2017 pursuant to which the Shareholder Rights Plan was adopted.

"**Superior Proposal**" means an unsolicited written *bona fide* Acquisition Proposal made after the date the Purchase Agreement was signed from a Person (other than Dexterra or Dexterra Parent) that the Board determines in good faith after consultation with its financial and legal advisors (as reflected in the minutes of the Board), is a transaction:

- (a) that is not subject to any financing condition and in respect of which adequate arrangements have been made in respect of the funds or other consideration necessary for the consummation of such Acquisition Proposal, as demonstrated to the satisfaction of the Board, acting in good faith;
- (b) that is capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the Person making such proposal;
- (c) that does not or will not require any waiver, modification, or release of, or consent under, any confidentiality, standstill or similar agreement or restriction to which the Corporation or any of its subsidiaries is a party, and did not otherwise result from or involve a breach of any agreement between the Person making such proposal or the Corporation of the Purchase Agreement;
- (d) that is not subject to any due diligence or access condition;
- (e) that would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to Shareholders from a financial point of view than the transactions contemplated by the Purchase Agreement (including in each case after

taking into account any modifications to the Purchase Agreement proposed by Dexterra Parent as contemplated by Section 6.1(d) of the Purchase Agreement);

- (f) that complies with Applicable Canadian Securities Laws; and
- (g) that the failure by the Board to accept, recommend, approve or enter into a definitive agreement to implement, such Acquisition Proposal would be inconsistent with its fiduciary duties,

provided that, solely for purposes of the definition of "Superior Proposal" and its use throughout the Purchase Agreement, all references to "20%" in the definition of "Acquisition Proposal" shall instead be construed to refer to "50%".

"Supplementary Information Request" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Other Regulatory Matters – Competition Act Clearance"*.

"Support Agreements" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Reasons for the Board Recommendation – Information Considered"*.

"Tangmaarvik" has the meaning ascribed thereto in Appendix F under the heading *"Description of the Business of Dexterra – Indigenous and Community Relations"*.

"Tax" or **"Taxes"** shall mean: (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever however denominated imposed by any Taxing Authority, whether computed on a separate, consolidated, unitary, combined or other basis, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, domestic or foreign federal income taxes and provincial/state income taxes), payroll and employee withholding taxes, employment insurance premiums, unemployment insurance, social insurance taxes, social security taxes, Canada Pension Plan contributions, payroll contributions and taxes, sales and use taxes, value added taxes, goods and services taxes, harmonized sales taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, municipal taxes, environmental taxes, capital taxes, corporate minimum taxes, withholding taxes, employee health taxes, surtaxes, customs, import and export taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which any member of the Horizon Group or the Dexterra Group, as applicable, is required to pay, deduct, withhold, remit or collect; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

"Taxing Authority" means any Governmental Authority responsible for the imposition of any Tax (domestic or foreign).

"Termination Fee" has the meaning ascribed thereto the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Transaction Documents – Purchase Agreement – Termination Fee and Expense"*.

"Transaction" means the acquisition by Horizon North of all of the issued and outstanding Dexterra Shares in exchange for the issuance of the Share Consideration to Dexterra Parent, in accordance with the provisions of the Purchase Agreement, the entering into of the Investor Rights Agreement and the consummation of the other transactions contemplated by the Purchase Agreement.

"TSX" means the Toronto Stock Exchange.

"TSX Conditional Approval" means the conditional approval of the listing of the Horizon Shares issuable pursuant to the Transaction on the TSX.

"Unallocated Options" has the meaning ascribed thereto under the heading *"Matters to be Acted Upon at the Meeting – The Transaction – Option Resolution"*.

"Working Capital" has the meaning ascribed thereto in Appendix F under the heading *"Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures"*.

APPENDIX B

SHARE ISSUANCE RESOLUTION

"**WHEREAS** Horizon North Logistics Inc. (the "**Corporation**") has entered into a share purchase agreement dated March 9, 2020 with 9477179 Canada Inc. ("**Dexterra Parent**") and its wholly-owned subsidiary, 10647802 Canada Limited ("**Dexterra**"), as may be amended from time to time (the "**Share Purchase Agreement**"), to effect a transaction (the "**Transaction**") whereby the Corporation will acquire all of the issued and outstanding common shares in the capital of Dexterra in exchange for such number of common shares in the capital of Corporation (the "**Shares**") that represents 49% of the issued and outstanding Shares (calculated on a fully-diluted basis in accordance with the Share Purchase Agreement) immediately prior to the closing of the Transaction;

AND WHEREAS the Corporation has adopted a shareholder rights plan (the "**Shareholder Rights Plan**") pursuant to an amended and restated agreement between the Corporation and AST Trust Company (the "**Rights Agent**") dated as of March 15, 2017 (the "**SRP Agreement**"), and in connection therewith the board of directors of the Corporation (the "**Board of Directors**") has determined that it would be in the best interests of the Corporation and resolved, subject to the consent of holders of Shares (the "**Shareholders**"), to:

- (i) waive the application of Section 3.1 of the Shareholder Rights Plan to the Flip-In Event (as defined in the SRP Agreement) that would result from consummation of the Transaction as a result of the Dexterra Parent becoming an "Acquiring Person" as defined therein (and including the resultant extension of the Separation Time (as defined in the SRP Agreement) to the date that is 10 business days following approval of the Transaction by the Shareholders);
- (ii) amend the definition of "Separation Time" in the SRP Agreement to add the following at the end of such definition: "; provided that no Separation Time shall occur or be deemed to occur at any time or in any way as a result of or in connection with the transactions contemplated by the share purchase agreement dated March 9, 2020 among the Corporation, 9477179 Canada Inc. and 10647802 Canada Limited, as may be amended from time to time (the "**Dexterra Transactions**"), whether or not such transactions are completed, and including, for greater certainty, pursuant to any prior extension of the Separation Time by the Board of Directors in connection with such transactions."; and
- (iii) amend the definition of "Expiration Time" in the SRP Agreement by deleting the word "and" immediately before clause (iii) and adding a new clause (iv) as follows: ", and (iv) the closing of the Dexterra Transactions.";

(the foregoing waiver and amendments are collectively referred to as the "**SRP Amendments**");

BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. The issuance by the Corporation of up to 166,000,261 Shares to Dexterra Parent in exchange for all of the issued and outstanding shares of Dexterra pursuant to the Transaction, as more particularly described and set forth in the management information circular of the Corporation dated April 23, 2020, as may be modified or amended in accordance with its terms, is hereby authorized, approved and adopted.
2. The SRP Amendments be and are hereby consented to, approved and adopted.
3. Notwithstanding that this resolution has been approved by the Shareholders, the directors of the Corporation are hereby authorized and empowered, at their discretion, without further notice to or approval of the Shareholders: (a) to amend the Share Purchase Agreement, to the extent permitted by the Share Purchase Agreement; and (b) subject to the terms of the Share Purchase Agreement, to disregard the

approval of the Shareholders and not proceed with the Transaction, at any time prior to the completion of the Transaction.

4. Any one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to execute, or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver, or cause to be delivered, all such other documents, agreements and instruments (including all such documents as are necessary or desirable to give effect to the listing of the Shares on the Toronto Stock Exchange in accordance with the Share Purchase Agreement) and to perform, or cause to be performed, all such other acts and things as in such director's or officer's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing."

APPENDIX C

OPTION RESOLUTION

"WHEREAS Horizon North Logistics Inc. (the "**Corporation**") has entered into a share purchase agreement (the "**Share Purchase Agreement**") with 9477179 Canada Inc. ("**Dexterra Parent**") and its wholly-owned subsidiary, 10647802 Canada Limited ("**Dexterra**"), to effect a transaction (the "**Transaction**") whereby the Corporation will acquire all of the issued and outstanding common shares in the capital of Dexterra in exchange for such number of common shares in the capital of Corporation (the "**Shares**") that represent 49% of the issued and outstanding Shares (calculated on a fully-diluted basis in accordance with the Share Purchase Agreement) immediately prior to the date of closing of the Transaction;

AND WHEREAS the Corporation wishes to obtain approval of the holders of the Shares ("**Shareholders**") of the number of unallocated options to purchase Shares ("**Options**") that would be available upon completion of the Transaction under its stock option plan (the "**Option Plan**"), being 10% of the issued and outstanding Shares less the number of Shares issuable pursuant to outstanding Options issued under the Option Plan, calculated at any point in time (the "**Unallocated Options**"), which must be approved every three years and where the current approval expired on May 4, 2020;

AND WHEREAS the Board has determined the Transaction will be considered a "change of control" for the purposes of, and in accordance with, the Option Plan and, subject to certain conditions, has accelerated the vesting of all outstanding Options, conditional upon the consummation of the Transaction, subject in the case of each holder of Options ("**Optionholder**") entering into an option cancellation agreement (an "**Option Cancellation Agreement**") pursuant to which the Optionholder will agree to exercise or surrender for cancellation all Options held by the Optionholder on the terms set forth in the Option Cancellation Agreement;

AND WHEREAS the Corporation intends to grant new Options to certain directors, executives and employees shortly after closing of the Transaction, with exercise prices no less than the closing price of the Horizon Shares on the Toronto Stock Exchange (the "**TSX**") on the day prior to the grant;

AND WHEREAS under the policies of the TSX, such grant of new Options to individuals that have entered into Option Cancellation Agreements within three months of their Options being cancelled will be considered a "re-grant" and will require Shareholder approval (excluding the votes of such Shareholders that may benefit from such "re-grant");

BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

Approval of Unallocated Options

1. All Unallocated Options issuable under the Option Plan, as amended from time to time, be and are hereby approved.
2. The Corporation be and is hereby authorized to continue granting Options under the Option Plan until May 26, 2023, which is the date that is three years from the date of the Shareholder meeting whereby Shareholder approval of the Unallocated Options is being sought.
3. Any one or more of the directors or officers of the Corporation are hereby authorized to sign all such documents and to do all such acts and things as such director or officer determines, in his or her discretion, to be necessary or advisable in order to properly implement and give effect to the foregoing.

Re-Grant of the Options

4. The re-grant of up to 7,358,878 Options, exercisable in exchange for up to 7,358,878 Horizon Shares, following completion of the Transaction, to certain directors, executives and employees, at an exercise price

no less than the closing price of the Horizon Shares on the TSX the day prior to the grant within three months of cancellation of Options held by such directors, officers and employees be and is hereby approved;

5. Any one or more of the directors or officers of the Corporation are hereby authorized to sign all such documents and to do all such acts and things as such director or officer determines, in his or her discretion, to be necessary or advisable in order to properly implement and give effect to the foregoing.

General

6. Any one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to execute, or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver, or cause to be delivered, all such other documents, agreements and instruments and to perform, or cause to be performed, all such other acts and things as in such director's or officer's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing."

APPENDIX D

FAIRNESS OPINION

Scotia Capital Inc.
Scotia Plaza
40 King Street West
Box 4085, Station "A"
Toronto, Ontario
Canada M5W 2X6



March 9, 2020

The Board of Directors
Horizon North Logistics Inc.
Suite 900, 240 4th Avenue SW
Calgary, AB T2P 4H4

To the Board of Directors:

Scotia Capital Inc. ("Scotia Capital", "we", "us" or "our") understands that Horizon North Logistics Inc. ("Horizon North" or the "Company"), 9477179 Canada Inc. ("Dexterra Parent") and 10647802 Canada Limited, a wholly owned subsidiary of Dexterra Parent, operating as Dexterra Integrated Facilities Management ("Dexterra"), propose to enter into a share purchase agreement to be dated March 9, 2020 (the "Agreement"). Under the terms of the Agreement, the Company will acquire from Dexterra Parent (the "Transaction") all of the outstanding common shares of Dexterra in exchange for such number of common shares of Horizon North (the "Horizon North Shares") that will, immediately following completion of the Transaction, represent 49% of the issued and outstanding Horizon North Shares, on a fully diluted basis (as calculated in accordance with the Agreement). The terms and conditions of the Agreement will be more fully described in a management information circular (the "Circular") which will be mailed to the holders of Horizon North Shares (each, a "Shareholder") in connection with the Transaction.

Scotia Capital also understands that each of the directors and certain executive officers of the Company who collectively hold or exercise control over approximately 2.3% of the Horizon North Shares will enter into voting and support agreements (each a "Voting Support Agreement") pursuant to which, among other things, each of them will agree to vote in favour of the Transaction. We further understand that Polar Asset Management Partners Inc. which holds approximately 15% of the Horizon North Shares will enter into a voting and support agreement to vote in favour of the Transaction.

We have been retained to provide financial advice and assistance to the Company in evaluating the Transaction, including providing our opinion (the "Opinion") to the board of directors of the Company (the "Board of Directors") as to the fairness, from a financial point of view, of the consideration to be paid, under the Transaction by the Company.

Engagement of Scotia Capital

The Company initially contacted Scotia Capital regarding a potential advisory assignment in September 2019. Scotia Capital was formally engaged by the Company pursuant to an engagement letter dated December 23, 2019 (the "Engagement Letter"). Under the terms of the Engagement Letter, the Company has agreed to pay Scotia Capital a fee for its services as financial advisor, including a fee for rendering the Opinion. A portion of the fees that Scotia Capital will receive for its advisory services is

contingent upon the completion of the Transaction. In addition, Scotia Capital is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by the Company in certain circumstances.

Subject to the terms of the Engagement Letter, Scotia Capital consents to the inclusion of the Opinion in its entirety and a summary thereof in the Circular and to the filing of the Opinion by the Company, as necessary, with the applicable securities commissions, stock exchanges and other similar regulatory authorities in Canada.

Independence of Scotia Capital

Neither Scotia Capital nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of the Company, Dexterra or any of their respective associates or affiliates (collectively, the "Interested Parties"). Neither Scotia Capital nor any of its affiliates has been engaged to provide any financial advisory services, nor has Scotia Capital or any of its affiliates participated in any financing, involving the Interested Parties within the past two years, other than pursuant to the Engagement Letter and as described herein. In the past two years, Scotia Capital and affiliates of Scotia Capital have been engaged in the following capacities for the Interested Parties: (i) Scotiabank is acting as Lead Arranger, Sole Bookrunner and Administrative Agent to Horizon North in connection with its C\$150 million credit facility, and (ii) Scotiabank acted as co-manager in connection with Horizon North's \$50 million equity financing in June 2018. Under the Engagement Letter, the Company has provided Scotia Capital with a time-limited right of first refusal to act as a financial advisor or dealer should the Company pursue certain specified activities. Other than as provided in the Engagement Letter, there are no understandings, agreements or commitments between Scotia Capital and the Interested Parties with respect to any future business dealings. Scotia Capital may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for the Interested Parties. In addition, the Bank of Nova Scotia ("BNS"), of which Scotia Capital is a wholly-owned subsidiary, or one or more affiliates of BNS, may provide banking or other financial services to one or more of the Interested Parties in the ordinary course of business.

Scotia Capital acts as a trader and dealer, both as principal and agent, in the financial markets in Canada, the United States and elsewhere and, as such, it and Scotiabank may have had and may have positions in the securities of the Interested Parties from time to time and may have executed or may execute transactions on behalf of such companies or clients for which it receives compensation. As an investment dealer, Scotia Capital conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including with respect to the Interested Parties, or with respect to the Transaction.

Credentials of Scotia Capital

Scotia Capital represents the global corporate and investment banking and capital markets business of Scotiabank Group ("Scotiabank"), one of North America's premier financial institutions. In Canada, Scotia Capital is one of the country's largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. Scotia Capital has participated in a significant number of transactions involving private and public companies and has extensive experience in preparing fairness opinions.

The Opinion expressed herein represents the opinion of Scotia Capital. The form and content of the Opinion have been approved for release by a committee of directors and other professionals of Scotia Capital, each of whom is experienced in merger, acquisition, divestiture, fairness opinion and valuation matters.

Scope of Review

In preparing the Opinion, we have reviewed, considered and relied upon, among other things, the following:

1. a draft of the Agreement dated March 9, 2020;
2. a draft of the Investor Rights Agreement to be entered into between Horizon North and Dexterra Parent dated March 9, 2020;
3. a draft of the Voting Support Agreement dated March 9, 2020 between each of the directors and certain officers of Horizon North and Dexterra Parent;
4. a draft of the voting support agreement dated March 9, 2020 between Polar Asset Management Inc. and Dexterra Parent;
5. audited annual financial statements of the Company and management's discussion and analysis related thereto for the fiscal years ended December 31, 2017 and 2018;
6. audited annual financial statements of Dexterra for the fiscal years ended December 31, 2018 and 2019;
7. drafts of the audited annual financial statements of the Company and management's discussion and analysis related thereto for the fiscal year ended December 31, 2019;
8. unaudited interim financial statements of the Company and management's discussion and analysis related thereto for the three and nine month periods ended September 30, 2019;
9. notices of annual meeting of the Shareholders, management information circulars and forms of proxy of the Company for the meetings of Shareholders dated March 15, 2019 and March 20, 2018;
10. annual information forms of the Company for the fiscal years ended December 31, 2017 and 2018;
11. internal management forecasts, projections, estimates and budgets prepared or provided by or on behalf of management of the Company;
12. internal management forecasts, projections, estimates and budgets prepared or provided by or on behalf of management of Dexterra;
13. internal financial, operating and corporate information or reports of the Company;
14. internal financial, operating and corporate information or reports of the Dexterra;
15. discussions with senior management of the Company;
16. discussions with senior management of Dexterra;
17. discussions with the Company's internal and external legal counsel;
18. public information relating to the business, operations, financial performance and stock trading history of the Company and other selected public companies considered by us to be relevant;
19. public information with respect to other transactions of a comparable nature considered by us to be relevant;

20. reports published by equity research analysts and industry sources we considered relevant;
21. representations contained in certificates addressed to Scotia Capital, dated as of the date hereof, from senior officers of the Company and Dexterra as to the completeness, accuracy and fair presentation of the information upon which the Opinion is based; and
22. such other corporate, industry and financial market information, investigations and analyses as Scotia Capital considered necessary or appropriate in the circumstances.

Scotia Capital has not, to the best of its knowledge, been denied access by the Company or Dexterra to any information requested by Scotia Capital.

Assumptions and Limitations

The Opinion is subject to the assumptions, qualifications and limitations set forth below.

With the Board of Director's approval and as provided in the Engagement Letter, we have relied upon the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, documents, opinions, appraisals, valuations and representations obtained by it from public sources, or that was provided to us, by the Company and Dexterra, and their associates and affiliates and advisors (collectively, the "Information"). The Opinion is conditional upon the completeness, accuracy and fair presentation of the Information. Subject to the exercise of our professional judgment and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of the Information.

We are not legal, regulatory, accounting or tax experts and have relied on the assessments made by the Company, Dexterra and their advisors with respect to such matters. We have assumed the accuracy and fair presentation of, and relied upon the Company's and Dexterra's audited financial statements and the reports of the auditors thereon and the Company's interim unaudited financial statements. We have assumed that forecasts, projections, estimates and budgets provided to us and used in the analysis supporting the Opinion, were reasonably prepared on bases reflecting the best currently available estimates and judgments of management of the Company and Dexterra respectively, as to the matters covered thereby.

Senior officers of Horizon North have represented to Scotia Capital in a certificate delivered as at the date hereof, among other things, that: (a) the Company has no information or knowledge of any facts public or otherwise not specifically provided to Scotia Capital relating to the Company, any of its subsidiaries or the Transaction which could reasonably be expected to affect the Opinion in any material respect; (b) with the exception of budgets, forecasts, projections or estimates referred to in (e) below, the Information provided orally by, or in the presence of, an officer of the Company, or in writing by the Company or any of its subsidiaries, in connection with the Opinion is or, in the case of historical Information, was, at the date of preparation, true and accurate in all material respects and no additional material, data or information would be required to make the Information not misleading in light of circumstances in which it was prepared; (c) to the extent that any of the Information identified in (b), above, is historical, there have been no changes in material facts or new material facts since the respective dates thereof which have not been disclosed in writing to Scotia Capital or updated by more current Information disclosed in writing to Scotia Capital; (d) the financial statements of the Company provided to or made available to Scotia Capital have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods involved and present fairly in all material respects the financial condition of the Company as of the respective dates they were prepared and the results of the operations of the Company for the periods indicated; and (e) any portions of the Information provided to Scotia Capital which constitute budgets, forecasts, projections or estimates were prepared using the assumptions identified therein, which, in the reasonable opinion of management of the Company, are (or were at the time of preparation and continue to be) reasonable in the circumstances and are not, in the reasonable belief of management of the Company, misleading in any material respect.

Senior officers of Dexterra have represented to Scotia Capital in a certificate delivered as at the date hereof, among other things, that: (a) Dexterra has no information or knowledge of any facts public or otherwise not specifically provided to Scotia Capital relating to Dexterra, any of its subsidiaries or the Transaction which could reasonably be expected to affect the Opinion in any material respect; (b) with the exception of budgets, forecasts, projections or estimates referred to in (e) below, the Information provided orally by, or in the presence of, an officer of Dexterra, or in writing by Dexterra or any of its subsidiaries, in connection with the Opinion is or, in the case of historical Information, was, at the date of preparation, true and accurate in all material respects; (c) to the extent that any of the Information identified in (b), above, is historical, there have been no changes in material facts or new material facts since the respective dates thereof which have not been disclosed to Scotia Capital or updated by more current Information disclosed to Scotia Capital; (d) the financial statements of Dexterra provided to or made available to Scotia Capital have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods involved and present fairly in all material respects the financial condition of Dexterra as of the respective dates they were prepared and the results of the operations of Dexterra for the periods indicated; and (e) any portions of the Information provided to Scotia Capital which constitute budgets, forecasts, projections or estimates were prepared using the assumptions identified therein, which, in the reasonable opinion of management of Dexterra, are (or were at the time of preparation and continue to be) reasonable in the circumstances and are not, in the reasonable belief of management of Dexterra, misleading in any material respect.

In preparing the Opinion, Scotia Capital made several assumptions, including that the final executed version of the Agreement will be identical to the most recent draft thereof reviewed by us, and that the Transaction will be consummated in accordance with the terms set forth in the Agreement without any waiver or amendment of any terms or conditions. In addition, we have assumed that the conditions precedent to the completion of the Transaction can be satisfied in due course, all consents, permissions, exemptions or orders of relevant third parties or regulatory authorities will be obtained without adverse condition or qualification, and the procedures being followed to complete the Transaction are valid and effective.

The Opinion is rendered on the basis of the securities markets and economic, financial and general business conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of the Company, Dexterra and their respective subsidiaries and affiliates, as they were reflected in the Information and as they have been represented to Scotia Capital in discussions with management of the Company and Dexterra and their respective representatives. In its analyses and in preparing the Opinion, Scotia Capital made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Scotia Capital or any party involved in the Transaction.

The Opinion has been provided for the sole use and benefit of the Board of Directors in connection with, and for the purpose of, its consideration of the Transaction and may not be used or relied upon by any other person. Our opinion was not intended to be, and does not constitute, a recommendation to the Board of Directors as to whether they should approve the Transaction or to any Shareholder as to how such Shareholder should vote or act with respect to the Transaction or its Horizon North Shares. The Opinion does not address in any manner the prices at which the Company's securities will trade at any time. The Opinion does not address the relative merits of the Transaction as compared to other transactions or business strategies that might be available to the Company or the Company's underlying business decision to effect the Transaction. At your direction, we have not been asked to, nor do we, offer any opinion as to the material terms (other than the Consideration) of the Transaction. Scotia Capital was not authorized to solicit, and did not solicit, interest from any other party with respect to the Transaction or any business combination or other extraordinary transaction involving the Company, nor did Scotia Capital negotiate with any party in connection with any such transaction involving the Company.

Except for the inclusion of the Opinion in its entirety and a summary thereof in a form acceptable as in the Circular, the Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without our prior written consent. We have not been asked to prepare and have not prepared a formal valuation or appraisal of the securities or assets of the Company or any of its affiliates, and the

Opinion should not be construed as such. The Opinion is given as of the date hereof, and Scotia Capital disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of Scotia Capital after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, Scotia Capital reserves the right to change, modify or withdraw the Opinion.

Approach to Fairness

In considering the fairness of the consideration to be paid by the Company under the Transaction from a financial point of view to the Company, Scotia Capital performed certain value analyses on the Company and Dexterra based on methodologies and assumptions that Scotia Capital considered appropriate in the circumstances for the purposes of providing the Opinion. In arriving at its fairness determination, Scotia Capital considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Scotia Capital made its determination as to fairness on the basis of its experience and professional judgement after considering the results of all of its analyses. Scotia Capital believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

Conclusion

Based upon and subject to the foregoing, Scotia Capital is of the opinion that, as of the date hereof, the consideration to be paid by the Company under the Transaction is fair from a financial point of view to the Company.

Yours very truly,

A handwritten signature in cursive script that reads "Scotia Capital Inc." followed by a period.

SCOTIA CAPITAL INC.

APPENDIX E

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

Horizon North Logistics Inc.

Unaudited Pro Forma Condensed Consolidated Financial Statements

(Expressed in thousands of Canadian Dollars, except for per share amounts)

Horizon North Logistics Inc.

Unaudited Pro Forma Condensed Consolidated Statement of Financial Position

As at December 31, 2019

(000's)	Dexterra	Horizon North	Reclassifications	Pro Forma Adjustments	Pro Forma Consolidated
Assets					
Current assets					
Cash	\$ 2,577	\$ -	\$ -	\$ -	\$ 2,577
Trade and other receivables	35,432	116,307	-	-	151,739
Inventories	4,451	20,789	-	-	25,240
Prepaid expenses	1,781	2,334	-	-	4,115
Income taxes receivable	965	-	-	-	965
Finance lease receivable	-	735	-	-	735
Total current assets	45,206	140,165	-	-	185,371
Property, plant and equipment	8,254	288,750	(457) 3d	-	296,547
Right-of-use assets	1,672	28,799	-	-	30,471
Intangible assets	21,058	8,252	457 3d	-	29,767
Goodwill	98,640	13,575	-	(13,575) 3a	98,640
Finance lease receivable and other assets	-	5,372	-	-	5,372
Total non-current assets	129,624	344,748	-	(13,575)	460,797
Unallocated purchase price adjustment	-	-	-	(132,248) 3a	(132,248)
Total assets	\$ 174,830	\$ 484,913	\$ -	\$ (145,823)	\$ 513,920
Liabilities and Shareholders' Equity					
Current liabilities					
Operating facility	\$ 5,453	\$ -	\$ -	\$ -	\$ 5,453
Trade and other payables	16,229	80,142	-	-	96,371
Deferred revenue	2,868	2,833	-	-	5,701
Income taxes payable	-	561	-	-	561
Asset retirement obligations	-	5,810	-	-	5,810
Contingent consideration	400	-	-	-	400
Lease liabilities	614	6,231	-	-	6,845
Total current liabilities	25,563	95,577	-	-	121,140
Asset retirement obligations	-	6,350	-	-	6,350
Loans and borrowings	-	108,066	-	-	108,066
Lease liabilities	1,061	20,147	-	-	21,208
Contingent consideration	1,439	-	-	-	1,439
Deferred tax liabilities	1,644	13,008	-	-	14,652
	29,707	243,148	-	-	272,855
Shareholders' equity					
Share capital	131,543	340,353	-	(340,353) 3b	131,543
Share capital from acquisition	-	-	-	95,942 3c	95,942
Contributed surplus	-	18,245	-	(18,245) 3b	-
Accumulated other comprehensive income	-	755	-	(755) 3b	-
Retained earnings (deficit)	12,150	(117,588)	-	117,588 3b	12,150
Non-controlling interests	1,430	-	-	-	1,430
Total shareholders' equity	145,123	241,765	-	(145,823)	241,064
Total liabilities and shareholders' equity	\$ 174,830	\$ 484,913	\$ -	\$ (145,823)	\$ 513,920

See accompanying notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

Horizon North Logistics Inc.

Unaudited Pro Forma Condensed Consolidated Statement of Comprehensive Income (Loss)

December 31, 2019

(000's except per share amounts)						
	Dexterra	Horizon North	Reclassifications		Pro Forma Adjustments	Pro Forma Consolidated
Revenue	\$ 261,059	\$ 458,096	\$ -		\$ -	\$ 719,155
Operating expenses						
Wages and salaries	140,069	-	(140,069) 3e	-	-	-
Employee benefits	18,901	-	(18,901) 3e	-	-	-
Product cost	29,048	-	(29,048) 3e	-	-	-
Other operating costs	56,596	-	(56,596) 3e	-	-	-
Direct costs	-	401,081	238,448 3e	-	-	639,529
Depreciation	3,841	44,293	(1,532) 3e	-	-	46,603
Amortization of intangible assets	-	2,913	1,532 3e	-	-	4,445
Impairment loss	-	85,190	-	-	-	85,190
Share based compensation	-	1,111	-	-	-	1,111
Gain on disposal of property, plant and equipment	-	(169)	(202) 3e	-	-	(371)
Direct operating expenses	248,455	534,419	(6,367)	-	-	776,507
Gross profit (loss)	12,604	(76,323)	6,367	-	-	(57,352)
Selling & administrative expenses						
Selling & administrative expenses	-	26,084	6,146 3e	-	-	32,230
Share based compensation	-	2,720	-	-	-	2,720
Selling & administrative expenses	-	28,804	6,146	-	-	34,950
Operating loss	12,604	(105,127)	222	-	-	(92,301)
Finance costs	-	6,043	222 3e	-	-	6,265
Loss on investments	-	434	-	-	-	434
Loss from equity investments	-	401	-	-	-	401
Loss before tax	12,604	(112,005)	-	-	-	(99,401)
Current tax expense	2,100	833	-	-	-	2,933
Deferred tax expense (recovery)	1,200	(28,052)	-	-	-	(26,852)
Income tax recovery	3,300	(27,219)	-	-	-	(23,919)
Net income (loss)	9,304	(84,786)	-	-	-	(75,482)
Other comprehensive income						
Translation of foreign operations, net of income tax	-	(6)	-	-	-	(6)
Other comprehensive loss, net of income tax	-	(6)	-	-	-	(6)
Comprehensive net income (loss)	\$ 9,304	\$ (84,792)	\$ -		\$ -	\$ (75,488)
Attributable to:						
Non-controlling interest	\$ 286	\$ -	\$ -		\$ -	\$ 286
Net income (loss) attributable to shareholders	9,018	(84,792)	-		-	(75,774)
	\$ 9,304	\$ (84,792)	\$ -		\$ -	\$ (75,488)
Earnings (loss) per share						
Basic and diluted	\$ 0.07	\$ (0.51)				\$ (0.23) 3f

See accompanying notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

Horizon North Logistics Inc.

Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements

December 31, 2019

In thousands of Canadian dollars except for per share amounts

1 Description of the Transaction and Basis of Pro Forma Presentation

Description of the Acquisition of Horizon North

On March 9, 2020, 10647802 Canada Limited, operating as Dexterra Integrated Facilities Management ("Dexterra") and Horizon North Logistics Inc. ("Horizon North") announced an agreement to combine the two companies (the "Transaction"). Pursuant to the Transaction, Horizon North will acquire all of the outstanding shares of Dexterra in exchange for Horizon North issuing to 9477179 Canada Inc. ("Dexterra Parent") such number of common shares in the capital of Horizon North ("Horizon Shares") such that Dexterra Parent will own 49% of the Horizon Shares on a fully-diluted basis after completion of the Transaction. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Information Circular – see "Glossary" at Appendix A.

The Transaction requires Horizon North shareholder approval, receipt of certain stock exchange and regulatory approvals, including from the Canadian Competition Bureau, and satisfaction of other customary conditions. The Transaction will result in the Horizon Shares continuing to be listed on the TSX. Concurrently with the completion of the Transaction, Horizon North and Dexterra Parent will enter into an Investor Rights Agreement, pursuant to which Dexterra Parent has agreed to not sell its Horizon Shares for a period of two years from completion of the Transaction. Following that time, Dexterra Parent and its affiliates may exercise registration rights to facilitate dispositions of the Horizon Shares. Dexterra Parent can also designate 50% of the board nominees as long as it holds at least 40% of the outstanding Horizon Shares on a non-diluted basis. The number of board nominees it may put forth reduces if its ownership percentage declines below 40%.

Management performed an analysis under *IFRS 3 – Business Combinations* - and has determined that Dexterra is the accounting acquirer of Horizon North. As such, the Transaction constitutes a Reverse Take Over for accounting purposes. Therefore, Dexterra is deemed to be the continuing enterprise for accounting purposes and accordingly its assets and liabilities will be included in the consolidated financial statements of the combined company at historical cost. Horizon North, being the acquired enterprise for accounting purposes will have its assets and liabilities included at their fair value in the consolidated financial statements in accordance with *IFRS 3 – Business Combinations*.

The fair value of the Horizon Shares used in the purchase price allocation is determined by the closing price of the shares as at March 9, 2020, which was the date Dexterra and Horizon North announced the Transaction. The final calculation of the fair value of the consideration will be based on the closing price of the Horizon Shares at the Closing Date of the Transaction.

The unaudited pro forma condensed consolidated financial statements ("pro forma financials") were prepared using the most recently available financial statements of Dexterra and Horizon North available at the time of this Information Circular:

- The consolidated balance sheet as at December 31, 2019 and the consolidated statement of earnings and other comprehensive income for the year ended December 31, 2019 of Dexterra, as derived from the audited consolidated financial statements of Dexterra as at and for the year ended December 31, 2019 included in this Information Circular, and
- The consolidated statement of financial position as at December 31, 2019 and the consolidated statement of comprehensive loss for the year ended December 31, 2019 of Horizon North, as derived from the audited consolidated financial statements of Horizon North as at and for the year ended December 31, 2019, which are available under Horizon North's profile on SEDAR at www.sedar.com.

Horizon North Logistics Inc.

Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements

December 31, 2019

In thousands of Canadian dollars except for per share amounts

The unaudited pro forma condensed consolidated statement of financial position as at December 31, 2019 is presented as if the Transaction occurred on December 31, 2019. The unaudited pro forma condensed consolidated statement of comprehensive income (loss) for the year ended December 31, 2019 is presented as if the Transaction occurred on January 1, 2019.

The unaudited pro forma condensed consolidated statement of comprehensive income (loss) excludes any non-recurring charges or credits directly attributable to the Transaction including transaction costs incurred to consummate the acquisition and the recognition of any potential bargain purchase gain for Dexterra that may be recorded as the purchase price equation is finalized. Expenditures relating to the Transaction for both organizations which include legal, audit, and other administrative costs are estimated to be approximately \$4.5 million (mainly incurred during 2020) and are excluded from the unaudited pro forma condensed consolidated statement of comprehensive income (loss) as they are non-recurring.

Details and assumptions about the Transaction

Significant assumptions and estimates were made in determining the preliminary purchase price allocation in the pro forma financials. The application of the acquisition method is based upon management's best estimate of the fair values of the identifiable assets acquired and liabilities assumed. Dexterra will reassess the fair values determined for the assets acquired and liabilities assumed as part of the final purchase price allocation on the close of the Transaction. As a result, the preliminary estimates and assumptions used are subject to change when completing the accounting for the Transaction on the Closing Date or during the measurement period (up to one year from the Closing Date) as Dexterra finalizes the valuations of the net tangible assets, intangible assets, and the resultant bargain purchase gain (if any). In particular, the final valuations of identifiable intangible and net tangible assets (primarily property, plant and equipment) may change significantly. These changes could result in material variances between Dexterra's future financial results and the amounts presented in the pro forma financials, including fair values of assets recorded, as well as expenses, including reduced depreciation and amortization costs.

Dexterra has reviewed Horizon North's accounting policies. As a result of the review, Dexterra is not aware of any differences in accounting policies that would have a material impact on the financial results of the combined company other than those adjustments reflected in the pro forma financials described in Note 3e.

The pro forma financials are provided for illustrative purposes only and to comply with rules established by applicable securities regulatory authorities, and are not intended to represent or be indicative of the consolidated results of operations or financial position of Dexterra that would have been recorded had the acquisition of Horizon North been completed as of the dates presented, and should not be taken as representative of future results of operations or financial position of the combined company. The pro forma financials do not reflect the impacts of any potential operational efficiencies, cost savings or economies of scale that Dexterra may achieve with respect to the combined operations of Dexterra and Horizon North (although no assurance can be given that any can be achieved) and do not include all costs that are expected to be directly attributed to the Transaction, such as, but not limited to, costs necessary to integrate and restructure operations that may be necessary to achieve cost savings and operating synergies.

The pro forma financials should be read in conjunction with the audited consolidated financial statements of Dexterra as at and for the year ended December 31, 2019 included in this Information Circular and the audited consolidated financial statements of Horizon North as at and for the year ended December 31, 2019 which are available under Horizon North's profile on SEDAR at www.sedar.com.

Unless otherwise indicated, all dollar amounts included herein are expressed in thousands of Canadian dollars.

Horizon North Logistics Inc.

Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements

December 31, 2019

In thousands of Canadian dollars except for per share amounts

2 Preliminary Purchase Price Allocation

The Transaction will be accounted for as a business combination, using the acquisition method and reverse takeover accounting, with Dexterra being the acquirer. The assets acquired and liabilities assumed of Horizon North will be recorded at their fair values as at the Closing Date of the Transaction with the results of Horizon North included in the financial statements from the Closing Date.

For the purpose of the pro forma financials, the purchase price of Horizon North has not been allocated to the specific identifiable tangible and identifiable intangible assets, right-of-use assets, finance lease receivables, trade receivables, and inventories to be acquired, but rather the reduction in the estimated fair value as though the Transaction occurred on December 31, 2019 and has been reflected as an unallocated purchase price adjustment within non-current assets on the Unaudited Pro Forma Condensed Statement of Financial Position at December 31, 2019. This approach was applied given that the Transaction has not yet closed and the significant uncertainties surrounding the fair values of Horizon North's identifiable assets at the date of this Information Circular due to the current economic environment as a result of the COVID-19 pandemic and the impact on the industries within which Horizon North operates, Dexterra believes there are indications that the asset fair values are significantly below their carrying amounts as at December 31, 2019, but does not currently have sufficient information to reasonably estimate the relative fair values across financial and non-financial assets in order to allocate the purchase price in a reasonable manner. Dexterra will obtain further information to assist it in reliably determining the fair value of the net assets acquired at the Closing Date of the Transaction and during the measurement period (up to one year from the Closing Date). If lower fair values are determined for property, plant and equipment and/or intangible assets, a pro forma adjustment to reduce depreciation and/or amortization expense would be required but the amount is uncertain and cannot be reliably measured at this time. For every \$10.0 million change to property, plant and equipment (including right-of-use assets) from book value, the pro forma expense would increase or decrease by approximately \$0.8 million based on Dexterra's future straight-line depreciation and amortization policies of amortizing these costs over periods of three to fifteen years. The balance of Horizon North's intangible assets at December 31, 2019 in the unaudited pro forma consolidated statement of financial position is approximately \$8.3 million. The annual depreciation expense related to the intangible assets is approximately \$3.5 million. The actual depreciation and/or amortization recorded could materially differ from the amounts include in these pro forma financials. Additionally, there may be a change to recognized deferred income tax balances associated with these differences dependent on the nature of the asset class, tax depreciation classes and assigned fair values, which can not be reliably determined at this time.

The consideration for the Transaction will be Horizon Shares representing 51% of the outstanding Horizon Shares on a fully-diluted basis after completion of the Transaction. The consideration in these pro forma financials is based on the closing price of Horizon Shares on March 9, 2020, the date of the announcement of the Transaction. The actual fair value of the consideration will be based on the closing price of the Horizon Shares at the Closing Date of the Transaction. Financial markets have been volatile recently due to the COVID-19 pandemic and the impact on the industries within which Horizon North operates, and changes in the Horizon North's share price could have a material impact on the value of the consideration paid and resulting unallocated purchase price amount. The actual price of the Horizon Shares on Closing of the Transaction may be higher or lower than the price of the Horizon Shares used in the pro forma financials. The unallocated purchase price adjustment and equity amounts in the pro forma financials would be impacted by a price change of the Horizon Shares. The impact of a 10-cent increase (decrease) in the value of the Horizon Shares would be to increase (decrease) the unallocated purchase price adjustment and equity by approximately \$16.0 million.

Dexterra's preliminary purchase price for Horizon North is based on the estimated fair values as though the Transaction closed on December 31, 2019 is as follows:

Horizon North Logistics Inc.

Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements

December 31, 2019

In thousands of Canadian dollars except for per share amounts

Current assets	\$	140,165
Non-current assets (excludes goodwill)		331,173
Current liabilities assumed		(95,577)
Non-current liabilities assumed		<u>(147,571)</u>
		228,190
Unallocated purchase price adjustment		<u>(132,248)</u>
Fair value of consideration (165,416,904 shares at \$0.58 per share)	\$	<u>95,942</u>

The fair value of the Horizon Shares in the unaudited pro forma condensed consolidated statement of financial position as at December 31, 2019 uses the closing price of the shares as at March 9, 2020, which was the date Dexterra and Horizon North announced the Transaction. The actual fair value of the consideration will be based on the closing price of the Horizon Shares on the Closing Date of the Transaction. It is expected that there will be a significant difference between the net book value of Horizon North's net assets (which was \$241.8 million at December 31, 2019) and the market value of the Horizon Shares at the Closing Date. This difference will be allocated to the fair value of the Horizon North assets and liabilities (primarily property, plant and equipment and goodwill) and a bargain purchase gain on acquisition recorded in Dexterra's statement of earnings and comprehensive income for fiscal 2020.

The unaudited pro forma condensed consolidated statement of financial position at December 31, 2019 reflects the carrying values of the net assets acquired, excluding goodwill, as at December 31, 2019 with an offsetting unallocated purchase price adjustment of \$132.2 million.

The unallocated purchase price adjustment of \$132.2 million represents the difference between the book value of the net assets acquired at December 31, 2019 and the pro forma purchase price using the value of the Horizon Shares at March 9, 2020. Management expects material differences from this pro forma purchase price allocation as a result of finalizing the asset valuations.

3 Reclassifications and Pro Forma Adjustments Notes

The following adjustments have been reflected in the pro forma financials:

- a) To record the preliminary purchase price allocation:

Current assets	\$	140,165
Non-current assets (excludes goodwill)		331,173
Current liabilities assumed		(95,577)
Non-current liabilities assumed		(147,571)
Unallocated purchase price		<u>(132,248)</u>
Fair value of consideration	\$	<u>95,942</u>

- b) Using accounting for a Reverse Take Over, the pro forma financials recognize as share capital the amount previously reported by the acquirer for accounting purposes, Dexterra, increased by the fair value of the Horizon Shares issued as consideration in connection with the Transaction of \$95.9 million. Therefore, the Horizon North

Horizon North Logistics Inc.

Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements

December 31, 2019

In thousands of Canadian dollars except for per share amounts

historical share capital is eliminated. The elimination of the Horizon North historical shareholders' equity balances on acquisition as follows:

Retained deficit	\$ (117,588)
Accumulated other comprehensive income	755
Contributed surplus	18,245
Share capital	<u>340,353</u>
	<u>\$ 241,765</u>

- c) To record the issuance of share consideration of \$95.9 million in connection with the Transaction. No adjustment has been made for the effects of the Option Cancellation Agreements and anticipated replacement by new Options by the combined entity as the full financial effects of the replacement Options are not known at this time.
- d) To reclassify Horizon North's presentation of computer software to intangible assets to conform to the Pro Forma Consolidated presentation.
- e) Effective January 1, 2020, Dexterra changed its accounting policy of presenting an analysis of expenses recognized in the consolidated statement of earnings and other comprehensive income by nature in accordance with *IAS 1 - Presentation of financial statements*. Dexterra believes presenting an analysis of expenses recognized in the consolidated statement of earnings and other comprehensive income by function provides more reliable and relevant financial information to users of its financial statements, given the Transaction and to be consistent with other similar public companies. Under the new policy, presentation of additional information on the nature of expenses will be included in the footnotes to the financial statements.
- f) The calculation of earnings (loss) per share are based on the weighted average number of Horizon Shares outstanding for the year ended December 31, 2019 and gives effect to the issuance of 158,929,967 Horizon Shares (representing 49% of total Horizon Shares) based on the closing price of Horizon Shares on March 9, 2020, the date of the announcement of the Transaction. The weighted average number of Horizon Shares outstanding used in this calculation is as follows:

<i>(in thousands of common shares)</i>	December 31, 2019
Weighted average common shares outstanding - basic and fully diluted	165,096
Pro Forma shares issued	<u>158,930</u>
Pro Forma weighted average common shares outstanding - basic and fully diluted	<u>324,026</u>

Appendix F
Information Concerning 10647802 Canada Limited

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FORWARD-LOOKING INFORMATION

Pursuant to the Transaction, Horizon North will acquire all of the Dexterra Shares. This Appendix F contains forward-looking statements and information relating to, without limitation, Dexterra’s business and its intentions, plans, expectations and anticipated financial performance or condition and future activities. See “*Forward-Looking Information*” in the Information Circular.

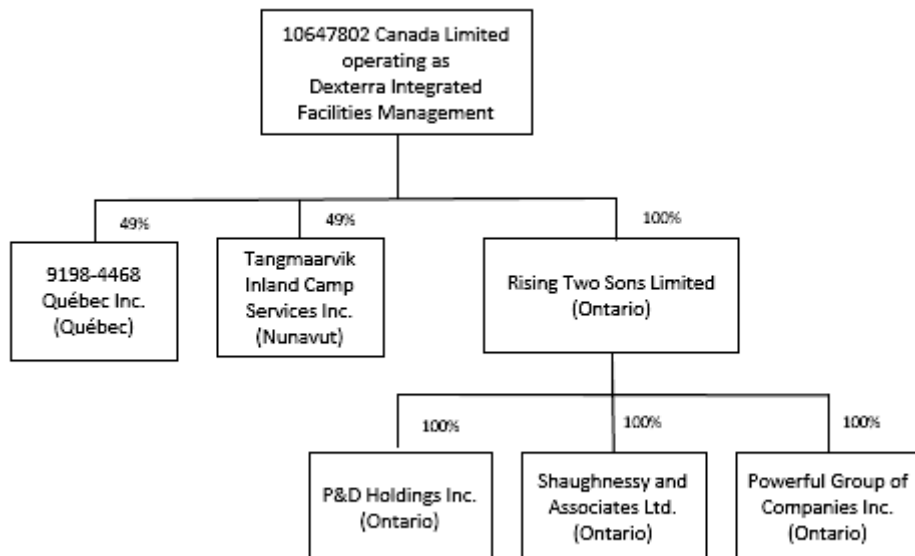
NAME, ADDRESS AND INCORPORATION

Dexterra was incorporated under the *Canada Business Corporations Act* (“**CBCA**”) on February 23, 2018 to acquire certain assets and associated liabilities comprising the services business carried on by Carillion Canada Inc. (“**Carillion Canada**”) and certain of its affiliates (the “**Carillion Services Assets**”).

The head office and registered office of Dexterra is located at 5915 Airport Road, Suite 425, Mississauga, Ontario, L4V 1T1. Dexterra is a wholly-owned subsidiary of 9477179 Canada Inc. (“**Dexterra Parent**”), which is a wholly owned subsidiary of Fairfax Financial Holdings Limited (“**Fairfax**”). Dexterra carries on business under the names “Dexterra Integrated Facilities Management” and “Outland (Division of Dexterra)”.

STRUCTURE OF DEXTERRA/ORGANIZATIONAL CHART

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



DESCRIPTION OF THE BUSINESS OF DEXTERRA

General

Dexterra operates in the outsourced support services industry across Canada, specializing in facilities management and workforce accommodations and forestry, and provides those services to a diverse base of clients in both the public and private sector. Client segments served include aviation, defence, government, healthcare, education, retail, industrial, commercial, hospitality, mining and oil and gas.

Dexterra's head office is in Mississauga. Dexterra has 8 regional office locations supporting operations in 11 of 13 provinces and territories of Canada.

Dexterra's business model requires minimal equipment and infrastructure investment (i.e., "capital light") and consists of mainly hourly and variable wages enabling it to adjust to the volume of business. As of December 31, 2019, Dexterra had 4487 employees of which 1233 were unionized. As of this date of the Information Circular, the number of employees has been reduced by approximately 40% as a result of the COVID-19 pandemic.

Revenues Generated by Reporting Segment

Dexterra carries on its business through two main business segments: facilities management and workforce accommodations and forestry. For the financial year ended December 2019, Dexterra generated approximately 63% and 37% of its total revenue from facilities management and from workforce accommodations and forestry, respectively. Revenues by segment for the financial years ended December 31, 2018 and 2019 are as follows:

Segment	Year ended December 31, 2018 (Period from February 23, 2018 to December 31, 2018)	Year ended December 31, 2019
Facilities Management	\$135,026,978	\$164,500,847
Workforce Accommodations and Forestry	\$79,677,915	\$96,558,358
Total:	\$214,704,893	\$261,059,205

Facilities Management

The facilities management segment represents the largest segment of Dexterra's business by revenue. Facilities management includes a number of activities relating to the operation and maintenance of property, buildings and infrastructure. Dexterra categorizes the range of facilities management activities into services provided for space and infrastructure and services provided to people and organizations.

Space and Infrastructure – Dexterra's services for space and infrastructure include:

- maintenance, repair and operations services;

- management of building utilities and energy performance;
- asset management services, including planning, budgeting and lifecycle management; and
- project management and delivery of renovations, modifications, refits and upgrades.

People and Organizations – Dexterra’s solutions for people and organizations include:

- customer care services;
- cleaning and environmental services including waste management;
- food services;
- management of parking and security services;
- material handling and logistical services; and
- 24/7 client help desk solutions.

Within the facilities management segment, Dexterra delivers both single service and complex multi-service contracts. Contracts are typically three to five years in length and employ a range of pricing models including fixed price, cost-reimbursable and schedule of rates. Most contracts include the opportunity for additional work and special services above the base contract scope, adding some degree of variability to revenue earned from any given account year-to-year. Additional work and project work are not evenly distributed throughout the fiscal year resulting in some variance in revenue. Contracts are typically procured through competitive procurement processes, particularly for government and institutional customers.

Dexterra provides facilities management services across Canada to a wide range of facilities such as airports, complex defence and security assets, state-of-the-art healthcare infrastructure, premier retail and commercial properties, corporate campuses, research and education facilities and large industrial sites, which rely on outsourced support services as an essential input into their operations. The following table notes the types of facilities serviced by Dexterra for each facility category in which it operates:

Facilities Serviced by Dexterra		
Commercial & Other	Public & Institutional	Industrial
<ul style="list-style-type: none"> • Multi-tenant office complexes • Owner-occupied office buildings • Corporate campuses • Retail properties • Hotels and entertainment 	<ul style="list-style-type: none"> • Airports and other transportation facilities • Defense and security establishments • Healthcare • Local, Provincial, and Federal Government buildings • Research facilities • Education campuses and schools 	<ul style="list-style-type: none"> • Manufacturing plants • Distribution Centres

Workforce Accommodations and Forestry

The workforce accommodations and forestry segment represents the other segment of Dexterra's business. Workforce accommodation involves the supply of camp equipment and related operational services to companies whose employees are staying away from home at or near remote worksites. The sites where employees live are called "camps" or "work camps". Camps are typically comprised of temporary or semi-permanent structures constructed out of a series of scalable modular elements.

Dexterra provides full-service remote workforce housing solutions including project management, structure supply, construction, installation and logistics, catering and housekeeping for client operations in industries and regions where the workforce is not readily available in the immediate area.

Dexterra's activities within this segment can be described as follows:

- **Remote Workforce Solutions** – For remote workforce solutions, Dexterra provides a complete solution including project management, structure supply, installation and logistics, and camp management, catering and housekeeping. As Dexterra does not own the structures and equipment or the workforce sites, it partners with structure suppliers across Canada in order to provide a full suite of services.
- **Supply, Installation and Logistics** – Dexterra provides supply, installation and logistics to remote workforce sites. Through its relationships with structure suppliers, Dexterra facilitates sourcing and manufacturing, logistics and installation of buildings for client's remote sites.

- Catering and Housekeeping – Dexterra provides food services, housekeeping, and maintenance services for client owned or leased facilities.

Workforce accommodation solutions are delivered primarily to clients in Quebec, Ontario and Manitoba, with some operations in Northern and Western Canada. Dexterra operates primarily in the mining, utilities, and construction industries. The majority of Dexterra's workforce accommodations are provided in Quebec and Ontario. Contracts include those for work supporting on-going natural resources operations (e.g. mining operations camps), seasonal work that occurs at specific times of the year (e.g. winter drill camps), and short-term work supporting remote construction projects.

Dexterra's forestry services, which are part of the workforce accommodation and forestry segment, include tree planting, forest clearing and thinning, and Type-2 firefighting services to public and private sector customers in Quebec, Ontario, Saskatchewan and Alberta. This work takes place primarily in the spring/summer months and accounted for approximately 20% of the business segment's revenues in 2019.

Indigenous and Community Relations

Dexterra works alongside Indigenous communities and organizations in the regular course of business and recognizes the unique barriers faced by people in remote communities. Dexterra is committed to progressive Indigenous relations including meaningful community engagement, supporting quality training and employment opportunities, promoting economic participation of communities in natural resource industries, and supporting Indigenous owned and operated businesses.

Dexterra has a range of different arrangements with Indigenous stakeholders including informal collaboration, business participation, employment participation and training. Indigenous stakeholders are also shareholders in Tangmaarvik Inland Camp Services Inc. ("**Tangmaarvik**") and 9198-4468 Quebec Inc. Dexterra currently has 14 partnerships with Indigenous companies and communities across Canada and is actively engaging with more than 140 Indigenous communities through initiatives such as Dexterra's Outland Youth Employment Program.

The Outland Youth Employment Program (OYEP) is a national network of land-based education, training and work opportunities for high school aged Indigenous youth and has been active for more than 20 years. OYEP is a six-week work experience providing training and education in a supportive space that replicates various work environments within natural resource industries. The program takes an inclusive approach to Indigenous education, recruitment, retention and provides a safe and predictable learning environment that can be tailored to meet the needs of local communities and partners. Dexterra is proud to provide this training and employment to Indigenous youth in its forestry and resource projects.

Quality, Health, Safety and Environment

Dexterra strives to maintain a process and culture to deliver market leading performance in quality, health, safety and environment. Dexterra was recognized as a gold recipient in the 2019 Canada's Safest Employers' awards in the young worker safety category for its Outland Youth Employment

Program (OYEP). Dexterra assesses quality, health, safety and environment risks at every stage of a contract. Dexterra's processes for quality, safety and environmental management are ISO certified providing a systems approach to managing these risks. Dexterra empowers its employees to have the courage to identify and challenge acts or conditions that may compromise quality, health, safety and the environment. This practice has proven successful in raising issues and creating a culture of awareness, openness and accountability. Dexterra also participates on advisory committees, stakeholder consultation opportunities and volunteering with charities that are working to improve health and safety in Canada.

Security Clearances

As Dexterra provides facilities management services for airports, defense and security establishments, it is required to hold a number of high-level security clearances. Additionally, key operational personnel require security clearances to work on site.

Competitive Conditions

Industry Overview

Facilities Management

The facilities management market is highly fragmented with a large number of regional and international players. The mix of vendors ranges from single service providers through to service aggregators and integrated firms. It is common to see firms specializing in either "soft services" (solutions for people and organizations) or "hard services" (solutions for space and infrastructure). Clients, however, are increasingly demanding integrated services. While some organizations are starting to broaden their offerings, Dexterra already provides an integrated service offering.

Competitors in the facilities management market include Black and Macdonald, Sodexo, Compass Group Canada, GDI Integrated Facilities, Ellis Don Facilities Services, Bee Clean Building Maintenance, Canadian Base Operators, CBRE, Angus Consulting Management Limited, Aramark, ATCO Frontec, AECOM, BGIS, Engie Services and Bouygues Energies & Services.

No group of players dominates across all regions, segments and services areas. The single largest competitor to any outsourced facilities management services firm is self-delivery. However, the presence of numerous firms with cost-effective solutions, coupled with the benefits to organizations of outsourcing non-core operations, should encourage the propensity for outsourcing to increase. According to GlobalFM's 2018 Market Report, the outsourcing of facilities management services in North America is projected to experience 6% to 8% growth annually through 2022.

Dexterra's business strategy is to provide more complex (integrated) hard service solutions, where there are better growth prospects and where margins are higher, and less single or soft service solutions over time. Integrated service offerings paired with special expertise operating and managing special purpose facilities, including defence assets, airports, hospitals, and research facilities, supports a strong value proposition to clients with complex projects or sophisticated facilities. Through its long-term client contracts, national footprint and diverse client base, Dexterra's facilities management segment has reduced exposure to volatility in the market.

Dexterra has built credibility in the market through the strength of client and stakeholder relationships and a sustained focus on innovation including the application of technology. Dexterra's competitive position is further enhanced by decades of experience, cross sector expertise in support services solutions and a diverse portfolio of accounts including in urban and remote locations.

Workforce Accommodation

The workforce accommodation market is highly competitive in every geography and segment of the industry. There are at least 30 other suppliers of workforce accommodation solutions across Canada, including large, multi-national firms and regional players. This segment of the market has also reduced in size over the past several years due to the challenges experienced in the oil and gas and resource industries. The slowdown in the oil and gas and resource sectors has also resulted in excess capacity for many workforce accommodation providers.

Workforce accommodation contracts are often awarded through a tendering process, whereby a client company specifies the camp equipment and operational services it requires for a given camp and has workforce accommodation companies bid to supply some or all of such camp equipment and services.

Some workforce accommodation companies operate primarily in either the equipment or operational services segment. Conversely, some are fully integrated and operate in both segments, providing full-service turnkey workforce accommodation solutions for customers who request them. Companies that offer only one of equipment or operational services also frequently bid on turnkey contracts by partnering with other workforce accommodation companies that provide complementary services in order to satisfy the requirements of a given tender.

While Dexterra holds a strong competitive position in the workforce accommodation space, the industry is highly competitive. Some other suppliers of workforce accommodation solutions across Canada include large, multi-national firms (e.g., ATCO, Black Diamond, Civeo, Clean Harbors, ESS/Compass and Sodexo, DOMCO Food Services) and Canadian-based firms (e.g., Horizon North, Land & Sea, Precision Camp Services Redrock, Summit, ADC, Athabasca Camps & Catering, Torch, Right Choice and Royal Camp Services). As well, Dexterra faces competitive pressure from its customers, who will choose to self-supply if it makes economic sense to do so. While larger customers tend not to self-supply operational services, this is more common for smaller camp customers, for whom servicing is less of a significant undertaking. Customers of Dexterra's workforce accommodation businesses tend to be large, sophisticated companies and government agencies, which are able to exercise significant countervailing power when negotiating contracts with workforce accommodation providers, including through the use of competitive procurement processes.

A key strength of Dexterra is a national footprint active in the major resource development regions: Manitoba, Ontario, Quebec and Nunavut. Dexterra continues to build relationships with key vendors and partners and invests in strategically relevant Indigenous partnerships that position the business well for upcoming projects. As Dexterra runs a "capital light" operating model and does not own its own equipment, if demand for services slows down, it does not result in excess capacity for Dexterra. Additionally, Dexterra has a reputation for rapid response, particularly in emergency

situations, including in responding to fires in Northern and Western Canada, and is further differentiated from other providers in this space by the ability to provide an integrated service offering beyond traditional workforce accommodation services.

Recent History

2017

In 2017, Carillion Canada's operations included facilities management and road maintenance services, in addition to various public-private construction partnership projects ("P3s").

2018

In January 2018, immediately prior to proceedings under the *Companies' Creditors Arrangement Act* (Canada) in respect of Carillion Canada in connection with the global insolvency proceedings of U.K.-based parent corporation Carillion plc. (the "**CCAA Proceedings**"), Carillion Canada sold its interest in its indirect subsidiary The Bouchier Group. The portion of Carillion Canada's business relating to road maintenance was then sold to Emcon Services Inc., while EllisDon Corporation, Fengate Asset Management and Access Prairies Partnerships each acquired a portion of Carillion Canada's business relating to the management of its P3s.

Dexterra was incorporated under the CBCA on February 23, 2018 to acquire the Carillion Services Assets in connection with a court-approved transaction in the CCAA Proceedings.

Following the acquisition of the Carillion Services Assets and an internal portfolio review, Dexterra reduced its existing facilities management business by approximately 16% throughout the remainder of 2018 and 2019 as part of an initiative to refocus its business on higher margin, more complex, multi-service facilities management solutions. This reduction was generally carried out by not renewing expiring contracts at the end of their terms.

In September 2018, Dexterra launched its new brand, "Dexterra", replacing the previous Carillion brand and business and strengthening Dexterra's position to invest in growth opportunities and innovative solutions for clients and customers.

2019

In 2019, Dexterra entered into a contract with Defence Construction Canada to provide facilities management and support services to 45 Canadian forces sites throughout Ontario. The contract began on July 1, 2019 and has a 5-year term, with an option to extend for an additional 5 years. Dexterra also successfully re-secured a contract at the Edmonton International Airport, building on its ten-year partnership with the Edmonton International Airport providing janitorial, customer care, priority lane and baggage cart management services. The new contract, effective March 5, 2020, is for a 5-year term and includes the option for an additional 3-year extension, at the discretion of the airport authority.

In demonstration of Dexterra's commitment to continuous improvement and operational excellence, ISO Certification was achieved in 2019 for 3 standards: 9001:2015 Quality

Management, 14001:2015 Environmental Management System, and 45001:2018 Safety Management.

Dexterra was named the gold winner in the 2019 Canada's Safest Employers Awards in the young worker safety category for its Outland Youth Employment Program. Canada's Safest Employer recognizes organizations who are safety leaders across Canada by promoting a proven track-record of occupational health and safety for their employees.

In June 2019, Dexterra amended its credit facility with a major Canadian bank increasing the credit facility from \$10.0 million to \$32.0 million plus an additional accordion feature of \$18.0 million thereby increasing its borrowing flexibility to fund working capital requirements and pursue growth through future tuck-in acquisitions.

On December 4, 2019, Dexterra acquired 100% of the voting shares of The Powerful Group of Companies ("PGC") and certain affiliates. PGC provides heating, ventilation and air conditioning, electrical, plumbing, interior renovation, carpentry, communications, fire safety and energy management services. The acquisition of PGC compliments Dexterra's services offered to its facility management clients.

2020

On March 9, 2020, Dexterra and Dexterra Parent entered into the Purchase Agreement with Horizon North. Under the terms of the Purchase Agreement, Horizon North will acquire all of the issued and outstanding Dexterra Shares in exchange for such number of Horizon Shares that will, immediately following the completion of the Transaction, represent 49% of the issued and outstanding Horizon Shares, calculated on a Fully Diluted Basis. The Transaction is expected to result in several benefits, for further information see "*Matters to be Acted Upon at the Meeting – The Transaction – Reasons for the Board Recommendation – Benefits of the Transaction*" in the Information Circular.

DIVIDENDS OR DISTRIBUTIONS

During the financial year ended December 31, 2019, Dexterra declared and paid an aggregate dividend on the outstanding Dexterra Shares in the amount of \$3,000,000.

There have been no other dividends or distributions declared.

DESCRIPTION OF DEXTERRA SHARE CAPITAL

Share Capital Structure

Dexterra is authorized to issue an unlimited number of Dexterra Shares, each having the rights, privileges, restrictions and conditions described below.

Holders of Dexterra Shares are entitled to: (a) receive notice of and attend any meetings of holders of Dexterra Shares and are entitled to one vote for each Dexterra Share held, except meetings at which only holders of a specified class are entitled to vote; (b) the right to receive, subject to the prior rights and privileges attaching to any other class of shares of Dexterra, any dividend declared

by Dexterra; and (c) the right to receive subject to the prior rights and privileges attaching to any other class of shares of Dexterra, the remaining property and assets of Dexterra upon dissolution.

As of the date of the Information Circular, Dexterra had 131,542,600 Dexterra Shares issued and outstanding.

CONSOLIDATED CAPITALIZATION

The following table sets forth Dexterra's outstanding debt and share capitalization as at March 31, 2020.

Unaudited

Description	As at March 31, 2020
Cash	\$ 29,323,970
Debt:	
Bank debt ⁽¹⁾	\$ 27,524,349
Capital leases	\$ 1,544,158
Share capital ⁽²⁾	\$131,542,600
Total capitalization	\$160,611,107

- (1) On June 10, 2019, Dexterra amended its credit facilities agreement with the Canadian Imperial Bank of Commerce. The credit limit is \$32.0 million with an additional accordion feature of \$18.0 million, bears interest at the bank's prime lending rate plus 0.5% to 1.25% and matures on June 10, 2023. As part of the agreement, Dexterra is required to maintain a Debt to EBITDA ratio of less than 3 and a Fixed Charge Coverage Ratio greater than 1.2, tested quarterly.
- (2) At March 31, 2020, 131,542,600 common shares were issued. Dexterra is authorized to issue an unlimited number of common shares.

PRIOR SALES

During the last twelve months, Dexterra has not issued any Dexterra Shares.

PRINCIPAL SECURITYHOLDER

The following table sets forth information regarding ownership of Dexterra Shares as of the date hereof.

Name	Dexterra Shares		
	Type of Ownership	Number of Dexterra Shares	Percentage of Dexterra Shares Outstanding
9477179 Canada Inc. ⁽¹⁾	Of record and beneficial	131,542,600	100 %

(1) 9477179 Canada Inc. is a wholly-owned subsidiary of Fairfax.

Following Closing of the Transaction, Horizon North will own all of the issued and outstanding Dexterra Shares.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management’s Discussion and Analysis (“**MD&A**”) prepared as at April 23, 2020 for Dexterra provides information concerning Dexterra’s financial condition and results of operations and does not include any information relating to the Transaction with Horizon North described elsewhere in the Information Circular. This MD&A should be read in conjunction with Dexterra’s audited consolidated financial statements for the year ended December 31, 2019 and for the period from February 23, 2018 to December 31, 2018 attached as Exhibit 1 to this Appendix F. Some of the information contained in this MD&A contains forward-looking statements that involve risks and uncertainties. See “*Forward-Looking Information*” and “*Risk Factors of Dexterra*” in this Appendix F and “*Risk Factors*” in the Information Circular for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results may differ materially from those indicated or underlying forward-looking information as a result of various factors, including those described in “*Risk Factors*” in the Information Circular, “*Risk Factors of Dexterra*” in this Appendix F and elsewhere in this MD&A.

The accompanying audited consolidated financial statements of Dexterra as at and for the year ended December 31, 2019 and for the period from February 23, 2018 to December 31, 2018 are the responsibility of Dexterra’s management and have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and all amounts presented are in Canadian dollars unless otherwise indicated. This MD&A is based on Dexterra’s audited consolidated financial statements for the period from February 23, 2018 to December 31, 2018 (“**Fiscal 2018**”) and the year ended December 31, 2019 (“**Fiscal 2019**”).

Non-GAAP Measures

This MD&A makes reference to certain non-GAAP measures. These measures are not recognized measures under Canadian generally accepting accounting principles (“**GAAP**”), do not have a

standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those GAAP measures by providing further understanding of Dexterra's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of Dexterra's financial information reported under GAAP. Dexterra uses non-GAAP measures including earnings before interest, taxes, depreciation and amortization "**EBITDA**", "**Adjusted EBITDA**", calculated as EBITDA before transaction and integration costs and gain or loss on sale of property, plant and equipment, "**Adjusted EBITDA Margin**", calculated as Adjusted EBITDA divided by revenues, and "**Working Capital**", calculated as current assets less current liabilities, to provide investors with supplemental measures of Dexterra's operating performance and thus highlight trends in its core businesses that may not otherwise be apparent when relying solely on GAAP financial measures. Dexterra also believes that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers. Dexterra's management also uses non-GAAP measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation.

Adoption of IFRS 16 Leases

Adoption of IFRS 16 Leases ("**IFRS 16**") on January 1, 2019 did not have an impact on shareholders' equity. Comparative periods were not restated as permitted by the transition provisions of IFRS 16. For details see note 2 to the audited consolidated financial statements for the year ended December 31, 2019.

Forward-Looking Information

Certain statements in this MD&A may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to Dexterra's future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "continue"; "forecast"; "may"; "will"; "project"; "could"; "should"; "expect"; "plan"; "anticipate"; "believe"; "outlook"; "target"; "intend"; "estimate"; "predict"; "might"; "potential"; "continue"; "foresee"; "ensure" or other similar expressions concerning matters that are not historical facts. In particular, statements regarding Dexterra's future operating results and economic performance and its objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, performance and business prospects and opportunities regarding Dexterra, which Dexterra believes are reasonable as of the current date. While management considers these assumptions to be reasonable based on information currently available to Dexterra, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and uncertainties (described in "*Risk Factors*" in the Information Circular and "*Risk Factors of Dexterra*" in this Appendix F) that could cause actual results to differ materially from what Dexterra currently expects.

The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While management may elect to, Dexterra is under no obligation and does not undertake to update or alter this information at any particular time, except

as may be required by law. See also “*Forward-Looking Information*” contained in the Information Circular.

COVID-19 Pandemic

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a Public Health Emergency of International Concern, and on March 11, 2020, characterized COVID-19 as a pandemic. A local, regional, national or international outbreak of a contagious disease, such as COVID-19 or other similar illnesses, has and could continue to result in: a significant decline in economic activity in the regions Dexterra holds assets and conducts business in, a decrease in individuals willing to travel, imposed mobility restrictions or other quarantine measures through government regulations, and business interruptions due to outbreaks or required quarantines in one or more of Dexterra’s operating facilities. An outbreak in one or more of Dexterra’s operating facilities may negatively impact occupancy rates or Dexterra’s reputation and may, if uncontrolled, result in temporary shortages of staff to the extent Dexterra’s work force is impacted. While the effects of this current outbreak are anticipated to be temporary, the duration and magnitude of potential business disruptions is currently unknown and may have a material adverse effect on the financial condition and financial results of Dexterra.

Overview of Dexterra

Dexterra is a facilities management and workforce accommodation and forestry services company that is wholly-owned by Dexterra Parent, a wholly-owned subsidiary of Fairfax. Dexterra was incorporated in 2018 to acquire the Carillion Services Assets.

Dexterra operates in the outsourced support services industry across Canada, specializing in facilities management and workforce accommodations and forestry, and provides those services to a diverse base of clients in both the public and private sector. Client segments served include aviation, defence, education, forestry, government, industrial, commercial, healthcare, hospitality, mining, oil and gas, retail and utilities.

Dexterra’s business model requires minimal equipment and infrastructure investment (“capital light”) and consists of mainly hourly and variable wages enabling it to adjust to the volume of business. Dexterra’s business consists of two principal operating segments, facilities management and workforce accommodations and forestry. Dexterra has 8 regional office locations and 1 head office in Mississauga supporting operations in 11 of 13 Canadian provinces and territories. See also “*Description of the Business of Dexterra*” contained in this Appendix F.

Acquisitions

On November 1, 2019, Dexterra acquired 100% of the voting shares of PGC and certain affiliates for total consideration of \$6.5 million. PGC provides mobile HVAC, electrical, plumbing, interior renovation, carpentry, communications, fire safety and energy management services. The acquisition of PGC compliments Dexterra’s services offered to its facility management clients and will allow it to expand. The purchase price includes contingent consideration as disclosed in note 4 in the audited consolidated financial statements for the financial year ended December 31, 2019.

On March 7, 2018, Dexterra acquired the Carillion Services Assets for total consideration of \$113.7 million, excluding the assumption of a liability of \$17.6 million payable to the former shareholders of a business acquired by Carillion Canada. There was no business activity from the date of inception of Dexterra on February 23, 2018 to the acquisition date of March 7, 2018.

Financial Overview

Annual Financial Summary

<i>(in thousands of Canadian dollars except per share amounts)</i>	Fiscal 2019	Fiscal 2018 ⁽¹⁾
Revenues	\$261,059	\$214,705
Operating expenses	248,455	206,115
Earnings before income taxes	12,604	8,590
Income taxes	3,300	2,514
Net earnings and comprehensive income for the period ⁽²⁾	9,304	6,076
Add back (deduct):		
Depreciation and amortization included in operating expenses	3,841	3,006
Income taxes	3,300	2,514
Finance costs	222	8
EBITDA ⁽³⁾	16,667	11,604
Add back (deduct):		
Transaction and integration costs	75	1,750
Gain on sale of property, plant and equipment	(202)	(114)
Adjusted EBITDA ⁽³⁾	16,540	13,240
Net earnings attributable to shareholders	9,018	6,132
Net earnings per share, basic and diluted	\$0.07	\$0.06
Dividends declared per share ⁽⁴⁾	\$0.02	\$0.00
Consolidated financial position	December 31, 2019	December 31, 2018
Working capital ⁽³⁾	\$19,643	\$18,068
Goodwill and intangible assets	119,699	115,804
Total assets	174,830	178,255
Total long-term liabilities	4,144	444
Shareholder's equity	145,123	121,299

(1) 2018 comparative information presented is from the period of February 23, 2018 to December 31, 2018 as a result of Dexterra acquiring the Carillion Services Assets.

(2) Net earnings and comprehensive income for the period include earnings of \$286 attributable to non-controlling interests in Fiscal 2019 and a loss attributable to non-controlling interests of \$56 in Fiscal 2018.

(3) Please refer to "Non-GAAP Measures" for the definition of EBITDA, Adjusted EBITDA and Working Capital.

(4) The weighted average number of shares outstanding for Fiscal 2019 is 131,445,972 (Fiscal 2018 – 110,052,614).

Revenue for Fiscal 2019 increased by \$46.4 million or 21.6% over Fiscal 2018 mainly due to new business of \$27.5 million in the defense market for the facilities management segment and the increase in camp rental and catering under the workforce accommodation and forestry segment; and as a result of Fiscal 2018 only including 10 months of operations as Dexterra acquired the Carillion Services Assets from Carillion Canada on March 7, 2018.

These increases were offset as Dexterra completed a portfolio review of its business following the acquisition of the Carillion Services Assets in 2018 and reduced its revenue base by approximately \$26.3 million.

Operating expenses for Fiscal 2019 increased by \$42.3 million or 20.5% to \$248.5 million over Fiscal 2018 due to the increase in revenue. Wages and benefits expense for Fiscal 2019 was \$159.0 million or 61% of revenue compared to \$144.9 million or 67% of revenue in Fiscal 2018. This decrease as a percentage of revenue is the result of the change in the operating model implemented in Fiscal 2019 including a change in the revenue mix from soft services, which are more labour intensive, to more hard service activities. In addition, corporate wage and benefit expenditures were lower due to the switch from transitional services support previously provided to resourcing full time personnel for these functional areas. Product costs when compared to revenue decreased from 14% in Fiscal 2018 to 11% in Fiscal 2019 mainly due to timing of activity in the forestry and firefighting services within the workforce and accommodation and forestry segment. Other operating costs increased to \$56.6 million, or 21.7% of revenue, in Fiscal 2019 compared to \$27.1 million, or 12.6% of revenue, in Fiscal 2018 primarily due to an increase in subcontractor costs in Fiscal 2019 associated with new contracts in the facilities management segment; higher expenditures related to rebranding of Dexterra, system conversion costs and insurance; and higher equipment and repair expenditures due to increased activity in equipment rental/install services under workforce and accommodation and forestry.

Depreciation and amortization included in operating expenses for Fiscal 2019 increased by \$0.8 million to \$3.8 million compared to Fiscal 2018 mainly as a result of the adoption of the IFRS 16 standard on a prospective basis amounting to \$0.6 million. Depreciation and amortization also include the amortization of property, plant and equipment of \$1.7 million in Fiscal 2019 (\$2.0 million in Fiscal 2018) and customer relationships of \$1.2 million in Fiscal 2019 (\$1.0 million in Fiscal 2018).

Income tax expense was \$3.3 million in Fiscal 2019 compared to \$2.5 million in Fiscal 2018. The increase of \$0.8 million is mainly related to the increase in net earnings for the year. The Canadian corporate tax rate for Fiscal 2019 and Fiscal 2018 was 26.5% with goodwill being the primary timing difference as it is generally deductible for tax purposes. There are no significant permanent income tax differences.

Transaction and integration costs during Fiscal 2019 related to transaction costs for the acquisition of PGC. In Fiscal 2018, they related to the integration effort for the Carillion Services Assets including legal and transaction costs.

Adjusted EBITDA in Fiscal 2019 increased by \$3.3 million or 24.9% over Fiscal 2018. As a percentage of revenue, Adjusted EBITDA margin was fairly consistent at 6.3% in Fiscal 2019 and 6.2% in Fiscal 2018.

Quarterly Financial Summary

<i>(Unaudited and in thousands of Canadian dollars)</i>	Three months ended December 31,	
	2019	2018
Revenues	\$64,134	\$53,810
Operating expenses	62,162	52,172
Earnings before income taxes	1,972	1,638
Income Taxes	516	480
Net earnings and comprehensive income for the period ⁽¹⁾	1,456	1,158
Add back (deduct):		
Depreciation and amortization included in operating expenses	924	826
Income Taxes	516	480
Finance costs	59	-
EBITDA ⁽²⁾	2,955	2,464
Add back (deduct):		
Transaction and integration costs	75	1,208
Loss on sale of property, plant and equipment	285	-
Adjusted EBITDA ⁽²⁾	3,315	3,672
Net earnings attributable to shareholders	1,370	1,109

(1) Net earnings and comprehensive income for the period include earnings of \$86 attributable to non-controlling interests in the fourth quarter of 2019 and \$49 in the fourth quarter of 2018.

(2) Please refer to "Non-GAAP Measures" for the definitions of EBITDA and Adjusted EBITDA.

Revenues for the fourth quarter of 2019 increased by \$10.3 million or 19.2% compared to the fourth quarter of 2018. Both operating segments realized growth as workforce accommodation and forestry had increased activity in camp rental and catering, and facilities management grew through increased activity in the defense and healthcare markets.

Operating expenses increased by \$10.0 million or 19.1% in the fourth quarter of 2019 over the \$52.2 million in the fourth quarter of 2018 due to the increase in associated revenue and included an increase in subcontractor costs associated with new business during the fourth quarter of 2019 requiring specialized skills.

Adjusted EBITDA decreased from \$3.7 million in the fourth quarter of 2018 to \$3.3 million in the fourth quarter of 2019, a decrease of \$0.4 million or 9.7%. Adjusted EBITDA for the fourth quarter of 2019 in facilities management saw margin compression with more use of subcontractors and high onboarding costs for some new business. Dexterra also had higher overhead costs as it invested for future growth.

Results of Dexterra's Operating Segments

Facilities Management

<i>(in thousands of Canadian dollars)</i>	Fiscal 2019	Fiscal 2018 ⁽¹⁾
Revenues	\$164,501	\$135,027
Operating expenses	157,426	127,267
Earnings before income taxes	7,075	7,760
Add back (deduct):		
Depreciation and amortization included in operating expenses	2,261	2,110
EBITDA ⁽²⁾	9,336	9,870
Add back (deduct):		
Loss on sale of property, plant and equipment	50	6
Adjusted EBITDA ⁽²⁾	9,386	9,876
Adjusted EBITDA Margin ⁽²⁾	5.7%	7.3%

(1) 2018 comparative information presented is from the period of February 23, 2018 to December 31, 2018 as a result of Dexterra acquiring the Carillion Services Assets.

(2) Please refer to "Non-GAAP Measures" for the definitions of EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin.

Revenues increased by \$29.5 million or 21.8% over Fiscal 2018 mainly due to growth of approximately \$20.0 million due primarily to increased activity in the defense and healthcare markets, partially offset by lower revenues in the retail and commercial markets as Dexterra strategically repositioned its service offerings and did not renew business for approximately \$26.3 million. Fiscal 2018 also included only approximately 10 months of operations as Dexterra acquired the Carillion Services Assets on March 7, 2018 and had annual revenues at the time of acquisition of approximately \$160.0 million.

Operating expenses in Fiscal 2019 increased by \$30.2 million or 23.7% over Fiscal 2018 mainly due to the increase in revenue, an increase in subcontractor costs in Fiscal 2019 associated with new contracts primarily in the defence sector, and start up expenses for new contracts secured in the later part of Fiscal 2018. In addition, Fiscal 2018 included only approximately 10 months of operations.

Depreciation and amortization included in operating expenses increased by \$0.2 million or 7.2% to \$2.3 million in Fiscal 2019 mainly as a result of Fiscal 2018 including only approximately 10 months of operations. The adoption of the new IFRS 16 accounting standard had little impact on the facilities management sector.

Adjusted EBITDA margin decreased from 7.3% in Fiscal 2018 to 5.7% in Fiscal 2019 mainly due to the start up costs for new contracts in the defense and healthcare markets and higher subcontractor costs. Management believes the margins for this business will improve over time to be approximately 7.5%.

<i>(Unaudited and in thousands of Canadian dollars)</i>	Three months ended December 31,	
	2019	2018
Revenues	\$44,143	\$38,053
Operating expenses	41,446	36,123
Earnings before income taxes	2,697	1,930
Add back (deduct):		
Depreciation and amortization included in operating expenses	426	573
EBITDA ⁽¹⁾	3,123	2,503
Add back (deduct):		
Loss on sale of property, plant and equipment	50	-
Adjusted EBITDA ⁽¹⁾	3,173	2,503
Adjusted EBITDA Margin ⁽¹⁾	7.2%	6.6%

(1) Please refer to “Non-GAAP Measures” for the definitions of EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin.

Facilities Management revenues in the fourth quarter of 2019 were \$6.1 million or 16.0% higher than the \$38.1 million in the fourth quarter of 2018 primarily due to \$6.9 million in growth in the defense and healthcare markets, partially offset by lower revenues in the retail and commercial markets as Dexterra strategically repositioned its service offerings.

Operating expenses for the fourth quarter of 2019 were \$41.4 million compared to \$36.1 million in the fourth quarter of 2018, an increase of \$5.3 million or 14.7% mainly due to the increase in revenue and lower operating expenses as there were fewer new contract start up costs in the fourth quarter of 2019 compared to the prior period.

Adjusted EBITDA margin increased from 6.6% in the fourth quarter of 2018 to 7.2% in the fourth quarter of 2019 due to the mix in services and Dexterra continually repositioning of its service offerings focussing on higher margin projects in the more complex and customized facilities management solutions business.

Workforce Accommodation and Forestry

<i>(in thousands of Canadian dollars)</i>	Fiscal 2019	Fiscal 2018 ⁽¹⁾
Revenues	\$96,558	\$79,678
Operating expenses	85,741	71,134
Earnings before income taxes	10,817	8,544
Add back (deduct):		
Depreciation and amortization included in operating expenses	1,210	851
EBITDA ⁽²⁾	12,027	9,395
Add back (deduct):		
Gain on sale of property, plant and equipment	(233)	(121)
Adjusted EBITDA ⁽²⁾	11,794	9,274
Adjusted EBITDA Margin ⁽²⁾	12.2%	11.6%

(1) 2018 comparative information presented is from the period of February 23, 2018 to December 31, 2018 as a result of Dexterra acquiring the Carillion Services .

(2) Please refer to “Non-GAAP Measures” for the definitions of EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin.

Revenues in Fiscal 2019 increased by \$16.9 million or 21.2% over Fiscal 2018 mainly due to Fiscal 2018 including only approximately 10 months of operations as Dexterra acquired the Carillion Services Assets on March 7, 2018 and growth in the infrastructure installation, rental and catering activities.

Operating expenses in Fiscal 2019 increased by \$14.6 million or 20.5% over Fiscal 2018 mainly due to the growth in revenue and Fiscal 2018 included only approximately 10 months of operations.

Depreciation and amortization included in operating expenses increased by \$0.4 million to \$1.2 million in Fiscal 2019 mainly due to Fiscal 2018 including only approximately 10 months of operations and due to the prospective application of the new IFRS 16 accounting standard.

Adjusted EBITDA margin increased from 11.6% in Fiscal 2018 to 12.2% in Fiscal 2019 mainly due to increased revenue from higher margin contracts from infrastructure installation, rental, catering, tree planting and thinning activities.

<i>(Unaudited and in thousands of Canadian dollars)</i>	Three months ended December 31,	
	2019	2018
Revenues	\$19,991	\$15,757
Operating expenses	18,802	14,754
Earnings before income taxes	1,189	1,003
Add back (deduct):		
Depreciation and amortization included in operating expenses	323	229
EBITDA ⁽¹⁾	1,512	1,232
Add back (deduct):		
Loss on sale of property, plant and equipment	254	-
Adjusted EBITDA ⁽¹⁾	1,766	1,232
Adjusted EBITDA Margin ⁽¹⁾	8.8%	7.8%

(1) Please refer to “Non-GAAP Measures” for the definitions of EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin.

Workforce accommodation and forestry revenue for the fourth quarter of 2019 was \$20.0 million compared to \$15.8 million in the fourth quarter of 2018 or an increase of \$4.2 million or 26.9%. The increase was mainly due to growth in the equipment rental and catering activities.

Operating expenses in workforce accommodation and forestry for the fourth quarter of 2019 were \$18.8 million compared to \$14.8 million in the fourth quarter of 2018, an increase of \$4.0 million or 27.4% mainly due to the growth in and mix of revenue.

Similar to the improvement in Adjusted EBITDA in Fiscal 2019 over Fiscal 2018, Adjusted EBITDA margin increased from 7.8% in the fourth quarter of 2018 to 8.8% in the fourth quarter of 2019 mainly as a result of increased revenue from higher margin contracts in equipment rental and catering activities. Adjusted EBITDA margin in the fourth quarter of 2019 of 8.8% is lower than the full year Adjusted EBITDA margin of 12.2% due to the fourth quarter of 2019 excluding the seasonal higher margin fire fighting results which take place between the spring and fall.

Liquidity and Capital Resources

Dexterra's capital requirements are for operating expenses, capital expenditures, working capital needs, and dividends. Management believes that cash generated from operations will be sufficient to meet its future operating expenses, capital expenditures, working capital needs and dividends. Dexterra's ability to fund future debt service costs, operating expenses, capital expenditures and dividends will depend on its future operating performance which will be affected by general economic, financial and other factors including factors beyond its control. See "*Risk Factors of Dexterra*" in this Appendix F.

Dexterra intends to fund its operations, working capital requirements, capital program and dividends primarily with cash flow from operating activities and will use its credit facility to fund acquisitions and any shortfalls due to the COVID-19 pandemic and other activities.

Major sources and uses of cash over Fiscal 2019 and Fiscal 2018 were as follows:

<i>(in thousands of Canadian dollars)</i>	2019	2018 ⁽¹⁾
Operating activities	\$1,340	\$11,921
Investing activities	(34,390)	(109,519)
Financing activities	19,368	113,858
Change in cash position	(13,682)	16,260

(1) 2018 comparative information presented is from the period of February 23, 2018 to December 31, 2018 as a result of Dexterra acquiring the Carillion Services Assets.

The decrease in cash flow from operating activities of \$10.6 million in Fiscal 2019 compared to Fiscal 2018 is mainly attributed to a reduction in working capital related to income tax payments required to be made in 2019 related to 2018 and the timing of trade and employee payables balances, partially offset by higher earnings.

The decrease in cash flow from investing activities and financing activities in Fiscal 2019 compared to Fiscal 2018 is mainly due to the \$106.9 million cash acquisition cost of the Carillion Services Assets in 2018 compared to the \$5.1 million cash acquisition cost of PGC in 2019 and additional payments made in Fiscal 2019 related to the acquisition of the Carillion Services Assets.

The 2019 PGC acquisition, the payments in Fiscal 2019 related to the acquisition of the Carillion Services Assets, capital expenditures of \$4.8 million in the normal course of business, and dividends of \$3.1 million were funded by the issuance of \$17.6 million Dexterra Shares, cash on hand at December 31, 2018, and the use of Dexterra's Credit Facility.

<i>(in thousands of Canadian dollars)</i>	December 31, 2019	December 31, 2018
Current assets	\$45,206	\$56,945
Current liabilities ⁽¹⁾	25,563	38,877
Working capital ⁽²⁾	19,643	18,068

(1) Current liabilities at December 31, 2018 per the audited consolidated financial statements were \$56.5 million and are reduced by a settlement of liability through the issuance of common shares in the amount of \$17.6 million.

(2) Please refer to "Non-GAAP Measures" for the definition of Working Capital.

Working capital at December 31, 2019 was \$19.6 million compared to \$18.1 million at December 31, 2018. This change in current assets included a decrease in cash, net of the operating facility of \$13.7 million, which funds were primarily used to reduce regular trade accounts payable.

On June 11, 2019, Dexterra amended its credit facilities agreement with the Canadian Imperial Bank of Commerce. The previous facility limit of \$10.0 million was increased to \$32.0 million (including letters of credit) with an additional accordion feature of \$18.0 million for funding acquisitions. The facility bears interest at the bank's prime lending rate plus 0.5% to 1.25% and matures on June 10, 2023. As part of the agreement, Dexterra is required to maintain a Debt to EBITDA ratio of less than 3 and a Fixed Charge Coverage Ratio greater than 1.2, tested quarterly.

As at December 31, 2019, the undrawn portion of the credit facility was \$23.8 million. Dexterra utilized \$5.3 million of the operating facility and \$2.9 million of letters of credit were outstanding as at December 31, 2019 under the credit facilities agreement. Dexterra is in compliance with the Debt to EBITDA and Fixed Charge Coverage Ratio requirements stipulated in the agreement at December 31, 2019 and repaid the drawn facility in January 2020. Subsequent to December 31, 2019, in response to the COVID-19 pandemic, Dexterra has utilized \$27.5 million of its operating facility to fund any complete shutdown of operations should the COVID-19 impact become more significant or be for an extended period of time.

Capital Spending

In Dexterra's facilities management business, capital expenditures are primarily incurred when Dexterra purchases cleaning equipment to begin work on a new contract, or to upgrade or replace equipment following contract renewals. In the workforce accommodation and forestry business, capital expenditures are mainly related to remote workforce solutions, catering equipment and vehicles. Dexterra does not generally own or finance equipment deployed by customers and operates as a "capital light" business model. The capital expenditure required to sustain the current level of operations or normal course of business is under \$5.0 million on an annual basis.

For the year ended December 31, 2019, capital spending, excluding the non-cash impact of the adoption of IFRS 16 that recognized \$2.3 million of right-of-use assets on the balance sheet, was \$4.8 million, compared to \$3.4 million in the prior year. The increase in capital expenditures was related to replacement of equipment upon contract renewals and for new business.

Additions to intangible assets for the year ended December 31, 2019 were related to the acquisition of PGC, which resulted in goodwill of \$2.6 million and customer relationships of \$2.5 million. In addition, Dexterra completed its setup of computer software systems which resulted in additions to computer software of \$0.4 million.

Balance Sheet and Other

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets acquired at the date of acquisition and is tested at least annually for impairment. Goodwill of \$96.1 million was recorded on the acquisition of the Carillion Services Assets in 2018 and \$2.6 million was recorded on the acquisition of PGC in 2019. Goodwill is not amortized but the goodwill relating to the Carillion Services Assets is deductible for tax purposes. At December 31, 2019 and 2018, impairment tests were performed and no impairments in goodwill were identified.

Property, Plant and Equipment

Dexterra runs an “asset light” operating model with the majority of its property, plant and equipment related to owned and leased equipment. IFRS 16 was adopted prospectively on January 1, 2019 and the leased equipment relates primarily to vehicles which includes additions of \$0.7 million in Fiscal 2019. Dexterra also had owned equipment additions of approximately \$4.0 million in Fiscal 2019 (Fiscal 2018 - \$2.4 million). Most of the equipment is being amortized over a 5-year useful life period.

Income Taxes

Dexterra’s effective tax rate is approximately the Canadian statutory rate of 26.5% for both Fiscal 2019 and Fiscal 2018 as Dexterra has no significant non-taxable items. Deferred income taxes on the balance sheet reflect temporary differences as the deductions for tax purposes, primarily related to goodwill, exceed the depreciation and amortization recorded in the financial statements.

Share Capital

As of December 31, 2019 and April 23, 2020, there were 131,542,600 issued and outstanding Dexterra Shares.

As of December 31, 2018, there were 113,908,004 issued and outstanding Dexterra Shares, which were issued in connection with the acquisition of the Carillion Services Assets. In January 2019, Dexterra issued 17,634,596 Dexterra Shares to Dexterra Parent in exchange for cash which was then used to settle the final payment owing to former shareholders of Carillion Canada in connection with the acquisition of the Carillion Services Assets.

Non-controlling interest

Dexterra owns 49% of Tangmaarvik and has the ability to control its operations. As a result, the results of Tangmaarvik are consolidated with the results of Dexterra and a non-controlling interest

is recorded. For Fiscal 2019, \$0.3 million of net earnings was attributable to the non-controlling interest, compared to a loss of \$0.1 million in Fiscal 2018.

Related Party Transactions

The remuneration paid to key management personnel in Fiscal 2019, which includes Dexterra's most senior corporate officers who have the authority and responsibility for planning, directing and controlling the activities of Dexterra was \$2.0 million (2018 – \$2.0 million).

Dexterra paid \$0.9 million to Northbridge Surety Limited, a company with the same controlling shareholder as Dexterra, for performance bonds in Fiscal 2019 (Fiscal 2018 – \$nil). The performance bonds are required by certain clients, mainly in the defence sector, as a condition of entering into the contract.

In addition, in March 2020, Dexterra purchased property, general liability, automobile and umbrella insurance for \$1.5 million with a one-year term from Northbridge General Insurance Corporation, a company with the same controlling shareholder as Dexterra.

All related party transactions were measured at arms length and there are no ongoing contractual or other commitments resulting from the transactions.

Off Balance Sheet Arrangements

As at December 31, 2019, Dexterra has performance and labour bonds issued totalling \$48.9 million. These performance and labour bonds are principally insurance bonds related to contractual obligations in the normal course of business and to collateralize self-insurance obligations. These bonds typically remain in force for the duration of the applicable customer contract and may include renewal options. Dexterra does not believe that these bonds will be drawn upon by beneficiaries.

Quarterly Summary of Results

<i>(Unaudited and in thousands of Canadian dollars except per share amounts)</i>	Fourth quarter 2019	Third quarter 2019	Second quarter 2019	First quarter 2019
Revenues	\$64,134	\$76,151	\$66,493	\$54,281
Net earnings	1,456	3,425	3,811	612
Add back (deduct):				
Depreciation and amortization included in operating expenses	924	893	1,002	1,022
Income taxes	516	1,215	1,352	217
Finance costs	59	93	45	25
Transaction and integration costs	75	-	-	-
Loss (gain) on sale of property, plant and equipment	285	(442)	(45)	-
Adjusted EBITDA ⁽²⁾	3,315	5,184	6,165	1,876
Net earnings attributable to shareholders	1,370	3,330	3,566	752
Net earnings per share, basic and diluted	\$0.01	\$0.03	\$0.03	\$0.00

<i>(Unaudited and in thousands of Canadian dollars except per share amounts)</i>	Fourth quarter 2018	Third quarter 2018	Second quarter 2018	First quarter 2018 ⁽¹⁾
Revenues	\$53,810	\$75,818	\$65,207	\$19,870
Net earnings	1,158	3,359	1,008	551
Add back (deduct):				
Depreciation and amortization included in operating expenses	826	880	969	331
Income taxes	480	1,390	417	227
Finance costs	-	7	2	(1)
Transaction and integration costs	1,208	237	285	20
Loss (gain) on sale of property, plant and equipment	-	9	(121)	(2)
Adjusted EBITDA ⁽²⁾	3,672	5,882	2,560	1,126
Net earnings attributable to shareholders	1,109	3,304	1,203	516
Net earnings per share, basic and diluted	\$0.01	\$0.03	\$0.01	\$0.01

(1) First quarter of 2018 information presented is from the period of February 23, 2018 to March 31, 2018 as a result of Dexterra acquiring the Carillion Services Assets.

(2) Please refer to “Non-GAAP Measures” for the definition of Adjusted EBITDA.

Net earnings and Adjusted EBITDA were lower in the second quarter of 2018 mainly as a result of higher wage and benefit expenditures associated with the timing and increase in minimum wage. In addition, revenues and margins were also lower during the period due to the timing and mix in infrastructure installation, rental, and catering activities as well as tree planting and thinning services in workforce accommodation and forestry.

Outlook

Overview

Dexterra will continue to focus on the development of a comprehensive suite of services supporting the operation and maintenance of built assets and infrastructure while tailoring its approach to its chosen sectors.

Dexterra continues to target clients with significant facilities and infrastructure requirements and/or complex operating environments that favor customization and skill, looking to create value for asset owners by maintaining and enhancing the integrity and operation of their built environments and optimizing the utilization of those assets.

Dexterra's coast-to-coast operating footprint positions us well to pursue a national support services strategy, targeting diverse industries in a variety of regions. Dexterra also looks to expand its Indigenous relationships across the country as it grows its footprint in remote regions and Canada's north.

Facilities Management

Dexterra expects the outsourced facilities management market to continue to grow at a pace greater than the economy. Integrated outsourcing models are the fastest growing outsourcing component within the facilities management industry. Dexterra's strategy is to sustain competitive advantage through: attracting, retaining and developing high quality people; embracing innovation including the smart application of technology; and building partnerships with strategically relevant stakeholders. Dexterra's strategy is aligned with market trends including an increased focus on technology, energy and environmental performance and occupant health and well-being.

Dexterra believes that a significant self-delivery capability in the major spend categories of facilities management, in both hard and soft facilities management work streams, is an important success factor. In 2019, Dexterra completed the acquisition of PGC, bolstering Dexterra's self-delivery capability through the addition of a mobile multi-tech contracting platform. In 2020, Dexterra will complete the integration of PGC into Dexterra and replicate this capacity in major urban regions across Canada.

Dexterra's key areas of focus include:

- Aviation – Aviation is a priority sector with airport specific strategies in place including the expansion of services at existing airport clients and targeting major Canadian airports not currently in Dexterra's portfolio with the potential for expansion outside of Canada over the medium term.
- Defence – Defence is a key growth area with a significant pipeline of opportunity anticipated over the next several years.
- Business & Industry – Dexterra is pursuing a client-by-client approach selectively in business and industry. Dexterra has a significant existing footprint servicing retail shopping centers and is looking to broaden its service offering. Propensity for outsourcing in

industrial facilities is expected to increase, presenting interesting opportunities for integrated facilities management solutions.

- Dexterra is targeting specific real estate outsourcing programs at the provincial and federal government levels. Healthcare, retirement living, and education also present some potential growth opportunities.
- Prospective opportunities are expected to come to market in 2020 with approximately \$240.0 million in annual revenues (pre COVID-19 impact) and additional longer term attractive future growth prospects with over \$550.0 million in annual revenues. Converting these opportunities into new business will be a key focus of the management team.

Workforce Accommodation & Forestry Services

Demand for workforce accommodation solutions is driven by the natural resource industry including mining, forestry activities, and oil and gas. The outlook for natural resource industries overall in 2020 is mixed with headwinds for the oil and gas industry partially off-set by some positive developments anticipated in the mining industry for specific commodities (e.g. gold). Expected remote infrastructure development activities (northern roads, powerlines, pipelines, and similar) across Canada offer additional opportunities for workforce accommodation services.

Demand for forestry services, such as tree planting and thinning, is driven primarily by private forestry companies and provincial crown corporations. The market for these services has been stable and is expected to remain so in 2020 and occurs primarily in the summer months. Dexterra's services include providing type-2 firefighters to support wildfire operations in Ontario and Alberta. The nature of this work is variable and dependent on the extent of wildfires in a given season.

The market outlook, and as a result Dexterra's focus, varies by geographic region:

- Central Canada – The workforce accommodation market in Central Canada is primarily driven by mining industry. Dexterra has a long history of operating in this region and strong network of relationships with Indigenous communities. Opportunities of interest include emerging mining developments and significant powerline projects. Dexterra has an active forestry services operation in Central Canada centered in Ontario. Dexterra supplies fire camps for the Ontario government to accommodate provincial firefighters and other wildfire response personnel. The volume of activity is dependent on the number of wildfires in the season.
- Quebec – Quebec is the largest region of activity for forestry services business. The reduced number of workforce accommodation competitors and opportunities supporting mining activities and infrastructure throughout Northern Quebec is an opportunity.
- Northern Canada – Opportunities exist in Northern Canada supporting federal and territorial governments as well as the mining industry. Dexterra owns 49% of Tangmaarvik, an Inuit workforce accommodation business servicing the Kivalliq region of Nunavut. There are both immediate and long-term opportunities for Tangmaarvik as a

major mining client seeks to streamline business and promising mineral finds in the region proceed to development.

- Western Canada – Western Canada is the largest workforce accommodation market in Canada and also the most competitive. Activity is heavily dependent on supporting the oil and gas industry, a sector with a challenged outlook for 2020. Dexterra is targeting workforce accommodation opportunities where strong client relationships and partnerships with relevant Indigenous stakeholders are in place, including pipeline developments and emerging mining opportunities in British Columbia. Dexterra supplies fire camps for the Alberta government to accommodate provincial firefighters and other wildfire response personnel. The volume of activity is dependent on the number of wildfires in the season. Additionally, Dexterra has an active forestry services operation in Western Canada centered in Alberta.

Dexterra has extensive experience providing fully-serviced housing solutions supporting natural disaster relief and other emergency response situations. Opportunities for these services are not assumed but can offer substantial upside potential should the situation arise.

The expansion of the Outland Youth Employment Program, Dexterra's community driven initiative that works towards equity and opportunity for Indigenous youth, remains a central component of Dexterra's northern business plan as it allows Dexterra to expand relationships with Indigenous stakeholders which are critical to its collective success.

Dexterra continues to look for opportunities to enhance its service offering and competitiveness including the smart application of technology, the pursuit of partnerships, and introduction of broader services capability as part of an integrated solution in order to realize its opportunity pipeline of approximately \$110.0 million in annual revenue (pre COVID-19 impact) and other longer term attractive future growth prospects.

Financial Risk Management

Dexterra's activities expose it to a variety of financial risks. These risks include interest rate risk, credit risk and liquidity risk. Dexterra's management, and where appropriate its board of directors, establishes policies and procedures within the overall control and risk framework.

Interest rate risk

Dexterra maintains a floating interest rate on its line of credit. An increase in market interest rates could result in an increase in borrowing costs. As at December 31, 2019, approximately \$5.3 million was drawn on the operating facility which was repaid in January 2020. Subsequent to December 31, 2019, in response to the COVID-19 pandemic and in anticipation of closing the Transaction, Dexterra has utilized \$27.5 million of its operating facility and is holding it in cash. An increase of 0.5% in the interest rate would result in \$0.2 million of additional interest cost.

Credit risk

Credit risk is the risk that Dexterra will suffer financial loss as a result of counterparties defaulting on their contractual obligations. Dexterra's primary exposure to credit risk is with clients and is represented by accounts receivable.

The credit risk of accounts receivable is monitored by management. Dexterra usually invoices clients monthly for services performed. Dexterra uses a combination of internal and external credit assessments to monitor and assess the creditworthiness of clients and reduce risk. The impact of current and expected future credit losses are reflected in the expected credit loss provisions for trade receivables. Dexterra uses the simplified approach permitted by IFRS 9 – Financial Instruments, which uses a lifetime expected credit loss model for trade receivables and contract assets. To measure expected credit losses, Dexterra has developed a provision matrix to apply to aged amounts receivable. The expected loss rates are based on the historic payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect known current and forward-looking information.

Dexterra updates its estimate of the expected credit losses based on the evaluation of the recoverability of trade receivables, taking into account historical collection trends of past due accounts and current economic conditions. Trade receivables are written off once it is determined they are uncollectible and unsuccessful collection attempts have occurred.

At December 31, 2019, Dexterra recorded expected credit losses of \$0.2 million and there is \$1.6 million of trade accounts receivable that is past due over 90 days.

There is also credit risk associated with cash. The risk is that the counterparties will not be able to repay amounts owed to Dexterra on request. Dexterra manages this risk by ensuring Dexterra's cash deposits are placed with banks with acceptable credit ratings.

Liquidity risk

Liquidity risk is the risk Dexterra will not be able to meet its financial obligations as they come due. The primary objective of liquidity management is providing sufficient cash to enable Dexterra to meet its liabilities when they come due under normal and stressed conditions.

Dexterra funds its activities through cash generated from operations. Management closely monitors working capital to ensure Dexterra has sufficient cash to meet operational needs. Dexterra strives to control working capital by optimizing billing and collection processes and by entering into favourable payment terms with significant subcontractors.

The table below analyzes Dexterra's financial liabilities into relevant maturity groupings based on the remaining period to maturity as at December 31, 2019.

<i>(in thousands of Canadian dollars)</i>	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$19,096	\$ -	\$ -	\$ -	\$19,096
Contingent consideration	400	400	400	800	2,000
Leases	692	972	208	-	1,872
Operating facility	5,453	-	-	-	5,453
	25,641	1,372	608	800	28,421

Capital risk management

Dexterra's objectives when managing its capital is to remain focussed on managing its debt to equity ratio to ensure it remains below the long term target of 30% as well as certain financial covenants under its credit facility, maintain a capital structure that allows Dexterra to fund its growth and provide financial flexibility to execute on strategic opportunities, and ensure there is capital to support continued operations and shareholders' return.

Changes in Accounting Policies

Dexterra's IFRS accounting policies are provided in Note 2 to the audited consolidated financial statements as at and for the years ended December 31, 2019 and 2018. As at December 31, 2019, Dexterra updated its accounting policies to include the adoption of IFRS 16. The details are provided in Note 2 of its audited consolidated financial statements as at December 31, 2019.

Critical Accounting Estimates and Judgments

This MD&A of Dexterra's financial condition and results of operations is based on its audited consolidated financial statements which are prepared in accordance with IFRS. The preparation of the consolidated financial statements requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Business combinations – allocation of purchase price

In business combinations, Dexterra acquires assets and assumes liabilities of an acquired entity. The allocation of the purchase price involves judgement in determining the fair value of identifiable assets acquired and liabilities and contingent liabilities assumed, if any. The determination of these fair values involves a variety of estimates and assumptions including revenue growth rates, expected operating margins, and discount rates. These estimates and assumptions determine the amount allocated to other identifiable intangible assets and goodwill, as well as the amortization period for identifiable intangible assets with finite lives.

Expected credit losses

Dexterra must make an assessment of whether accounts receivable are recoverable from clients. The expected credit loss provision estimate is based on the financial situation of Dexterra's customers including historical and expected collection trends. If future collections differ from estimates, future earnings would be adjusted prospectively. The expected credit loss is based on historical customer collection history, general economic indicators and other customer-specific information, all of which require Dexterra to make certain assumptions.

Impairment of goodwill and long-lived assets

Management tests at least annually or more frequently if there are events or changes in circumstances to assess whether goodwill suffered any impairment. Property, plant and equipment are reviewed for impairment whether events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Management makes key assumptions and estimates in determining the recoverable amount, including future cash flows based on historical and budgeted operating results, sales growth rates, margin growth rates, income tax rates and appropriate after-tax discount rates.

Dexterra evaluates its long-lived assets (property, plant and equipment) and intangible assets, other than goodwill and intangible assets with indefinite lives, for impairment whenever indicators of impairment exist. The accounting standards require that if the sum of the undiscounted expected future cash flows from a long-lived asset or definite-lived intangible asset is less than the carrying value of that asset, an asset impairment charge must be recognized. The amount of the impairment charge is calculated as the excess of the asset's carrying value over its fair value, which generally represents the discounted future cash flows from that asset.

DEXTERRA GOVERNANCE

Biographical and Other Summary Information Regarding the Directors and Executive Officers

The following table lists the names of the directors and officers, their municipalities of residence, positions and offices with Dexterra and principal occupations. The directors of Dexterra will serve until the closing of the Transaction.

Upon completion of the Transaction, Horizon North will be led by John MacCuish (currently the Chief Executive Officer of Dexterra) and Rod Graham (currently the Chief Executive Officer of Horizon North) as Co-CEOs. The post-Transaction Horizon North Board will consist of eight members, being four current directors of Horizon North (Kevin Nabholz, Russell Newmark, Mary Garden and Rod Graham) and four new Dexterra nominee directors (Robert William McFarland, David Johnston, Simon Landy, and John MacCuish). Robert William McFarland will be Chairman of the Horizon North Board. For details, see "*Information Concerning Post-Closing Horizon North*

– *Pro Forma Information of Horizon North After Giving Effect to the Transaction – Directors and Officers*” of the Information Circular.

Name and Municipality of Residence	Position with Dexterra	Principal Occupation, Business or Employment at Present and Held During the Five Previous Years	Director Since
Robert William McFarland Richmond Hill, Ontario, Canada	Chairman	Director of Dexterra from July 2019 to present. Director of Fairfax, and Director and Chairman of each of AGT Food & Ingredients Inc. and Farmer’s Edge Inc. (July 2019 to present). Chairman of the Board of Directors of The Conference Board of Canada (2016 to present). Chief Executive Officer of PricewaterhouseCoopers Canada (2011 to June 2018).	2019
David Johnston Beckwith Township, Ontario, Canada	Director	Director of Dexterra (March 2018 to present). Consultant to Fairfax and Deloitte LLP (October 2017 to present). Director of Artic Gateway Corp. (2018 to present) and Schlegel Holdings Ltd. (October 2017 to present). Governor General of Canada (October 2010 to October 2017).	2018
Simon Landy Toronto, Ontario, Canada	Director	Director of Dexterra (March 2018 to present). Division lead for Outland Camps Inc. (1985 to March 2018). Director of Tangmaarvik Inland Camps Inc. and 9198-4468 Quebec Inc. (2016 to 2018).	2018

Name and Municipality of Residence	Position with Dexterra	Principal Occupation, Business or Employment at Present and Held During the Five Previous Years	Director Since
John Milton MacCuish Burlington, Ontario, Canada	Director and Chief Executive Officer	Director and Chief Executive Officer of Dexterra from March 2018 to present. Director and Chief Executive Officer of each of Rising Two Sons Limited, P&D Holdings Inc., Shaughnessy & Associates Ltd. and Powerful Group of Companies Inc. (2019 to present). Director of each of 9198-4468 Quebec Inc. and Tangmaarvik Inland Camp Services Inc. (2018 to present). Prior thereto, officer and director of Carillion Canada (2015 to March 2018).	2018
Karima Amlani Brampton, Ontario, Canada	Chief Financial Officer	Chief Financial Officer of Dexterra from March 2018 to present. Chief Financial Officer of Rising Two Sons Limited, P&D Holdings Inc., Shaughnessy & Associates Ltd. and Powerful Group of Companies Inc. (2019 to present). Prior thereto, Vice President, Commercial for the Support Services Division of Carillion Canada (March 2016 to March 2018) and Senior Director, Integrated Facilities Management for Sodexo Canada Limited (2003 to March 2016).	N/A
Trevor Gard Hamilton, Ontario, Canada	Executive Vice President, Eastern Canada	Executive Vice President, Eastern Canada of Dexterra from March 2018 to present. Prior thereto, Vice President, Operations East of Carillion Canada (2015 to March 2018).	N/A

Name and Municipality of Residence	Position with Dexterra	Principal Occupation, Business or Employment at Present and Held During the Five Previous Years	Director Since
Dale McGee Chestermere, Alberta, Canada	Executive Vice President, Western Canada	Executive Vice President, Western Canada of Dexterra from March 2018 to present. Prior thereto, Vice President, Services of Carillion Canada (2012 to March 2018).	N/A
Douglas Finamore Thunder Bay, Ontario	Executive Vice President, Workforce Accommodation and Forestry Services	Executive Vice President, Workforce Accomodation and Forestry Services, from March 2018 to present. Prior thereto, Executive Vice President, Operations of Carillion Canada (2015 to 2018).	N/A

Statement of Corporate Governance Practices

Dexterra's corporate governance policies and practices are reviewed regularly by Dexterra's board of directors and updated as necessary or advisable. Dexterra's corporate governance practices are consistent with practices for privately-held companies. As part of Dexterra's commitment to effective corporate governance, the Dexterra board monitors changes in corporate governance practices and regulatory requirements and develops its governance principles and guidelines accordingly.

Various of Dexterra's directors are also directors of one or more of Dexterra's subsidiaries. The time commitment required for serving on those boards is not materially greater than the time commitment required for serving solely on Dexterra's board. All of the material information regarding Dexterra's subsidiaries is provided to Dexterra's directors, so that once a director has undertaken the review and preparation necessary to serve as a director of Dexterra, there is not substantial additional review or preparation required to serve as a director of Dexterra's subsidiaries.

Committees of the Board

There are no committees of the board of directors.

Cease Trade Orders and Bankruptcies

To the knowledge of Dexterra, no director or executive officer of Dexterra is, as at the date hereof, or has been, within 10 years before the date hereof, (i) a director, chief executive officer or chief financial officer of any company (including Dexterra) that (a) was subject to an order (as defined below) that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order 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; or (ii) a director or executive officer of any company that, while the director or executive officer was acting in that capacity, or within a year after ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to 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 the company's assets other than Douglas Finamore, Dale McGee, John MacCuish, Karima Amlani, Trevor Gard and Simon Landy; or (iii) 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 his or her assets. Douglas Finamore, Dale McGee, John MacCuish, Karima Amlani and Trevor Gard were all officers of Carillion Canada, which was subject to CCAA Proceedings in January 2018. Simon Landy was the President and a director of Outland Group, which formed part of Carillion Canada and was subject to the CCAA Proceedings.

For the purposes of this part, "order" means: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under Applicable Canadian Securities Laws, in each case, that was in effect for a period of more than 30 consecutive days.

Penalties and Sanctions

To the knowledge of Dexterra, no director or executive officer of Dexterra has been subject to: (i) any penalties or sanctions imposed by a court relating to Applicable Canadian Securities Laws or by a Securities Authority or has entered into a settlement agreement with a Securities Authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to make an investment decision.

Personal Bankruptcies

To the knowledge of Dexterra, none of the directors or executive officers of Dexterra has, within the 10 years preceding the date hereof, 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.

Conflicts of Interest

The directors or officers of Dexterra may also be directors or officers of other companies in the outsourced support services industry and situations may arise where they are in a conflict of interest with Dexterra. Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed by the CBCA which require a director or officer of a corporation who is a party to, 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 Dexterra disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the CBCA.

DIRECTOR AND EXECUTIVE COMPENSATION

Compensation Paid to Named Executive Officers and Directors

Compensation Discussion and Analysis

Dexterra's executive compensation program is designed (i) to align the interests of Dexterra's executives and its shareholder by linking compensation with Dexterra's performance, and (ii) to be competitive on a total compensation basis in order to attract and retain executives. The key elements of remuneration for Dexterra's named executive officers consist of an annual base salary, an annual cash bonus and participation in Dexterra's group retirement savings plan. In respect of Dexterra's 2019 fiscal year, its named executive officers are John MacCuish, Karima Amlani, Trevor Gard, Dale McGee and Douglas Finamore.

The base salaries of the named executive officers are intended to be competitive but to remain relatively constant, generally increasing only when the executive assumes greater responsibilities. Dexterra recognized the years of service provided to Carillion Canada by each named executive officer when the Carillion Service Assets were acquired in determining base salaries. A discretionary cash bonus of 40% of base salary for the named executive officers (excluding the CEO), if and to the extent appropriate, is awarded annually. The annual bonus is paid in cash. In awarding bonuses, the Chairman of Dexterra's board of directors considers the overall profitability of Dexterra, and the named executive officer's individual performance. Dexterra has chosen not to benchmark executive compensation against compensation of comparable companies.

Each year, Dexterra's CEO makes compensation recommendations to the Chairman of Dexterra's board of directors reflecting consideration of the achievements of the executive team during the year and Dexterra's corporate objectives. The Chairman of the board of directors evaluates the factors considered by Dexterra's CEO and decides whether to approve or adjust the recommendations for compensation of the executive officers. The Chairman of the board of directors separately considers the compensation for the CEO, as more fully described below.

In reviewing Dexterra's compensation policies and practices each year, the Chairman of Dexterra's board of directors considers the implications of the risks associated with its compensation policies and practices. As discussed above, Dexterra's policies and practices align the focus of the executive officers with the long-term interests of Dexterra's shareholder and are internally equitable. With respect to bonus amounts, these are partially determined based on overall company performance, which mitigates the risk of an individual taking excessive risks in an effort to increase his or her bonus award. The focus on long-term objectives is supported by executives who consider themselves long term employees.

Compensation of the Chief Executive Officer for 2019

Mr. MacCuish's 2019 compensation consisted of an annual salary of \$350,000 (and standard benefits provided to Dexterra's executives generally), with eligibility for an annual cash bonus of 50% of his annual salary payable after the end of the fiscal year, an additional tiered cash bonus of up to 50% of his annual salary for exceptional performance payable over a three-year period and a further discretionary portion as determined by the Chairman of Dexterra's board of directors,

payable after the end of the fiscal year. The amount of the bonus was partly determined based on Dexterra's earnings during the year and is partly discretionary.

Compensation of the Other Named Executive Officers for 2019

The other named executive officers are eligible for annual cash bonuses of 40% of their annual salary. The amount of each bonus was partly determined based on Dexterra's earnings during the year and was partly discretionary. Mr. MacCuish proposed to the Chairman of Dexterra's board of directors the remuneration of the other named executive officers for 2019. The Chairman of the board of directors considered the proposals by Mr. MacCuish, which included a description of the accomplishments of the executives. The Chairman of the board of directors evaluated and approved the compensation of the named executive officers. Details of the compensation awarded to the named executive officers for 2019 are shown in the "Summary Compensation Table" below.

Group Retirement Savings Plan

Each of the named executive officers are eligible to participate in Dexterra's group retirement savings plan, pursuant to which Dexterra matches the executive's contributions to a group registered retirement savings plan in an amount up to 8% of the executive's earnings, subject to the maximum annual contributions permitted under Applicable Law.

Summary Compensation Table

<i>Name and Principal Position</i>	<i>Year</i>	<i>Salary</i>	<i>Annual Cash Bonus</i>	<i>Pension Value</i>	<i>All Other Compensation ⁽¹⁾</i>	<i>Total Annual Compensation</i>
		(\$)	(\$)		(\$)	(\$)
John MacCuish <i>Chief Executive Officer</i>	2019	347,500	100,000	N/A	62,301	509,801
Karima Amlani <i>Chief Financial Officer</i>	2019	239,406	35,649	N/A	46,561	321,616
Trevor Gard <i>Executive Vice President, Eastern Canada</i>	2019	249,594	16,072	N/A	45,993	311,659
Dale McGee <i>Executive Vice President, Western Canada</i>	2019	239,406	22,160	N/A	42,028	303,594
Douglas Finamore <i>Executive Vice President, Workforce Accommodation and Forestry Services</i>	2019	236,096	15,203	N/A	44,603	295,902

(1) Amounts reflect Dexterra's contributions under the group retirement savings plan, auto allowance and annual benefit costs for each of the named executive officers for the applicable year.

Executive Termination and Change of Control Entitlements

On a termination of employment without cause, each of the named executive officers (other than the CEO) is entitled to receive notice or pay in lieu thereof for a period of three weeks per year of service, up to a maximum of 52 weeks. Assuming the named executive officers were terminated without cause as of the last business day of Dexterra's 2019 fiscal year and were provided with pay in lieu of notice, Karima Amlani would have been entitled to receive \$55,587, Trevor Gard would have been entitled to receive \$251,125, Dale McGee would have been entitled to receive \$111,173 and Douglas Finamore would have been entitled to receive \$237,544.

Other than as described above, none of the named executive officers have any termination, change of control arrangement or other compensatory plan, contract or arrangement with Dexterra.

Director Compensation

Dexterra's directors who are not officers or employees of Dexterra or any of Dexterra's subsidiaries, and with the exception of the Chairman of the board, receive a retainer of \$25,000 per year. Mr. McFarland, as Chairman of the board of directors, receives a retainer of \$150,000 per year. There are no additional fees based on meeting attendance. Non-management directors are also reimbursed for travel and other out-of-pocket expenses incurred in attending board meetings or in otherwise being engaged in Dexterra's business. Mr. MacCuish does not receive compensation for his services as a director separate from his compensation as Chief Executive Officer.

RISK FACTORS OF DEXTERRA

The following are certain risk factors related to Dexterra and its business which should be carefully considered as well as the risk factors set forth elsewhere in the Information Circular. Such risks may not be the only risks facing Dexterra. Additional risks not currently known may also impair Dexterra's business operations and results of operation.

Dexterra may not be able to retain clients, renew existing contracts and obtain new business.

Dexterra's success depends on its ability to retain its current clients, renew its existing client contracts and obtain new business on commercially-favourable terms. Dexterra's ability to do so generally depends on a variety of factors, including the quality, price and responsiveness of its services, as well as its ability to market these services effectively and to differentiate itself from its competitors. The renewal of business often results in a decrease in the profitability of such business. There can be no assurance that Dexterra will be able to obtain new business, renew existing client contracts at the same or higher levels of pricing or that its current clients will not turn to competitors, cease operations, elect to self-operate or terminate contracts with Dexterra. In addition, consolidation by Dexterra's clients in the industries that Dexterra serves could result in loss of business if the combined entity chooses a different provider. The failure to renew a significant number of Dexterra's existing contracts would have a material adverse effect on its business and results of operations and the failure to obtain new business could have an adverse impact on its growth and financial results.

An outbreak of contagious disease could result in a disruption of Dexterra's business.

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a Public Health Emergency of International Concern, and on March 11, 2020, characterized COVID-19 as a pandemic. A local, regional, national or international outbreak of a contagious disease, such as COVID-19 or other similar illnesses, could result in: a significant decline in economic activity in the regions where Dexterra conducts business, a decrease in individuals willing to travel, imposed mobility restrictions or other quarantine measures through government regulations, and business interruptions due to outbreaks or required quarantines in one or more of the facilities for which Dexterra provides services. An outbreak in one or more of the facilities at which Dexterra provides services may negatively impact Dexterra's ability to provide the services or its reputation and may, if uncontrolled, result in decreased revenues or temporary shortages of staff to the extent Dexterra's work force is impacted. The current COVID-19 pandemic is also causing financial hardship for many clients and potential clients of Dexterra. As a result of the pandemic, Dexterra's workforce has been reduced by approximately 40%. While the effects of this current outbreak are anticipated to be temporary, the duration and magnitude of potential business disruptions is currently unknown and may have a material adverse effect on the financial condition and financial results of Dexterra.

Dexterra's reliance on suppliers and subcontractors could have a material adverse effect on Dexterra's business.

Dexterra sources its equipment, equipment parts and third-party services from a variety of suppliers, most of whom are located in Canada. Should any suppliers be unable to provide the necessary equipment, parts or services or otherwise fail to deliver products in the quantities required, any resulting delays in the provision of products and services or in the time required to find new suppliers could have a material adverse effect on Dexterra's business, financial condition, results of operations and cash flows.

Dexterra's operations also depend on the execution and performance of Dexterra's subcontractors pursuant to written contracts. The failure of Dexterra's subcontractors to execute and perform under these contracts could have a material adverse effect on Dexterra's business, financial condition, results of operations and cash flows.

The industry in which Dexterra operates is highly competitive.

The outsourced support services industry in which Dexterra operates is highly competitive. To be successful, Dexterra has to provide services that meet the specific needs of its clients at competitive prices. The principal competitive factors in the markets in which Dexterra 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; price and reputation. Dexterra competes with international and regional competitors, several of which are significantly larger than Dexterra. These competitors offer similar services in all of the geographic regions in which Dexterra operates. As a result of competition, Dexterra may be unable to continue to retain existing clients, to provide its services at historical operating margins or to acquire additional business opportunities, which could have a material adverse effect on Dexterra's business, financial condition, results of operations and cash flows.

Reduced levels of activity in the sectors in which Dexterra's clients operate can intensify competition and result in lower revenue to Dexterra. Variations in the budgets of Dexterra's clients, including governments (for airports, defence facilities, hospitals, education, and other facilities), commercial and retail companies and real estate owners, as well as the exploration and development budgets of mining companies, which are directly affected by fluctuations in energy prices and mineral prices, will have an effect upon Dexterra's ability to generate revenue and earnings.

There can be no assurance that the trend toward outsourcing services will continue.

Dexterra's business and growth strategies depend in large part on the continuation of a current trend toward outsourcing services. Clients or potential clients will outsource if they perceive that outsourcing may provide quality services at a lower overall cost and permit them to focus on their core business activities. Dexterra cannot be certain that this trend will continue or not be reversed, that prospective clients will seek to outsource functions, or that existing clients that have outsourced functions will not decide to perform these functions themselves. In addition, labour unions representing employees of some of Dexterra's current and prospective clients have occasionally opposed the outsourcing trend to the extent that they believed that current union jobs for their memberships might be lost. In these cases, unions typically seek to prevent public sector entities from outsourcing and if that fails, ensure that jobs that are outsourced continue to be unionized, which can reduce Dexterra's pricing and operational flexibility with respect to such businesses. Dexterra has also identified a trend among some of its clients toward the retention of a limited number of preferred vendors to provide all or a large part of their required services. Dexterra cannot be certain that this trend will continue or not be reversed or, if it does continue, that Dexterra will be selected and retained as a preferred vendor to provide these services. Unfavourable developments with respect to either outsourcing or the use of preferred vendors could have a material adverse effect on Dexterra's business, financial condition, results of operations and cash flows.

Volatility of industry conditions could impact demand for Dexterra's services.

The demand, pricing and terms for certain of Dexterra's services largely depend upon the level of industry activity for retail and commercial properties, corporate campuses, research and educational facilities and industrial sites; the infrastructure development of airports, healthcare facilities, defence and security assets; and mineral exploration and development. This includes activity by commercial construction companies and real estate developers, government, infrastructure developers and resource exploration and development companies. Industry conditions are influenced by numerous factors over which Dexterra has no control, including: the demand and need for new construction and infrastructure projects; commodity prices; expectations about commodity prices; the cost of exploring for, producing and delivering resources; demand for and supply of resources; weather conditions; global political, military, regulatory and economic conditions; and the ability of Dexterra's clients to raise equity capital or debt financing in order to complete new and maintain existing developments, facilities and projects.

Current global economic events and uncertainty have the potential to significantly impact such factors. No assurance can be given that expected trends will continue or that demand for services

provided by Dexterra will reflect the level of activity in the industries in which Dexterra or its clients operate.

A reduction in the availability of credit could reduce demand for Dexterra's products and services.

Many of Dexterra's clients require reasonable access to credit facilities and debt capital markets to finance their developments, facilities and projects. If the availability of credit to Dexterra's clients is reduced, they may reduce their expenditures, thereby decreasing demand for Dexterra's products and services. A reduction in spending by Dexterra's clients could adversely affect Dexterra's operating results and financial condition. During the term of a contract, Dexterra may be required to use its working capital to fund development, facility and project costs until payments are collected from the client. The carrying amount of accounts receivable reflects management's assessment of the credit risk associated with Dexterra's clients. The allowance for doubtful accounts and past due receivables are reviewed by management on an ongoing basis. Accounts receivable are considered for impairment after taking into consideration the client's payment history, their credit worthiness, the current economic environment in which the client operates and the client's establishment within its industry. Failure to accurately estimate the amount of bad debts or failure to collect accounts receivable on a timely basis, in full or in part, could have a material adverse effect on Dexterra's business, financial condition, results of operations and cash flows.

Dexterra's profitability could be adversely affected by cost inflation.

Dexterra's profitability can be adversely affected to the extent it is faced with cost increases for food, wages and other labour-related expenses, insurance, fuel and utilities, especially to the extent it is unable to recover such increased costs through increases in the prices for its services, due to one or more of general economic conditions, competitive conditions or contractual provisions in client contracts. Substantial increases in the cost of fuel, food and utilities have historically resulted in cost increases. While Dexterra's multi-year contracts often provide for annual fee increases, it may be unable to fully recover costs and such increases would negatively impact profitability on contracts that do not contain such inflation protections.

Any change in labour relations and labour disputes could have an adverse effect on Dexterra's business.

The largest component of Dexterra'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 Dexterra.

The employees of Dexterra are subject to various local collective bargaining agreements, most of which become subject to periodic renegotiation, typically every two to three years. At any given time, Dexterra may face a number of union organizing drives. When one or more of the major collective bargaining agreements covering Dexterra employees comes up for renegotiation, Dexterra and the union might disagree on important issues which, in turn, might lead to a strike, work slowdown or to other union activities at one or more of Dexterra's locations. In a market where Dexterra and a number of major competitors are unionized, but other competitors are not unionized, Dexterra could lose clients to competitors who are not unionized. Any strike, work

slowdown or other union activity might in some cases be disruptive and prevent Dexterra from providing its services, thereby reducing its income. Contract cancellations might occur should client service be impaired or should Dexterra's clients be targeted by sympathy strikes involving other unionized workers during organized labour drives. Negotiating a first-time agreement or renegotiating an existing collective bargaining agreement might lead to a substantial increase in labour and benefits expenses which Dexterra might be unable to pass on to its clients for some period of time, if at all. Any of these risks could materially adversely affect Dexterra's business, financing condition, results of operations and cash flows.

Loss of key personnel could have a material adverse effect on Dexterra.

Dexterra'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 Dexterra. Dexterra does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of Dexterra are likely to be of central importance. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Dexterra.

There can be no assurance that Dexterra will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

Dexterra's ability to provide reliable and quality services is dependent on its ability to hire and retain a dedicated and quality pool of employees and in certain cases attract subcontractors and their personnel, which may be adversely impacted by a number of factors including lack of industry experience amongst candidates and lack of appropriately qualified people, and the seasonal nature of some of Dexterra's business. The competition for qualified personnel in the industries in which Dexterra operates is intense and there can be no assurance that Dexterra will be able to continue to attract and retain all personnel necessary for the development and operation of its business. In periods of higher activity, it may become more difficult to find and retain qualified employees which could limit growth, increase operating costs, reduce profitability or have other material adverse effects on Dexterra's operations, which in turn could materially adversely affect Dexterra's business, financial conditions, results of operations and cash flows.

Regulatory changes could adversely effect Dexterra.

Dexterra's operations 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 clients. Dexterra invests financial and managerial resources to ensure such compliance. While management believes that its businesses will be operated in accordance with Applicable Laws, Dexterra will remain subject to a varied and complex body of laws and regulations that both public officials and private individuals may seek to enforce. The costs arising from compliance with such laws, regulations and guidelines may be material to Dexterra.

Any regulatory changes that impose additional operating or environmental restrictions or requirements on Dexterra or its clients, including changes to income tax laws, could adversely affect Dexterra through increased operating costs and potential decreased demand for Dexterra's

products and services. The trend in environmental regulation has been to impose more restrictions and limitations on activities that may impact the environment, including the generation and disposal of wastes and the use and handling of chemical substances. It is impossible for Dexterra to predict the cost or impact of such laws and regulations on its future operations.

Dexterra is subject to the risk of environmental damage.

Dexterra is subject to the operating risks inherent in the industries in which Dexterra operates, including environmental damage. Dexterra has established programs to address compliance with current environmental standards and monitors its practices concerning the handling of environmentally hazardous materials. However, there can be no assurance that Dexterra's procedures will prevent environmental damage from occurring as a result of spills of materials handled by Dexterra or that such damage has not already occurred. On occasion, substantial liabilities to third parties may be incurred. Dexterra may have the benefit of insurance maintained by it or a contractor; however, Dexterra may become liable for damages against which it cannot adequately insure or against which it may elect not to insure because of high costs or other reasons.

Risks relating to climate change could result in higher operating costs and reduced demand for Dexterra's services.

The major climate change-related risks are generally grouped under two categories: transition risks (a broader set of risks associated with the consequences of the global transition to a less carbon-intensive economy) and physical risks (risks that a change in climate itself could have on Dexterra's business).

Transition Risks

The Government of Canada and provincial governments in areas where Dexterra 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 Dexterra's operations and those of its clients. A number of Dexterra's clients are involved in the mineral exploration and development industry. Focus and scrutiny on such industry has recently intensified, which could lead to incremental environmental regulation or legislation. Potential changes in requirements may result in increased operating costs and capital expenditures for mining industry participants, thereby delaying or decreasing the demand for Dexterra's services. Management is unable to predict the impact of potential emissions targets and it is possible that changes could adversely affect Dexterra's business, financial condition and results of operations. These regulations would likely result in higher operating costs for Dexterra's clients in the region, putting further pressure on project economics, and may also impair Dexterra's ability to provide its services economically.

Physical Risks

Climate change has been linked to long-term shifts in climate patterns and increasingly frequent severe weather conditions. A number of Dexterra's clients are involved in industries where the level of activity is influenced by seasonal weather patterns, long term shifts in climate patterns and/or acute climate-related events (e.g. extreme temperatures, heavy snowfall, heavy rainfall or

wildfires). These changes or events (whether or not caused by climate change) may determine how long seasons for certain activities or industries will last in any given year. As a result, they may adversely impact Dexterra's clients, which would in turn affect the demand for Dexterra's services. In addition, they may result in disruptions in operations which may lead to reduced revenues.

Dexterra could be subject to liability for failure to comply with public procurement laws and regulations.

As part of its business dealings with different governmental bodies, Dexterra must comply with public procurement laws and regulations aimed at ensuring that public sector bodies award contracts in a transparent, competitive, efficient and non-discriminatory way. If Dexterra fails to comply with these laws and regulations or if Dexterra, its directors, officers, employees or agents commit legal violations or misconduct specified in any of these laws and regulations, Dexterra could be subject to administrative, civil or penal liabilities and to mandatory or discretionary exclusion or suspension, on a permanent or temporary basis, from contracting with governmental bodies in addition to other penalties and sanctions that could be incurred by Dexterra. Although Dexterra has adopted control measures and implemented policies and procedures to mitigate such risks, these control measures, policies and procedures may not always be sufficient to protect Dexterra from the consequences of acts committed by its directors, officers, employees and agents. Amendments in public procurement laws and regulations could require Dexterra to further implement certain changes to its business practices and, as a result, impose additional costs on Dexterra, which in turn could materially adversely affect Dexterra's business, financial condition, results of operations and cash flows.

Deterioration of Dexterra's safety performance could result in a decline in the demand for Dexterra's products and services.

Standards for the prevention of incidents in the industries in which Dexterra operates are governed by service company safety policies and procedures, accepted industry safety practices, client specific safety requirements and health and safety legislation. Many clients consider safety performance a key factor in selecting facilities management and workforce accommodation service providers. Deterioration of Dexterra's safety performance could result in a decline in the demand for Dexterra's products and services, as well as claims made against Dexterra, and could have a material adverse effect on Dexterra's business, financial condition, results of operations and cash flows.

Failure to receive or renew permits or security clearances could have a negative impact on Dexterra's business.

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

Security clearances issued by government agencies are required to provide facilities management services for airports and defense and security establishments. Failure to receive or maintain

security clearances could have a negative impact on the business of the facilities management segment.

The inability to restore or replace critical capacity in a timely manner may impact Dexterra's business and operations.

In the event of a serious incident, the inability to restore or replace critical capacity in a timely manner may impact Dexterra's business and operations. While Dexterra has in place business continuity arrangements, including disaster recovery plans and insurance coverage to minimize any losses in the event of a major disaster, there can be assurance that such arrangements will adequately respond to the incident or be able to mitigate its impact or that insurance will cover all or part of the associated losses. A serious incident or disaster could therefore have a material adverse effect on Dexterra's business, financial condition and results of operations.

Cyber-attacks could have a material adverse effect on Dexterra's reputation and competitive position, financial condition, results of operations and cash flows.

Dexterra depends upon the reliability and security of its information technology systems in many aspects of its business operations including for purposes of financial reporting and accounting, data storage, processing of client transactions and communications with its employees, clients and other third parties. Such uses give rise to cyber security risks. Dexterra manages cyber security risk by implementing technologies, processes and practices designed to help prevent, detect and respond to threats as they emerge and evolve. While Dexterra applies technical and process controls, as well as data backup and recovery processes, consistent with industry-accepted standards to protect its information assets and systems there can be no assurance that such controls and processes will be effective. Cyber-attacks such as significant security breaches of Dexterra, client, employee and vendor information, as well as hardware or software corruption, failure or error, telecommunications system failure, service provider error, intentional or unintentional personnel actions, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and the corruption of data, may in certain circumstances be material and could have an adverse effect on Dexterra's business, financial condition, results of operations and cash flows. As result of the unpredictability of the timing, nature and scope of disruptions from such attacks, Dexterra could potentially be subject to: operational delays, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of its systems and networks or financial losses, any of which could have a material adverse effect on Dexterra's reputation and competitive position, financial condition, results of operations and cash flows.

There may be a failure to realize anticipated benefits of acquisitions and dispositions.

Dexterra considers acquisitions and dispositions of businesses as part of its business strategy. Achieving the benefits of acquisitions depends in part on: the acquired businesses performing as expected, successfully realizing synergies, retaining key employees and client relationships and integrating operations in a timely and efficient manner. Such integration may require substantial management effort, time, resources and may divert management's focus. An inability to realize

expected strategic advantages as a result of the acquisition would negatively affect the anticipated benefits of the acquisition. Additionally, an acquisition may bring Dexterra into businesses it has not previously conducted and expose it to additional business risks that are different from those it has previously experienced.

The inability to develop and maintain relationships with Indigenous communities could adversely impact Dexterra's business.

A component of Dexterra's business strategy is based on developing and maintaining positive relationships with the Indigenous people and communities in the areas where Dexterra operates. These relationships are important to Dexterra's operations and clients who desire to work on traditional Indigenous lands. The inability to develop and maintain relationships and to be in compliance with local requirements could adversely affect Dexterra's business, financial condition, results of operations and cash flows.

Severe weather conditions during busy seasons may result in disruptions to operations.

Dexterra's operations and those of its clients are subject to seasonality. In particular, tree planting and firefighting are subject to seasonal fluctuations. For the tree planting season, the busiest season is generally April through September. The busiest months for firefighting services are May through July. For these segments, Dexterra's results of operations depend heavily on revenue being generated during these periods. Severe weather conditions during busy seasons, including heavy rainfall, extreme temperatures, flooding and wildfires, may result in disruptions in operations which may lead to reduced revenues.

Litigation may have a material adverse effect on Dexterra's business.

In the normal course of Dexterra's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to personal injuries, property damage, property tax, the environment and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to Dexterra and as a result, could have a material adverse effect on Dexterra's business, financial condition, results of operations and cash flows. In the normal course of Dexterra's operations, Dexterra is also involved in arbitration proceedings, the outcome of which cannot be predicted with certainty and may be determined adversely to Dexterra, which could have a material adverse effect on Dexterra's business, financial condition, results of operations and cash flows.

Dexterra's insurance program may not fully cover losses Dexterra may incur.

Due to the nature of Dexterra's business, it is subject to a number of regulations, Environmental Laws and risks associated with lawsuits arising from accidents and claims. Dexterra manages these risks through a combination of quality management, training and by securing insurance coverage to protect Dexterra's assets in the event of litigation. While Dexterra endeavours to purchase insurance coverage appropriate to its risk assessment, it is unable to predict with certainty the frequency, nature or magnitude of claims for direct or consequential damages, and as a result its insurance program may not fully cover losses it may incur. In addition, as a result of a number of catastrophic weather and other events, insurance companies have incurred substantial losses and

in many cases they have substantially reduced the nature and amount of insurance coverage available to the market, have broadened exclusions and/or have substantially increased the cost of such coverage. If this trend continues, Dexterra may not be able to maintain insurance of the types and coverage it desires at reasonable rates. A partially or completely uninsured claim against Dexterra (including liabilities associated with cleanup or remediation at the facilities it operates), if successful and of sufficient magnitude, could have a material adverse effect on Dexterra's business, financial condition, results of operations and cash flows. Any future difficulty in obtaining insurance could also impair Dexterra's ability to secure future contracts, which may be conditioned upon the availability of adequate insurance coverage. In addition, claims associated with risks for which Dexterra is self-insured (workers' compensation, employee medical, comprehensive general liability and vehicle liability) may exceed its recorded reserves, which could negatively impact future earnings.

Failure to effectively identify and manage disruptive technology may result in disruptions to Dexterra's business.

The introduction and rapid, widespread adoption of transformative technology in the industries in which Dexterra operates could lead to disruption of Dexterra's existing business models and new competitive market dynamics. Failure to effectively identify and manage disruptive technology and/or changing client attitudes and preferences may result in disruptions to the business and an inability to achieve strategic and financial objectives.

Economic downturns can reduce demand for Dexterra's services.

In the past, national and international economic downturns have reduced demand for Dexterra's services and any such downturns in the future could reduce demand for its services resulting in the loss of business or increased pressure to contract for business on less favorable terms. Economic hardship among Dexterra's client base can also impact its business. Insolvency experienced by clients, especially larger clients, could make it difficult, for Dexterra to collect amounts owed and could result in the voiding of existing contracts. Similarly, financial distress or insolvency, if experienced by Dexterra's key vendors and service providers such as insurance carriers, could significantly increase costs.

OTHER MATTERS

Legal Proceedings and Regulatory Actions

Dexterra is, from time to time, involved in legal proceedings of a nature considered normal to Dexterra's business. Dexterra believes that none of the litigation in which Dexterra is currently involved, or has been involved since the beginning of the most recently completed financial year, individually or in the aggregate, is material to Dexterra's consolidated financial condition or results of operations.

Interests of Management and Others in Material Transactions

To Dexterra's knowledge, none of the directors, officers or the sole shareholder of Dexterra and no known associate or affiliate of any of them, has or had any material interest, direct or indirect,

in any transaction within the three years before the date of the Information Circular that has materially affected or is reasonably expected to materially affect Dexterra or any of its subsidiaries.

Auditors

The auditors of Dexterra are PricewaterhouseCoopers LLP, Chartered Professional Accountants, located at 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2. PricewaterhouseCoopers LLP has advised Dexterra that they are independent of Dexterra within the meaning of the Code of Professional Conduct of the Institute of Chartered Accountants of Ontario.

Material Contracts

During the last two years, Dexterra has not entered into any material contracts outside of the ordinary course of business, except for the Purchase Agreement.

Indebtedness of Directors and Executive Officers

To the knowledge of Dexterra, no current or former director, officer or employee of Dexterra, nor any associate or affiliate of any of them, is or was indebted to Dexterra since the beginning of the most recently completed financial year.

EXHIBIT 1 - FINANCIAL STATEMENTS

10647802 Canada Limited
(operating as Dexterra Integrated Facilities
Management)

Consolidated Financial Statements
December 31, 2019



Independent auditor's report

To the Shareholder of 10647802 Canada Limited
(operating as Dexterra Integrated Facilities Management)

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of 10647802 Canada Limited and its subsidiaries (together, the Company) as at December 31, 2019 and December 31, 2018, and its financial performance and its cash flows for the year ended December 31, 2019 and for the period from February 23, 2018 to December 31, 2018 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2019 and December 31, 2018;
- the consolidated statements of earnings and other comprehensive income for the year ended December 31, 2019 and for the period from February 23, 2018 to December 31, 2018;
- the consolidated statements of changes in equity for the year ended December 31, 2019 and for the period from February 23, 2018 to December 31, 2018;
- the consolidated statements of cash flows for the year ended December 31, 2019 and for the period from February 23, 2018 to December 31, 2018; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

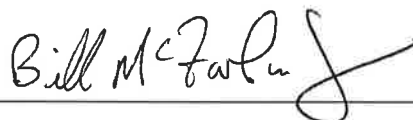
Toronto, Ontario
March 9, 2020

10647802 Canada Limited**Consolidated Balance Sheet****As at December 31, 2019**

	2019 \$	2018 \$
Assets		
Current assets		
Cash	2,577,315	16,259,646
Prepaid expenses	1,780,796	2,272,275
Inventory	4,450,559	2,735,836
Trade and other receivables (note 6)	35,431,938	35,676,812
Income taxes recoverable	965,003	-
	<u>45,205,611</u>	<u>56,944,569</u>
Goodwill and intangible assets (note 9)	119,698,681	115,803,998
Property, plant and equipment (note 8)	<u>9,925,467</u>	<u>5,506,143</u>
	<u>174,829,759</u>	<u>178,254,710</u>
Liabilities		
Current liabilities		
Operating facility (note 10)	5,452,525	-
Accounts payable and accrued liabilities (note 11)	19,096,411	54,442,565
Lease liabilities	614,036	-
Contingent consideration (note 4)	400,000	-
Income taxes payable	-	2,069,560
	<u>25,562,972</u>	<u>56,512,125</u>
Long-term liabilities		
Lease liabilities	1,060,770	-
Contingent consideration (note 4)	1,439,258	-
Deferred income taxes (note 7)	1,644,079	444,079
	<u>4,144,107</u>	<u>444,079</u>
	<u>29,707,079</u>	<u>56,956,204</u>
Shareholder's Equity		
Share capital (note 12)	131,542,600	113,908,004
Retained earnings	12,149,894	6,132,298
Non-controlling interest	<u>1,430,186</u>	<u>1,258,204</u>
	<u>145,122,680</u>	<u>121,298,506</u>
	<u>174,829,759</u>	<u>178,254,710</u>

Approved by Officers


Director



Director

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

10647802 Canada Limited

Consolidated Statement of Earnings and Other Comprehensive Income

	Year ended December 31, 2019 \$	Period from February 23, 2018 to December 31, 2018 \$
Revenue (note 13)	261,059,205	214,704,893
Operating expenses		
Wages and salaries	140,069,159	131,586,398
Employee benefits	18,900,729	13,327,217
Product cost	29,048,083	31,122,284
Depreciation and amortization	3,841,253	3,006,186
Other operating costs (note 17)	56,595,963	27,073,338
	248,455,187	206,115,423
Earnings before income taxes	12,604,018	8,589,470
Income taxes		
Current (note 7)	2,100,000	2,069,560
Deferred (note 7)	1,200,000	444,079
	3,300,000	2,513,639
Net earnings and comprehensive income for the period	9,304,018	6,075,831
Attributable to		
Non-controlling interest	286,422	(56,467)
Shareholder of 10647802 Canada Limited	9,017,596	6,132,298
	9,304,018	6,075,831
Net earnings per share, basic and diluted (note 16)	0.07	0.06

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

10647802 Canada Limited
Consolidated Statement of Changes in Equity

	Share capital (number of shares)	Share capital \$	Non- controlling interest \$	Retained earnings \$	Total \$
As at February 28, 2018	1	1	-	-	1
Acquisition (note 4)	-	-	1,364,395	-	1,364,395
Issuance of common shares	113,908,003	113,908,003	-	-	113,908,003
Net earnings (loss) and comprehensive income for the period	-	-	(56,467)	6,132,298	6,075,831
Dividends declared	-	-	(49,724)	-	(49,724)
As at December 31, 2018	113,908,004	113,908,004	1,258,204	6,132,298	121,298,506
Issuance of common shares	17,634,596	17,634,596	-	-	17,634,596
Net earnings and comprehensive income for the period	-	-	286,422	9,017,596	9,304,018
Dividends declared	-	-	(114,440)	(3,000,000)	(3,114,440)
As at December 31, 2019	131,542,600	131,542,600	1,430,186	12,149,894	145,122,680

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

10647802 Canada Limited

Consolidated Statement of Cash Flows

	December 31, 2019 \$	Period from February 23, 2018 to December 31, 2018 \$
Cash provided by (used in)		
Operating activities		
Net earnings and comprehensive income for the period	9,304,018	6,075,831
Depreciation and amortization (notes 8 and 9)	3,841,253	3,006,186
Finance costs	224,745	8,880
Gain on sale of property, plant and equipment (PP&E)	(201,722)	(114,383)
Income tax expense – current and deferred (note 7)	3,300,000	2,513,639
	16,468,294	11,490,153
Changes in non-cash working capital (note 14)	(9,771,987)	(113,264)
Interest paid	(221,560)	(8,880)
Income taxes received (paid)	(5,134,563)	552,515
	1,340,184	11,920,524
Investing activities		
Acquisition of business – PGC (note 4)	(5,100,000)	-
Acquisition of business from Carillion Canada (note 4)	(7,413,000)	(106,865,404)
Deferred payment to former shareholder (note 11)	(17,634,596)	-
Proceeds on sale of PP&E	512,618	750,184
Purchases of PP&E and intangible assets (notes 8 and 9)	(4,755,495)	(3,403,938)
	(34,390,473)	(109,519,158)
Financing activities		
Issuance of common shares (note 12)	17,634,596	113,908,004
Increase in operating facility	5,452,525	-
Lease payments	(604,723)	-
Dividends paid	(3,114,440)	(49,724)
	19,367,958	113,858,280
(Decrease) increase in cash during the period	(13,682,331)	16,259,646
Cash – Beginning of period	16,259,646	-
Cash – End of period	2,577,315	16,259,646

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

10647802 Canada Limited

Notes to Consolidated Financial Statements

December 31, 2019

1 General information

10647802 Canada Limited (Dexterra or the Company) was incorporated in Canada under the laws of the Province of Ontario.

Dexterra provides facilities management and operations, remote workforce accommodations and forestry services across Canada.

The Company's registered office is 5915 Airport Rd., Suite 425, Mississauga ON L4V 1T1. The Company's immediate parent is 9477179 Canada Inc., 100% owned by Fairfax Financial Holdings Ltd., whose effective controlling shareholder is Prem Watsa.

The consolidated financial statements of Dexterra as at December 31, 2019 and for the years ended December 31, 2019 and 2018 were authorized for issuance by the Board of Directors on March 9, 2020.

2 Summary of significant accounting policies

Basis of presentation

The consolidated financial statements were prepared on an historical cost basis, except for contingent consideration measured at fair value. The Company's functional currency, and the presentation currency of the consolidated financial statements, is the Canadian dollar. Certain comparative information has been reclassified to conform with the basis of presentation adopted in the current year. The comparative figures presented are for the period February 23, 2018 to December 31, 2018.

Statement of compliance

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) applicable to the preparation of consolidated financial statements as issued by the International Accounting Standards Board.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries, including 100% owned subsidiaries Powerful Group of Companies Inc., Rising Two Sons Limited, P&D Holdings Inc. and Shaughnessy and Associates Ltd. The Company also owns 49% of Tangmaarvik Inland Camp Services Inc. and control exists. As a result, the results of Tangmaarvik Inland Camp Services Inc. are consolidated with the results of the Company and a non-controlling interest is recorded. Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when control is lost. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The accounting policies of subsidiaries have been modified when necessary to align them with the policies adopted by the Company. All intra-group balances, transactions and unrealized gains and losses are eliminated in full on consolidation.

Adoption of IFRS 16

The Company has adopted IFRS 16, Leases, retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. There was no impact to retained earnings in the opening consolidated balance sheet on January 1, 2019.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases, which had previously been classified as 'operating leases' under the principles of International Accounting Standard (IAS) 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 6.0%.

For leases previously classified as finance leases, the Company recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognized as adjustments to the related right-of-use assets immediately after the date of initial application.

i) Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at January 1, 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

10647802 Canada Limited

Notes to Consolidated Financial Statements

December 31, 2019

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying IAS 17 and IFRIC 4, Determining whether an Arrangement contains a Lease.

ii) Measurement of right-of-use assets

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated balance sheet as at December 31, 2018.

The recognized right-of-use assets relate to the following types of assets

	January 1, 2019 \$
Property	885,572
Vehicles	475,764
	<hr/>
Total right-of-use assets	1,361,336

iii) Adjustments recognized in the consolidated balance sheet on January 1, 2019

The change in accounting policy affected the following items in the consolidated balance sheet on January 1, 2019.

	\$
Right-of-use assets – increase	1,361,336
Lease liabilities – increase	1,361,336

The net impact on retained earnings on January 1, 2019 was \$nil.

The weighted average incremental borrowing rate is 6%.

The following table reconciles the Company's operating lease obligations as at December 31, 2018, as previously disclosed in the Company's consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 as at January 1, 2019.

	\$
Operating lease commitments as at December 31, 2018	1,576,590
Discounted using the incremental borrowing rate	(93,192)
Exemption for short-term leases	(122,062)
	<hr/>
Initial adoption on January 1, 2019	1,361,336

iv) Leases

The Company leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of up to five years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases of property, plant and equipment were classified as either finance leases or operating leases. From January 1, 2019, leases are primarily recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be under residual value guarantees; and
- the exercise price of a purchase option if it is reasonably certain the option will be exercised.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Business combinations

The Company uses the acquisition accounting method of accounting when control is obtained by the Company for acquisitions/business combinations. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. Fair value of contingent liability is remeasured as at each reporting date with the resulting impact recorded in the consolidated statement of earnings and other comprehensive income. The excess of the purchase price over the fair value of the Company's share of the identifiable net assets acquired, if any, is recorded as goodwill. Purchase price allocations are completed after the valuation of intangible assets acquired is finalized and are based on management's best estimates. If the purchase price is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of earnings and other comprehensive income. Transaction costs are expensed as they are incurred and are included in selling, general and administrative expenses within the consolidated statement of earnings and other comprehensive income. Results of operations since the respective dates of acquisition are included in the consolidated statement of earnings and other comprehensive income.

Financial instruments

The Company uses IFRS 9, Financial Instruments (IFRS 9), which uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The approach is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Financial liabilities (excluding derivatives) are derecognized when the obligation specified in the contract is discharged, cancelled or expired. For financial liabilities, IFRS 9 retains most of IAS 39, Financial Instruments – Recognition and Measurement requirements.

Under IFRS 9, changes in fair value of other assets flow through the consolidated statement of earnings and other comprehensive income.

IFRS 9 has a single expected credit loss impairment model for financial instruments, which is based on changes in credit quality since initial recognition. The Company elected to apply the simplified approach to measuring expected credit losses (ECL), which uses a lifetime expected credit loss provision for all trade receivables. To measure the ECL, trade receivables have been grouped based on the financial situation of the Company's customers including historical and expected collection trends.

10647802 Canada Limited

Notes to Consolidated Financial Statements

December 31, 2019

While cash is also subject to the impairment requirements of IFRS 9, the identified impairment loss was \$nil.

- Cash

Cash comprises cash balances and is subsequently measured at amortized cost.

- Trade and other receivables

Trade and other receivables are amounts due from clients for services performed in the ordinary course of business. They represent amounts invoiced to clients indicating the entitlement to payment has become unconditional on satisfying future performance obligations.

Trade and other receivables are financial assets classified at amortized cost. They are classified as current assets, except for the portion expected to be received beyond twelve months from the consolidated balance sheet date, which is classified as a non-current asset. They are derecognized when the rights to receive cash flows from the instrument have expired, been settled or transferred and the Company has transferred control. The fair value is approximately equal to the carrying value due to the short-term maturities.

Trade and other receivables are recognized at original invoiced amounts less an expected credit loss provision for impairment, if any. The loss provision estimate is based on the financial situation of the Company's customers including historical and expected collection trends. The creation and release of the loss provision have been included in selling, general and administrative expenses within the consolidated statement of earnings and other comprehensive income. Trade and other receivables charged to the loss provision account are generally written off when there is no expectation of recovering any additional amounts.

- Trade and other payables

Trade and other payables consist primarily of obligations to pay for goods or services that have been acquired in the normal course of business from suppliers and subcontractors. Other payables include contingent purchase considerations on business combination (note 4). Trade and other payables are financial liabilities classified at amortized cost and are recognized initially at fair value. They are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized within the consolidated statement of earnings and other comprehensive income. These instruments are classified as current liabilities if payment is due less than one year after the reporting date. Otherwise, they are presented as non-current liabilities. Trade and other payables are derecognized when the obligation is discharged, cancelled or expires. The fair value is approximately equal to the carrying value due to the short-term maturities.

Consolidated balance sheet items measured at fair value are classified based on the significance of the inputs used in making the measurements. Level 1 requires unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 is determined using quoted prices for similar instruments in active markets. Level 3 is determined using valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

There have been no transfers between levels during the year. All financial instruments were classified as Level 1, except for contingent consideration related to the acquisition of PGC, which is classified as Level 3.

Current and deferred income taxes

The income tax expense for the year comprises current and deferred income tax. Income tax is recognized in the consolidated statement of earnings and other comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In the latter two cases, the related income taxes are also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the income tax laws enacted or substantively enacted and effective at the consolidated balance sheet date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in income tax returns with respect to situations in which applicable income tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable income or loss.

Deferred income tax is determined using income tax rates (and laws) that have been enacted or substantively enacted and are effective by the consolidated balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are recognized on taxable temporary differences arising on investments in subsidiaries and investments accounted for using the equity method, except where the reversal can be controlled and it is probable it will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

10647802 Canada Limited

Notes to Consolidated Financial Statements

December 31, 2019

Property, plant and equipment

Property, plant and equipment are stated and measured at historical cost less accumulated depreciation and impairment losses. Cost includes expenditures and liabilities that are directly attributable to the acquisition of the asset. Subsequent costs are included in the carrying amount of property, plant and equipment only when it is probable that future economic benefits will be obtained. All other day-to-day repairs and maintenance costs are expensed in selling, general and administrative expenses within the consolidated statement of earnings and other comprehensive income during the financial year in which they are incurred.

Depreciation methods and useful lives, as well as residual values, are reassessed annually, with the effect of any changes in estimates recognized on a prospective basis.

Depreciation on property, plant and equipment is recognized in selling, general and administrative expenses within the consolidated statement of earnings and other comprehensive income on a straight-line basis over the property, plant and equipment's estimated useful lives, as follows:

Buildings	20 – 25 years
Camps	5 – 10 years
Computer equipment	5 years
Furniture and fixtures	5 years
Operating equipment	5 years
Vehicles	5 years
Leasehold improvements	over the lease term

Intangible assets

Customer relationships acquired in business combinations are recognized at fair value at the acquisition date. These intangible assets have a finite useful life and are carried at cost less accumulated amortization and impairment losses. Amortization is recognized in operating costs within the consolidated statement of earnings and other comprehensive income on a straight-line basis over the intangible assets' estimated useful lives, as follows:

Customer relationships	10 – 25 years
Computer software	3 years

Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill, are not subject to amortization and are tested annually for impairment.

Property, plant and equipment and intangible assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (known as cash generating units or CGUs). The recoverable amount is determined for an individual asset, unless the asset does not generate external cash inflows that are independent of the CGU or group of CGUs to which the asset belongs. An impairment loss is recognized for the

amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's or group of CGU's) fair value less costs to sell and its value in use.

Non-financial assets other than goodwill that previously incurred an impairment loss are reviewed for possible reversal of the impairment at each reporting date.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the Company's share of the identifiable net assets at the date of acquisition.

Goodwill is tested annually for impairment, or more frequently if circumstances indicate impairment may have occurred, and is carried at cost less accumulated impairment losses.

In performing the goodwill impairment test, the Company compares the recoverable amount of its CGUs to their respective carrying amounts. If the carrying amount is higher than the recoverable amount, an impairment charge is recorded as a reduction in the carrying amount of the goodwill and is recognized as a non-cash impairment charge within the consolidated statement of earnings and other comprehensive income. Impairment losses on goodwill are not reversed in subsequent years.

Revenue recognition

The Company uses IFRS 15, Revenue from Contracts with Customers (IFRS 15). IFRS 15 provides a model for the recognition and measurement of all revenue flowing from contracts with customers. The core principle is that revenue recognition should align with the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.

The Company generates revenue from facilities management, workforce accommodation and forestry services. Revenue is measured based on the consideration the Company expects to be entitled to in exchange for providing the services specified in the contract.

The Company recognizes revenues over time as it fulfills its performance obligations to clients in line with contracted terms. A performance obligation is a promise in a contract to transfer a distinct good or service to a client. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenues when, or as, the performance obligation is satisfied. If a client contract has multiple performance obligations, the consideration in the contract is allocated to the separate performance obligations based on stand-alone selling prices. Any modifications or variations to contracts-in-progress are assessed to determine if they fall under the scope of the existing contract performance obligation(s) or form part of a new performance obligation.

Revenues are derived mainly from the following types of client contracts:

- Facilities management provides solutions for ongoing maintenance and operations of high-quality infrastructure. In the facilities management business, distinct performance obligations include mobilization periods and the ongoing facility management services. Revenue is recognized for mobilization periods either when the mobilization is complete or over a portion of the agreement. Ongoing facility management services are generally similar each month and are provided to customers at a contracted price based on the amount of hours of service by the Company's employees and the amount of supplies required. Revenue is recognized over time as the services are provided to the customer. If a contract has distinct performance obligations, the transaction price is allocated to each performance obligation and recognized as revenue as the performance obligation is satisfied. In the facilities management business, distinct performance obligations include mobilization periods and the ongoing facility management services.
- Workforce accommodation includes the management, supply and installation of modular and exploration facilities and catering. In the workforce accommodation business, distinct performance obligations include the supply and installation of the facilities, catering and maintenance of the facilities. Revenue is recognized when the supply and installation of the facilities is complete and when catering services are provided to the customer. Catering services are provided to customers at a contract price per unit served. If a contract has distinct performance obligations, the transaction price is allocated to each performance obligation and recognized as revenue as the performance obligation is satisfied.
- Forestry services includes reforestation solutions, forest thinning and firefighting services. Revenue is recognized over time as the services are provided to the customer. Reforestation, forest thinning solutions and firefighting services are provided to customers at a contracted price per unit. If a contract has distinct performance obligations, the transaction price is allocated to each performance obligation and recognized as revenue as the performance obligation is satisfied.

Contract modifications (including change orders and claims against a client for items such as client caused delays or other causes of unanticipated costs), consist of a change in the scope or price (or both) of a contract, and are accounted for as a separate contract when the remaining services to be delivered after the modification are distinct from those delivered prior to the modification and the price of the contract increases by an amount of consideration that reflects the Company's stand-alone selling price of the additional promised services. When the contract modification is not accounted for as a separate contract, the Company recognizes an adjustment to revenue on a cumulative catch-up basis at the date of contract modification. The Company's revenue contracts do not contain significant financing components.

The Company is electing not to disclose unfulfilled performance obligations as generally it has a right to consideration from its customers in an amount that corresponds directly with the revenue recognized and completed performance obligations in the period.

Inventories

Inventory consists mainly of food inventory and janitorial supplies. All inventories are valued at the lower of average cost or net realizable value. The total amount of inventories recognized as an expense during the period was approximately \$29 million (2018 – \$31 million).

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer. The Company has two reportable segments, which are Facilities Management and Workforce Accommodation and Forestry. Dexterra's Facilities Management segment provides solutions for ongoing maintenance and operations of high-quality infrastructure. Workforce Accommodation and Forestry provides turnkey workforce solutions including project management, structure supply, installation, catering operations, tree planting, vegetation management and type-2 firefighting services.

3 Critical accounting estimates and judgments

The preparation of consolidated financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Business combinations – allocation of purchase price

In business combinations, the Company acquires assets and assumes liabilities of an acquired entity. The allocation of the purchase price involves judgment in determining the fair value of identifiable assets acquired and liabilities and contingent liabilities assumed, if any. The determination of these fair values involves a variety of estimates and assumptions including revenue growth rates, expected operating margins, and discount rates. These estimates and assumptions determine the amount allocated to other identifiable intangible assets and goodwill, as well as the amortization period for identifiable intangible assets with finite lives.

Expected credit losses

The Company must make an assessment of whether accounts receivable are recoverable from clients. The expected credit loss provision estimate is based on the financial situation of the Company's customers including historical and expected collection trends. If future collections differ from estimates, future earnings would be adjusted prospectively. The expected credit loss is based on historical customer collection history, general economic indicators and other customer-specific information, all of which require the Company to make certain assumptions.

Impairment of goodwill and long-lived assets

Management tests at least annually or more frequently if there are events or changes in circumstances to assess whether goodwill suffered any impairment. Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Management makes key assumptions and estimates in determining the recoverable amount, including future cash flows based on historical and budgeted operating results, sales growth rates, margin growth rates, income tax rates and appropriate after-tax discount rates.

The Company evaluates its long-lived assets (property, plant and equipment) and intangible assets, other than goodwill and intangible assets with indefinite lives, for impairment whenever indicators of impairment exist. The accounting standards require that if the sum of the undiscounted expected future cash flows from a long-lived asset or definite-lived intangible asset is less than the carrying value of that asset, an asset impairment charge must be recognized. The amount of the impairment charge is calculated as the excess of the asset's carrying value over its fair value, which generally represents the discounted future cash flows from that asset.

4 Business combinations**Acquisition in 2019**

On November 1, 2019, the Company acquired 100% of the voting shares of Powerful Group of Companies Inc. (PGC) and certain affiliates, which provides HVAC, electrical, plumbing, interior renovation, carpentry, communications, fire safety and energy management services. The acquisition of PGC complements the Company's services offered to its facility management clients.

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Aggregate consideration for assets acquired and liabilities assumed

The acquisitions had the following effect on assets and liabilities:

	\$
Cash consideration	5,100,000
Working capital adjustment receivable	(421,814)
Contingent consideration	1,839,257
	<u>6,517,443</u>
Fair value of assets and liabilities acquired	
Trade receivables, net of expected credit losses of \$12,373	1,450,563
Inventory	875,958
Property, plant and equipment	381,542
Trade and other payables	(1,243,395)
Customer relationships	2,482,697
Goodwill	2,570,078
	<u>6,517,443</u>

The goodwill is not deductible for tax purposes, and is attributable to the workforce and the efficiencies and synergies expected to be created between the existing business of the Company and the acquired business.

Payment of up to \$2.0 million of the purchase price is contingent on certain conditions being met over the next seven years, including indemnifications and financial performance. As at December 31, 2019, the contingent consideration was recorded at fair value using a probability weighted methodology and discounted to net present value as of the date of acquisition using a discount rate of 2.2%. The purchase price is comprised of \$5.1 million paid in 2019, a working capital adjustment of \$0.4 million, which was received in February 2020, and a discounted contingent consideration of \$1.8 million. Additionally, an amount up to \$0.8 million may become payable on certain conditions being met related to employee retention. These costs will be expensed as the service periods are satisfied.

Revenue and net loss for the year ended December 31, 2019, would have been \$7.3 million and \$0.9 million higher, respectively, if the acquisition had occurred on January 1, 2019. Subsequent to the acquisition date of November 1, 2019, the acquisition contributed revenue and net earnings of \$1.32 million and \$0.013 million, respectively, to the Facilities Management segment for the period ended December 31, 2019.

Acquisition in 2018

On March 7, 2018, the Company acquired the services business carried on by Carillion Canada Inc. and certain affiliates thereof (collectively Carillion Canada) related to facilities management, workforce accommodation and forestry services. There was no business activity from the date of inception of the Company to the acquisition date. The transaction was approved by the Ontario Superior Court of Justice in Carillion's proceedings under the Companies' Creditors Arrangement Act (Canada).

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The acquisitions had the following effect on assets and liabilities:

	\$
Total consideration including working capital adjustments, net of cash acquired	<u>113,710,466</u>
Fair value of assets and liabilities acquired	
Trade receivables (net of expected credit losses of \$534,172) and other assets	35,342,720
Inventory	2,682,110
Income taxes recoverable	552,515
Property, plant and equipment	5,592,219
Trade and other payables	(27,526,915)
Payment owing to former shareholder related to the Outland acquisition (note 11)	(17,638,144)
Non-controlling interest	(1,364,395)
Customer relationships	20,000,000
Goodwill	<u>96,070,356</u>
	<u>113,710,466</u>

Total consideration includes \$7,413,000 owing to the seller, which is reflected in accounts payable as at December 31, 2018. This amount was settled and paid in 2019.

The non-controlling interest represents 51% of the net assets of Tangmaarvik Inland Camp Services Limited.

The goodwill is attributable to the assembled workforce combined with its considerable expertise, knowledge and skills, and is deductible for tax purposes.

5 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks. These risks include interest rate risk, credit risk and liquidity risk. The Company's management, and where appropriate its Board of Directors, establishes policies and procedures within the overall control and risk framework.

Interest rate risk

Dexterra maintains a floating interest rate on its line of credit. An increase in market interest rates could result in an increase in borrowing costs. As at December 31, 2019, approximately \$5.4 million was drawn on the operating facility.

Credit risk

Credit risk is the risk the Company will suffer financial loss as a result of counterparties defaulting on their contractual obligations. The Company's primary exposure to credit risk is with clients and is represented by accounts receivable.

The credit risk of accounts receivable is monitored by management. The Company usually invoices clients monthly for services performed. The Company uses a combination of internal and external credit assessments to monitor and assess the creditworthiness of clients and reduce risk. The impact of current and expected future credit losses are reflected in the expected credit loss provisions for trade receivables. The Company uses the simplified approach permitted by IFRS 9, which uses a lifetime expected credit loss model for trade receivables and contract assets. To measure expected credit losses, the Company has developed a provision matrix to apply to aged amounts receivable. The expected loss rates are based on the historic payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect known current and forward-looking information.

The Company updates its estimate of the expected credit losses based on the evaluation of the recoverability of trade receivables, taking into account historical collection trends of past due accounts and current economic conditions. Trade receivables are written off once it is determined they are uncollectible and unsuccessful collection attempts have occurred.

There is also credit risk associated with cash. The risk is that the counterparties will not be able to repay amounts owed to the Company on request. The Company manages this risk by ensuring the Company's cash deposits are placed with banks with acceptable credit ratings.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The primary objective of liquidity management is providing sufficient cash to enable the Company to meet its liabilities when they come due under normal and stressed conditions.

The Company funds its activities through cash generated from operations. Management closely monitors working capital to ensure the Company has sufficient cash to meet operational needs. The Company strives to control working capital by optimizing billing and collection processes and by entering into favourable payment terms with significant subcontractors.

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The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period to maturity at the consolidated balance sheet date.

	Within 1 year \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Total \$
Accounts payable and accrued liabilities	19,096,411	-	-	-	19,096,411
Contingent consideration	400,000	400,000	400,000	800,000	2,000,000
Leases	692,244	972,236	208,090	-	1,872,570
Operating facility	5,452,525	-	-	-	5,452,525
	<u>25,641,180</u>	<u>1,372,236</u>	<u>608,090</u>	<u>800,000</u>	<u>28,421,506</u>

Capital risk management

The Company's objectives when managing its capital is to maintain a capital structure that allows the Company to both fund its growth and provide financial flexibility to execute on strategic opportunities.

6 Trade and other receivables

Trade and other receivables at the consolidated balance sheet date are as follows:

	December 31, 2019 \$	December 31, 2018 \$
Accounts receivable	26,706,556	31,073,924
Accrued receivables	8,877,755	5,293,340
Expected credit losses	(152,373)	(690,452)
	<u>35,431,938</u>	<u>35,676,812</u>

Pursuant to their respective terms, trade receivables, prior to expected credit losses are aged as follows:

	December 31, 2019 \$	December 31, 2018 \$
Current	14,098,000	12,078,451
Past due less than 90 days	10,997,188	14,827,588
Past due over 90 days	1,611,368	4,167,885
	<u>26,706,556</u>	<u>31,073,924</u>

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Movement on the Company's expected credit loss provision is as follows:

	Year ended December 31, 2019 \$	Period from February 23, 2018 to December 31, 2018 \$
Balance – Beginning of period	(690,452)	-
Acquisition	(12,273)	(534,172)
Recovery of (provision made) during the period	135,529	(156,280)
Amounts written off during the year provided for in the previous period	414,823	-
Balance – End of period	(152,373)	(690,452)

7 Income taxes

The analysis of deferred income tax assets and liabilities as at the consolidated balance sheet date is as follows:

	Year ended December 31, 2019 \$	Period from February 23, 2018 to December 31, 2018 \$
Balance – Beginning of period	444,079	-
Charged to the consolidated statement of earnings and other comprehensive income related to temporary differences	1,200,000	444,079
Balance – End of period	1,644,079	444,079

The analysis of current and deferred income tax expense is as follows:

	Year ended December 31, 2019 \$	Period from February 23, 2018 to December 31, 2018 \$
Current income tax		
Current income tax on income for the period	2,100,000	2,069,560
Other	-	-
	2,100,000	2,069,560
Deferred income tax		
Origination and reversal of temporary differences	1,200,000	444,079
Other	-	-
	1,200,000	444,079
Income tax expense	3,300,000	2,513,639

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The deferred tax balance primarily relates to temporary differences attributable to goodwill.

Total income taxes are different from the amount computed by applying the corporate Canadian statutory rate for 2019 of 26.5%. The reasons for the differences are as follows:

	Year ended December 31, 2019 \$	Period from February 23, 2018 to December 31, 2018 \$
Net earnings and comprehensive income before income taxes	12,604,018	8,589,470
Computed income tax expense	3,340,065	2,276,210
Non-deductible costs and other	(40,065)	237,429
Income tax expense	3,300,000	2,513,639

8 a. Property, plant and equipment

Property, plant and equipment at the consolidated balance sheet date are as follows:

Year ended December 31, 2019:

	Land \$	Buildings \$	Leasehold improvements \$	Operating equipment \$	Total \$
Cost					
Opening balance	148,750	595,523	318,184	6,432,042	7,494,499
Acquisition	-	-	-	381,542	381,542
Additions	-	471,322	4,350	3,984,692	4,460,364
Disposals	-	-	(11,838)	(811,973)	(823,811)
Closing balance	148,750	1,066,845	310,696	9,986,303	11,512,594
Accumulated depreciation					
Opening balance	-	(11,751)	(252,031)	(1,724,574)	(1,988,356)
Depreciation for the year	-	(19,266)	(19,070)	(1,666,482)	(1,704,818)
Disposals	-	-	11,840	422,586	434,426
Closing balance	-	(31,017)	(259,261)	(2,968,470)	(3,258,748)
Net book value – December 31, 2019					
Property, plant and equipment	148,750	1,035,828	51,435	7,017,833	8,253,846

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Year ended December 31, 2018:

	Land \$	Buildings \$	Leasehold improvements \$	Operating equipment \$	Total \$
Cost					
Opening balance	-	-	-	-	-
Acquisition	148,750	595,523	184,065	4,663,880	5,592,218
Additions	-	-	134,119	2,403,508	2,537,627
Disposals	-	-	-	(635,346)	(635,346)
Closing balance	148,750	595,523	318,184	6,432,042	7,494,499
Accumulated depreciation					
Opening balance	-	-	-	-	-
Depreciation for the year	-	(11,751)	(252,031)	(1,724,574)	(1,988,356)
Closing balance	-	(11,751)	(252,031)	(1,724,574)	(1,988,356)
Net book value – December 31, 2018 Property, plant and equipment	148,750	583,772	66,153	4,707,468	5,506,143

No PP&E was acquired through finance leases in the years ended December 31, 2019 or 2018, other than the right-of-use assets described below.

b. Leases

Amounts recognized in the consolidated balance sheet are as follows:

	Buildings \$	Computer equipment \$	Vehicles \$	Total \$
Cost				
Opening balance	-	-	-	-
Adoption of IFRS 16	885,572	-	475,764	1,361,336
Additions	33,184	183,988	697,836	915,008
Closing balance	918,756	183,988	1,173,600	2,276,344
Accumulated depreciation				
Opening balance	-	-	-	-
Depreciation	315,988	45,997	242,738	604,723
Closing balance	315,988	45,997	242,738	604,723
Net book value – December 31, 2019 – Leases	602,768	137,991	930,862	1,671,621

Interest expense recognized on right-of-use assets in the year ended December 31, 2019 was \$0.1 million. The non-cash increase in lease liabilities as at December 31, 2019 was \$1,674,806 (2018 – \$nil).

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9 Goodwill and intangible assets

Intangible assets at the consolidated balance sheet date are as follows:

	Customer relationships \$	Computer software \$	Total \$
Cost			
As at December 31, 2018	20,000,000	751,473	20,751,473
Acquisition (note 4)	2,482,697	-	2,482,697
Additions	-	373,620	373,620
As at December 31, 2019	22,482,697	1,125,093	23,607,790
Accumulated amortization			
As at December 31, 2018	(973,222)	(44,609)	(1,017,831)
Amortization for the year	(1,189,934)	(341,778)	(1,531,712)
As at December 31, 2019	(2,163,156)	(386,387)	(2,549,543)
Net book value – December 31, 2019	20,319,541	738,706	21,058,247

	Customer relationships \$	Computer software \$	Total \$
Cost			
Acquisition (note 4)	20,000,000	-	20,000,000
Additions	-	751,473	751,473
As at December 31, 2018	20,000,000	751,473	20,751,473
Accumulated amortization			
Amortization for the period	(973,222)	(44,609)	(1,017,831)
As at December 31, 2018	(973,222)	(44,609)	(1,017,831)
Net book value – December 31, 2018	19,026,778	706,864	19,733,642

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Goodwill at the consolidated balance sheet date is as follows:

	December 31, 2019 \$	December 31, 2018 \$
Balance – Beginning of period	96,070,356	-
Acquisitions (note 4)	2,570,078	96,070,356
Balance – End of period	98,640,434	96,070,356

Impairment of goodwill and intangible assets with indefinite lives

The Company conducts assessments for indicators of impairment on a quarterly basis and performs a detailed impairment assessment at least annually. At December 31, 2019 and 2018, an impairment test was performed for all CGUs with allocated goodwill and no impairment was identified. The recoverable amount of the CGUs was based on a fair value less cost to sell valuation model and was determined by estimating the future cash flows that would be generated from continuing operations, incorporating the following assumptions:

Basis on which recoverable amount was determined

The recoverable amount for the CGUs is determined using a detailed cash flow model, which is based on evidence from an internal budget approved by the Board of Directors. Management's internal budgets are based on past experience and are adjusted to reflect market trends and economic conditions.

Key rates used in calculation of recoverable amount

Growth rate to perpetuity

The first five years of cash flow projections used in the models are based on management's internal budgets and projections after five years are extrapolated using reasonable long-term growth rates. Based on management's best estimate as at December 31, 2019, revenue growth rates of 6-28% and 6-19% were used in the Facilities Management and Workforce Accommodation CGUs, respectively, to project the cash flows for the 2020 – 2024 years. The long-term growth rate for both CGUs used in determining the recoverable amount is 2.5% (2018 – 2.5%). Cash flow projections exclude any costs related to expansions through acquisitions and other related initiatives.

Discount rates

The discount rate reflects the current market assessments of the time value of money and are derived from the Company's weighted average cost of capital and are adjusted for tax. The after-tax discount rates used in determining the recoverable amount for both CGUs were 12.9% (2018 – 12.9%).

Other assumptions

In determining the recoverable amount of the Company, business, market and industry factors were considered.

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Sensitivities

The most sensitive inputs to the value in use model used for all CGUs are the discount rate and the revenue growth rate. All else being equal, a 1% increase in the discount rate for the two CGUs would not have resulted in any of the CGUs' carrying amounts exceeding the recoverable amounts. All else being equal, a 10% decrease in the 2020 revenue growth rate would not have resulted in any of the CGUs' carrying amounts exceeding the recoverable amounts.

10 Operating facility

Bank agreement

On June 11, 2019, the Company amended its credit facilities agreement with the Canadian Imperial Bank of Commerce. The credit limit is \$32.0 million with an additional accordion feature of \$18.0 million, bears interest at the bank's prime lending rate plus 0.5% to 1.25% and matures on June 10, 2023. As part of the agreement, the Company is required to maintain a Debt to EBITDA ratio of less than 3 and a Fixed Charge Coverage Ratio greater than 1.2, tested quarterly.

As at December 31, 2019, the undrawn portion of the credit facility was \$23.8 million. The Company utilized \$5.3 million of the operating facility and \$2.9 million of letters of credit were outstanding as at December 31, 2019 under the credit facilities agreement. The Company was in compliance with the Debt to EBITDA and Fixed Charge Coverage Ratio requirements stipulated in the agreement.

11 Trade and other payables

Trade and other payables at the consolidated balance sheet date are as follows:

	December 31, 2019	December 31, 2018
	\$	\$
Trade accounts payable	7,934,566	19,123,455
Employee and payroll liabilities	3,437,266	10,334,285
Liability to former shareholders	-	17,638,144
Accrued liabilities	4,856,923	5,497,081
Deferred revenue	2,867,656	1,849,600
	19,096,411	54,442,565

As part of the acquisition of the services business carried on by Carillion Canada, on March 7, 2018, the Company assumed a liability of \$17.6 million related to the final payment to the former shareholders of a business previously purchased by Carillion. This liability was settled and paid in January 2019.

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12 Share capital

Dexterra is authorized to issue an unlimited number of common shares. The number of common shares and share capital as at the consolidated balance sheet date are presented in the table below.

	Total number of shares	Total share capital \$
Balance, December 31, 2018	113,908,004	113,908,004
Issuance of common shares	17,634,596	17,634,596
Balance, December 31, 2019	<u>131,542,600</u>	<u>131,542,600</u>
Balance, February 23, 2018	-	-
Issuance of common shares	113,908,004	113,908,004
Balance, December 31, 2018	<u>113,908,004</u>	<u>113,908,004</u>

13 Disaggregation of revenue

Revenue is disaggregated primarily by service lines to depict the nature, amount and timing of revenue. The Company's revenues are derived from facilities management and workforce accommodation and forestry services. In the following table, revenue is disaggregated by the nature of service provided for the purpose of determining how economic factors affect the recognition of revenue.

	Year ended December 31, 2019 \$	Period from February 23, 2018 to December 31, 2018 \$
Facilities management	164,500,847	135,026,978
Workforce accommodation and forestry	96,558,358	79,677,915
	<u>261,059,205</u>	<u>214,704,893</u>

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Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	December 31, 2019 \$	December 31, 2018 \$
As at December 31		
Receivables, which are included in accounts receivable	34,076,867	34,843,479
Contract assets	1,355,071	833,333
Contract liabilities	2,867,656	1,849,600

Contract assets consist of holdbacks receivable from clients, and are generally due within three to six months of services being provided. Contract liabilities consist of deferred revenue and vary due to the timing of customer payments. Generally, it is recognized within 30 days, with the exception of \$481,000 included in deferred revenue as at December 31, 2019, which is amortized over the following 1.5 years.

14 Cash flow information

The details of the changes in non-cash working capital are as follows:

	Year ended December 31, 2019 \$	Period from February 23, 2018 to December 31, 2018 \$
Changes in non-cash working capital		
Trade and other receivables	2,117,252	1,395,014
Inventory	(838,765)	(53,726)
Prepaid expenses	491,479	(1,551,840)
Accounts payable and other	(11,541,953)	97,288
	<u>(9,771,987)</u>	<u>(113,264)</u>

15 Related party transactions

The remuneration paid to key management personnel in 2019 who have the authority and responsibility for planning, directing and controlling the activities of the Company was \$1,988,000 (2018 – \$1,991,000). In addition, the Company paid \$866,000 to Northbridge Surety Limited for bonds in the year ended December 31, 2019 (2018 – \$nil), a company controlled by Fairfax Financial Holdings Limited.

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16 Net earnings per share

	Year ended December 31, 2019 \$	Period from February 23, 2018 to December 31, 2018 \$
Net earnings for the period attributable to ordinary equity holders of the Company	9,017,596	6,132,298
Weighted average shares outstanding	131,445,972	110,052,614
Net earnings per share attributable to ordinary equity holders of the Company	0.07	0.06

17 Other operating costs

	Year ended December 31, 2019 \$	Period from February 23, 2018 to December 31, 2018 \$
Subcontractor costs	28,729,857	8,513,422
Vehicles	3,754,419	2,299,026
Equipment and repairs	5,102,145	1,942,424
Professional fees	2,256,217	1,563,090
Transaction and integration costs	75,000	1,750,000
Short-term and low value leases	320,536	1,330,067
Finance costs	221,560	8,880
Other	16,136,229	9,666,429
Other operating costs	56,595,963	27,073,338

18 Reportable segment information

The Company operates two distinct businesses, being Facilities Management and Workforce Accommodation and Forestry. All revenues are earned in Canada.

The Company's Chief Operating Decision Maker, the President, reviews the operating results, assesses performance, and makes capital allocation decisions with respect to the Facilities Management and Workforce Accommodation and Forestry businesses. Therefore, the Company has presented these as operating segments for financial reporting purposes in accordance with IFRS 8, Operating Segments.

10647802 Canada Limited

Notes to Consolidated Financial Statements

December 31, 2019

2019	Facilities Management \$	Workforce Accommo- dation and Forestry \$	Corporate \$	Total \$
Revenue	164,500,847	96,558,358	-	261,059,205
Operating expenses				
Wages and salaries	97,642,264	38,200,261	4,226,634	140,069,159
Employee benefits	12,141,105	5,941,995	817,629	18,900,729
Product cost	8,410,113	20,637,970	-	29,048,083
Depreciation and amortization	2,261,385	1,210,474	369,394	3,841,253
Other operating expenses	36,970,984	19,750,697	(125,718)	56,595,963
Earnings (loss) before income taxes	7,074,996	10,816,961	(5,287,939)	12,604,018
Total assets	111,586,715	61,277,009	1,966,035	174,829,759
Total liabilities	18,872,667	8,904,749	1,929,663	29,707,079
2018	Facilities Management \$	Workforce Accommo- dation and Forestry \$	Corporate \$	Total \$
Revenue	135,026,978	79,677,915	-	214,704,893
Operating expenses				
Wages and salaries	87,973,427	38,353,503	5,259,468	131,586,398
Employee benefits	11,209,704	1,783,818	333,695	13,327,217
Product cost	8,872,051	22,250,233	-	31,122,284
Depreciation and amortization	2,109,937	851,168	45,081	3,006,186
Other operating expenses	17,101,477	7,894,839	2,077,022	27,073,338
Earnings (loss) before income taxes	7,760,382	8,544,354	(7,715,266)	8,589,470
Total assets	113,642,660	63,004,683	1,607,367	178,254,710
Total liabilities	25,823,286	27,979,864	3,153,054	56,956,204

APPENDIX G

HORIZON NORTH STATEMENT OF EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Governance

The Corporate Governance and Compensation Committee is responsible for making recommendations to the board of directors (the "**Board**") of Horizon North Logistics Inc. ("**Horizon North**" or the "**Corporation**") relating to the compensation of members of the Board, the Chief Executive Officer ("**CEO**") and other executive officers. The Corporate Governance and Compensation Committee regularly reviews the compensation practices of comparable companies with a view to aligning Horizon North's officers and directors with a comparable group median. Directors who are officers of Horizon North receive no additional remuneration for their services as directors.

In particular, the Corporate Governance and Compensation Committee: (i) will review and approve, at least annually, Horizon North's goals and objectives relevant to the compensation of the CEO and the CEO compensation is based on that review; (ii) will review, at least annually, and recommend to the Board compensation, incentive plans and equity based plans for non-CEO officers and directors, and for other key employees as identified by the CEO and approved by the Corporate Governance and Compensation Committee, and in particular, review and recommend to the Board the annual bonus payments for the CEO and executive officers; and (iii) will review executive compensation disclosure before Horizon North publicly discloses such information.

The objective of Horizon North's executive compensation program is to attract and retain experienced personnel who are incentivized to continually focus on generating profitable growth of the Corporation's business. The compensation program is comprised of three elements: (i) annual salary plus benefits; (ii) annual performance bonus; and (iii) equity based compensation. The appropriateness and competitiveness of the Corporation's executive compensation program is monitored by comparison to a peer group of companies that include the following:

Badger Daylighting Ltd.	Mobile Mini Inc.
Bird Construction Inc.	North American Construction Group Ltd.
Black Diamond Group Ltd.	Strad Inc.
Civeo Corp.	Stuart Olson Inc.
GDI Integrated Facility Services Inc.	Temple Hotels Inc.
Holloway Lodging Corp	TerraVest Industries Inc.
McGrath Rent Corp.	Wall Financial Corp.
Melcor Developments Ltd.	

In choosing the peer companies against which the Corporate Governance and Compensation Committee completes its comparative analysis, the Corporate Governance and Compensation Committee selects companies with asset and market values similar to the Corporation. The Corporate Governance and Compensation Committee also consider revenue levels and enterprise values of such companies. The Corporate Governance and Compensation Committee believes these metrics are appropriate for determining peers because they provide a reasonable point of reference for comparing executives with similar positions and responsibilities.

The Corporation retained the services of a compensation consultant, Lane Caputo Compensation Inc. effective September 2018 to review the compensation philosophy for Horizon North, given its current stage of development, with the final report delivered January 2019. The competitiveness of the current compensation arrangements for the executive team and independent directors were evaluated, relative to both the external market and the Corporation's compensation philosophy. This review encompassed salary, bonus and other types of cash incentives, prevalence and value of equity-based compensation, and executive contracts including severance and change in control provisions. No significant changes were made to the executive compensation structure for 2019.

Executive Compensation Services	2019	2018
Executive Compensation-Related Fees	---	\$45,000
All Other Fees	---	---

Horizon North's executive compensation program is designed to provide financial rewards to executive officers based on measurable financial and operational parameters associated with overall corporate performance. The program also balances annual rewards for achieving financial success year over year with rewards tied to long-term share price performance. As part of its review and discussion of the compensation program, the Corporate Governance and Compensation Committee considers the risks associated with Horizon North's compensation program and noted the following elements of the Corporation's business model and its governance and control system that mitigates the risk that the Corporation's executives will take unnecessary or excessive risk for the sake of enhanced rewards:

- The basic tenet of the Corporation's business model is that funds are spent to build or buy assets that are used, in conjunction with the Corporation's labor force, to provide services to customers. The primary risk in this model is that assets are underutilized. All significant investments are reviewed and approved by the Board prior to being undertaken. In addition, growth metrics are balanced with return on investment parameters in the annual bonus program.
- The nature of the Corporation's business is such that there are very few asset or liability valuation judgments that management has to make. The annual bonus program is based on financial parameters that are cash flow dependent as opposed to being driven by asset or liability valuation judgments.
- The Corporation's ultimate long-term goal is to generate sustainable share price appreciation. The compensation program recognizes that developing sustainable share price appreciation takes time and thus provides rewards for long-term success to mitigate the risk that short-term, less sustainable actions are taken to enhance immediate share price performance.
- The annual bonus program does not pay out rewards until financial results are confirmed through independently audited financial statements.
- Named Executive Officers (as defined herein) and directors are not permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director.

Named Executive Officers

Securities legislation requires the disclosure of compensation received by each "Named Executive Officer" of the Corporation for the three most recently completed financial years. "**Named Executive Officer**" is defined by the legislation to mean: (i) each of the CEO and Chief Financial Officer ("**CFO**") of the Corporation, regardless of the amount of compensation of that individual; (ii) each of the Corporation's three most highly compensated executive officers or individuals acting in a similar capacity, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation and bonus exceeds \$150,000; and (iii) any additional individual for whom disclosure would have been provided under (ii) but for the fact that the individual was not serving as an executive officer of the Corporation at the end of the most recently completed financial year end of the Corporation.

An "**executive officer**" is defined by the legislation to mean: (i) the chair of the Corporation; (ii) a vice-chair of the Corporation; (iii) the President of the Corporation; (iv) a vice-president of the Corporation in charge of a principal business unit, division or function, such as sales, finance or production; or (v) an officer of the Corporation or any of its subsidiaries or any other person who performed a policy-making function in respect of the Corporation.

At the financial year ended December 31, 2019, there were five (5) Named Executive Officers ("NEOs") of Horizon North consisting of Rod Graham, President and CEO; Scott Matson, Senior Vice President Finance and CFO; Mark Becker, President Industrial Services; Joseph Kiss, President Modular Solutions and Warren Murray, Executive Vice President Strategic Partnerships.

Annual Salaries

Executive salaries are established after giving consideration to individual responsibilities and experience, size and complexity of operations or functions for which they are responsible, and competitive market information. This element provides a fixed level of cash compensation for performing these responsibilities. Salary adjustments consider the individual's success in their role and competitive market information.

Annual Performance Bonus

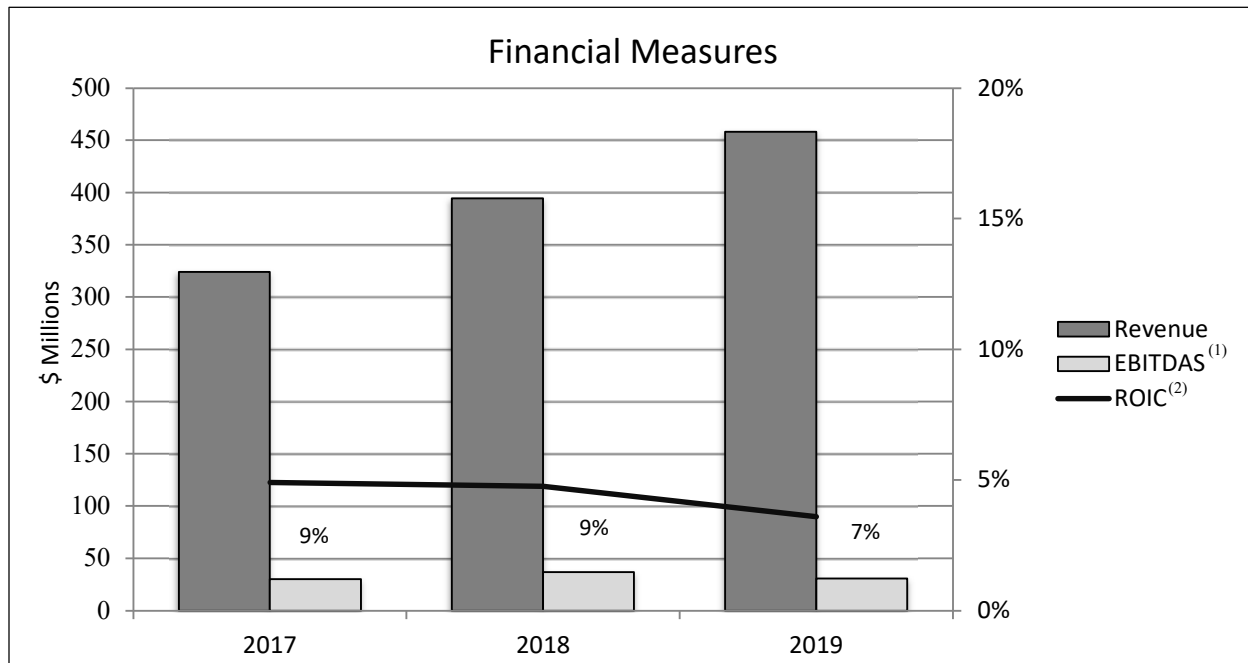
Horizon North's financial performance for 2019 reflects the continued growth of the Modular Solution activity as a result of increased manufacturing capacity to execute the existing backlog of projects. Industrial Services experienced a modest revenue growth as a result of increased catering-only and camp rental and catering activity offset by the sharp decline in Q2 2019 activity in the Montney, Duvernay and oil sands regions in the Camp & Catering operations and higher amount of low margin installation and transportation revenues partially offset by the decrease in the mat rental activity in the Rentals & Logistics operations. Modular Solutions revenues were comprised mainly of commercial projects consisting of several affordable housing projects for BC Housing Management Commission, a hostel project in Jasper, Alberta, and hotel and industrial projects, combined with the addition of NRB revenue for the manufacturing of primarily classrooms and custom steel structures. The Modular Solutions continues to focus on securing the growth and development of backlog and the execution of these projects. Ongoing pricing pressure in the Industrial Services operations, and the decreased activity in Modular Solutions Western Canada operation, decreased EBITDAS and as a percentage of revenue. These limited improvements in the Corporation's revenue, and declining EBITDAS, operating earnings, and decrease in share price were reflected in the decision not to distribute annual incentive bonuses to the NEOs.

The annual bonus for all NEOs is designed to pay out awards based on the Corporation's performance for the year. Financial performance is measured by reference to year over year revenue growth, EBITDAS margins, and return on invested capital. Financial success is supported by strong operations, for which a sound measurement is thought to be the Corporation's safety record.

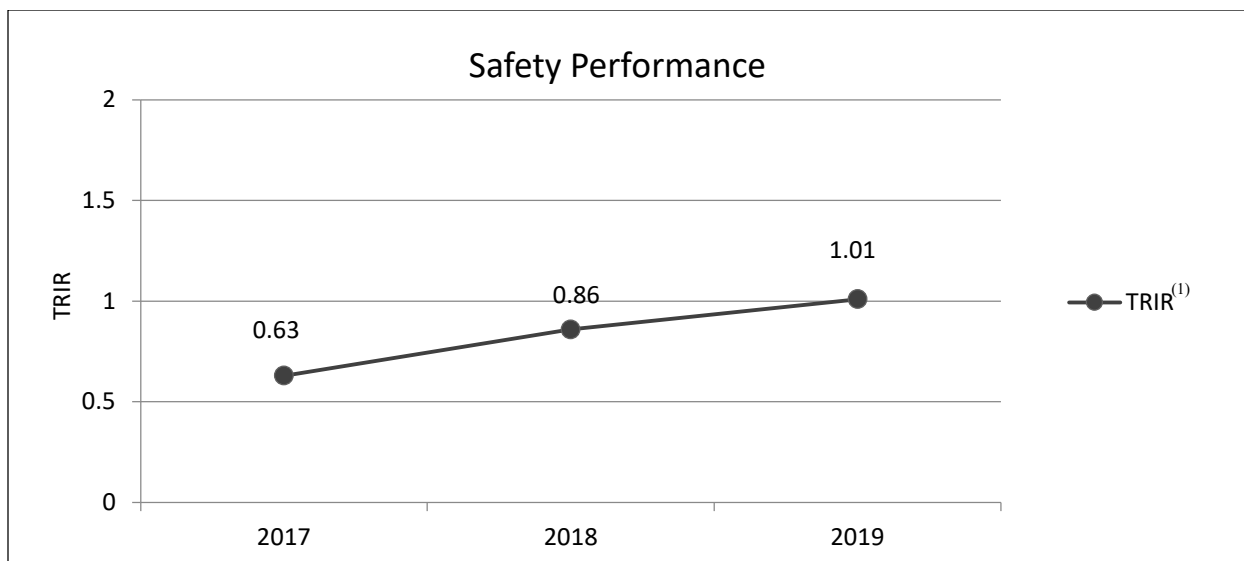
Revenue growth is measured on a year over year basis, while EBITDAS margins, return on investment and safety performance metrics are compared to specific target ranges. The Board takes these factors into consideration and ultimately applies a level of subjectivity in determining the bonus calculation for the CEO, which is in turn cascaded down to the NEOs.

Horizon North's long-term goal is to provide returns to Shareholders through share price appreciation and quarterly dividend payments. In the Board's view, continued focus on achieving improved annual financial and operational measures should lead to success in consistently achieving the long-term goal.

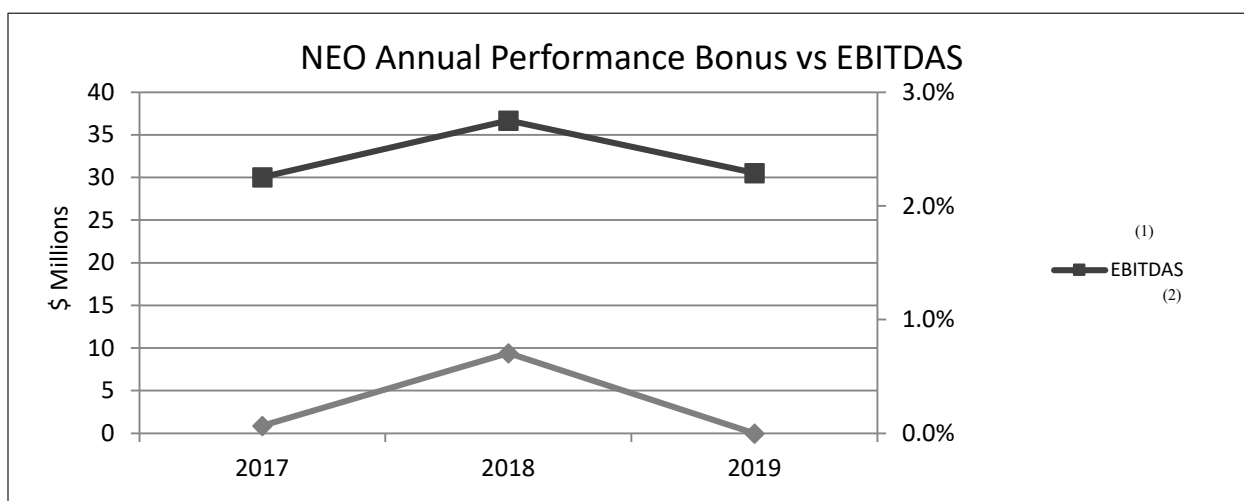
The following charts illustrate the Corporation's performance with respect to these financial and operational measures as well as the annual performance bonus received by the NEOs.



- (1) EBITDAS: Earnings before interest, taxes, depreciation, amortization, impairment, gain/loss on disposal of property, plant and equipment, and share based compensation. EBITDAS is not a recognized measure under International Financial Reporting Standards (IFRS). Management believes that in addition to total profit and total comprehensive income, EBITDAS is a useful supplemental earnings measure as it provides an indication of the Corporation's operating performance and it is regularly provided to and reviewed by Horizon North's Chief Operating Decision Maker. Horizon North's method of calculating EBITDAS may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities. EBITDAS is reconciled to its most direct comparable measure in Horizon North's management's discussion and analysis for the years ended December 31, 2019, 2018 and 2017.
- (2) Return on Invested Capital represents after tax cash flow divided by average Invested Capital for the year; Invested Capital is defined as average of gross property, plant and equipment, other long-term assets, intangibles, and goodwill before any impairment write-downs.



(1) Total Recordable Incident Rate ("TRIR") is a standard industry measure with respect to safety performance.



- (1) EBITDAS: Earnings before interest, taxes, depreciation, amortization, impairment, gain/loss on disposal of property, plant and equipment, and share based compensation. EBITDAS is not a recognized measure under International Financial Reporting Standards (IFRS). Management believes that in addition to total profit and total comprehensive income, EBITDAS is a useful supplemental earnings measure as it provides an indication of the Corporation's operating performance and it is regularly provided to and reviewed by Horizon North's Chief Operating Decision Maker. Horizon North's method of calculating EBITDAS may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities. EBITDAS is reconciled to its most direct comparable measure in Horizon North's management's discussion and analysis for the years ended December 31, 2019, 2018 and 2017.
- (2) NEO Annual Performance Bonus paid to the identified NEOs with respect to each financial year. The NEOs eligible to be compensated by Annual Performance bonus for 2019 included Rod Graham, President and CEO; Scott Matson, Senior Vice President Finance and CFO; Joseph Kiss, President Modular Solutions; Mark Becker, President Industrial Services; and Warren Murray, Executive Vice President Strategic Partnerships. The NEOs for 2018 were Rod Graham, President and CEO; Scott Matson, Senior Vice President Finance and CFO; Joseph Kiss, President Modular Solutions; Mark Becker, President Industrial Services; and Warren Murray, Executive Vice President Strategic Partnerships. The NEOs for 2017 were Rod Graham, President and CEO; Scott Matson, Senior Vice President Finance and CFO; Warren Murray, Senior Vice President Camps & Catering; Joseph Kiss, Senior Vice President Modular Solutions; and Mike Hammerschmidt, Vice President Rentals & Logistics.

Due to ongoing challenging economic conditions in the Industrial Services operations and the Western Canada Modular Solutions operations, financial measures were not satisfactorily improved by reference to year over year revenue growth, EBITDAS margins, or return on invested capital. Safety performance year over year increased slightly to a TRIR measure >1. As a result of these factors, no bonuses were paid to NEOs for 2019.

Equity Based Compensation

Horizon North continues to employ a "pay-for-performance philosophy" whereby fixed elements of pay are positioned at market median levels and short and longer-term incentives are structured to provide above-market total compensation for high levels of performance. Horizon North has taken a portfolio approach to long-term incentives by mixing restricted share units ("**RSUs**") in with options ("**Options**") to purchase common shares in the capital of Horizon North ("**Horizon Shares**"). At Horizon North, a combination of RSUs and Options will be used to attain a market-competitive total direct compensation program.

Option Plan

The Option Plan permits the granting of Options to the directors, officers, employees and other eligible service providers of the Corporation and its subsidiaries for the purpose of providing directors, officers, employees and other eligible service providers with an incentive to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract and retain in the employ of the Corporation or any of its subsidiaries, persons of experience and ability by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

The Board views Options as an effective incentive to balance senior management's focus between short-term operating performance and profitable, long-term growth, which should translate into share price appreciation for the benefit of Shareholders. With Option grants vesting over time, they also serve as an effective employee retention tool. Despite the dilutive aspect of Options, they do directly align the interests of management and Shareholders as the benefits derived from Options parallel the benefits realized by Shareholders through share price appreciation. Options provide the potential for long-term rewards and above-average total compensation, provided Horizon North's financial and operating results lead to the enhancement of shareholder value.

Awards of Options are made from time to time to participants at varying levels consistent with the individual's position and responsibility. The process that the Corporation uses to grant Options to executive officers, including the NEOs, and the factors that are taken into account when considering new grants under the Option Plan, is based upon a number of criteria, including the performance of the executive officers, the number of Options available for grant under the Option Plan, the number of Options anticipated to be required to meet the future needs of the Corporation, as well as the number of Options previously granted to each of the NEOs. It is the full Board, as opposed to the Corporate Governance and Compensation Committee, which determines the need for any amendments to the Option Plan and it is the full Board which determines the number of Option grants to be made under the Option Plan. The CEO provides input and recommendations to the Board regarding the granting of Options, from time to time. The CEO in turn, and where appropriate, also obtains input from other executive officers of the Corporation when providing his input and recommendations. Other than as set out immediately above, the grant of option-based awards is not determined based on benchmarks, performance goals or a specific formula. The term and other provisions of the Options are subject to the terms of the Option Plan.

Since the inception of the Option Plan there has been no financial assistance provided by Horizon North to any participant under the Option Plan to facilitate the purchase of Horizon Shares under the Option Plan.

As of April 23, 2020: (i) the Corporation has issued under the Option Plan, Options pursuant to which 7,451,878 Horizon Shares are issuable which represents 4.50% of the currently outstanding Horizon Shares; and (ii) there remains for issuance under the Option Plan, Options pursuant to which 9,089,812 Horizon Shares, which represents 5.50% of the issued and outstanding Horizon Shares, may be issued which represent, together with the outstanding Options, 10.0% of the currently outstanding Horizon Shares.

The Option Plan provides that the aggregate number of Horizon Shares issuable pursuant to Options granted under the Option Plan and under any other security based compensation arrangement, if any, and issued to insiders within any one year period and, issuable to insiders, shall in either case, not exceed 10% of the issued and outstanding

Horizon Shares at the time of the grant of any stock option. In addition, the Option Plan provides that the maximum number of Horizon Shares issuable pursuant to Options granted shall not exceed 10% of the aggregate number of issued and outstanding Horizon Shares. No Options shall be granted to any director of the Corporation who is not also an officer of the Corporation if such grant could result, at any time, in the total number of Horizon Shares issuable to all directors of the Corporation who are not also officers of the Corporation pursuant to Options exceeding 0.50% of the issued and outstanding Horizon Shares of the Corporation. In addition, the Option Plan contains (i) a limit on the number of Horizon Shares issuable pursuant to Options to any non-employee director, within any calendar year of \$100,000; and (ii) a limit on the number of Horizon Shares reserved for issuance under all security based compensation arrangements of the Corporation issued to any non-employee director, within any calendar year, of \$150,000; in each case calculated on the date of grant. There are additional limits imposed on the transferability of Options granted under the Option Plan such that Options will not be transferable or assignable and may not be made subject to execution, attachment or similar process, other than for normal estate settlement purposes or by operation of law and such that during the lifetime of an optionee, an Option will be exercisable only by the optionee and any elections with respect to an Option may be made only by the optionee.

The Option Plan provides for the exercise price to be determined by the Board provided that the exercise price of the Options may not be less than the closing price of the Horizon Shares on the TSX on the last business day preceding the date of grant. Options granted under the Option Plan will be for a term of no longer than ten years after granting of an Option. With the exception of initial grants of Options to directors and officers at July 25, 2006 which vested in one-third amounts over the first three years of the 10 year term, the majority of the Options granted since then have been granted so as to vest in equal one-third amounts over the first three years of the five year term thereof. Participation in the Option Plan is voluntary. In order to constitute a valid Option under the Option Plan, the participant and the Corporation must enter into a valid Option agreement in a form acceptable to the Board. With respect to the termination of options, unless specifically amended or otherwise dealt with in a stock option agreement: (a) in the case of death of an optionee, the right to exercise an Option shall extend to the earlier of (i) one year after the date of death or (ii) the expiry date of the Option set forth in the stock option agreement, to the extent such Option was exercisable by the optionee on the date of death of the optionee; and (b) in the case of termination or cessation of employment of an optionee (who is not a consultant) for any reason (other than death) or, in the case of a consultant, upon cessation of the services agreement the right to exercise an Option shall be limited to and shall expire on the earlier of 60 days after the date of termination or cessation (in the case of an optionee who is not a consultant) and from the final service date (in the case of an optionee who is a consultant), or the expiry date of the Option set forth in the stock option agreement, to the extent such Option was exercisable by optionee on the date of termination of such employment or final service date, as the case may be.

In the event of any change in the Horizon Shares through subdivision, consolidation, reclassification, amalgamation, and merger or otherwise or in the event of any other change in the Horizon Shares, the Board may proportionately adjust the number of Horizon Shares that may be issued under existing Option agreements.

The Option Plan also provides for the extension of the expiry date of any Option which would otherwise expire during a "black-out period" until the fifth business day following the expiry of the blackout period, provided that such extended expiration date shall not in any event be beyond the later of (i) December 31 of the calendar year in which the option was otherwise due to expire; and (ii) the 15th day of the third month following the month in which the Option was otherwise due to expire. The Option Plan also provides that the Board may, in its sole discretion and without further approval of the Shareholders, amend, suspend, terminate or discontinue the Option Plan and may amend the terms and conditions of Options granted under the Option Plan, subject to any required approval of any regulatory authority or the TSX. Subject to any required regulatory approval of any regulatory authority or stock exchange, the Board may at any time alter, amend or vary the Option Plan without the approval of the Shareholders if the alteration, amendment or variance does not: (a) increase the number of shares that can be issued under the Option Plan; (b) reduce the exercise price of an outstanding option except for the normal anti-dilution provisions whereby option values are maintained in connection with a subdivision, consolidation, conversion, reclassification, re-division or re-designation of Horizon Shares or a reorganization, amalgamation, consolidation, merger, takeover bid or similar transaction involving Horizon North; (c) extend the expiry date of an outstanding Option or amend the Option Plan to permit the grant of an Option with an expiry date of more than 10 years from the grant date (except

where an expiry date would have fallen within a blackout period of the Corporation); (d) allow for the transfer of Options, except if the transfer is to an entity controlled by the Option holder, a charity or for estate planning or estate settlement purposes; (e) expand the categories of individuals eligible to participate in the Option Plan; or (f) amend the Option Plan to provide for other types of compensation through equity issuance.

In addition, the Option Plan contains a "clawback" provision which permits the Board to seek reimbursement of Options awarded to an officer of the Corporation pursuant to the Option Plan and any Horizon Shares issued upon exercise thereon, where: (i) the payment of such compensation was predicated on achieving certain financial results that were subsequently the subject of a substantial restatement of the Corporation's financial statements filed with any securities regulatory authority; and (ii) the Board, in its discretion, determines that the officer engaged in gross negligence, intentional misconduct or fraud that caused or partially caused the need for the restatement.

The Option Plan requires approval from Shareholders for amendments to the Option Plan which result in: (i) any increase in the number of Horizon Shares issuable under the Option Plan or the number of unissued Horizon Shares that may be subject to Options granted to optionees under the Option Plan; (ii) any amendments which reduce the exercise price of an Option or any cancellation and reissuance of an Option; (iii) any amendment that extends the term of an Option beyond its original Option Period; (iv) any amendments to eligible participants that may permit the introduction or reintroduction of non-employee directors on a discretionary basis or amendments that increase limits previously imposed on non-employee director participation; (v) any amendment which would permit Options granted under the Option Plan to be transferable or assignable other than for normal estate settlement purposes; (vi) any amendments to the amendment and termination provisions of the Option Plan; and (vii) amendments required to be approved by Shareholders under applicable law (including, without limitation, the rules, regulations and policies required by any relevant stock exchange).

The Option Plan burn rate is expressed as a percentage and is calculated in accordance with Section 613(p) of the TSX Company Manual, by dividing: (i) the number of securities granted under the Option Plan during the applicable fiscal year; by (ii) the weighted average number of securities outstanding for the applicable fiscal year. The Option Plan is not subject to a multiplier that may increase the number of shares to be issued on settlement based on performance or any other measure.

Burn Rate	2019	2018	2017
% calculated	1.83%	1.36%	1.82%

Restricted Share Units

The Board approved a cash-based restricted share unit plan (the "**RSU Plan**") on May 5, 2016 which governs the issuance of non-assignable and non-transferrable RSUs of the Corporation. Directors, officers and employees of the Corporation and its subsidiaries are eligible to participate in the RSU Plan.

RSUs are notional shares that have the same value at any given time as the Horizon Shares, but do not entitle the participant to any shareholder rights, including without limitation, voting rights, dividend entitlement or rights on liquidation and are non-dilutive to Shareholders. The RSUs vest no later than the date that is the third anniversary of the end of the calendar year in which the services were performed in which the grant of RSUs relates. Vesting provisions for RSUs shall be fixed by the Board and the Board may at any time shorten the vesting period of all or part of any RSU award. In the event of a change of control, the Board may amend the terms of the issued RSUs to permit vesting prior to the completion of the change of control.

Each RSU has a payout value equal to the closing price of the Horizon Shares as of the date immediately preceding the applicable payout date, less any applicable withholding taxes. The payout date for issued RSUs is as soon as reasonably practicable after the vesting date.

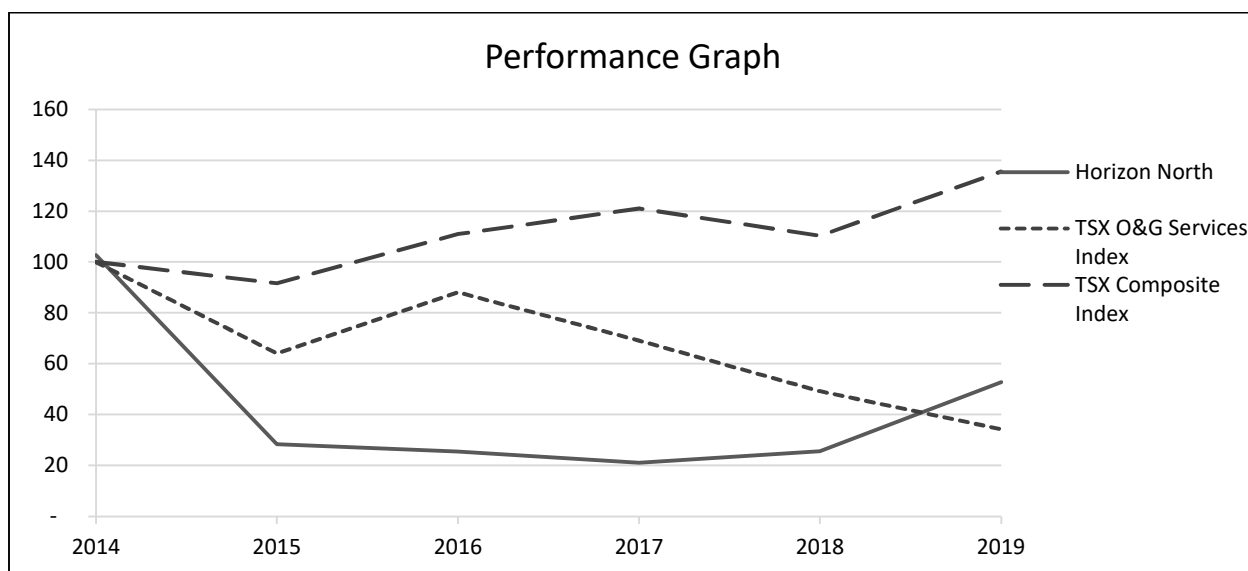
The maximum value of RSUs granted to any one non-employee director within any one year period, when aggregated with the securities granted under all security based compensation arrangements of the Corporation to the non-employee director during such period, shall not exceed \$150,000, as calculated based on a fair value basis of the RSUs on the date of grant.

The RSU Plan burn rate is expressed as a percentage and is calculated by dividing: (i) the number of securities granted under the RSU Plan during the applicable fiscal year; by (ii) the weighted average number of securities outstanding for the applicable fiscal year. The RSU Plan is not subject to a multiplier that may increase the number of shares to be valued on settlement based on performance or any other measure.

Burn Rate	2019	2018	2017
% calculated	0.75%	0.71%	0.86%

Performance Analysis

The following graph illustrates changes from December 31, 2014 to December 31, 2019, in cumulative shareholder return, assuming an initial investment of \$100 with all dividends reinvested, compared to the TSX O&G Services Index and TSX Composite Index, with all dividends and distributions reinvested.



	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Horizon North	100	28	25	21	26	53
TSX O&G Services Index	100	49	68	53	38	34
TSX Composite Index	100	101	123	134	122	136

Share Price Performance Graph in Relation to Executive Compensation

Horizon North compensates its NEOs through annual salary, annual performance bonus and equity based compensation. As outlined in the "Compensation Discussion and Analysis", executive salaries are established after giving consideration to individual responsibilities and experience, providing a fixed level of compensation for performing these responsibilities. Compensation derived from the annual performance bonus and equity based compensation for NEOs are generally consistent with the trend illustrated in the above Performance Graph.

Composition of the Corporate Governance and Compensation Committee

The current members of the Corporate Governance and Compensation Committee are Mary Garden (Chair); Bradley P.D. Fedora, Kevin D. Nabholz, Russell A. Newmark and Dale E. Tremblay. In addition to their experience as members of the Corporate Governance and Compensation Committee of Horizon North, all such members have significant experience in dealing with executive compensation matters as directors and/or senior leaders. The Corporate Governance and Compensation Committee is a standing committee appointed by the Board. Each member of the Corporate Governance and Compensation Committee is independent as defined under section 1.4 of National Instrument 52-110 – *Audit Committees*.

Relevant Education and Experience of Members of the Corporate Governance and Compensation Committee

All of the members of the Corporate Governance and Compensation Committee have experience in executive compensation by virtue of their experience as current or former chief executive officers and as current or former senior executives. The Board of Directors believes the Corporate Governance and Compensation Committee collectively has the knowledge, experience and background required to fulfill its mandate.

Mary Garden - Chair

Ms. Garden has been a director of Horizon North since May 2016. Ms. Garden has over 30 years of executive leadership experience in business including operations and marketing management, advisory consulting, coaching and university teaching. Over the course of her career, Ms. Garden has worked in executive level positions with PwC, Delta Hotels, PKF, Holiday Inn, Radisson Hotels and Keg Restaurants. From 2008 to 2015, Ms. Garden led investment teams at the British Columbia Investment Management Corporation managing Canadian and international multi-billion dollar, private equity real estate portfolios for institutional pension plan clients. Ms. Garden has served on the boards of Bentall Kennedy, Parkbridge Lifestyle Communities, Delta Hotels, bclMC Realty Corporation and SilverBirch Hotels & Resort. Ms. Garden is the principal at Mary Garden & Associates, an advisory firm working with select global clients and C-Suite leaders in strategic consulting, executive coaching and workplace well being. Ms. Garden has a BA and MBA from the University of British Columbia and holds the ICD.D designation.

Bradley P.D. Fedora

Mr. Fedora has been a director of Horizon North since April 2015. Mr. Fedora is currently an independent businessman. Mr. Fedora was the President and CEO of Canyon from September 2007 until June 2017 when Canyon was acquired by Trican Well Service Ltd. Before joining Canyon, Mr. Fedora spent the previous decade with Peters, a Calgary-based investment bank focused on the energy sector, where he specialized in financings and merger and acquisition transactions for the oil and natural gas service and supply sector. Mr. Fedora holds a Bachelor of Science from the University of Saskatchewan and an MBA in finance from the University of British Columbia.

Kevin D. Nabholz

Mr. Nabholz has been a director of Horizon North since May 2012. 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 has served on a number of private company boards, as well as not for profit entities including the Northern Alberta Institute of Technology, Construction Owners Association of Alberta, Keyano College Foundation, the United Way of Fort McMurray and several others.

Russell A. Newmark

Mr. Newmark has been a director of Horizon North since June 1, 2006. Mr. Newmark has extensive and diverse business knowledge and experience throughout Northern Canada and has been Chief Executive Officer of E.

Gruben's Transport Ltd. since 1990, a successful contracting firm based in the Northwest Territories. Since 1976, Mr. Newmark has been recognized as a leader within the Mackenzie Delta and Beaufort Sea regions and has served on numerous corporate and government boards including the Inuvialuit Development Corporation, Norterra Inc. and the GNWT Business Loan Fund Board.

Dale E. Tremblay

Mr. Tremblay has been a director of Horizon North since May 6, 2010. Mr. Tremblay is currently an independent businessman. From December 1, 2009 to December 1, 2013, Mr. Tremblay was the Chief Executive Officer of Western Energy Services Corp. Prior thereto, Mr. Tremblay was the Chair of SES Holdings Limited, the parent company of Saxon Energy Services Inc., from August 2005 to December 2009 in addition to serving as President and Chief Executive Officer of Saxon Energy Services Inc. Prior thereto, Mr. Tremblay was the Senior Vice President, Finance and Chief Financial Officer of Precision Drilling Corporation from 1988 to 2005.

COMPENSATION OF NAMED EXECUTIVE OFFICERS

Compensation was paid to the NEOs during the aforementioned fiscal year as disclosed below.

Summary Compensation Table

The following table sets forth the annual and long-term compensation provided for the individuals serving as the Corporation's CEO and CFO during the year, and the next three most highly compensated executive officers (each a NEO) for the 2019 fiscal year. For a listing of amounts actually realized on vesting of share-based awards and on exercise of option-based awards during 2019, please see the section entitled "Incentive Plan Awards".

Name and Principal Position	Year	Salary (\$)	Share-Based Awards ⁽¹⁾ (\$)	Option-Based Awards ⁽²⁾ (\$)	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation ⁽⁵⁾ (\$)	Total Compensation (\$)
					Annual Incentive Plans ⁽³⁾	Long-term Incentive Plans ⁽⁴⁾			
Rod Graham President and CEO	2019	600,000	314,512	293,939	---	---	---	8,340	1,216,791
	2018	600,000	245,659	300,000	132,000	---	---	8,152	1,285,812
	2017	400,000	367,500	313,517	---	---	---	7,954	1,088,971
Scott Matson Sr. Vice President and CFO	2019	280,000	58,709	54,869	---	---	---	23,876	417,455
	2018	280,000	158,234	149,000	39,950	---	---	24,152	651,336
	2017	280,000	73,500	104,506	5,000	---	---	22,954	485,960
Mark Becker ⁽⁶⁾ President Industrial Services	2019	350,000	102,216	95,529	---	---	---	13,749	561,495
	2018	99,615	195,487	122,000	23,942	---	---	3,270	444,314
Joseph Kiss President Modular Solutions	2019	275,000	62,902	58,788	---	---	---	14,784	411,474
	2018	262,692	98,896	74,500	49,140	---	---	15,061	500,289
	2017	255,000	36,750	56,433	5,000	---	---	8,738	361,921
Warren Murray Executive Vice President Strategic Partnerships	2019	280,000	32,225	32,922	---	---	---	15,214	363,362
	2018	280,000	59,338	44,700	14,280	---	---	14,794	413,112
	2017	280,000	44,100	62,703	5,000	---	---	9,344	401,147

Notes:

- (1) RSUs are granted from time to time in accordance with the Corporation's RSU Plan. The fair market value for the RSU grant to the NEOs in 2019 is based on \$1.94, in 2018 is based on \$2.98 (and \$1.97 for Mr. Graham and \$2.44 for Mr. Becker), in 2017 is based on \$1.47, which was the closing price of the Horizon Shares on the TSX on the date of the respective RSU grants. RSUs vest equally over three years, the actual value realized upon the future vesting and payment of such awards may be greater or less than the grant date fair value indicated.
- (2) The value to the recipient of any Option grant is Nil on the grant date as the exercise price of the Option is equal or greater than the market value of the underlying Horizon Share. The value, if any, ultimately received by an Option holder as compensation is equal to the difference between the fair value of the underlying Horizon Share on the date the Option is exercised and the exercise price of the Option. This amount is also equal to the value forgone by the Corporation when it issues a Horizon Share on exercise of an Option at a price that is less than the prevailing market price.
The fair value of the Options granted annually is obtained by multiplying the number of Options granted by their value established according to the Black Scholes model. In 2019, this value was determined using the following assumptions: dividend yields of 4.0% to 7.9%; expected average volatilities of 43.19% to 57.36%; average risk-free rates of interest of 1.33% to 1.68%; average forfeiture rate of 8.35% to 9.21%; and average expected life of option of three years. In 2018, this value was determined using the following assumptions: dividend yields of 2.7% to 5.2%; expected average volatilities of 40.40% to 61.11%; average risk-free rates of interest of 1.72% to 2.39%; average forfeiture rate of 8.83% to 9.35%; and average expected life of option of three years. In 2017, this value was determined using the following assumptions: dividend yields of 4.0% to 14.0%; expected average volatilities of 46.39% to 64.69%; average risk-free rates of interest of 0.50% to 0.81%; average forfeiture rate of 7.41% to 8.51%; and average expected life of option of three years. The fair value of option grants have been determined using the same methodology and values used in determining the option value for our financial statements as we believe it represents the best estimate of fair value of the options at the time of the grant.
- (3) See "Annual Performance Bonus".
- (4) Refers to all non-equity incentive plan compensation related to a period longer than one year. No non-equity long-term incentives were earned by NEOs during the 2017, 2018 or 2019 financial years.
- (5) Unless otherwise noted, the value of perquisites and benefits for each NEO is less than \$50,000 and less than 10% of each NEO's total salary for the financial year ended December 31, 2019.
- (6) Mr. Becker joined Horizon North on August 22, 2018, with an annual salary of \$350,000.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all option-based and share-based awards outstanding at December 31, 2019 made to the Named Executive Officers:

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options ⁽¹⁾ (#)	Option Exercise Price ⁽²⁾ (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽³⁾ (\$)	Number of shares or units of shares that have not vested (#) ⁽⁴⁾	Market or payout value of share-based awards that have not vested (\$) ⁽⁵⁾	Market or payout value of vested share-based awards not paid out or distributed (\$)
Rod Graham	400,000	2.30	February 26, 2020	Nil	---	---	---
	100,000	1.16	February 28, 2021	7,000	33,334	60,001	---
	750,000	1.47	May 14, 2022	Nil	83,334	102,501	---
	474,707	1.88	March 14, 2023	Nil	76,142	93,655	---
	725,806	1.90	May 31, 2024	Nil	151,515	186,364	---
Scott Matson	150,000	2.30	February 26, 2020	Nil	---	---	---
	250,000	1.47	May 14, 2022	Nil	16,667	20,500	---
	200,000	2.82	May 31, 2023	Nil	33,334	41,000	---
	135,484	1.90	May 31, 2024	Nil	28,283	34,789	---
Mark Becker	300,000	2.50	September 3, 2023	Nil	33,334	41,001	---
	235,887	1.90	May 31, 2024	Nil	49,242	60,568	---
Joseph Kiss	150,000	1.82	December 4, 2021	Nil	---	---	---
	90,000	1.47	May 14, 2022	Nil	8,334	10,251	---
	125,000	2.82	May 31, 2023	Nil	16,667	20,500	---
	145,161	1.90	May 31, 2024	Nil	30,303	37,273	---
Warren Murray	150,000	2.30	February 26, 2020	Nil	---	---	---
	125,000	1.16	February 28, 2021	8,750	---	---	---
	150,000	1.47	May 14, 2022	Nil	10,000	12,30	---
	75,000	2.82	May 31, 2023	Nil	10,000	12,300	---
	81,290	1.90	May 31, 2024	Nil	16,970	20,873	---

Notes:

- (1) Options to purchase Horizon Shares.
- (2) Based on the market price defined in the Option Plan which is the closing share price on the TSX of the Horizon Shares on the trading day prior to the date of grant.
- (3) Based on the December 31, 2019 closing share price on the TSX of \$1.23 per Horizon Share.
- (4) RSUs.
- (5) Market or payout value calculated by multiplying the number of RSUs held at December 31, 2019 by the closing share price on the TSX of \$1.23 per Horizon Share.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information relating to the value vested or earned during the Horizon North's financial year ended December 31, 2019 in respect of option-based awards and share-based awards for NEOs.

Name	Option-Based Awards – Value Vested During the Year (\$)⁽¹⁾	Share-Based Awards – Value Vested During the Year (\$)⁽²⁾	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)
Rod Graham	314,500	399,670	Nil
Scott Matson	64,166	92,167	Nil
Mark Becker	Nil	Nil	Nil
Joseph Kiss	40,950	42,199	Nil
Warren Murray	74,750	56,250	Nil

Notes:

- (1) Represents the aggregate dollar value that would have been realized if the vested-in-the-money Options under the option-based award had been exercised on the vesting date in 2019 based on the difference between the closing market price of the TSX of the Horizon Shares on the vesting date and the exercise price of the Options held.
- (2) Represents the aggregated dollar value paid on RSUs that vested in 2019.

Minimum Share Ownership for Executives Policy

The Board believes that the economic interests of the Chief Executive Officer, Senior Vice President(s), Executive Vice Presidents and Vice President(s) of Horizon North ("**Executive Employees**") should be aligned with those of Shareholders. To achieve this, the Board approved minimum executive share ownership guidelines for the Executive Employees such that, beginning the later of: a) January 1, 2022; and b) five years from the date of their appointment as an Executive Employee, each Executive Employee is required to own stock in the Corporation as set forth below:

Title	Share Ownership Required
Chief Executive Officer	3.0 times base salary
President, Senior or Executive Vice President	1.5 times base salary
Vice President	0.5 times base salary

The current share ownership of the NEOs are as set forth below:

Name	Date Of Appointment	Horizon Shares Beneficially Owned April 23, 2020	Total Market Value of Horizon Shares Owned⁽¹⁾ (\$)	Minimum Shareholding Requirements (\$)	Date to Meet Minimum Shareholding Requirements	Meets Requirements⁽²⁾
Rod Graham President and CEO ⁽³⁾	November 4, 2014	689,594	231,014	1,200,000	November 4, 2019	Yes
Scott Matson Senior Vice President and CFO	July 28, 2015	4,200	1,407	420,000	January 1, 2022	---
Mark Becker ⁽⁴⁾ President, Industrial Services	August 22, 2018	319,300	106,966	525,000	August 22, 2023	Yes
Joseph Kiss President Modular Solutions	December 5, 2016	113,559	38,042	420,000	January 1, 2022	---
Warren Murray Executive Vice President, Strategic Partnerships	May 14, 2015	64,080	21,467	420,000	January 1, 2022	---

Notes:

- (1) Based on April 23, 2020 closing share price on the TSX of \$0.335 per Horizon Share.

- (2) The minimum share ownership requirement is met if the requisite value of the Horizon Shares to be owned by the NEO is reached during the applicable period notwithstanding that the value of such Horizon Shares owned may subsequently fall below the minimum share ownership requirements due to a decrease in the market price of the Horizon Shares during the applicable period.
- (3) Mr. Graham's annual salary was \$400,000 at the time he became an Executive Employee. Mr. Graham had control or direction over 558,594 Horizon Shares at August 31, 2015. The closing price of the Horizon Shares on the TSX on August 31, 2015 was \$3.27. Accordingly, Mr. Graham met the minimum shareholding requirement of 3.0 times his annual base salary, at that time.
- (4) Mr. Becker's annual salary was \$350,000 at the time he became an Executive Employee. Mr. Becker had control or direction over 319,500 Horizon Shares on March 15, 2019. The closing price of the Horizon Shares on the TSX on March 15, 2019 was \$1.91. Accordingly, Mr. Becker met the minimum shareholding requirements of 1.5 times his annual base salary, at that time.

Termination and Change of Control Benefits

The Corporation has entered into employment agreements with Rod Graham, President and CEO and Scott Matson, Senior Vice President Finance and CFO, the terms of which continue until terminated in accordance with the provisions of the agreements. The employment agreements with each of Messrs. Graham and Matson include non-competition and non-solicit restrictions for a period of twelve (12) months following termination, whether or not for cause. The termination and change of control provisions in the agreement are as follows:

Mr. Graham	Mr. Matson
<i>Termination by Resignation</i> – Mr. Graham shall provide the Corporation with 90 days notice of resignation and all salary and benefit programs cease at the end of the notice period.	<i>Termination by Resignation</i> – Mr. Matson shall provide the Corporation with 90 days notice of resignation and all salary and benefit programs cease at the end of the notice period.
<i>Termination Without Cause</i> – if Mr. Graham's employment is terminated without cause, the Corporation will make a lump sum payment to Mr. Graham equal to the sum of his then current annual salary plus an amount equal to the average of the bonuses paid to the Corporation's Chief Executive Officer for the previous two complete fiscal years plus an amount equal to 10% of his then current annual salary in lieu of lost benefits. Such a payment due to termination without cause, as calculated at December 31, 2019, would amount to \$726,000.	<i>Termination Without Cause</i> – if Mr. Matson's employment is terminated without cause, the Corporation will make a lump sum payment to Mr. Matson equal to the sum of his then current annual salary plus an amount equal to the average of the bonuses paid to the Corporation's Chief Financial Officer for the previous two complete fiscal years plus an amount equal to 10% of his then current annual salary in lieu of lost benefits. Such a payment due to termination without cause, as calculated at December 31, 2019, would amount to \$330,475.
<i>Termination due to Death</i> – Mr. Graham's employment with the Corporation shall be deemed to have terminated upon his death. In this event, the Corporation would make a payment to his spouse equal to the remuneration earned, but not yet paid, up to the date of his death.	<i>Termination due to Death</i> – Mr. Matson's employment with the Corporation shall be deemed to have terminated upon his death. In this event, the Corporation would make a payment to his spouse equal to the remuneration earned, but not yet paid, up to the date of his death.
<i>Termination upon Permanent Disability</i> – In the event that Mr. Graham should suffer a permanent disability, his employment with the Corporation may be terminated upon providing him 60 days notice.	<i>Termination upon Permanent Disability</i> – In the event that Mr. Matson should suffer a permanent disability, his employment with the Corporation may be terminated upon providing him 60 days notice.
<i>Termination for Just Cause</i> – the Corporation may terminate Mr. Graham's employment without notice for reasons of just cause. In this event, the Corporation would make a payment to Mr. Graham equal to the remuneration earned, but not paid, up to the date of the termination of employment.	<i>Termination for Just Cause</i> – the Corporation may terminate Mr. Matson's employment without notice for reasons of just cause. In this event, the Corporation would make a payment to Mr. Matson equal to the remuneration earned, but not paid, up to the date of the termination of employment.
<i>Termination due to Change of Control</i> – Mr. Graham has the right, for a period of 90 days following any event causing a change of control, to elect to terminate his employment with the Corporation. In such an event, Mr. Graham is entitled to receive a lump sum payment equal to the sum of his then current annual salary plus an amount equal to the average of the bonuses paid to the Corporation's Chief Executive Officer for the previous two complete fiscal years plus an amount equal to 10% of his then current annual salary in lieu of lost	<i>Termination due to Change of Control</i> – Mr. Matson has the right, for a period of 90 days following any event causing a change of control, to elect to terminate his employment with the Corporation. In such an event, Mr. Matson is entitled to receive a lump sum payment equal to the sum of his then current annual salary plus an amount equal to the average of the bonuses paid to the Corporation's Chief Financial Officer for the previous two complete fiscal years plus an amount equal to 10% of his then current annual salary in lieu of lost

Mr. Graham	Mr. Matson
benefits. Such a payment due to Change of Control, as calculated at December 31, 2019, would amount to \$726,000.	benefits. Such a payment due to Change of Control, as calculated at December 31, 2019, would amount to \$330,475.

COMPENSATION OF DIRECTORS

Director compensation is intended to provide an appropriate level of remuneration considering the experience, responsibilities, time requirements and accountability of their roles.

Effective January 1, 2017, the Corporate Governance and Compensation Committee recommended to the Board and the Board approved, that annual retainers for each director of Horizon North who was not an employee of Horizon North be set at \$25,000 per year, with the independent Chair of the Board to receive an additional annual retainer of \$10,000. The Chair of the Audit Committee will receive an additional annual retainer of \$7,500 and the Chair of each of the Health, Safety and Environment Committee ("**HS&E**") and the Corporate Governance and Compensation Committee will receive an additional annual retainer of \$5,000. In addition, the non-management directors of Horizon North will receive a meeting fee of \$2,100 per meeting for attendance at meetings of the Board or committees, whether in person or by telephone. A travel allowance of \$1,000 per day, with a two day maximum, to attend board or committee meetings in person is available if required. Miscellaneous out-of-pocket expenses incurred by the directors in carrying out their duties are reimbursed by Horizon North. In 2019, each non-management director received a grant of 20,000 cash based RSUs with the independent Chair of the Board receiving an additional grant of 5,000 cash based RSUs. In 2019, each non-management director received a grant of 20,000 Options, with the independent Chair of the Board receiving an additional grant of 5,000 Options.

Director Compensation Table

The following table sets forth particulars concerning all amounts of compensation provided to individual directors for the year ended December 31, 2019. Mr. Graham is the President and Chief Executive Officer of Horizon North and does not receive compensation for serving as a director of the Corporation. For a listing of amounts actually realized on vesting of share-based awards and on exercise of option-based awards during 2019, please see the section entitled "*Incentive Plan Awards*".

Name	Fees Earned (\$) ⁽¹⁾	Share- Based Awards (\$) ⁽²⁾	Option-Based Awards (\$) ⁽³⁾	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Richard T. Ballantyne	67,000	38,000	15,824	---	---	---	120,824
Bradley P.D. Fedora	62,800	38,000	15,824	---	---	---	116,624
Mary Garden	74,000	38,000	15,824	---	---	---	127,824
Kevin D. Nabholz	77,000	47,500	19,779	---	---	---	144,279
Russell Newmark	69,999	38,000	15,824	---	---	---	123,823
Ann I. Rooney	72,400	38,000	15,824	---	---	---	126,224
Dale E. Tremblay	67,000	38,000	15,824	---	---	---	120,824

Notes:

- (1) Includes retainers, which are inclusive of meeting fees, and travel allowance, if requested.
- (2) RSUs are granted from time to time in accordance with the Corporation's RSU Plan. The fair market value for the RSU grant to the non-management directors in 2019 is based on \$1.90, which was the closing price of the Horizon Shares on the TSX on the date of the RSU grant. RSUs vest equally over three years, the actual value realized upon the future vesting and payment of such awards may be greater or less than the grant date fair value indicated.
- (3) The value to the recipient of any Option grant is Nil on the grant date as the exercise price of the Option is equal to or greater than the market value of the underlying Horizon Share. The value, if any, ultimately received by an Option holder as compensation is equal to the difference between the fair value of the underlying Horizon Share on the date the Option is exercised and the exercise price of the Option. This amount is also equal to the value forgone by the Corporation when it issues a Horizon Share on exercise of an Option at a price that is less than the prevailing market price.
The fair value of the Options granted annually is obtained by multiplying the number of Options granted by their value established according to the Black Scholes model. . In 2019, this value was determined using the following assumptions: dividend yields of 4.0% to 7.9%; expected average volatilities of 43.19% to 57.36%; average risk-free rates of interest of 1.33% to 1.68%; average forfeiture rate of 8.35% to 9.21%; and average expected life of option of three years. In 2018, this value was determined using the following assumptions: dividend yields of 2.7% to 5.2%; expected average volatilities of 40.40% to 61.11%; average risk-free rates of interest of 1.72% to 2.39%; average forfeiture rate of 8.83% to 9.35%; and average expected life of option of three years. In 2017, this value was determined using the following assumptions: dividend yields of 4.0% to 14.0%; expected average volatilities of 46.39% to 64.69%; average risk-free rates of interest of 0.50% to 0.81%; average forfeiture rate of 7.41% to 8.51%; and average expected life of option of three years. The fair value of option grants have been determined using the same methodology and values used in determining the option value for our financial statements as we believe it represents the best estimate of fair value of the options at the time of the grant.

Summary of Board Meeting Attendance January 1 to December 31, 2019

The table below does not reflect attendance by directors at meetings of committees of which they are not members. Directors are encouraged to, and do, attend various committee meetings, even though they were not members of such committee.

Director	Board Meetings Attended ⁽¹⁾	Board Meeting Fees \$	Committee Meetings Attended ⁽¹⁾	Committee Meeting Fees \$	Travel Allowance \$	Committee and/or Board Retainer \$	Total Fees Paid \$
Richard T. Ballantyne	12 of 12	25,200	4 of 4 Audit	8,400	---	25,000	67,000
	---	---	4 of 4 HS&E	8,400	---	---	---
Bradley P.D. Fedora	10 of 12	21,000	4 of 4 Governance/Comp	8,400	---	25,000	62,800
	---	---	4 of 4 HS&E	8,400	---	---	---
Mary Garden	12 of 12	25,200	4 of 4 Audit	8,400	2,000	30,000	74,000
	---	---	4 of 4 Governance/Comp	8,400	---	---	---
Rod W. Graham ⁽²⁾	12 of 12	Nil	---	---	---	Nil	Nil
Kevin D. Nabholz	12 of 12	25,200	4 of 4 Audit	8,400	---	35,000	77,000
	---	---	4 of 4 Governance/Comp	8,400	---	---	---
Russell A. Newmark	11 of 12	23,199	4 of 4 Governance/Comp	8,400	---	30,000	69,999
	---	---	4 of 4 HS&E	8,400	---	---	---
Ann I. Rooney	11 of 12	23,100	4 of 4 Audit	8,400	---	32,500	72,400
	---	---	4 of 4 HS&E	8,400	---	---	---
Dale E. Tremblay	12 of 12	25,200	4 of 4 Governance/Comp	8,400	---	25,000	67,000
	---	---	4 of 4 HS&E	8,400	---	---	---
Total		168,099		117,600	2,000	202,500	490,199

Notes:

(1) Attendance in person or by telephone.

(2) Mr. Graham is the CEO of Horizon North and does not receive compensation for serving as a director.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all share-based and option-based awards outstanding at December 31, 2019 made to the non-management directors. Information on options granted to Mr. Graham who serves as a director and officer

of the Corporation can be found under the heading "*Outstanding Share-Based Awards and Option-Based Awards*" for the NEOs:

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options ⁽¹⁾ (#)	Option Exercise Price ⁽²⁾ (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽³⁾ (\$)	Number of shares or units of shares that have not vested ⁽⁴⁾ (#)	Market or payout value of share-based awards that have not vested ⁽⁵⁾ (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Richard T. Ballantyne	15,500	3.35	April 30, 2020	Nil	---	---	---
	30,000	1.16	February 28, 2021	2,100	---	---	---
	30,000	1.47	May 14, 2022	Nil	10,000	12,300	---
	20,000	2.82	May 31, 2023	Nil	13,334	16,401	---
	20,000	1.95	June 5, 2024	Nil	20,000	24,600	---
Bradley P.D. Fedora	15,500	3.35	April 30, 2020	Nil	---	---	---
	30,000	1.16	February 28, 2021	2,100	---	---	---
	30,000	1.47	May 14, 2022	Nil	10,000	12,300	---
	20,000	2.82	May 31, 2023	Nil	13,334	16,401	---
	20,000	1.95	June 5, 2024	Nil	20,000	24,600	---
Mary Garden	30,000	1.75	May 5, 2021	Nil	---	---	---
	30,000	1.47	May 14, 2022	Nil	10,000	12,300	---
	20,000	2.82	May 31, 2023	Nil	13,334	16,401	---
	20,000	1.95	June 5, 2024	Nil	20,000	24,600	---
Kevin D. Nabholz	15,500	3.35	April 30, 2020	Nil	---	---	---
	30,000	1.16	February 28, 2021	2,100	---	---	---
	40,000	1.47	May 15, 2022	Nil	13,334	16,401	---
	25,000	2.82	May 31, 2023	Nil	16,667	20,500	---
	25,000	1.95	June 5, 2024	Nil	25,000	30,750	---
Russell A. Newmark	15,500	3.35	April 30, 2020	Nil	---	---	---
	30,000	1.16	February 28, 2021	2,100	---	---	---
	30,000	1.47	May 15, 2022	Nil	10,000	12,300	---
	20,000	2.82	May 31, 2023	Nil	13,334	16,401	---
	20,000	1.95	June 5, 2024	Nil	20,000	24,600	---
Ann I. Rooney	15,500	3.35	April 30, 2020	Nil	---	---	---
	30,000	1.16	February 28, 2021	2,100	---	---	---
	30,000	1.47	May 14, 2022	Nil	10,000	12,300	---
	20,000	2.82	May 31, 2023	Nil	13,334	16,401	---
	20,000	1.95	June 5, 2024	Nil	20,000	24,600	---
Dale E. Tremblay	15,500	3.35	April 30, 2020	Nil	---	---	---
	30,000	1.16	February 28, 2021	2,100	---	---	---
	30,000	1.47	May 14, 2022	Nil	10,000	12,300	---
	20,000	2.82	May 31, 2023	Nil	13,334	16,401	---
	20,000	1.95	June 5, 2024	Nil	20,000	24,600	---

Notes:

- (1) Options to purchase Horizon Shares.
- (2) Based on the market price defined in the Option Plan which is the closing price on the TSX of the Horizon Shares on the trading day prior to the date of grant.
- (3) Based on the December 31, 2019 closing share price on the TSX of \$1.23 per Horizon Share.
- (4) RSUs.
- (5) Market or payout value calculated by multiplying the number of RSUs held at December 31, 2019 by the closing share price on the TSX of \$1.23 per Horizon Share.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information relating to the value vested or earned during Horizon North's financial year ended December 31, 2019 in respect of option-based awards for non-management directors if the Options under the option-based award had been exercised on the vesting date.

Name	Option-Based Awards – Value Vested During the Year (\$) ⁽¹⁾	Share-Based Awards – Value Vested During the Year (\$) ⁽²⁾	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$) ⁽²⁾
Richard T. Ballantyne	16,400	54,665	---
Bradley P.D. Fedora	16,400	54,665	---
Mary Garden	14,000	54,665	---
Kevin D. Nabholz	18,966	65,499	---
Russell A. Newmark	16,400	54,665	---
Ann I. Rooney	16,400	54,665	---
Dale E. Tremblay	16,400	54,665	---

Notes:

- (1) Represents the aggregate dollar value that would have been realized if the vested-in-the-money Options under the option-based award had been exercised on the vesting date in 2019 based on the difference between the closing market price of the TSX of the Horizon Shares on the vesting date and the exercise price of the Options held.
- (2) Represents the aggregated dollar value paid on RSUs that vested in 2019.

Minimum Share Ownership for Non-Management Directors

The Board believes that the economic interests of non-management directors of the Corporation should be aligned with those of Shareholders. To achieve this, the Board has approved minimum share ownership guidelines for the non-management directors which provide that each non-management director is required to own stock in the Corporation equivalent to three times the base annual retainer paid to such director within a prescribed period. Effective January 1, 2017, the Board approved a base annual retainer of \$25,000 be paid to each non-management director. Each non-management director has until the date that is three years from date such director was elected or appointed, to own stock in the Corporation with a value of \$75,000 of market value or cost of purchase.

Name	Date Elected or Appointed to the Board	Horizon Shares Beneficially Owned at April 23, 2020	Total Market Value of Horizon Shares Owned ⁽¹⁾ (\$)	Minimum Shareholding Requirements (\$)	Meets Requirements ⁽²⁾
Richard T. Ballantyne ⁽³⁾	April 30, 2015	57,593	19,294	75,000	Yes
Bradley P.D. Fedora ⁽⁴⁾	April 30, 2015	25,950	8,693	75,000	Yes
Mary Garden ⁽⁵⁾	May 5, 2016	69,500	23,283	75,000	Yes
Kevin D. Nabholz	May 3, 2012	1,382,000	462,970	75,000	Yes
Russell A. Newmark	June 1, 2006	1,093,353	366,273	75,000	Yes
Ann I. Rooney ⁽⁶⁾	August 1, 2012	37,900	12,697	75,000	Yes
Dale E. Tremblay ⁽⁷⁾	May 5, 2010	76,100	25,494	75,000	Yes

Notes:

- (1) Based on April 23, 2020 closing share price on the TSX of \$0.335 per Horizon Share.
- (2) The minimum share ownership requirement is met if the requisite value of the Horizon Shares to be owned by the non-management director is reached before or during the applicable period notwithstanding that the value of such Horizon Shares owned may subsequently fall below the minimum share ownership requirements due to a decrease in the market price of the Horizon Shares during the applicable period.
- (3) The date of the management information circular prepared for the annual general meeting of Shareholders held on May 3, 2019 was March 15, 2019 at which time it was disclosed that Mr. Ballantyne held 57,593 Horizon Shares. Based on the March 15, 2019 closing share price on the TSX of \$1.91 per Horizon Share, Mr. Ballantyne met the minimum shareholding requirement at that time.
- (4) At the time of joining the Board on April 30, 2015, Mr. Fedora held 25,950 Horizon Shares at that time. The closing price of the Horizon Shares on the TSX on April 30, 2015 was \$3.19. Accordingly, Mr. Fedora met the minimum shareholding requirement at that time.
- (5) The date of the management information circular prepared for the Annual General Meeting of Shareholders held on May 3, 2019 was March 15, 2019 at which time it was disclosed that Ms. Garden held 58,500 Horizon Shares. Based on the March 15, 2019 closing share price on the TSX of \$1.91 per Horizon Share, Ms. Garden met the minimum shareholding requirement at that time.
- (6) Ms. Rooney purchased 3,400 Horizon Shares on February 21, 2014 bringing her total ownership at that time, to 14,700 Horizon Shares. The closing price of the Horizon Shares on the TSX on February 21, 2014 was \$7.76. Accordingly, Ms. Rooney met the minimum shareholding requirement at that time.
- (7) Ms. Rooney purchased 3,400 Horizon Shares on February 21, 2014 bringing her total ownership at that time, to 14,700 Horizon Shares. The closing price of the Horizon Shares on the TSX on February 21, 2014 was \$7.76. Accordingly, Ms. Rooney met the minimum shareholding requirement at that time.

- (7) The date of the management information circular prepared for the annual general meeting of shareholders held on May 3, 2019 was March 15, 2019 at which time it was disclosed that Mr. Tremblay held 76,100 Horizon Shares. Based on the March 15, 2019 closing share price on the TSX of \$1.91 per Horizon Share, Mr. Tremblay met the minimum shareholding requirement at that time.

