MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three month periods ended March 31, 2017 and 2016

BLACK DIAMOND GROUP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") compares the financial performance of Black Diamond Group Limited ("Black Diamond", the "Company", "our" and "we") for the three months ended March 31, 2017 (the "Quarter") with the three months ended March 31, 2016 (the "Comparative Quarter"). This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three month periods ended March 31, 2017 and 2016 and the audited consolidated financial statements of the Company for the years ended December 31, 2016 and 2015. The accompanying unaudited interim condensed consolidated financial statements of Black Diamond are prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A was prepared as of May 10, 2017 and, unless otherwise indicated, all amounts are stated in Canadian dollars. Black Diamond's common shares are listed on the Toronto Stock Exchange under the symbol "BDI".

Additional information relating to Black Diamond may be found on the Black Diamond website at www.blackdiamondgroup.com or on the System for Electronic Document Analysis and Retrieval at www.sedar.com ("SEDAR").

Certain information set forth in this MD&A contains forward-looking statements including the amount of funds that will be expended on the 2017 capital plan, how such capital will be expended, Adjusted EBITDA guidance, Management's assessment of Black Diamond's future operations and what may have an impact on them, financial performance, business prospects and opportunities, changing operating environment including increased activity levels, amount of revenue anticipated to be derived from current contracts, amendments to Black Diamond's debt instruments; economic life of the Company's assets, future growth and profitability of the Company and realization of the anticipated benefits of acquisitions. With respect to the forward-looking statements in the MD&A, Black Diamond has made assumptions regarding, among other things: future commodity prices, that Black Diamond will continue to conduct its operations in a manner consistent with past operations, that counter-parties to contracts will perform the contracts as written and that there will be no unforeseen material delays in contracted projects. Although Black Diamond believes that the expectations reflected in the forward-looking statements contained in this MD&A, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurances that such expectations or assumptions will prove to be correct. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of Black Diamond. These risks include, but are not limited to: the impact of general economic conditions, industry conditions, fluctuation of commodity prices, the Company's ability to attract new customers, failure of counterparties to perform on contracts, industry competition, availability of qualified personnel and management, timely and cost effective access to sufficient capital from internal and external sources, political conditions, dependence on suppliers and stock market volatility. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in Black Diamond's annual information form for the year ended December 31, 2016 and other reports on file with the Canadian Securities Regulatory Authorities which can be accessed on SEDAR. Readers are cautioned not to place undue reliance on these forward-looking statements. Furthermore, the forward-looking statements contained in this MD&A are made as at the date of this MD&A and Black Diamond does not undertake any obligation to update or revise any of the forward-looking statements, except as may be required by applicable securities laws.

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EXECUTIVE SUMMARY

Black Diamond completed a strategic $41.0 million acquisition of the Britco rentals business in British Columbia effective March 1, 2017. This acquisition within BOXX Modular increased the business unit's fleet size by approximately 50%, and gives Black Diamond a leading position in the British Columbia work space solutions market while providing additional size and scale to the Company's existing BOXX Modular operations. This acquisition, combined with the three smaller scale acquisitions within the BOXX Modular business unit also completed in the past six months, is expected to further diversify Black Diamond by continuing to scale its non-resource business lines, broaden its geographic footprint, expand its customer base, and increase future cash flow stability for the business.

The results of the Company's BOXX Modular expansion over the last 18 months have been modest to date, due mainly to offsetting weakness in Northern Alberta. However, given the recent sales pipeline activity and $9.6 million increase in contracted revenue subsequent to the Quarter, the Company expects the results of BOXX Modular to significantly improve beginning in the second quarter of 2017. Similarly, the Energy Services business unit is seeing improvement primarily as a result of wellsite accommodations utilization increasing, particularly in the Permian Basin where the Company has relocated a portion of its fleet. Relocation costs in the first half of 2017 are expected to offset this activity, with contributions significantly improving the earnings from the business unit in the second half of 2017.

In the resource markets Black Diamond serves, activity levels for remote workforce housing remain low. Previous project and spending announcements from industry participants are anticipated to influence activity levels in the field in late 2017, and into early 2018. Black Diamond's assets remain positioned to capture future increased activity resulting from customer capital project spending, however, activity levels in the first half of 2017 are expected to remain soft. In anticipation of this near-term weakness in operating activity, the Company successfully negotiated and amended its lending agreements. These amendments are expected to provide flexibility within the current environment and the ability to continue to pursue our growth and diversification strategies.

The results of the Quarter include a loss for the period of $5.5 million and Adjusted EBITDA of $4.6 million, compared with a loss of $2.4 million and Adjusted EBITDA of $17.2 million for the Comparative Quarter. Included in Adjusted EBITDA for the Quarter are annual US property tax costs, fleet relocation costs, and settlement of a significant trade receivable. Normalizing for these items and assuming a full quarter contribution from the Britco acquisition, Adjusted EBITDA would have been approximately $6.8 million. Adjusted EBITDA for 2017 continues to be in line with the guidance provided on March 6, 2017, which stated management's expectation for Adjusted EBITDA in 2017 to be in the range of $35.0 million to $45.0 million.

HIGHLIGHTS FOR THE QUARTER

- Black Diamond completed the acquisition of the modular workspace rental fleet and related assets, including the Britco brand, from Britco LP, a wholly-owned subsidiary of WesternOne Inc. (the "Britco Acquisition") for cash consideration of $41.0 million. The Britco Acquisition includes all of Britco's 1,896 rental fleet assets, working capital in the amount of $1.2 million, nearly 1,000 existing customer contracts, nine strategic First Nations agreements, and the transfer of all key personnel.

- Black Diamond announced and closed a bought deal financing of 8.5 million common shares at a price of $3.75 per share to a syndicate of underwriters for gross proceeds of approximately $31.9 million, including the full over-allotment option. The net proceeds of approximately $30.0 million were used to repay the debt drawn to fund the purchase of the Britco Acquisition.

- Net Debt (see "Non-GAAP Measures") at March 31, 2017 was $107.4 million, down 29% or $43.8 million from $151.2 million as at March 31, 2016 due to a net $30.0 million equity raise in March 2017, significant collection of accounts receivable, a lower dividend, lower capital spending and continued positive operating cash flows. In the Quarter, Black Diamond finalized amendments to its lending agreements intended to provide the borrowing capacity and flexibility to support further growth primarily in the BOXX Modular business unit. These amendments pertain to Black Diamond's credit facility, due in April 2019, and its senior secured notes, with maturities in July 2019 and July 2022.

- At March 31, 2017, Net Debt (see "Non-GAAP Measures") to trailing twelve month Adjusted EBITDA (see "Non-GAAP Measures") was 3.63. The Funded Debt to Bank EBITDA ratio as at March 31, 2017 was 3.01 and 2.18 for the Comparative Quarter, compared to a debt covenant of 4.50:1 and 3.00:1, respectively. The Funded Debt to Bank EBITDA ratio includes trailing twelve months Adjusted EBITDA (see "Non-GAAP Measures") contributed from acquisitions.

- On March 30, 2017, Black Diamond closed the sale of certain real estate properties for cash consideration of $11.4 million. A $2.5 million gain on sale of these properties was recorded in net income for the Quarter. Black Diamond contemporaneously entered into agreements to lease these properties from the purchaser for an average term of 10 years with options to renew. These operating leases are leased at current market rates with the lease costs recorded in administrative expenses beginning in April.

2017 Capital Plan

On March 13, 2017, the 2017 gross capital spending plan of $20.0 million was revised to $12.0 million. This includes maintenance capital which is estimated to be $1.5 million for the year, but does not include any proceeds of the normal course fleet sales that are projected to be $5.0 million for fiscal 2017. The 2017 capital spending plan remains unchanged with a focus on growth capital for the BOXX Modular space rentals business outside of Alberta. The capital plan will generally be non-speculative and support our overarching strategy to diversify the Company's platform.

Capital expenditures for the Quarter were $3.5 million, excluding a $1.5 million non-cash acquisition of wellsite accommodation units in Energy Services related to the settlement of accounts receivable. Capital expenditures for the Quarter included maintenance capital of $0.3 million, unchanged from the Comparative Quarter. Capital commitments were $3.2 million as at March 31, 2017. This is compared with capital expenditures of $3.3 million and capital commitments of $2.6 million in the Comparative Quarter.

Proceeds from used fleet sales in the Quarter were $0.6 million, compared with $2.0 million in the Comparative Quarter. Book value of total used fleet sales recognized in the Quarter was higher due to a used fleet sale recognized in the Quarter where proceeds were received in the fourth quarter of 2016.

Financial Review

- Revenue for the Quarter was $38.2 million, down 28% or $14.7 million from the Comparative Quarter primarily due to the impact of low commodity prices on utilization and pricing in Camps & Lodging, Energy Services, International and to a lesser extent BOXX Modular, particularly in Northern Alberta.

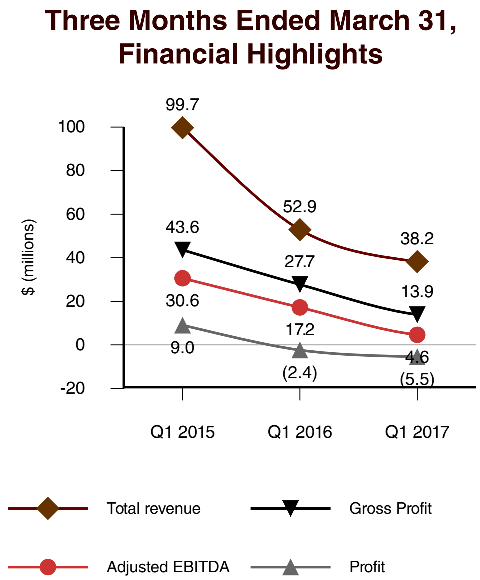
- Adjusted EBITDA (see "Non-GAAP Measures") for the Quarter was $4.6 million, down 73% or $12.6 million from the Comparative Quarter primarily due to the impact of low commodity prices on business activity in Western Canada. Full contribution from the Britco Acquisition will be realized in future quarters, which is anticipated to build on the base level of recurring revenue and average utilization rates. Also in the Quarter, the full annual cost of $1.4 million for US property taxes is recorded in BOXX Modular and Energy Services. This is an increase of 27% from the Comparative Quarter of $1.1 million.

- Net loss for the Quarter was $5.5 million, compared with a net loss of $2.4 million in the Comparative Quarter. The loss in the Quarter was due to lower operating income described in the sections above, partially offset by the gain on sale of real estate properties.

- Consolidated contracted future revenue at the end of the Quarter was $41.3 million, down 36% or $22.9 million from $64.2 million in the Comparative Quarter due to lower market activity resulting from lower commodity prices. From December 31, 2016, this represents a 7% increase, or $2.7 million from $38.6 million.

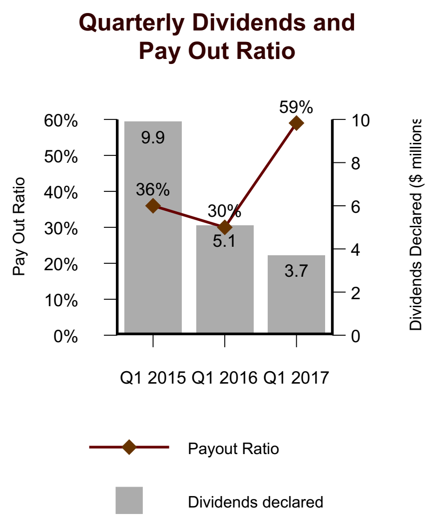
- Days Sales Outstanding (see "Non-GAAP Measures") improved significantly, declining by 43% to 40 days at the end of the Quarter compared with 70 days for the Comparative Quarter.

- Administrative expenses for the Quarter were $9.9 million, down 6% or $0.6 million from the Comparative Quarter due to reductions in compensation costs and personnel as management continues to optimize its cost structure. Costs were also down due to a reversal of bad debt expense for recovery of previously allowed accounts receivable. This is partially offset by acquisition costs of $0.6 million.



Dividend and Payout Ratio

The Payout Ratio (see "Non-GAAP Measures") for the Quarter increased to 59% compared with 30% in the Comparative Quarter due to lower funds available for dividends and an increase in the numbers of shares outstanding (see "Non-GAAP Measures").



WHO WE ARE

Black Diamond rents and sells modular workforce accommodation and space rental solutions to customers in Canada, the United States ("US") and Australia. In addition to providing turnkey lodging and other support services related to remote workforce accommodation and space rentals, we also provide specialized field rentals to the oil and gas industries of Canada and the US. From more than twenty locations, we serve multiple sectors including oil and gas, construction, mining, power, financial services, engineering, military, government and education.

Black Diamond has four core business units: Black Diamond Camps & Lodging, BOXX Modular, Black Diamond Energy Services and Black Diamond International.

Black Diamond was founded in 2003, went public on the Toronto Stock Exchange in 2006 as Black Diamond Income Fund (an income trust), and converted to an Alberta corporation at the end of 2009. The common shares of Black Diamond are listed on the Toronto Stock Exchange under the symbol “BDI”. Our head office is located at Suite 1000, 440 - 2nd Avenue S.W., Calgary, Alberta, Canada.

BLACK DIAMOND'S STRATEGY

At its core, Black Diamond is a business-to-business renter of specialized equipment. Our team's extensive experience within the rental categories we operate, and our expertise in managing the logistics and supply chain for these assets, enable us to deliver higher returns on capital while also helping our clients meet their project objectives.

The members of our commercial management team, averaging more than 20 years of industry experience, have built a business platform designed to weather downturns through a prudent approach to capital allocation, risk management, business diversification and asset management.

Asset Management

Since 2003, we have built a rental fleet with a net book value of over $400 million that consists of remote workforce accommodation, space rental and surface rental assets. These assets maintain their value over the long-term and require very little maintenance capital. To ensure we are managing our assets (and capital) efficiently, we set return targets for our assets based on their original cost. This creates discipline around the aging of our rental fleet, encouraging managers to regularly sell older, less economic rental assets on the secondary market. Under normal market conditions, we can often sell our used assets for more than their book value and this is recorded as "non-rental" revenue, with the book value of the asset recorded as a non-cash item in our consolidated statement of cash flows.

We continually adjust our commercial strategy to changes in market conditions. Our asset management strategy in the current economic environment can be divided into three categories:

1. For any new dollar of capital, we continue to require the Company's historical rate of return, term of contract and pay back period. This means we do not engage in large speculative investments in new assets;
2. On contract renewals, where our assets are already on location, the costs to demobilize and replace those assets are significant, and to a certain extent help mitigate the pricing pressure seen in some asset classes; and
3. Existing assets that are not currently being utilized face pricing pressure. With respect to existing assets, we are being more aggressive in our rental rates and, in some cases, strategically and opportunistically positioning assets in geographies that are more likely to generate new revenue.

Integrated Revenue Model

In addition to owning specialty rental assets, Black Diamond provides the support services for these assets including transportation, installation, catering, power, water, waste management, security, and housekeeping through sub-contracted third party service providers. In doing so, we maximize the return on our assets while mitigating the overhead risks associated with performing these services ourselves.

This model also provides our clients with increased optionality and flexibility, and creates constructive pricing tension among our subcontractors that ensures we achieve competitive pricing for our customers.

Business Diversification

We have actively worked to diversify Black Diamond's business with respect to geographies, the types of assets and services offered, and variety of customers and industries served. Our entries into Australia and the US in previous years, as well as our North American BOXX Modular expansions in the past year were predicated on the fundamental belief that this diversification strategy can help mitigate volatility during a downturn in any one geography, commodity or asset class.

Capital Allocation

We are focused on achieving industry leading returns on the capital we deploy. Our approach is to own quality rental assets and, through aggressive sales and disciplined management, realize a target return on capital invested in these rental assets through rental revenue, and the sale of associated services (lodging and non-rental revenue).

Achieving this is only possible through focus, efficiency and effective third party contracting. This means that we outsource functions that are not core to Black Diamond's expertise or where the capital risk is deemed too high such as manufacturing, construction, catering, camp services, and any other functions that, while lucrative in a strong economy, might represent significant downside risk through the troughs of a commodity cycle.

Health and Safety

The objective of our health and safety program is to achieve zero incidents and injuries and to adhere to global best practices for workplace health and safety.

By working closely with stakeholders across all aspects of the health and safety program we ensure the safety of our employees and our clients' operations, reducing the burden of injuries and incidents and enhance the financial performance of Black Diamond.

Risk Management

Through careful selection and contracting with Black Diamond's counter-parties, our management team strives to share risk appropriately, and promote mutually beneficial outcomes with both vendors and customers. Where capital is being deployed, our preference is to tie that capital to a long-term customer commitment. Doing so allows us to offer our customers lower rates in return for the certainty of increased asset utilization. This helps us attain our targeted return on capital, and our customers achieve price certainty relative to spot rates for rental assets.

ECONOMIC DEVELOPMENTS AND OUTLOOK

Management continues to expect that field level activity will increase towards the end of 2017 as a result of announced capital projects and increased drilling activity. The economic drivers that may impact performance across the Company's business units are outlined below.

Camps and Lodging continues to be impacted by the lack of field level activity by producers and capital project related construction. The large capital projects which have been announced and approved are expected to impact field level activity once construction commences which isn't anticipated in the near-term. While some of these customers are announcing increased capital expenditure plans, it is unclear how and when this will impact Black Diamond's Camps & Lodging operations. Potential economic drivers include increased project capital spending, maintenance completion, and small diameter pipeline activity in key Canadian resource plays and non-energy related remote accommodation requirements across Canada. Incremental catalyst opportunities include a major pipeline to tidewater and a Canadian LNG project such as Pacific Northwest LNG.

BOXX Modular continues to benefit from greater economic stability through its exposure to non-resource industries. Though BOXX Modular's Northern Alberta operations continue to experience weakness related to the energy downturn, this weakness has been offset by performance in our other locations. The Company will continue to strategically relocate assets within Canadian markets, and leverage the increased opportunity presented by the Britco Acquisition. Outside of Northern Alberta we are seeing healthy activity levels being driven by general construction and infrastructure spending, which we anticipate will result in higher utilization towards the end of 2017.

Performance in our Energy Services division is highly correlated to rig activity. Strong drilling activity in the Permian Basin ("Permian"), combined with the continuity in the drilling and completions cycle in this basin, has supported the business decision to relocate underutilized US wellsite units to the area, which began in Q1 2017. Management is anticipating balanced asset distribution across Colorado, North Dakota and Texas by the end of Q2 2017. The Company expects that this relocation will result in significantly improved utilization and revenue levels in the US by Q3 2017. Energy Services remains positioned to capture increased activity as rig counts continue to rise. In Canada, utilization of Energy Services assets is expected to continue to improve with increased drilling and completions activity in Western Canada in the second half of 2017.

Public and infrastructure spending in Australia has been supportive of asset utilization and future project opportunities in the International business unit. Strong demand in the education sector has resulted in high asset utilization in that category, which is expected to continue in the near-term.

The macro-economic information provided below is general in nature and should not be construed as guidance. All relevant sources are hyperlinked in the PDF version of this MD&A which is available for download at www.sedar.com or www.blackdiamondlimited.com. We provide this information purely in the context of portraying the macro economic factors that influence our end markets. While Black Diamond provides third party links for the benefit of the reader, readers are cautioned not to place undue reliance on the information provided by third parties and Black Diamond provides no guarantee that information from third parties is current or accurate.

Energy

Oil Prices

The average spot price for West Texas Intermediate crude oil for the three months ended March 31, 2017 was $51.77 United States dollars ("USD$") per barrel ("bbl"), up 56% from the Comparative Quarter.

	For the three months ended March 31,		
(USD$/bbl)	2017	2016	Change
Cushing, OK West Texas Intermediate ("WTI")	$	$	%
Average WTI Spot Price	51.77	33.18	56%

Source: US Energy Information Administration

Natural Gas Prices

For the three months ended March 31, 2017, the average NGX Alberta Market Price for Natural Gas was CA$2.73/Gigajoule ("GJ"), up 38% from the Comparative Quarter.

	For the three months ended March 31,		
(CA$/GJ)	2017	2016	Change
NGX Alberta Market Price for Natural Gas	$	$	%
Average NGX Alberta Market Price	2.73	1.98	38%

Source: NGX Alberta Market Price

Pipeline Projects

Kinder Morgan Trans Mountain Expansion Project

On November 29, 2016, the Government of Canada granted approval for the Trans Mountain Expansion Project. Earlier, on May 19, 2016, following a 29-month review, the NEB concluded the project is in the Canadian public interest and recommended the Federal Governor in Council approve the expansion. These approvals will allow the project to proceed with 157 conditions. Trans Mountain plans to begin construction in September 2017 and go into service in late 2019 with a projected capital cost of $6.8 billion. Total bed requirements are currently being evaluated for the project.
Source: Trans Mountain Expansion Project

Enbridge Line 3 Replacement Program

On November 29, 2016, the Government of Canada granted approval for the Line 3 Replacement Program. The proposed Line 3 Replacement Program involves replacement of 1,660 km of the existing Line 3 pipeline between Hardisty, AB and Superior, WI, along with construction of associated facilities. The anticipated in-service date for this project is 2019, pending U.S. regulatory approvals and the estimated capital cost is $7.5 billion. Total bed requirements are currently being evaluated for the project.

Liquefied Natural Gas ("LNG") Projects

Several oil and gas industry participants have announced their intention to export LNG from the west coast of Canada. Of the more than 20 LNG export projects proposed for British Columbia, the two projects that could potentially impact Black Diamond's operations within the next 12 to 24 months are Pacific Northwest ("PNW") LNG led by Petronas, and LNG Canada led by Shell. The information provided below is general in nature and should not be construed as guidance on what contracts, if any, will be awarded to Black Diamond.

Pacific Northwest LNG

PNW LNG, led by Petronas, is a proposed LNG export facility on Lelu Island just outside of Port Edward on the coast of British Columbia. On January 31, 2017 the Canadian Environmental Assessment Agency ("CEAA") announced an environmental monitoring agreement for the proposed project, through which First Nations will work directly with provincial and federal authorities as part of a committee to ensure the PNW LNG project is developed in the most environmentally sustainable way possible. A positive regulatory decision on PNW LNG's environmental assessment from CEAA was received on September 27, 2016. The project is subject to over 190 conditions, determined through extensive scientific study, that are intended to lessen the environmental impacts of the project.

The proponent announced that it will conduct a total project review along with its shareholders over the coming months before announcing next steps for the project, including a final investment decision.

The LNG facility on Lelu island would require accommodation for between 3,500 and 4,500 construction workers at peak according to the PNW LNG Project Design Mitigation report filed with the CEAA on October 6, 2014.

The Prince Rupert Gas Transmission Pipeline ("PRGT") would require a total of nine land-based camps. According to a report dated April 2015 entitled All About Construction Camps, each camp would require initial capacity for between 200-400 workers after an unconditional FID, and would then peak at roughly 1,100 people.

LNG Canada

LNG Canada, led by Shell, is a proposed LNG export facility in the port of Kitimat on British Columbia's coast. On July 11, 2016, the LNG Canada consortium announced an indefinite delay for the timing of a FID.

Infrastructure Spending

In general, government spending on infrastructure and large projects can have a positive impact on rental asset utilization for Black Diamond's space rentals fleet assets.The information provided below is general in nature and should not be construed as guidance on what contracts, if any, will be awarded to Black Diamond.

Canadian Federal Budget

On November 1, the Fall Economic Statement committed an additional $81 billion in infrastructure investments, starting in 2017–18. On March 22, 2017 Budget 2017 was released and key infrastructure highlights included:

- $20.1 billion over 11 years through bilateral agreements with provinces and territories to build the new urban transit networks and service extensions.
- $21.9 billion will be invested over 11 years to support green infrastructure, including initiatives that will support the implementation of the Pan-Canadian Framework on Clean Growth and Climate Change.
- $11.2 billion in a range of initiatives designed to build, renew and repair Canada's stock of affordable housing, which includes $225 million to improve housing conditions for Indigenous Peoples not living on-reserve.

Budget 2016 announced on March 22, 2016 allocated $11.9 billion for Phase 1 of the Government's infrastructure plan over five years to support public transit, green infrastructure and social infrastructure. Phase 1 of the Government's infrastructure plan included:

- $3.4 billion over three years to upgrade and improve public transit systems across Canada.
- $5.0 billion over five years for investments in water, wastewater and green infrastructure projects across Canada. to build the new urban transit networks and service extensions that will transform the way that Canadians live, move and work.
- $3.4 billion over five years for social infrastructure, including affordable housing, early learning and child care, cultural and recreational infrastructure, and community health care facilities on-reserve.

Mining

Mining activity can drive demand for both BOXX Modular and Camps & Lodging assets and services. For the Quarter, the metals market price index was 147.8, up 34% from the Comparative Quarter.

	For the three months ended March 31,		
(2005=100, in terms of US dollars)	**2017**	**2016**	**Change**
Metals Market Price Index			**%**
Metals Market Price Index	147.8	109.9	34%

Source: International Monetary Fund

Australia

GDP growth in Australia is projected to rise to 3% by 2018, along with a return to resource sector investment growth supported by increased household consumption and investment and rise in employment. Output growth is projected to strengthen to about 3% by 2018 as LNG production will boost exports and negative effects from shrinking mining investment will diminish.

In the 2016-2017 Budget, The Australian Federal Government stated a AUD $2.9 billion in significant new investments in essential infrastructure across Australia. These investments will include AUD $1.5 billion in Victoria on transportation projects, as well as freight link investment in Perth, and future funding of infrastructure sub-programs.

Source: Australia Budget 2016-17

SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial and operating information that has been derived from, and should be read in conjunction with the unaudited condensed interim consolidated financial statements of Black Diamond for the three month periods ended March 31, 2017 and 2016.

	Three months ended March 31,		
(in millions, except as noted)	**2017**	**2016**	**Change**
Financial Highlights	**$**	**$**	
Total revenue	38.2	52.9	(28)%
Gross Profit	13.9	27.7	(50)%
Administrative Expenses	9.9	10.5	(6)%
Adjusted EBITDA [(1)]	4.6	17.2	(73)%
Loss before taxes	(8.1)	(1.5)	440%
Loss	(5.5)	(2.4)	129%
Loss per share - Basic	(0.12)	(0.06)	100%
- Diluted	(0.12)	(0.06)	100%
Capital expenditures	5.0	3.3	52%
Business acquisitions	42.0	—	n/a
Property & equipment (NBV)	465.3	527.0	(12)%
Total assets	546.7	624.9	(13)%
Long-term debt	113.0	157.7	(28)%
Dividends declared	3.7	5.1	(27)%
Per share ($)	0.08	0.13	(38)%
Payout Ratio [(1)]	59%	30%	29

(1) Adjusted EBITDA and Payout Ratio are supplemental non-IFRS measurements and do not have a standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA and Payout Ratio may not be comparable to similar measures presented by other issuers. See “Non-GAAP Measures” for further details.

Margin Analysis	Three months ended March 31,		
(Percent of revenue)	**2017**	**2016**	**Change** [(1)]
Gross Profit	36%	52%	(16)
Administrative Expense	26%	20%	6
Adjusted EBITDA	12%	33%	(21)

(1) Percentage point basis.

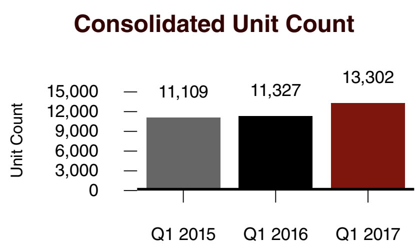
Seasonality of Operations

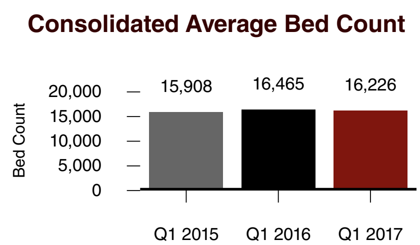
The Company's western Canadian operations, which form part or all of its Camps & Lodging, BOXX Modular and Energy Services business units, are exposed to a variable degree of seasonality. Drilling accommodations and surface rental assets of the Energy Services business unit have higher utilization rates during the fall and winter months when drilling activity is higher than during the spring and summer months. Similarly, operations levels at camps operated by the Camps & Lodging business unit are generally higher in the winter. Though the Camps & Lodging business unit has some exposure to the seasonality experienced in the western Canadian oil and natural gas drilling industry, seasonality is managed due to increased exposure to the oil sands and mining sectors, which can operate year round. In addition, Black Diamond actively pursues long-term rental contracts in all of its business units to neutralize the effect of seasonality on revenue.

CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet increased to 13,302 units at the end of the Quarter compared with 11,327 in the Comparative Quarter mainly due to the Britco Acquisition, partially offset by used fleet sales in Camps & Lodging. Consolidated unit count includes accommodation units, space rental units and surface rental units. Consolidated bed count in Black Diamond's global fleet decreased to 16,226 beds in the Quarter compared with 16,465 beds in the Comparative Quarter due to used fleet sales in Camps & Lodging, partially offset by additions in Energy Services for accommodation units.





Fleet Utilization Rates

	Three months ended March 31,		
	2017	**2016**	**Change (1)**
Camps & Lodging	46%	49%	(3)
BOXX Modular	64%	63%	1
Energy Services:			
Drilling accommodation unit utilization	31%	31%	—
Surface rental unit utilization	21%	18%	3
International	26%	24%	2
Consolidated	47%	44%	3

(1) Percentage point basis.

Black Diamond measures utilization on the basis of the net book value of assets on rent and assets deployed for lodging services, divided by the net book value of the business unit's total fleet assets. Assets deployed for lodging includes Black Diamond's open lodges, which are considered utilized when the lodges are open for occupancy. Actual occupancy levels for these beds is reflected in RevPAR.

Q1 2017 vs Q1 2016

The decrease in utilization in Camps & Lodging is due to lower business activity resulting from the impact of lower commodity pricing in North America . The increase in utilization in BOXX Modular is mainly due to improved utilization in Canada, partially offset by decreased utilization in the US. The decline in the US was mainly due to large government funded rental projects coming off rent. The nature of these large government projects can impact near-term utilization as it takes longer to redeploy this customized equipment than it would take for our standard equipment. The increase in surface rental unit utilization in Energy Services is due to an increase in drilling and completion activity in Western Canada as a result of the increased rig count. Several US wellsite accommodation units were relocated to the Permian during the Quarter due to the high activity levels in that area. This contributed to the increase in accommodation unit utilization from 21% in Q4 2016.

Revenue

Black Diamond's revenues are broken out into three categories: rental, lodging, and non-rental:

Rental Revenues are associated with the rental of Black Diamond's owned assets to customers. This is the highest rate of return in the business.

Lodging Revenues are derived from the cost-plus and day-rate camps that are operated and/or managed by Black Diamond's Camps & Lodging business unit. These camps are turnkey solutions that provide support services including catering and utilities delivered by third parties and managed by Black Diamond. In the day-rate model, the cost of both the accommodation and the services are combined into a per diem rate per bed. In the cost-plus model, services that are delivered to the camp are billed on a cost-plus basis.

Non-Rental Revenues are derived from the sale of both new and used assets, the sub-leasing of non-owned assets, stand-by fees on disaster recovery contracts, well site catering activities, as well as the delivery, installation, dismantle, demobilization, construction, project management and ancillary products and services required to support the deployment and remobilization of these assets.

	Three months ended March 31,		
($ millions, except as noted)	2017	2016	Change
Rental Revenue	14.4	16.5	(13)%
Lodging Revenue	4.1	23.3	(82)%
Non-Rental Revenue	19.8	13.1	51%
Revenue	38.2	52.9	(28)%

	Three months ended March 31,		
Percentage of consolidated revenue	2017	2016	Change (1)
Rental Revenue	38%	31%	7
Lodging Revenue	11%	44%	(33)
Non-Rental Revenue	51%	25%	26

(1) Percentage point basis.

Q1 2017 vs Q1 2016

Rental revenue for the Quarter was $14.4 million , down 13% or $2.1 million from the Comparative Quarter primarily due to a $0.8 million decline in Camps & Lodging rental revenue and a $1.3 million decrease in Energy Services rental revenue. Increased rate pressure, coupled with a decrease in fleet utilization rates, has lead to the reduction in revenue.

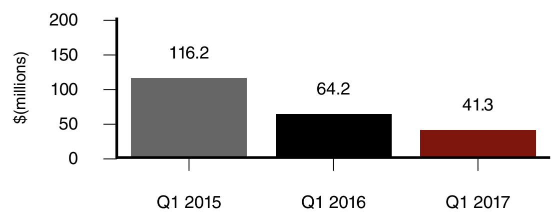
Lodging revenue for the Quarter was $4.1 million, down 82% or $19.2 million from the Comparative Quarter due to a 35% decrease in lodging beds utilized, and a 73% decrease in lodging revenue per available room ("RevPAR") (see "Non-GAAP Measures") driven by lower occupancy due to current market conditions.

Non-rental revenue for the Quarter was $19.8 million, up 51% or $6.7 million from the Comparative Quarter primarily due to a $8.8 million increase in non-rental revenue in Camps & Lodging related to an asset sale and installation announced on December 16, 2016, and a $0.8 million increase in non-rental revenue in Energy Services. This was partially offset by a $3.3 million decrease in non-rental revenue in BOXX Modular relating to lower sales and operating activities.

Contracted Future Revenue

The contracted future revenue for rental and lodging in place at the end of the Quarter was $41.3 million, down 36% or $22.9 million from $64.2 million in the Comparative Quarter. The decline in contracted future revenue is directly attributable to the overall decline in the oil and gas sector of Western Canada, resulting in fewer new contracts being signed and a preference by our customers for shorter duration contracts in the current environment. The contracted future revenue for rental and lodging in place at the end of the Quarter was up 7% or $2.7 million from December 31, 2016, primarily due to the Britco acquisition.

Consolidated Contracted Future Revenue



Direct Costs and Gross Profit

($ millions, except as noted)	Three months ended March 31, 2017	2016	Change
Direct Costs	24.3	25.2	(4)%
Gross Profit	13.9	27.7	(50)%

Percentage of Consolidated Revenue.	Three months ended March 31, 2017	2016	Change (1)
Direct Costs	64%	48%	16
Gross Profit	36%	52%	(16)

(1) Percentage point basis.

Gross profit margins fluctuate depending on the mix between rental, lodging and non-rental revenue streams. Revenue streams ancillary to rental revenue generally realize lower gross margins than fleet rental margins.

Direct costs related to rental revenue include labour, fuel, materials, freight, maintenance and servicing of rental units. Direct costs related to lodging revenue include catering services, utilities costs, consumable materials and other services required to provide turn key lodging services. From time to time, Black Diamond will sell used units from its fleet, rent equipment from third parties and re-rent the equipment, provide installation and render other services to customers. These activities are captured in non-rental revenue. Direct costs related to non-rental revenue include the net book value of used units that have been sold, the cost of units sub-leased from others, and the cost of third parties in delivering some of these services.

Q1 2017 vs Q1 2016

Gross profit for the Quarter was $13.9 million, down 50% or $13.8 million from the Comparative Quarter primarily due to a decrease in revenue and margin for the lodging revenue stream and to a lesser extent margin in the rental revenue stream. Lodging gross profit was lower due to the low occupancy in our open camps and due to fewer turnkey camps managed. Rental gross profit was lower due to lower rental activity, relocation costs incurred in the Quarter and increasing repairs and maintenance costs related to fleet mobilization.

Direct costs for the Quarter were $24.3 million, down 4% or $0.9 million from the Comparative Quarter due to lower business activity, partially offset by an increase in costs related to used fleet sales, relocation costs and increasing repairs and maintenance costs related to fleet mobilization during the Quarter.

Administrative Expenses

($ millions, except as noted)	Three months ended March 31,		
	2017	**2016**	**Change**
Personnel Costs	5.2	6.0	(13)%
Other Administrative Expenses	1.7	2.4	(29)%
Occupancy and Insurance	2.5	2.1	19%
Acquisition costs	0.6	—	n/a
Total Administrative expenses	**9.9**	**10.5**	**(6)%**
% of Consolidated Revenue	26%	20%	

Other administrative expenses includes costs related to professional services, office administration and communication, bad debts, travel and accommodation.

Q1 2017 vs Q1 2016

Total administrative expenses for the Quarter were $9.9 million, down 6% or $0.6 million from the Comparative Quarter primarily due to a decrease in personnel costs and other administrative expenses, partially offset by an increase in occupancy costs and acquisition costs. On a percentage of revenue basis administrative costs for the Quarter were 26%, up by 6 percentage points from the Comparative Quarter as revenue declined faster than administrative costs and administrative costs related to business acquisitions and new branches were higher.

The various components of Black Diamond's total administrative expenses are broken out below:

- Personnel costs for the Quarter were $5.2 million, down 13% or $0.8 million from the Comparative Quarter primarily due to reductions in personnel and compensation. Effective February 1, 2016, Black Diamond implemented a graduated salary rollback averaging approximately 10%. Personnel headcount reductions are partially offset by increases in personnel headcount related to new branches and acquisitions in BOXX Modular.
- Other administrative expenses for the Quarter were $1.7 million, down 29% or $0.7 million from the Comparative Quarter due to bad debt recoveries in the Quarter
- Occupancy and insurance costs increased in the Quarter primarily due to additional branches in BOXX Modular, additional yard rent for idle fleet assets in Camps & Lodging and Energy Services and increased rent on head office space.
- Acquisition costs incurred in the Quarter relate to the two business acquisitions completed in BOXX Modular.

Adjusted EBITDA

($ millions, except as noted)	Three months ended March 31, 2017	2016	Change
Adjusted EBITDA (1)	4.6	17.2	(73)%
% of Consolidated Revenue	12%	33%	

(1) Adjusted EBITDA is a supplemental non-GAAP measurement and does not have a standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See "Non-GAAP Measures" for further details.

Adjusted EBITDA as a percentage of consolidated revenue will fluctuate from period to period depending on the proportion of rental revenue compared to ancillary revenue streams such as lodging services, used and custom manufactured fleet sales, installation, subleases and other services which generally yield a lower Adjusted EBITDA margin.

Q1 2017 vs Q1 2016

Adjusted EBITDA for the Quarter was $4.6 million, down 73% or $12.6 million from the Comparative Quarter due to a decrease in revenue and gross profit margin. Adjusted EBITDA as a percentage of revenue for the Quarter was 21 percentage points lower than the Comparative Quarter due to the decline in administrative expenses not matching the rate of decline in revenues and the decrease in gross margin percentage.

Depreciation and Amortization

($ millions, except as noted)	Three months ended March 31, 2017	2016	Change
Depreciation and amortization	11.9	13.2	(10)%
% of Property and equipment	3%	3%	

Q1 2017 vs Q1 2016

Depreciation and amortization for the Quarter was $11.9 million, down 10% or $1.3 million from the Comparative Quarter primarily due to the asset impairment write-downs recorded in 2016.

Finance Costs

($ millions, except as noted)	Three months ended March 31, 2017	2016	Change
Finance costs	2.3	1.9	21%
Long-term debt	113.0	157.7	(28)%
Average interest rate	4.51%	3.94%	14%

Q1 2017 vs Q1 2016

Finance costs for the Quarter were $2.3 million, up 21% or $0.4 million from the Comparative Quarter primarily due to costs related to restructuring the lending agreements in the Quarter.

Income Tax

($ millions, except as noted)	Three months ended March 31, 2017	2016	Change
Current tax	(2.3)	0.3	(867)%
Deferred tax	—	(0.3)	(100)%
Total tax	(2.3)	—	n/a

Q1 2017 vs Q1 2016

For the Quarter, Black Diamond recognized a current income tax recovery of $2.3 million, a change of $2.6 million from the Comparative Quarter current tax expense. No deferred tax was recognized in the Quarter, a change of $0.3 million from the Comparative Quarter deferred tax recovery. The decrease in taxes in the Quarter is reflective of increased losses. The tax provisions have been calculated at the enacted tax rate of 27% in Canada, 40% in the United States, and 30% in Australia.

Non-Controlling Interest

The non-controlling interest ("NCI") represent earnings attributable to the Fort Nelson First Nation's interest in the Black Diamond Dene Limited Partnership, the West Moberly First Nation’s interest in the Black Diamond West Moberly Limited Partnership, the Beaver Lake Cree Nation's interest in the Black Diamond Nehiyawak Limited Partnership and the Whitecap Dakota First Nation's interest in the Whitecap Black Diamond Limited Partnership.

($ millions, except as noted)	Three months ended March 31, 2017	2016	Change
Non-controlling interest	(0.3)	0.9	(133)%

Q1 2017 vs Q1 2016

The NCI for the Quarter was $(0.3) million, down 133% or $1.2 million from the Comparative Quarter due to decreased rental and ancillary revenues earned through the limited partnerships. This is driven by lower utilization as a result of lower commodity prices.

Net Loss

($ millions, except as noted)	Three months ended March 31, 2017	2016	Change
Net loss	(5.5)	(2.4)	129%

Q1 2017 vs Q1 2016

Net loss for the Quarter was $5.5 million, compared with net loss of $2.4 million in the Comparative Quarter. The loss in the Quarter was due to lower operating income described in the sections above, partially offset by the gain on sale of real estate assets.

SEGMENTED REVIEW OF FINANCIAL PERFORMANCE

The Company's senior management evaluates segment performance based on a variety of financial measures including revenue, profit, operating expenses and Adjusted EBITDA.

The following is a summary of the Company's segmented results for the three month periods ended March 31, 2017 and 2016, detailing revenues and Adjusted EBITDA by each of the Company's business units.

Segmented Revenue

Revenues presented by segment in the tables below exclude inter-segment revenue.

	Three months ended March 31,		
(in millions, except where noted)	**2017**	**2016**	**Change**
	$	**$**	**%**
Revenue			
Camps & Lodging	21.4	32.1	(33)%
BOXX Modular	10.1	13.3	(24)%
Energy Services	5.0	5.5	(9)%
International	1.5	1.5	— %
Corporate and Other	0.2	0.5	(60)%
Total Revenue	**38.2**	**52.9**	**(28)%**

Segmented Adjusted EBITDA

Adjusted EBITDA by segment excludes finance costs, tax expense, depreciation, amortization, accretion, foreign exchange, stock-based compensation, acquisition costs, non-controlling interests, share of gains or losses of an associate, write-down of property and equipment, impairment of goodwill, and gains or losses on the sale of non-fleet assets in the normal course of business.

	Three months ended March 31,		
(in millions, except where noted)	**2017**	**2016**	**Change**
	$	**$**	**%**
Adjusted EBITDA (1)			
Camps & Lodging	6.3	16.5	(62)%
BOXX Modular	2.4	3.5	(31)%
Energy Services	—	1.2	(100)%
International	—	—	— %
Corporate and Other	(4.1)	(4.0)	3 %
Total Adjusted EBITDA	**4.6**	**17.2**	**(73)%**

(1) Adjusted EBITDA is a supplemental non-GAAP measurement and does not have a standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See “Non-GAAP Measures” for further details.

CAMPS & LODGING BUSINESS UNIT

The Camps & Lodging business unit provides workforce accommodation solutions ranging from basic accommodation unit rental to full turnkey lodging.

Accommodation units are modular structures that can be assembled into camps in a variety of dormitory configurations with kitchen/diner complexes and recreation facilities. Camps house workforces in remote locations where local accommodation infrastructure is either insufficient or non-existent. These assets are often necessary for operations related to oil and gas, mining, infrastructure and large scale construction projects, and other industries.

Lodging services provide camps with proven on-site management of catering, housekeeping, front desk services as well as fresh water and waste water management, electricity, television, telephone, internet and the provision of consumables such as fuel.

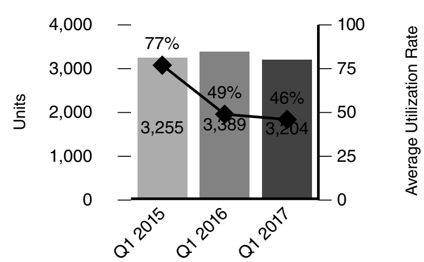
Accommodation Assets and Average Utilization

Black Diamond's Camps & Lodging fleet consisted of 3,204 workforce accommodation units as at March 31, 2017, down 5% from 3,389 units as at March 31, 2016 due to the sale of used assets.

	Three months ended March 31,		
Accommodation Assets and Utilization	**2017**	**2016**	**Change**
Property and Equipment Net Book Value ($ millions)	210.8	245.8	(14)%
Accommodation units	3,204	3,389	(5)%
Average asset utilization*	46%	49%	(3)
Average accommodation bed count	12,664	12,911	(2)%

*Calculated as the net book value of fleet assets on rent and assets deployed for lodging services, divided by the net book value of total fleet assets. Assets deployed for lodging includes Black Diamond's open lodges, which are considered utilized when the lodges are open for occupancy. Actual occupancy levels for these beds is reported in RevPAR.

Workforce Accommodation Assets and Average Utilization



Q1 2017 vs Q1 2016

Workforce accommodation asset utilization for the Quarter was 46%, a 3 percentage point decrease from 49% in the Comparative Quarter due to the ongoing impact of low commodity prices on our customer's activities. A more significant decline was seen in the occupancy levels at open camps when comparing to the Comparative Quarter, which is reported as a component of RevPAR.

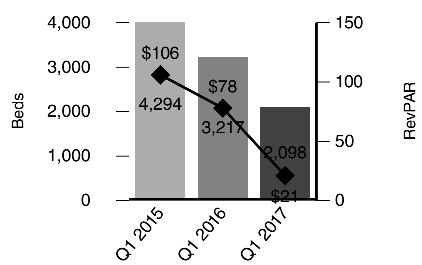
Beds Under Management and Rates

The beds managed by Black Diamond generally fall within two categories for which the Company measures performance using RevPAR. The two categories are:

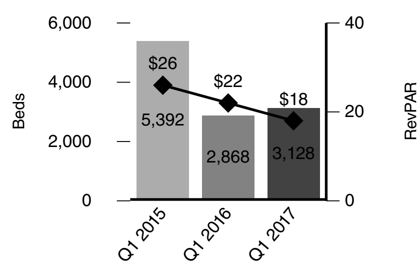
- **Lodging beds** - Full service beds that include lodging services under a man-day or cost-plus model. Man-day beds have variable margins and generally earn the highest RevPAR to reflect their higher risk profile. Cost-plus beds earn a fixed margin in a lower risk arrangement and have a corresponding lower RevPAR.
- **Rental beds** - are beds where no lodging services are provided and the arrangement is a pure asset rental which generally results in the lowest RevPAR.

RevPAR will fluctuate based on market conditions, occupancy, length of customer commitment, the standard of accommodations being provided, the location of the camps being occupied (with remote locations costing more to serve) and the mix between the type of beds being managed.

Lodging Beds Utilized and RevPAR



Rental Beds Utilized and RevPAR



	Three months ended March 31,		
Average Beds Utilized	**2017**	**2016**	**Change**
Lodging beds	2,098	3,217	(35)%
Rental beds	3,128	2,868	9%
Total Beds Utilized*	5,226	6,085	(14)%

*Average beds utilized are the average beds that were deployed and available for occupancy during the period. Please note that this differs from average asset utilization as defined above.

	Three months ended March 31,		
	2017	**2016**	**Change**
RevPAR* ($)			
Lodging beds	21	78	(73)%
Rental beds	18	22	(18)%

* RevPAR is calculated as revenue divided by beds utilized divided by days in period.

Q1 2017 vs Q1 2016

Average beds utilized for the Quarter was 5,226, down 14% from 6,085 in the Comparative Quarter due to the impact of low oil and gas prices on our customers' activities. Lodging bed RevPAR for the Quarter was $21, down 73% or $57 from the Comparative Quarter due to significantly lower occupancy levels. Occupancy is down due to the low level of activity in the energy sector. Rental RevPAR for the Quarter was $18, down 18% or $4 from the Comparative Quarter due to rate reductions on contract renewals for workforce accommodation in Western Canada.

Financial Highlights

Camps & Lodging has three revenue streams:

- **Lodging Revenue**: Revenue generated from the provision of lodging services or turnkey accommodation.
- **Rental Revenue**: Revenue generated from the direct rental of accommodation units without the associated lodging services. Essentially pure asset rentals, these arrangements are often longer term in nature and have the lowest risk profile.
- **Non-rental Revenue**: Revenue related to the sale of both new and used workforce accommodations units ("Sales"), or delivery, installation, project management and ancillary products and services ("Operations").

Because of the operating costs associated with lodging and non-rental revenue, the realized margins on these revenue streams are lower than for rental revenue.

($ millions, except as noted)	Three months ended March 31, 2017	2016	Change
Lodging Revenue	4.1	22.9	(82)%
Rental Revenue	5.0	5.8	(14)%
Non-Rental Revenue	12.3	3.4	262%
Total Revenue	21.4	32.1	(33)%
Adjusted EBITDA	6.3	16.5	(62)%
Adjusted EBITDA as a % of revenue	29%	52%	(23)

Lodging and rental revenue from operated and non-operated beds is directly proportional to the number of beds under management, occupancy levels of beds under management and realized RevPAR.

Q1 2017 vs Q1 2016

The Camps & Lodging business unit's total revenue for the Quarter was $21.4 million, down 33% or $10.7 million from the Comparative Quarter. Year-over-year differences are reviewed in the breakdown of revenue into its various components below:

- Lodging revenue from man-day and cost-plus beds during the Quarter was $4.1 million, down 82% or $18.8 million from the Comparative Quarter due to a 35% decrease in lodging beds utilized, and a 73% decrease in RevPAR as a result of low occupancy in our open lodges.
- Rental revenue during the Quarter was $5.0 million, down 14% or $0.8 million from the Comparative Quarter due to an 18% decrease in RevPAR, partially offset by a 9% increase in rental beds utilized; and
- Non-rental revenue for the Quarter was $12.3 million, up 262% or $8.9 million from the Comparative Quarter mainly due to an increase in sales revenue announced in a press release dated December 16, 2016.

Adjusted EBITDA for the Quarter was $6.3 million, down 62% or $10.2 million from the Comparative Quarter primarily due to a 33% decrease in revenue combined with lower realized gross margin on all streams of revenue due to the ongoing impact of low commodity prices on our customers' activities. Adjusted EBITDA as a percentage of revenue was 29% compared with 52% in the Comparative Quarter due to a higher proportion of non-rental revenue, which carries a lower margin.

Return on Assets

	Three months ended March 31,		
	2017	2016	Change**
Return on assets*	6%	16%	(10)

*Return on assets (see "Non-GAAP Measures") is the percentage earned on amounts invested in capital and is calculated using an annualized adjusted EBITDA divided by average gross asset costs.
** Percentage point basis.

Camps & Lodging's return on assets was 6% in the Quarter, down 10 percentage points from the Comparative Quarter due to a 62% decrease in Adjusted EBITDA.

Contracted Future Revenue

Contracted rental revenue commitments in place were $18.3 million as at March 31, 2017, down 50% or $18.4 million from $36.7 million as at March 31, 2016. The remaining weighted average rental contract term outstanding as at March 31, 2017 was approximately seven months compared with eleven months as at March 31, 2016.

BOXX MODULAR BUSINESS UNIT

The BOXX Modular business unit provides high quality, cost effective, modular space rentals to customers throughout North America. These customers operate in the construction, real estate development, manufacturing, education, financial institutions and resource industries, and also include government agencies. Products include office units, lavatories, storage units, large multi-unit office complexes, classroom facilities, high security modular buildings, custom manufactured modular facilities and blast resistant structures.

BOXX Modular also sells both new and used space rentals units and provides delivery, installation, project management, disaster recovery facility programs and ancillary products and services which appear as "non-rental revenue".

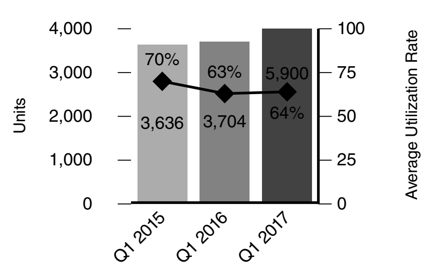
Space Rental Assets and Average Utilization

The space rental fleet consisted of 5,900 units as at March 31, 2017, up 59% from 3,704 units as at March 31, 2016 primarily due to fleet purchases and the Britco Acquisition.

	Three months ended March 31,		
BOXX Modular Assets and Utilizations	2017	2016	Change
Property and Equipment Net Book Value ($ millions)	154.7	116.2	33%
Space rental assets	5,900	3,704	59%
Average utilization*	64%	63%	1

*Calculated as the net book value of fleet assets on rent, divided by the net book value of total fleet assets.

Space Rental Assets and Average Utilization



Q1 2017 vs Q1 2016

BOXX Modular asset utilization for the Quarter was 64%, a 1 percentage point increase from 63% in the Comparative Quarter mainly due to improved utilization in Canada, partially offset by decreased utilization in the US. The decline in the US was mainly due to large government funded rental projects coming off rent. The nature of these large government projects can impact near-term utilization as it takes longer to redeploy this customized equipment than it would take for our standard equipment.

Financial Highlights

Rental revenue for BOXX Modular is directly proportional to the number of rental fleet units, the utilization rate of the fleet and the realized rental rate. Rental rates will vary between projects due to the complexity of the fleet unit types available, carry-on options included, rental configuration, rental quantity, project location and contract duration. This will lead to variation between periods.

Rental revenue in BOXX Modular is fairly predictable with consistent margins. Non-rental revenue, on the other hand, can fluctuate with less consistent margins. The realized margins on non-rental revenues are lower than for rental revenues due to the operating costs associated with non-rental revenue. As a result, changes in the mix between rental and non-rental revenue, and the general variability in non-rental revenue margins, can lead to fluctuations in Adjusted EBITDA margin between periods.

($ millions, except as noted)	Three months ended March 31,		
	2017	**2016**	**Change**
Rental revenue	6.3	6.2	2%
Non-rental revenue	3.8	7.1	(46)%
Total revenue	10.1	13.3	(24)%
Adjusted EBITDA	2.4	3.5	(31)%
Adjusted EBITDA as a % of revenue	24%	26%	(2)

Q1 2017 vs Q1 2016

The BOXX Modular business unit's total revenue for the Quarter was $10.1 million, down 24% or $3.2 million from the Comparative Quarter. Year-over-year differences are reviewed in the breakdown of revenue into its various components below:

- Rental revenue for the Quarter was $6.3 million, up 2% or $0.1 million from the Comparative Quarter. Rental revenue growth from acquisitions and from activity in Eastern Canada has been offset by weakness in Northern Alberta.
- Non-rental revenue for the Quarter was $3.8 million, down 46% or $3.3 million from the Comparative Quarter mainly due to a decrease in sales revenue.

Adjusted EBITDA for the Quarter was $2.4 million, down 31% or $1.1 million from the Comparative Quarter primarily due to a reduction in total revenue during the Quarter and an increase in the annual expense for US property taxes. Additionally, Adjusted EBITDA for the Quarter only includes one month of Britco Acquisition contribution.

Adjusted EBITDA as a percentage of revenue was 24% compared to 26% in the Comparative Quarter due to an overall decrease in gross profit as a result of ongoing rate pressure in the Prairies combined with additional cost incurred to redeploy idle assets and pursue branch expansion.

Return on Assets

	Three months ended March 31,		
	2017	**2016**	**Change****
Return on assets*	7%	8%	(1)

*Return on assets is the percentage earned on amounts invested in capital and is calculated using an annualized adjusted EBITDA divided by average gross asset costs.
** Percentage point basis.

BOXX Modular's return on assets was 7% in the Quarter, down 1 percentage point from the Comparative Quarter due to a 31% decrease in Adjusted EBITDA.

Contracted Future Revenue

Contracted rental revenue commitments in place were $15.7 million as at March 31, 2017, down 9% or $1.6 million from $17.3 million as at March 31, 2016. The remaining weighted average rental contract term outstanding as at March 31, 2017 was approximately nine months compared with twelve months as at March 31, 2016. Contracted rental revenue commitments for the Quarter are up $3.4 million from December 31, 2016 due primarily to the Britco Acquisition.

ENERGY SERVICES BUSINESS UNIT

The Energy Services business unit provides high quality, cost effective equipment rentals and accommodations to customers in the oil and gas industry throughout Western Canada and the Midwest and Western United States. The rental revenue is separated into two oilfield rental streams:

1. Accommodations, which consist of single unit (well sites) and multi-unit complexes (drill camps) which are highly mobile and durable; and
2. Surface rentals, which consist of various types of equipment that support drilling, completion and production activities.

The business unit also sells used accommodations and surface rental units and provides complete installation, delivery, maintenance and catering services and defines this as non-rental revenue.

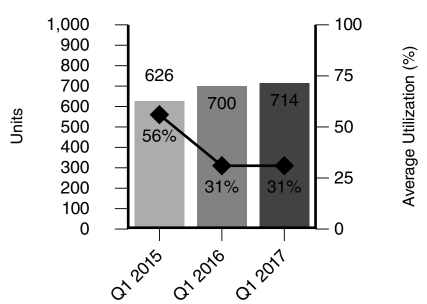
Assets and Average Utilization

The Energy Services drilling accommodation fleet consisted of 714 units as at March 31, 2017, up 2% or 14 units from 700 units as at March 31, 2016. This increase is largely due to the receipt of accommodation units as settlement of accounts receivable. The surface rental fleet consisted of 2,280 units as at March 31, 2017, down 2% or 36 units from 2,316 units as at March 31, 2016.

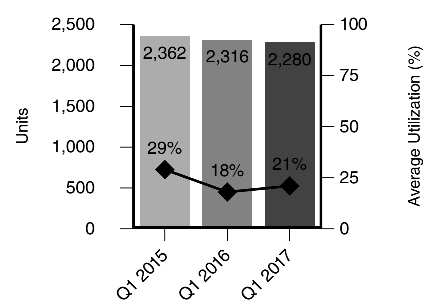
	Three months ended March 31,		
	2017	**2016**	**Change**
Property and Equipment Net Book Value ($ millions)	65.9	103.0	(36)%
Accommodation units	714	700	2%
Average bedcount	1,787	1,778	1%
Average utilization*	31%	31%	—
Surface rental units	2,280	2,316	(2)%
Average utilization*	21%	18%	3

*Calculated as the net book value of fleet assets on rent, divided by the net book value of total fleet assets.

Accommodation Units & Utilization



Surface Rental Units & Utilization



Q1 2017 vs Q1 2016

Drilling accommodation utilization for the Quarter was 31%, unchanged from 31% in the Comparative Quarter. Surface rental utilization for the Quarter was 21%, an increase of 3 percentage points from 18% in the Comparative Quarter, due to an increase in drilling and completion activity in Western Canada. Current average utilization rates have increased since December 31, 2016, from average utilization rates of 21% and 13%, respectively. The increase in drilling and completions activity is due to the increase in rig count.

The average weekly rig count in the Western Canadian Sedimentary Basin for the Quarter was 295, up 81% or 132 rigs from 163 in the Comparative Quarter. The average weekly rig count in North Dakota and Colorado for the Quarter was 64, up 7% or 4 rigs from 60 in the Comparative Quarter. The average weekly rig count in Texas and New Mexico for the Quarter was 416, up 54% or 145 rigs from 271 in the Comparative Quarter. The Permian accounts for approximately 61% of the rigs operating in Texas and New Mexico, and is where the Company has begun to relocate assets in 2017. Weekly rig activity data is based on Baker Hughes' North American Rotary Rig Count.

Financial Highlights

	Three months ended March 31,		
($ millions, except as noted)	**2017**	**2016**	**Change**
Rental revenue			
Accommodation revenue (wellsite and drill camps)	1.6	1.9	(16)%
Surface rental revenue	0.5	1.6	(69)%
Total rental revenue	2.1	3.5	(40)%
Non-rental revenue	2.9	2.0	45%
Total revenue	5.0	5.5	(9)%
Adjusted EBITDA	—	1.2	(100)%
Adjusted EBITDA as a % of revenue	—%	21%	(21)

Rental revenue for the Energy Services business unit is directly proportional to the number of fleet units, their utilization rate and the realized rental rate.

Revenue tends to be more seasonal in the Canadian energy services market. Drilling accommodations and surface rental assets typically have higher utilization rates during the winter months when drilling activity is normally higher and reduced utilization rates during the spring and summer months.

Q1 2017 vs Q1 2016

Rental revenue for the Quarter was $2.1 million, down 40% or $1.4 million from the Comparative Quarter due to a decrease in US accommodation unit utilization, lower realized rental rates, and lower surface rental revenue related to contract termination fees received in the Comparative Quarter.

Non-rental revenue for the Quarter was $2.9 million , up 45% or $0.9 million from the Comparative Quarter primarily due to an increase in turnkey accommodations and sublease revenue.

Adjusted EBITDA for the Quarter was $nil, down 100% or $1.2 million from the Comparative Quarter and Adjusted EBITDA as a percentage of revenue was 0% for the Quarter compared with 21% in the Comparative Quarter. These decreases are primarily a result of contract termination fees received in the Comparative Quarter, combined with an additional cost of $0.7 million incurred to relocate assets from Colorado and North Dakota to new areas of operations in the Permian. Additionally, there was an increase in the annual expense for US property taxes as well as an overall decrease in gross profit and margin as a result of rate pressure and a decrease in the proportion of rental revenue relative to non–rental revenue.

Return on Assets

	Three months ended March 31,		
	2017	**2016**	**Change****
Return on assets*	—%	3%	(3)

*Return on assets is the percentage earned on amounts invested in capital and is calculated using an annualized adjusted EBITDA divided by average gross asset costs.
** Percentage point basis.

Energy Service's return on assets was nil in the Quarter due to the decrease in Adjusted EBITDA.

Contracted Future Revenue

There were no contracted rental revenue commitments in place as at March 31, 2017, down 100% or $1.9 million from $1.9 million as at March 31, 2016. For the Comparative Quarter, the remaining weighted average rental contract term outstanding was five months.

INTERNATIONAL BUSINESS UNIT

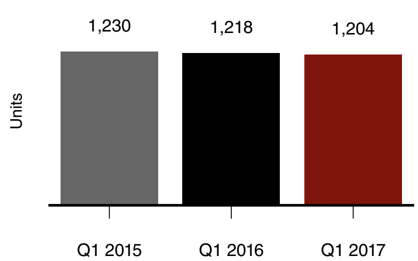
The International business unit rents and sells remote workforce housing and modular space rental solutions outside of North America. The primary geography for this business unit is Australia. Rental fleet assets are similar to those the Company operates in North America and are well positioned in New South Wales and the resource-rich states of Queensland and Western Australia. The business unit's diverse customer base includes operations in resources, oil and gas, construction, general industry, government and education.

Assets and Average Utilization

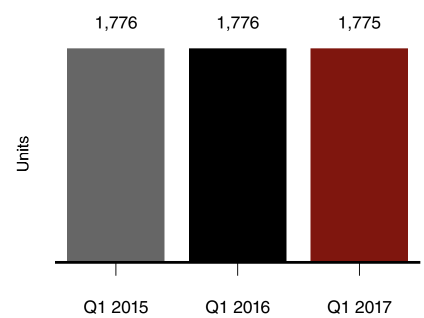
	Three months ended March 31,		
	2017	**2016**	**Change**
Property and Equipment Net Book Value ($ millions) (1)	**15.0**	36.4	(59)%
Workforce accommodation and space rental units	**1,204**	1,218	(1)%
Average utilization (2)	**26%**	24%	2
Workforce accommodation bedcount	**1,775**	1,776	—%

(1) Decrease is primarily due to the asset impairment in Q4 2016.
(2) Calculated as the net book value of fleet assets on rent, divided by the net book value of total fleet assets.

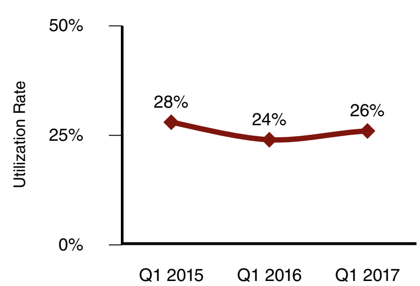
Workforce Accommodation and Space Rental units



Workforce Accommodation Bedcount



Quarter Over Quarter Utilization



Financial Highlights

($ millions, except as noted)	Three months ended March 31, 2017	2016	Change
Rental revenue	0.9	1.0	(10)%
Non-rental revenue	0.6	0.5	20%
Total revenue	1.5	1.5	—%
Adjusted EBITDA	—	—	—%
Adjusted EBITDA as a % of revenue	—%	—%	—

Rental revenue for the International business unit is directly proportional to the number of rental units, their utilization rate and the rental rate.

The resource sector in Australia has been an important source of demand for the Company's assets primarily in Western Australia and Queensland. Following the reduction in demand from the mining and oil & gas sectors, the business has experienced reduced asset utilization and downward pressure on pricing.

Q1 2017 vs Q1 2016

Revenue for the Quarter was $1.5 million, unchanged from the Comparative Quarter.

Adjusted EBITDA for the Quarter was $nil, unchanged from the Comparative Quarter.

Return on Assets

	Three months ended March 31, 2017	2016	Change**
Return on assets*	—%	—%	—

*Return on assets is the percentage earned on amounts invested in capital and is calculated using an annualized adjusted EBITDA divided by average gross asset costs.
** Percentage point basis.

International's return on assets in the Quarter was nil, unchanged from the Comparative Quarter.

Contracted Future Revenue

Contracted rental revenue commitments in place were $7.3 million as at March 31, 2017, down 12% or $1.0 million from $8.3 million as at March 31, 2016. The remaining weighted average rental contract term outstanding as at March 31, 2017 was approximately twenty-seven months, unchanged from March 31, 2016.

CORPORATE AND OTHER BUSINESS UNIT

The Corporate and Other business unit includes costs related to administrative activities that support all business units. The administrative support functions include activities of the executive office, finance, human resources, health and safety, legal and information technology. Included in Corporate and Other business unit are non-material revenues that are not significant enough to report on their own.

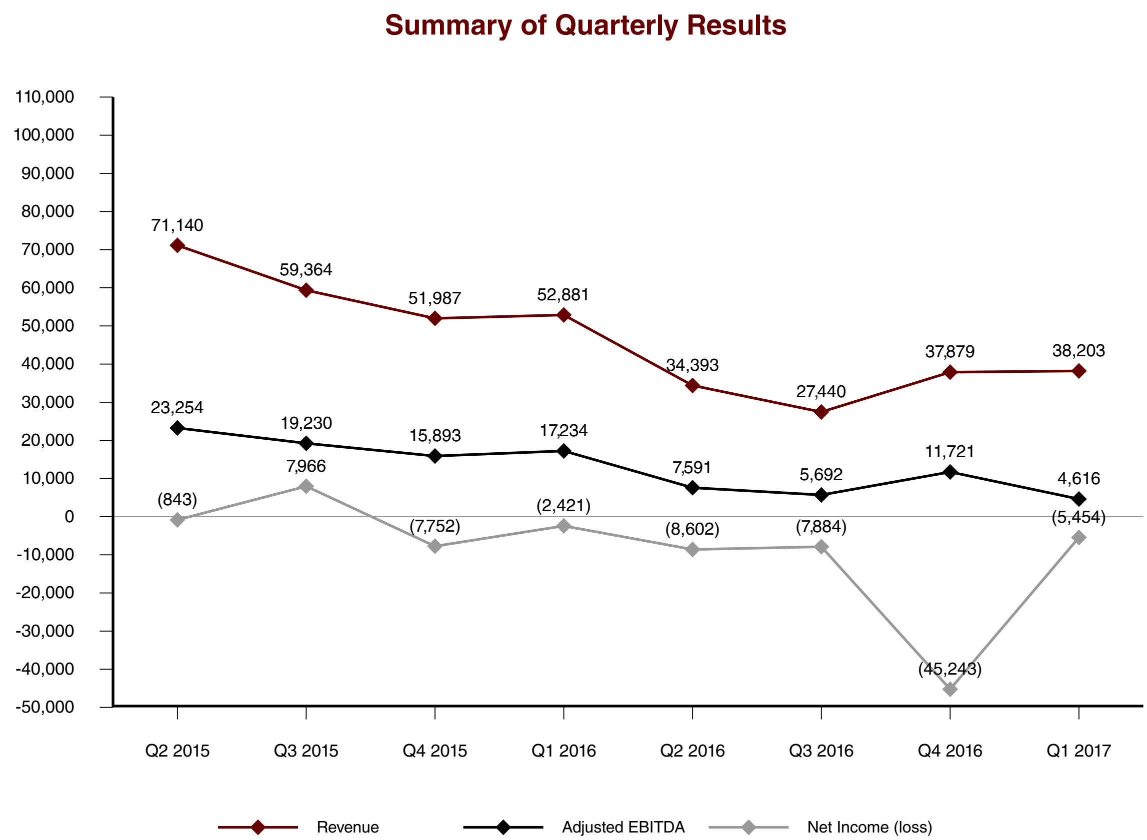
	Three months ended March 31,		
($ millions, except as noted)	**2017**	**2016**	**Change**
Property and Equipment Net Book Value	**18.9**	25.6	(26)%
Adjusted EBITDA	**(4.1)**	(4.0)	3%

Q1 2017 vs Q1 2016

Adjusted EBITDA for the Quarter was $(4.1) million, down 3% or $0.1 million from $(4.0) million in the Comparative Quarter primarily due to an increase in information technology costs and occupancy costs, partially offset by decreases in personnel costs.

SUMMARY OF QUARTERLY RESULTS

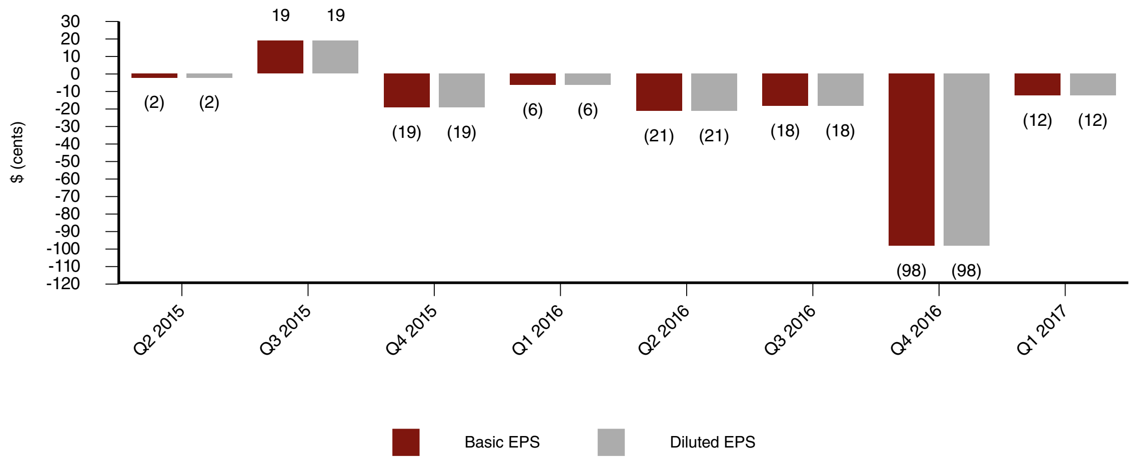
The following is a summary of the previous eight quarters:



The more significant variations in individual quarterly results are explained below.

1. The net loss in Q2 2015 was due to lower activity levels, driven by continued low commodity prices, and due to an increase in the Alberta corporate income tax rate.
2. In Q3 2015 lower revenue was primarily driven by lower business activity consistent with Q2 2015 for the same reasons described above. Lower net income was offset by the gain on sale of the construction services operation.
3. In Q4 2015 lower revenue was primarily driven by lower business activity consistent with Q2 and Q3 2015 for the same reasons described above. An impairment loss of $1.4 million, a write-down of property and equipment of $1.2 million and a share in loss of associate of $2.7 million also contributed to the net loss in Q4 2015.
4. Q1 2016 recognizes an impairment of $3.4 million on the investment and note receivable from Northern Frontier Corp.
5. In Q2 2016 lower revenue was primarily driven by lower business activity for the same reasons described above. A share in loss of associate of $2.4 million also contributed to the net loss in Q2 2016.
6. In Q3 2016 lower revenue was primarily driven by lower business activity for the same reasons described above. A provision for onerous contracts of $3.3 million was recognized in Q3 2016.
7. In Q4 2016, revenue and Adjusted EBITDA were positively impacted by non-rental revenue related to contract termination fees. The loss in Q4 2016 was due to the impairment charges.
8. A gain of $2.5 million on the sale of real estate properties was realized in Q1 2017.

Earnings (Loss) Per Share



LIQUIDITY AND CAPITAL RESOURCES

Cash Requirements

Contractual Obligations and Other Commitments

At March 31, 2017, Black Diamond had capital expenditure commitments in the amount of $3.2 million. Additionally, on March 30, 2017, Black Diamond entered into a sale and leaseback agreement to lease real estate properties in Alberta, resulting in a commitment of $7.9 million over the next 11 years. It is management's intention to meet the funding requirements for these commitments through internally generated cash flow.

Capital Expenditures

Black Diamond's capital expenditures relate primarily to:

- Camps & Lodging - workforce accommodation structures and ancillary equipment;
- BOXX Modular - space rental structures;
- Energy Services - accommodation structures and surface rental equipment;
- International - workforce accommodation and space rental structures in Australia; and
- Corporate and Other - land, leasehold improvements, computers, furniture and service related equipment.

For the Quarter, Black Diamond expended $5.0 million (Comparative Quarter – $3.3 million) on additions to property and equipment. The additions are set out in the table below. Additionally, BOXX Modular acquired the space rental business from Britco in British Columbia and 116 modular units from Travelite in Ontario for total cash consideration of $42.0 million. The additions in Energy Services are largely due to the receipt of wellsite units as settlement of accounts receivable.

	Three months ended March 31,		
($ millions, except as noted)	2017	2016	Change %
Camps & Lodging	0.1	0.4	(75)%
BOXX Modular	2.9	2.0	45%
Energy Services	1.6	0.5	220%
International	—	0.4	(100)%
Corporate	0.5	0.1	400%
	5.0	3.3	52%

Sources and Uses of Cash

Cash flows from operating, investing and financing activities, as reflected in the Unaudited Consolidated Statement of Cash Flows, are summarized in the following table:

	Three months ended March 31,		
($ millions, except as noted)	2017	2016	Change %
Cash from operating activities	5.9	14.8	(60)%
Cash used in investing activities	(33.1)	(2.9)	1,041%
Cash from (used in) financing activities	27.1	(10.9)	(349)%
Total cash (decrease) increase	(0.1)	1.1	(109)%

Liquidity needs can be met through a variety of sources, including: available cash, cash generated from operations, draw downs under the Company's revolving credit facility, issuances of common shares and short-term borrowings under the Company's operating facilities. Black Diamond's primary use of funds are operational expenses, sustaining and opportunity capital spending, dividends and interest, taxes and principal repayments.

Cash provided by operating activities was $8.9 million lower in the Quarter than in the Comparative Quarter primarily due to recognition of a sale in the Quarter, where proceeds were received in the prior quarter and decreased business activity.

Cash used in investing activities was $30.2 million higher in the Quarter than in the Comparative Quarter primarily due to business acquisitions in the Quarter, partially offset by proceeds received from the sale of real estate assets.

Cash provided by financing activities was $38.0 million higher in the Quarter than in the Comparative Quarter primarily due to the issuance of shares, higher net draws of long-term debt, offset by lower dividends declared and paid in 2017.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	March 31, 2017	December 31, 2016	Change %
Current assets	31.3	33.3	(6)%
Current liabilities	32.6	41.0	(20)%
Working capital	(1.3)	(7.7)	(83)%

The decrease in current assets of $2.0 million from December 31, 2016 was largely due to a decrease in accounts receivable of $4.3 million, partially offset by a $2.2 million increase in the current tax recovery.

The decrease in current liabilities of $8.4 million from December 31, 2016 was largely due to a decrease of $11.5 million of deferred revenue, partially offset by an increase of $2.9 million of accounts payable and accrued liabilities related to lower cash settlement on capital spending.

Principal Debt Instruments:

As at March 31, 2017, Black Diamond's principal sources of debt included:

- a committed extendible revolving operating facility in the amount of $100.0 million, all of which is available and $35.4 million is drawn;
- a demand operating facility in Australia in the amount of AU$5.0 million, all of which is available and $0.8 million is drawn;
- $37.2 million principal amount of senior secured notes due on July 8, 2019, which rank pari passu with the senior credit facilities of the Company; and
- $40.0 million principal amount of senior secured notes due on July 3, 2022, which rank pari passu with the senior credit facilities of the Company.

Effective March 31, 2017, the committed extendible revolving operating facility was amended to reduce the maximum principal amount to $100,000 with an accordion feature that allows for the expansion of the facility up to an aggregate of $150,000, upon lender commitment. The accordion feature may not be drawn while the ratio of Funded Debt to Bank EBITDA exceeds 3.00:1.

As at March 31, 2017, the Company's draws under the committed extendible revolving operating facility were comprised of $2.1 million related to an overdraft balance (December 31, 2016 - $6.2 million), and $33.3 million of bankers' acceptance and LIBOR draws (December 31, 2016 - $25.0 million).

For the three month periods ended March 31, 2017, the average interest rate applied to amounts drawn on the committed extendible revolving operating facility was 3.79% (2016 - 2.62%).

In addition, the Company has a corporate credit card facility with a limit of $1.0 million which bears interest at 18.4%. As at March 31, 2017, the Company's draws under the corporate credit card facility were $nil (December 31, 2016 - $nil).

Black Diamond, through one of its partnerships, has a $5.0 million operating facility to fund working capital requirements of the partnership. The facility bears interest at a rate of prime plus 1.15% and incurs standby fees of 0.25% for any unused portion of the authorized amount whereby the authorized limit is 75% of good accounts receivable calculated at the end of each month. At March 31, 2017, the effective interest rate was 3.85% (December 31, 2016 - 3.85%). The facility is secured by assets of the partnership, with no recourse to Black Diamond. As at March 31, 2017, the Company's draws under the demand operating facility were $nil (December 31, 2016 - $0.6 million).

Black Diamond, through an indirect wholly owned Australian subsidiary, has a AU$5.0 million operating facility to fund working capital requirements in Australia. The facility bears interest at a rate of Australian Bank Bill Overdraft Rate plus 1.0% and incurs standby fees for any unused portion of the facility at 0.50%. At March 31, 2017, the effective interest rate was 2.68% (December 31, 2016 - 2.67%). The facility is secured by a corporate guarantee issued by Black Diamond Limited Partnership. As at March 31, 2017, the Company's draws under the Australian demand operating facility were $0.8 million (December 31, 2016 - $2.1 million).

On July 7, 2011, Black Diamond Limited Partnership completed a private placement of senior secured notes. These notes, which rank pari passu with the senior secured credit facility, have a principal amount of $37.2 million (December 31, 2016 - $37.2 million) and mature on July 8, 2019. Effective March 31, 2017, the notes were amended to increase the interest rate by 0.50% to 5.94% per annum. The senior secured notes are repaid through annual payments, each in the amount of $12.4 million. Black Diamond has the discretion to refinance the senior secured notes for at least twelve months through its committed revolving operating facility and hence classified the current portion of obligation as long-term.

On July 3, 2013, Black Diamond Limited Partnership completed a private placement of senior secured notes. These notes, which rank pari passu with the senior secured credit facility, have a principal amount of $40.0 million and mature on July 3, 2022. Effective March 31, 2017, the notes were amended to increase the interest rate by 0.50% to 5.08% per annum. The senior secured notes are repaid through annual repayments, each in the amount of $13.3 million with the first annual payment beginning July 3, 2020.

During 2013, the Company issued a financial guarantee for $5.2 million (AU$5.2 million) related to the demand debt of the Company's indirect 20% interest in APB Britco's manufacturing business. The Company accrued a provision for the full amount of the financial guarantee in the second quarter of 2014. In September 2015, a payment pursuant to this guarantee was made in the amount of $3.1 million with a corresponding decrease in the provision recorded.

The Company uses a combination of short-term and long-term debt to finance its business activities. Management believes that Black Diamond has the liquidity, barring any unforeseen circumstances, to continue to operate through the foreseeable future, and pursue its planned business objectives.

Management believes that the ongoing cash generated from operations will be sufficient to allow it to meet ongoing requirements for working capital, maintenance costs, administrative expenses, and interest costs. Black Diamond's cash generated from operations will be dependent upon future financial performance, which in turn will be subject to financial, business and other risk factors, including factors beyond Black Diamond's control. Management also believes that, dependent on capital market conditions, Black Diamond has room under its existing credit facilities and believes it has the ability to raise equity if required.

The Company is committed to maintaining a strong balance sheet and flexible capital structure. Black Diamond's financial debt covenants are as follows:

Debt Covenants

Black Diamond's financial debt covenants are as follows:

Covenant as at March 31, 2017	Required	Actual
Funded Debt to Bank EBITDA Ratio	≤ 4.50:1	3.01
Interest Coverage Ratio	≥ 3.00:1	6.04

Black Diamond controlled limited partnership's non-recourse financial debt covenants are as follows:

Covenant as at March 31, 2017	Required	Actual
Current Ratio	≥ 1.25:1	4.59
Interest Coverage Ratio	≥ 3.00:1	41.40

Effective March 31, 2017, an agreement to amend the committed extendible revolving operating facility debt covenants, restrictions on dividends and restrictions on capital expenditures was reached. The committed extendible revolving operating facility Funded Debt to Bank EBITDA ratio covenant was amended to a maximum ratio of:

a. 4.50:1 for fiscal quarters ending March 31, 2017 and June 30, 2017;
b. 4.25:1 for fiscal quarters ending September 30, 2017 and December 31, 2017;
c. 4.00:1 for the fiscal quarter ending March 31, 2018;
d. 3.75:1 for the fiscal quarter ending June 30, 2018;
e. 3.25:1 for the fiscal quarter ending September 30, 2018; and
f. 3.00:1 for all fiscal quarters thereafter.

Corresponding covenant amendments were also granted under Black Diamond’s senior secured notes.

Also effective March 31, 2017, the restriction on dividends was amended such that dividends and normal course issuer bid purchases cannot exceed Excess Cash Flow, with Excess Cash Flow defined as Bank EBITDA less cash taxes payable less $10.0 million less interest expense less capital lease payments, all calculated on a twelve month trailing basis. As at March 31, 2017, current quarter cash dividends annualized totaled $12.8 million compared to $27.1 million twelve month trailing Excess Cash Flow.

Corresponding financial covenant and restriction on dividend amendment approval has also been granted under Black Diamond’s senior secured notes to mirror the covenant changes under the committed extendible revolving operating facility. For the purposes of the covenant calculations, Bank EBITDA is determined on a 12 month trailing basis. Bank EBITDA is a non-GAAP measure that management uses to assist in the evaluation of Black Diamond's liquidity and is used by Black Diamond's lenders to calculate compliance with certain financial covenants. See "Non-GAAP Measures" for further details.

Lender agreements also contain non-financial covenants that restrict, subject to certain thresholds, some of the Company’s activities, including the Company’s ability to dispose of assets, incur additional debt, pay dividends, create liens, make investments and engage in specified transactions with affiliates.

As at March 31, 2017, Black Diamond was in compliance with all debt covenants.

Share Capital

At March 31, 2017, Black Diamond had 54.7 million (December 31, 2016 - 46.1 million) common shares outstanding. In addition at March 31, 2017, Black Diamond had 3.2 million (December 31, 2016 - 2.8 million) common shares reserved for issuance pursuant to the exercise of options and restricted share units which have been granted pursuant to Black Diamond’s share option plan and restricted and performance incentive award plan.

The following table summarizes Black Diamond’s equity capitalization as at May 10, 2017:

Common shares	54,712
Stock options	2,751
Restricted share units	414

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are likely to have, a material current or future effect on the Company's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital expenses.

Contingent Liabilities

The Company has entered into indemnity agreements with its directors and officers whereby the Company indemnifies the directors and officers from all personal liability and loss that may arise in service to the Company.

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at March 31, 2017 relate to standard working capital accounts and credit facility items.

Black Diamond is subject to both cash flow and interest rate risk on its extendible revolving operating facility and interest rate fair value risk on the senior secured notes based on their fixed rate of interest. The required cash flow to service the operating facility will fluctuate as a result of changes in market rates.

NON-GAAP MEASURES

The consolidated financial statements have been prepared in accordance with IFRS. Certain supplementary information and measures not recognized under IFRS are provided where management believes they assist the reader in understanding Black Diamond's results. Non-GAAP financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers for these non-GAAP measures. These measures include:

Adjusted EBITDA is not a measure recognized under IFRS and does not have standardized meanings prescribed by IFRS. Adjusted EBITDA refers to consolidated earnings before finance costs, tax expense, depreciation, amortization, accretion, foreign exchange, stock-based compensation, acquisition costs, non-controlling interests, share of gains or losses of an associate, write-down of property and equipment, impairment of goodwill, and gains or losses on the sale of non-fleet assets in the normal course of business.

Black Diamond uses Adjusted EBITDA primarily as a measure of operating performance. Management believes that operating performance, as determined by Adjusted EBITDA, is meaningful because it presents the performance of the Company's operations on a basis which excludes the impact of certain non-cash items as well as how the operations have been financed. In addition, management presents Adjusted EBITDA because it considers it to be an important supplemental measure of the Company's performance and believes this measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures.

Adjusted EBITDA has limitations as an analytical tool, and readers should not consider this item in isolation, or as a substitute for an analysis of the Company's results as reported under IFRS. Some of the limitations of Adjusted EBITDA are:

- Adjusted EBITDA excludes certain income tax payments that may represent a reduction in cash available to the Company;
- Adjusted EBITDA does not reflect the Company's cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, the Company's working capital needs;
- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest payments on the Company's debt;
- depreciation and amortization are non-cash charges, thus the assets being depreciated and amortized will often have to be replaced in the future and Adjusted EBITDA does not reflect any cash requirements for such replacements; and
- other companies in the industry may calculate Adjusted EBITDA differently than the Company does, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of the Company's business. The Company compensates for these limitations by relying primarily on the Company's IFRS results and using Adjusted EBITDA only on a supplementary basis.

Reconciliation of Consolidated Profit to Adjusted EBITDA:

($ millions, except as noted)	Three months ended March 31, 2017	2016	Change %
Loss	**(5.5)**	(2.4)	129 %
Add (deduct):			
Share-based compensation	**0.5**	0.3	67 %
Depreciation and amortization	**11.9**	13.2	(10)%
Finance costs	**2.3**	1.9	21 %
Current income taxes	**(2.3)**	0.3	(867)%
Deferred income taxes	**—**	(0.3)	(100)%
Gain on sale of real estate	**(2.5)**	—	n/a
Acquisition Costs	**0.6**	—	n/a
Share of loss in associate	**—**	3.4	(100)%
Non-controlling interest	**(0.3)**	0.9	(133)%
Adjusted EBITDA	**4.6**	17.2	(73)%

Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by the revenue for the period.

Bank EBITDA is used for the purposes of the financial debt covenant calculations. It is determined on a 12 month trailing basis and is calculated in the same way as Adjusted EBITDA, except that it does not add back non-controlling interest, is adjusted for the trailing twelve months Adjusted EBITDA associated with acquisitions or disposals of businesses, and adds back non-operating cash costs and income. Bank EBITDA is a non-GAAP measure that management uses to assist in the evaluation of Black Diamond's liquidity and is used by Black Diamond's lenders to calculate compliance with certain financial covenants and is derived from Adjusted EBITDA.

Funds available for dividends is calculated as the cash flow from operating activities excluding the changes in non-cash working capital. Management believes that Funds available for dividends is a useful measure as it provides an indication of the funds generated by the operations before working capital adjustments. Changes in non-cash working capital items have been excluded as such changes are financed using the operating line of Black Diamond's credit facilities. Funds not distributed are available for re-investing in the business and funding the growth of Black Diamond.

Reconciliation of Cash Flow from Operating Activities to Funds Available for Dividends:

($ millions, except as noted)	Three months ended March 31, 2017	2016	Change %
Cash Flow from Operating Activities	**5.9**	14.8	(60)%
Add/(Deduct):			
Book value of used fleet sales	**(7.8)**	(2.0)	290 %
Change in long-term accounts receivable	**(0.1)**	(0.1)	— %
Change in non-current deferred revenue	**(0.6)**	(0.2)	200 %
Changes in non-cash working capital	**8.9**	4.4	102 %
Funds available for dividends	**6.3**	16.9	(63)%

Gross Profit Margin is calculated by dividing Gross Profit by the revenue for the period.

Payout Ratio is calculated as the dividends declared for the period divided by funds available for dividends.

Working Capital is calculated as current assets minus current liabilities.

Operating Working Capital for purposes of determining Funds available for dividends is calculated as current assets minus current liabilities (excluding debt and amounts for capital expenditures).

Net Debt is calculated as long-term debt excluding deferred financing costs minus cash.

Funded Debt is calculated as long-term debt excluding deferred financing costs plus debt guaranteed by subsidiaries.

Days Sales Outstanding ("DSO") is calculated as total trade and accrued accounts receivable divided by Quarterly revenue multiplied by the number of days in the Quarter.

Revenue per available room ("RevPAR") is calculated as lodging revenue divided by average beds deployed and available for occupancy divided by days in period.

Return on assets ("ROA") is calculated as annualized adjusted EBITDA divided by average gross asset cost.

Readers are cautioned that the non-GAAP measures are not alternatives to measures under IFRS and should not, on their own, be construed as an indicator of Black Diamond's performance or cash flows, a measure of liquidity or as a measure of actual return on the shares of Black Diamond. These non-GAAP measures should only be used in conjunction with the consolidated financial statements of Black Diamond.

RISKS AND UNCERTAINTIES

The operations of Black Diamond face a number of risks and uncertainties in the normal course of business that may be beyond its control, but which could have a material adverse effect on Black Diamond's financial condition, results of operations and cash flow, and therefore on cash available for dividends. Many of these risk factors and uncertainties are outlined in the annual information form of Black Diamond for the year ended December 31, 2016 available on SEDAR at www.sedar.com. Additional risks and uncertainties that management may be unaware of may become important factors which affect Black Diamond.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

Black Diamond's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have, as at March 31, 2017, designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that: (i) material information relating to Black Diamond is made known to Black Diamond's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by Black Diamond in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

Black Diamond's CEO and CFO have designed or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") for the Company to provide reasonable assurance regarding the reliability of Black Diamond's financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Black Diamond's management, under the supervision of the CEO and CFO, used the criteria and framework established in the 2013 Internal Controls - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to design Black Diamond's ICFR.

Black Diamond is required to disclose herein any change in Black Diamond's ICFR that occurred during the period beginning on January 1, 2017 and ended on March 31, 2017 that has materially affected, or is reasonably likely to materially affect, Black Diamond's ICFR. No material changes in Black Diamond's ICFR were identified during such period that have materially affected, or are reasonably likely to materially affect Black Diamond's ICFR.

It should be noted that a control system, including Black Diamond's disclosure and internal controls and procedures, no matter how well conceived or operated, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Additional information relating to Black Diamond, including Black Diamond's annual information form for the year ended December 31, 2016 is available on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments,which have a significant effect on the amounts recognized in the consolidated financial statements:

Impairment of non-financial assets

Goodwill is reviewed annually for impairment. Property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment review requires estimates in a variety of areas including the determination of fair value, selling costs, timing and size of forecasted cash flows, long-term growth rates, anticipated gross margin, discount rates, and other valuation variables; the application of these variables in valuation models requires judgment.

Determination of a Cash Generating Unit ("CGU")

Management's judgment is required in determining the Company's CGUs for the impairment assessment of its indefinite-life intangible assets. The CGUs have been determined considering level of operating activities and independent cash flows generated from groups of assets. Management determined the smallest identifiable group of assets that independently generates cash inflows and whose cash flow is largely independent of the cash inflows from other assets or groups of assets as follows: Camps & Lodging, BOXX Modular East, BOXX Modular West, BOXX Modular US, Energy Services, and International.

Operating lease commitments – Company as lessor

The Company has entered into rental contracts for its fleet. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the fleet, that it retains all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including discounted cash flow models and trading multiples. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Determination of control and significant influence

Management has used judgment in assessing whether the Company exerts control and significant influence over its subsidiaries and investments, respectively. In general, significant influence is presumed to exist when the Company has between 20% and 50% of voting power. Significant influence may also be evidenced by other qualitative factors, including but not limited to the Company's representation on the board of directors.

Income Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Company's legal entities.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Revenue recognition

The Company has recognized revenue in certain types of contracts using the percentage of completion method. In determining the percentage of completion, estimates and assumptions are made in relation to costs incurred and the costs to complete the contracts. When the outcome of the transaction cannot be estimated reliably, estimates and assumptions are made on whether the Company will recover the transaction costs incurred. If it is probable that the costs will be recoverable, revenue is recognized only to the extent of costs. If it is not probable that the costs incurred will be recovered, revenue is not recognized and the costs incurred are recognized as an expense.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell ("FVLCTS") and its value in use ("VIU"). The FVLCTS calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on estimated future cash flows. The FVLCTS calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the Company's forecast for the next year and does not include significant future investments that will enhance the asset's performance of the CGU being tested. Estimates for revenue growth and EBITDA margins were based on a review of historical information for each CGU, consideration of achievable rates and utilizations during the forecast period, and consideration of future prospects given management's understanding of the operating environment. The discount rates used for each CGU were estimated based on the assumed weighted average cost of capital for a notional purchaser of each CGU. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows, margins, and the growth rate used for extrapolation purposes.

Asset Retirement Obligations

The Company has recognized a provision for asset retirement obligations associated with three land leases held by the Company. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the camps from the leases and the expected timing of those costs.

Onerous Contracts

The Company has recognized a provision relating to an onerous contract for a portion of a head office lease held by the Company. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates and the economic benefits expected to be received under the contract.

Additional estimates

Other estimates that management is required to make to conform with IFRS and prepare timely consolidated financial statements includes accrual of unsettled transactions, collectability of accounts receivable, recognition of provisions and contingent obligations, the estimated useful lives of property and equipment,
and useful lives of intangible assets. Accordingly, actual results may differ from estimated amounts. Management has also used judgment in the estimates used in pricing its options and long-term share based compensation plans, assessing the effectiveness of hedging relationships and the determination of functional currency.

If the underlying estimates and assumptions, upon which the consolidated financial statements are based, change in future periods, actual amounts may differ from those included in the accompanying consolidated financial statements.

Changes in Accounting Policies and Disclosure

Disclosure Initiative (Amendments to IAS 7)

In January 2016, the IASB issued Disclosure Initiative - Amendments to IAS 7 Statement of Cash Flows, which require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This standard was effective for annual periods beginning on or after January 1, 2017. The adoption of this amended standard did not have a material impact on the Company's financial statements.

Standards Issued But Not Yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective on or after January 1, 2018.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for the classification and measurement of financial assets, financial liabilities, impairment and includes the new general hedge accounting model. IFRS 9 Financial Instruments (July 2014) replaces earlier versions of IFRS 9 and supersedes IAS 39 Financial instruments: Recognition and measurement and the effective date of the new standard will be for annual periods beginning on or after January 1, 2018. The Company has not yet determined the impact of the standard on the Company's financial statements.

IFRS 15 Revenue

IFRS 15 specifies how and when to recognize revenue and requires entities to provide users of financial statements with more informative, relevant disclosures. This standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts, and a number of revenue-related interpretations. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018. Application of the standard is mandatory and early adoption is permitted. Black Diamond continues to evaluate the impact of IFRS 15 on the Company's financial statements. Further analysis is underway and an assessment of the significant revenue recognition reporting differences will be made upon completion of this review.

IFRS 16 Leases

IFRS 16 specifies how to recognize, measure, present and disclose leases. Lessees will be required to recognize right-of-use (ROU) assets and lease liabilities while lessors will continue to classify each lease as either an operating lease or a finance lease. Lease and non-lease components must be separated and accounted for separately using the appropriate standards unless a policy election is made to account for the lease and non-lease components as lease components. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted if IFRS 15 has already been applied or will be applied at the same date as IFRS 16. The Company has not yet determined the impact of the standard on the Company's financial statements.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.