MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and twelve months ended December 31, 2016 and 2015

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 December 31, 2016 (the "Quarter") with the three months ended December 31, 2015 (the "Comparative Quarter") as well as Black Diamond's financial performance for the twelve months ended December 31, 2016 ("2016") with the twelve months ended December 31, 2015 ("2015"). The MD&A also provides additional discussion about significant economic trends that may affect the future performance of Black Diamond. This MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the years ended December 31, 2016 and 2015 and the unaudited interim condensed consolidated financial statements for the three and nine month periods ended September 30, 2016 and 2015 (the "Prior Quarter"). The accompanying audited consolidated financial statements of Black Diamond are prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A was prepared as of March 13, 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 ("SEDAR") at www.sedar.com.

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, the timing, entitlement and amount of the Company's future dividend payments, amendments to Black Diamond's debt instruments; the use of proceeds, closing and over-allotment of the Company's recently announced bought deal offering, economic life of the Company's assets, 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 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.

INVESTOR INFORMATION SERVICES

To subscribe to Black Diamond's investor news alerts please go to http://bit.ly/BDI-News

TABLE OF CONTENTS

EXECUTIVE SUMMARY

In the Quarter, Black Diamond continued to generate positive cash flows which allowed the Company to further reduce its debt. The Quarter benefited from the $17.5 million sale and related service contract which was announced on December 16, 2016. The completion of this contract demonstrates the mutually beneficial arrangements that the Company continues to reach with its key customers. Favourable arrangements such as this one also lead to securing future work for Black Diamond. For 2016, the Company generated Adjusted EBITDA of $42.2 million and finished the year with $48.5 million less debt than at the beginning of the year. While commodity prices showed improvement in the second half of 2016, the severity of the trough experienced in the first half of the year continued to impact Black Diamond's operations that directly service energy end markets through to the end of the year. This weakness in the base run rate of the business is expected to continue into the first half of 2017. This longer than anticipated lag between pricing recovery and increased field level activity impacting Black Diamond's operations resulted in the Company recording a $49.9 million non-cash impairment charge, which contributed to the 2016 net loss of $64.2 million.

In response to the operating environment throughout 2016, the Company continued to manage and preserve its balance sheet through a disciplined approach to capital expenditures, dividend reductions and the implementation of the Dividend Reinvestment Plan. In addition, the Company improved operating efficiencies, reduced administrative expenses by 15% and reduced working capital. This proactive management resulted in a decrease in net debt of $48.8 million to $104.9 million in the year.

In 2016, Black Diamond pursued a diversification strategy centered on increasing revenue driven by non-energy related end markets, which was focused on the BOXX Modular division through organic capital deployment and tuck-in acquisitions. During the year, the Company added 336 units to the BOXX Modular fleet, an increase of 9% (excluding fleet sales) and was able to maintain a relatively consistent level of utilization in its North American fleet despite unfavourable utilization in Northern Alberta. Subsequent to the Quarter, Black Diamond acquired the Britco space rentals business from WesternOne Inc. adding another 1,896 units to the BOXX Modular fleet. The Britco business carried a normalized trailing $6.5 million of Adjusted EBITDA which includes approximately $0.5 million of synergies. Black Diamond will continue to invest in this business unit to diversify and grow the Company.

In March 2017, the Company reached an agreement to amend its credit facilities with its Lenders. These amendments will result in resizing the credit limits to be consistent with the expected borrowing needs of the Company and will create the desired flexibility to operate and grow the business in the current market environment. The Company is confident in its ability to manage the business through the current low activity levels and be able to grow into the recovery through 2017 and into 2018. Management anticipates increased business activity in the second half of 2017 resulting from energy industry announcements made in late 2016 regarding increased capital spending. Black Diamond remains confident in the ability of its long-lived fleet of assets to generate significant future revenue and returns for the business as the recovery in the market continues.

HIGHLIGHTS

- Subsequent to the year, 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 "Transaction") for a cash consideration of approximately $41.0 million. The Transaction 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 partnerships and the transfer of all key personnel.

- Concurrent with closing of the Transaction, Black Diamond has entered into an agreement to sell 7.7 million common shares ("Shares") on a bought deal basis at a price of $3.75 per Share to a syndicate of underwriters (the "Underwriters"), co-led by Raymond James Ltd. and Peters & Co. Limited for gross proceeds of approximately $29.0 million (the "Offering"). Black Diamond has granted the Underwriters an over-allotment option to purchase up to an additional 0.8 million shares which, if exercised, would increase the gross offering size to approximately $31.9 million. The Offering is expected to close on or about March 27, 2017.

- Subsequent to the year, on March 6, 2017, Black Diamond entered into an Offer to Purchase and Agreement for Sale whereby the Company agreed to sell certain non-core real estate properties for cash consideration of $11.4

million. The transaction is expected to close on or before March 30, 2017. Black Diamond simultaneously entered into an agreement to lease these assets from the purchaser.

- Net Debt was $104.9 million, down 31.8% or $48.8 million from $153.7 million as at December 31, 2015 due to continued positive operating cash flows, a net $25.6 million equity raise in July 2016, significant collection of accounts receivable, a lower dividend and lower capital spending. Subsequent to the year, Black Diamond agreed to terms with its lenders to enhance its credit arrangements which were announced on March 6, 2017. These enhancements are 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.

- Black Diamond secured a contract for the sale and installation of a new 328 bed camp south of Fort McMurray for total proceeds to Camps & Lodging of $17.5 million. At the same time, this customer terminated, and paid out a contract for an existing camp that was due to expire in Q3 2017. In the first half of 2017, Black Diamond will install the new camp using assets from fleet and demobilize the existing camp. There was $2.6 million Adjusted EBITDA recognized in the Quarter and cash proceeds of $15.0 million, which were used to reduce debt. The Company also expects to continue to work with this client on future lodging services for the new camp.

- In the Quarter, BOXX Modular acquired MPA Systems, LLC ("MPA") for a cash purchase price of $4.2 million (USD $3.1 million). MPA specializes in leasing and selling high-security modular buildings and providing disaster recovery facility programs across the continental United States. BOXX Modular also announced a new branch in Eastern Canada in the Quarter and additionally, subsequent to the Quarter, the acquisition of 116 modular units from Travelite Trailers Inc. ("Travelite") for $1.0 million. This fleet of space rental assets was purchased in early 2017 and will be managed by the new Ottawa branch.

Capital Plan

The Board approved an adjustment to the previously announced $20.0 million capital spending plan for 2017. As a result of this adjustment, the revised gross capital spending plan will be $12 million. This includes maintenance capital which is estimated to be $1.5 million for the year. This does not include any proceeds of the normal course fleet sales that are projected to be $5 million. This plan will primarily support growth capital requirements for the BOXX Modular space rentals business outside of Alberta, which benefits from broad exposure to multiple industry segments. The 2017 capital plan will generally be non-speculative and support our overarching strategy to diversify our platform.

Capital expenditures for 2016 were $15.2 million and capital commitments were $3.1 million as at December 31, 2016, compared with capital expenditures of $49.6 million and capital commitments of $2.7 million as at December 31, 2015. The capital spending and capital commitments continue to be primarily for growth capital related to expanding the BOXX Modular fleet in the United States and Canada. Capital expenditures for the Quarter were $5.8 million, including $1.8 million of non-cash additions, and excluding the $4.2 million MPA acquisition, compared with $1.5 million for the Comparative Quarter.

Financial Review

- Revenue for the Quarter was $37.9 million, down 27% or $14.1 million from the Comparative Quarter primarily due to the impact that low commodity prices had in all operating business units, primarily in Western Canada, offset slightly by non-rental revenue in Camps & Lodging related to contract terminations.

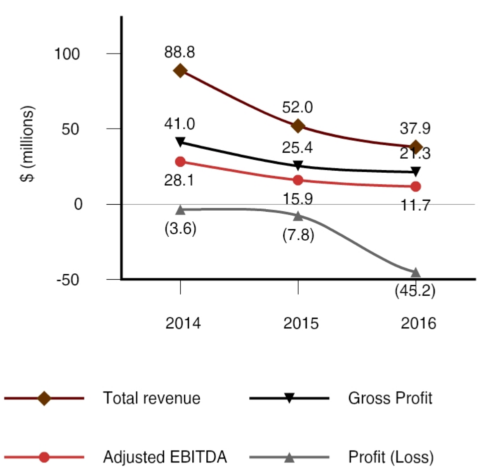
- Non-cash charges of $49.9 million were recognized in the Quarter comprised of a $29.5 million write-down of assets in Energy Services and a $20.4 million write-down of assets in International, contributing to a net loss of $45.2 million. There was $5.3 million of non-cash charges in the Comparative Quarter for impairment related to Energy Services and the investment in Northern Frontier Corp, contributing to the net loss of $7.8 million for the Comparative Quarter.

- Adjusted EBITDA for the Quarter was $11.7 million, down 26% or $4.2 million from the Comparative Quarter due to a decrease in rental and lodging revenue, partially offset by higher non-rental revenue for the reasons noted above.

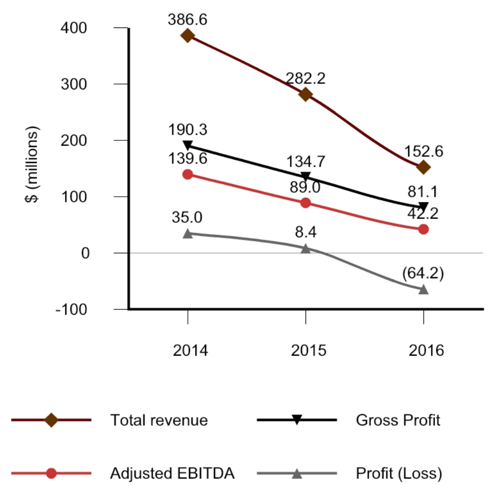
- Consolidated contracted future revenue decreased 53% to $38.6 million at December 31, 2016 compared with $81.8 million at December 31, 2015 due to fewer long-term contracts being signed in the current environment. Of this, $26.6 million in contracted future revenue is expected to be recognized in 2017. Contracted future revenue does not include month-to-month arrangements for lodging services or asset rentals, and does not include contracted non-rental revenue.

- Days sales outstanding ("DSO") was reduced by 26% to 52 days at the end of the Quarter compared with 70 days for the Comparative Quarter. The reduction in the DSO is a result of collaborative collection efforts with many of our customers.

Three Months Ended December 31, Financial Highlights

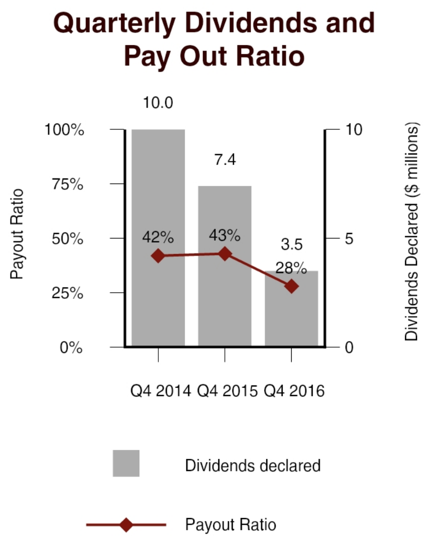


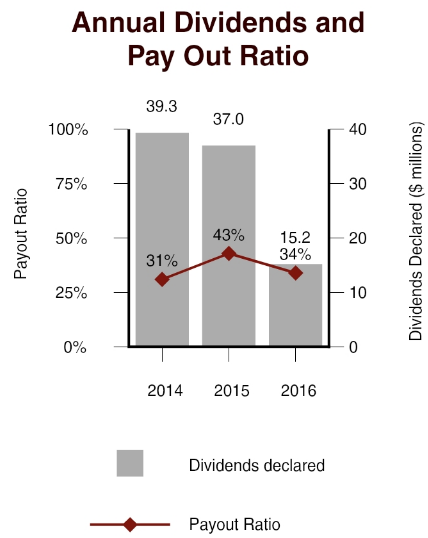
Twelve Months Ended December 31, Financial Highlights



Total Year and Fourth Quarter Dividend and Payout Ratio

The Payout Ratio (see "Non-GAAP Financial Measures") for the Quarter decreased to 28% from 43% in the Comparative Quarter as a result of lower distributable cash flow partially offset by a decrease in the monthly dividend.





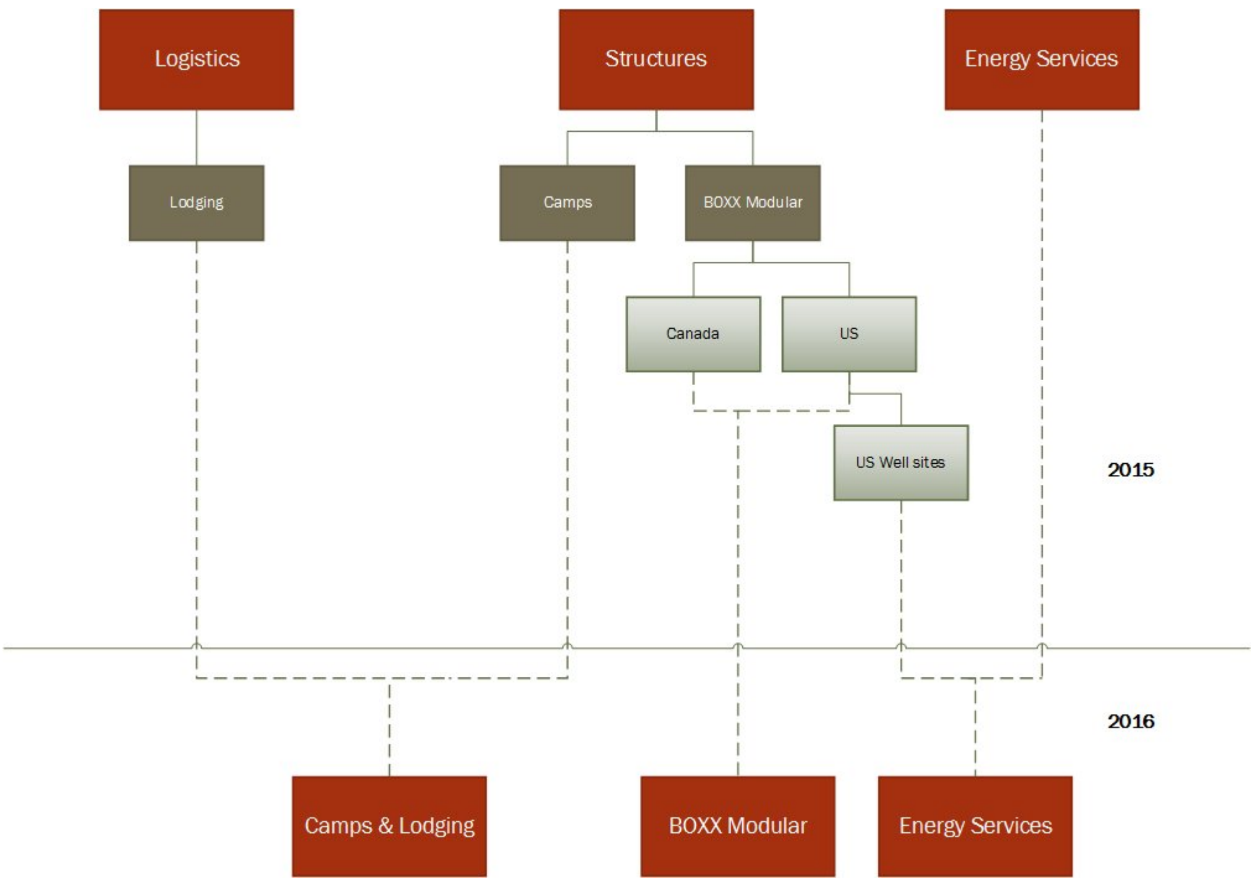
WHO WE ARE

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 over twenty locations, we serve multiple sectors including oil and gas, mining, power, construction, engineering, military, government, education, and financial services.

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". The address of the Company's registered office is Suite 4600, 525 – 8th Avenue S.W., Calgary, Alberta, Canada.

As of January 2016, Black Diamond re-organized its North American business units to streamline its operations and gain efficiencies.

Camps & Lodging combines the workforce accommodation business from Structures and the lodging services business from Logistics. BOXX Modular is now operating separately from Structures and includes the Canadian and US space rentals businesses. Energy Services now incorporates the US well site business which was previously included in Structures. International remains unchanged.



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 are long-lived assets that 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 and even stressed 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, industry or asset class. Management plans to continue to focus on the BOXX Modular business unit in executing its diversification strategy.

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

In early 2016, the commodity markets which drive parts of Black Diamond's business operations experienced cyclical lows. These low prices contributed to market reactions which resulted in a slow operating environment persisting through the end of the year, which negatively affected Black Diamond's asset utilizations and revenue generated across the Company's business lines in Western Canada. In the second half of 2016 we saw these commodity prices begin to recover and stabilize, resulting in announcements of capital spending from energy industry participants, as well as successful financings completed by producers. Management believes that these developments will ultimately translate into increased activity at the field level in the second half of 2017.

Camps and Lodging results continued to lag the capital spending and successful financings completed by producers in the second half of 2016. Field level activity from these decisions is anticipated to improve in the second half of 2017 and continue into 2018. Potential economic drivers include further increased project capital spending, maintenance completion in key Canadian resource plays and any other incremental labour increases. Incremental catalyst opportunities include construction of a major pipeline and a Canadian LNG project.

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. Black Diamond has also continued to re-deploy assets out of Northern Alberta into alternate branch networks in Western Canada. Outside of Northern Alberta we are seeing healthy activity levels being driven by general construction and infrastructure spending, which has resulted in improved revenues. We plan to continue to invest in these healthy markets and pursue additional opportunities to further diversify the non-energy related revenue streams of the business.

Performance in our Energy Services division is highly correlated to rig activity in areas we operate. While North American rig counts rose through the end of 2016, we haven't seen a meaningful increase in the Western Canadian Sedimentary Basin, or in North Dakota and Colorado where our US operations are based. Energy Services remains positioned to capture increased activity as rig counts continue to rise, and Management expects to see utilizations rise before a pricing recovery occurs given the degree of rate deterioration experienced in 2016.

Public and infrastructure spending in Australia has been supportive of asset utilization and future project opportunities in the International Business Unit.

The following macro-economic information is general in nature and should not be construed as guidance. All relevant sources are hyper-linked 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 Western Canadian Select crude for the three months ended December 31, 2016 was $46.63 per barrel, up 26% from the year before. For 2016, the average spot price for Western Canadian Select crude was $38.90 per barrel, down 13% from 2015.

	Three months ended December 31			Twelve months ended December 31		
	2016	**2015**	**Change**	**2016**	**2015**	**Change**
(Western Canadian Select, AB)	**$**	**$**	**%**	**$**	**$**	**%**
Average WCS Spot Price	46.63	36.87	26%	38.90	44.82	(13)%

Source: Baytex Energy Benchmark Heavy Oil Prices

Natural Gas Prices

For the three months ended December 31, 2016, the average NGX Alberta Market Price for Natural Gas was $2.78/ Gigajoule ("GJ"), up 13% from the Comparative Quarter. For 2016, the average NGX Alberta Market Price for Natural Gas was $2.05, down 22%.

	Three months ended December 31			Twelve months ended December 31		
($/GJ)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
NGX Alberta Market Price for Natural Gas	**$**	**$**	**%**	**$**	**$**	**%**
Average NGX Alberta Market Price	2.78	2.46	13%	2.05	2.64	(22)%

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 (the 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.

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.

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 Government Plans to Double Infrastructure Spending

On March 22, 2016, the Canadian Government introduced its 2016 budget which prescribed investments in infrastructure that total more than $120 billion over the next decade. Additionally, of the provinces that Black Diamond currently operates in, recent budget commitments include:

- British Columbia to spend $12 billion over 3 years;
- Alberta to spend $35 billion over 5 years;
- Saskatchewan to spend $3.5 billion through 2017; and
- Ontario to spend $130 billion over 10 years.

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 132.9, up 20% from the Comparative Quarter. For the twelve months ended December 31, 2016 the metals market price index was 119.7, down 5% from 2015.

	Three months ended December 31			**Twelve months ended December 31**		
(2005=100, in terms of US dollars) Metals Market Price Index	**2016**	**2015**	**Change %**	**2016**	**2015**	**Change %**
Metals Market Price Index	132.9	111.2	20%	119.7	126.6	(5)%

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 with 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 $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 audited consolidated financial statements of Black Diamond for the years ended December 31, 2016 and 2015 and the Prior Quarter.

	Three months ended December 31,			Twelve months ended December 31,		
(in millions, except as noted)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Financial Highlights	**$**	**$**	**%**	**$**	**$**	**%**
Total revenue	37.9	52.0	(27)%	152.6	282.2	(46)%
Gross Profit	21.3	25.4	(16)%	81.1	134.7	(40)%
Administrative Expenses	9.6	9.5	1%	38.9	45.7	(15)%
Adjusted EBITDA (1)	11.7	15.9	(26)%	42.2	89.0	(53)%
Profit (loss) before taxes	(53.3)	(7.8)	583%	(77.2)	22.7	(440)%
Profit (loss)	(45.2)	(7.8)	479%	(64.2)	8.4	(864)%
Earnings (Loss) Per share - Basic	(0.98)	(0.19)	416%	(1.49)	0.20	(845)%
- Diluted	(0.98)	(0.19)	416%	(1.49)	0.20	(845)%
Capital expenditures	5.8	1.5	287%	15.2	49.6	(69)%
Business acquisitions	4.2	—	n/a	5.5	—	n/a
Property & equipment (NBV)	453.6	546.6	(17)%	453.6	546.6	(17)%
Total assets	531.7	647.5	(18)%	531.7	647.5	(18)%
Long-term debt	110.7	159.2	(30)%	110.7	159.2	(30)%
Dividends declared	3.5	7.4	(53)%	15.2	37.0	(59)%
Per share ($)	0.08	0.18	(56)%	0.35	0.90	(61)%
Payout ratio (1)	28%	43%		34%	43%	

(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 Financial Measures" for further details.

Margin Analysis

	Three months ended December 31,			Twelve months ended December 31,		
(Percent of revenue)	**2016**	**2015**	**Change (1)**	**2016**	**2015**	**Change (1)**
Gross Profit	56%	49%	7	53%	48%	5
Administrative Expense	25%	18%	7	25%	16%	9
Adjusted EBITDA	31%	31%	—	28%	32%	(4)

(1) Percentage point basis.

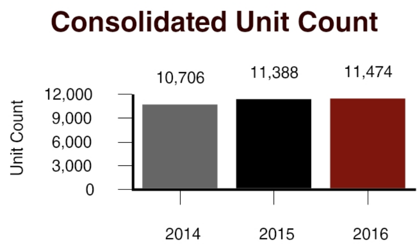
Seasonality of Operations

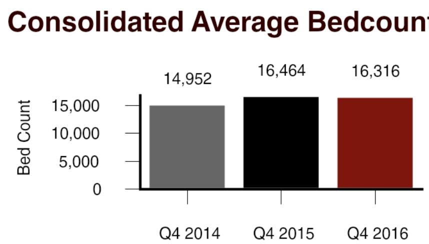
The Company's western Canadian operations, which form part or all of its Camps & Lodging, BOXX Modular and Energy Services business units, are exposed to a variable degree of seasonality. Drilling accommodations and surface rental assets of the Energy Services business unit have higher utilization rates 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 remained relatively unchanged at 11,474 units at the end of the Quarter compared with 11,388 in the Comparative Quarter due to fleet additions being offset by used fleet sales. Consolidated unit count includes accommodation units, space rental units and surface rental units. Consolidated bedcount in Black Diamond's global fleet remained relatively unchanged at 16,316 beds in the Quarter compared with 16,464 beds in the Comparative Quarter. Space rental unit count increased in Canada and the United States for assets acquired late in 2016 including from two business combinations. However, this increase was offset by a sale of accommodation units in Camps & Lodging in mid-2016. Surface rental assets declined slightly for sales which occurred early in the year.





Fleet Utilization Rates

	Three months ended December 31,			Twelve months ended December 31,		
	2016	**2015**	**Change (1)**	**2016**	**2015**	**Change (1)**
Camps & Lodging	45%	51%	(6)	49%	63%	(14)
BOXX Modular	64%	66%	(2)	65%	68%	(3)
Energy Services:						
Drilling accommodation unit utilization	21%	43%	(22)	21%	47%	(26)
Surface rental unit utilization	13%	22%	(9)	13%	25%	(12)
International	23%	27%	(4)	24%	27%	(3)
Consolidated	41%	47%	(6)	43%	52%	(9)

(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 assets available to rent.

Q4 2016 vs Q4 2015

The decrease in utilization in Camps & Lodging, Energy Services and International is due to lower business activity resulting from the impact of lower commodity pricing in North America and Australia. While BOXX Modular does business in Western Canada and is therefore exposed to energy markets, the decrease in BOXX Modular utilization was relatively lower than the Company's other asset categories due to the greater geographic, industry and product diversification of this asset class. The slight decline in the Quarter was mainly impacted by BOXX Modular in the United States where large government funded rental projects came off rent. The nature of these large projects can impact near-term utilization as it takes time to redeploy the equipment.

Total Year 2016 vs 2015

The decrease in utilization across all business units is due primarily to the reasons noted above. Overall, the reduction of utilization is lower in the Quarter when compared to 2016 as the greatest declines in 2016 were experienced early in the year. The largest decline in utilization in Camps & Lodging was in the first and second quarters while Energy Services experienced consistent declines throughout 2016 when compared to 2015. BOXX Modular utilization experienced declines in Western Canada when compared to 2015, offset by increases in utilization in Eastern Canada.

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, 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 fleet.

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	2016	2015	Change	2016	2015	Change
Rental Revenue	13.4	18.4	(27)%	57.3	90.3	(37)%
Lodging Revenue	4.6	21.7	(79)%	41.6	112.4	(63)%
Non-Rental Revenue	19.9	11.9	67%	53.6	79.4	(32)%
Revenue	37.9	52.0	(27)%	152.6	282.2	(46)%

	Three months ended December 31,			Twelve months ended December 31,		
Percentage of consolidated revenue	2016	2015	Change (1)	2016	2015	Change (1)
Rental Revenue	35%	35%	—	38%	32%	6
Lodging Revenue	12%	42%	(30)	27%	40%	(13)
Non-Rental Revenue	53%	23%	30	35%	28%	7

(1) Percentage point basis.

Q4 2016 vs Q4 2015

Rental revenue for the Quarter was $13.4 million, down 27% or $5.0 million from the Comparative Quarter primarily due to a $1.5 million decline in Camps & Lodging rental revenue and a $3.1 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 for the business units exposed to energy markets.

Lodging revenue for the Quarter was $4.6 million, down 79% or $17.1 million from the Comparative Quarter primarily due to a 28% decrease in lodging beds utilized, and a 72% decrease in lodging revenue per available room ("RevPAR") (see "Non-GAAP Measures") driven by lower occupancy due to current energy market conditions.

Non-rental revenue for the Quarter was $19.9 million, up 67% or $8.0 million from the Comparative Quarter primarily due to rental and lodging contract terminations. The contracts were set to expire in 2017, however, the clients chose to terminate early which triggered a lump sum contractual payment. Black Diamond worked with these customers to meet their needs on contract termination as well as to secure incremental future work and opportunities on related projects.

Total consolidated revenue for the Quarter was $37.9 million, down 27% or $14.1 million from the Comparative Quarter for the reasons described above.

Total Year 2016 vs 2015

Rental revenue for 2016 was $57.3 million, down 37% or $33.0 million from 2015 primarily due to a $15.2 million decline in Camps & Lodging rental revenue, a $3.9 million decrease in BOXX Modular rental revenue, and a $13.0 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 for the operations exposed to energy markets.

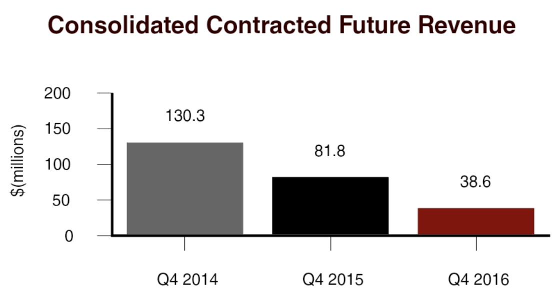
Lodging revenue for 2016 was $41.6 million, down 63% or $70.8 million from 2015 due to a 29% decrease in lodging beds utilized, and a 54% decrease in lodging RevPAR driven by reduced occupancy due to current energy market conditions.

Non-rental revenue for 2016 was $53.6 million, down 32% or $25.8 million from 2015 primarily due to a $13.7 million decrease in non-rental revenue in Camps & Lodging related in large part to significant installation and demobilization activities that took place in 2015, and a $10.3 million decrease in non-rental revenue in BOXX relating to lower sales and related operating activities.

Total consolidated revenue for 2016 was $152.6 million, down 46% or $129.6 million from 2015 for the reasons described above.

Contracted Future Revenue

The contracted future revenue for rental and lodging in place at the end of the Quarter was $38.6 million, down 53% or $43.2 million from $81.8 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.



Direct Costs and Gross Profit

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	2016	2015	Change	2016	2015	Change
Direct Costs	16.6	26.6	(38)%	71.5	147.5	(52)%
Gross Profit	21.3	25.4	(16)%	81.1	134.7	(40)%

Percentage of Consolidated Revenue.	Three months ended December 31, 2016	2015	Change (1)	Twelve months ended December 31, 2016	2015	Change (1)
Direct Costs	44%	51%	(7)	47%	52%	(5)
Gross Profit	56%	49%	7	53%	48%	5

(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 delivering some of these services.

Q4 2016 vs Q4 2015

Gross profit for the Quarter was $21.3 million, down 16% or $4.1 million from the Comparative Quarter due to a decrease in rental revenue offset by an increase in non-rental revenue. The profit margins on the non-rental revenue in the quarter were high due to the nature the termination payments in Camps & Lodging.

Direct costs for the Quarter were $16.6 million, down 38% or $10.0 million from the Comparative Quarter due to lower business activity.

Total Year 2016 vs 2015

Gross profit for 2016 was $81.1 million, down 40% or $53.6 million from 2015 due to a decrease in revenue partially offset by an increase in profit margins due to a shift in revenue mix towards higher margin rental business.

Direct costs for 2016 were $71.5 million, down 52% or $76.0 million from Prior YTD due to lower business activity.

Administrative Expenses

($ millions, except as noted)	Three months ended December 31, 2016	2015	Change	Twelve months ended December 31, 2016	2015	Change
Personnel Costs	4.8	5.3	(9)%	21.1	27.3	(23)%
Other Administrative Expenses	2.5	2.1	19%	9.1	10.1	(10)%
Occupancy and Insurance	2.3	2.1	10%	8.7	8.2	6%
Total Administrative expenses	**9.6**	**9.5**	**1%**	**38.9**	**45.7**	**(15)%**
% of Consolidated Revenue	25%	18%		25%	16%	

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

Q4 2016 vs Q4 2015

Total administrative expenses for the Quarter were $9.6 million, up 1% or $0.1 million from the Comparative Quarter primarily due to an increase in information technology costs and occupancy costs, substantially offset by decreases in personnel costs. On a percentage of revenue basis administrative costs for the Quarter were 25%, up by 7 percentage points from the Comparative Quarter as revenue declined faster than administrative costs.

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

- Personnel costs for the Quarter were $4.8 million, down 9% or $0.5 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%. Without the bonus reduction in the Comparative Quarter, personnel costs in the Quarter would have been down 21% or $1.3 million from the Comparative Quarter. There are no bonus costs in 2016.
- Other administrative expenses for the Quarter were $2.5 million, up 19% or $0.4 million from the Comparative Quarter primarily due to costs related to business acquisitions and the head office move.

Total Year 2016 vs 2015

Total administrative expenses for 2016 were $38.9 million, down 15% or $6.8 million from 2015 primarily due to a decrease in personnel costs. On a percentage of revenue basis administrative costs for 2016 were 25%, up by 9 percentage points from 2015 as revenue declined faster than administrative costs.

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

- Personnel costs were $21.1 million, down 23% or $6.2 million from 2015 primarily due to reductions in personnel and compensation. Effective February 1, 2016, Black Diamond implemented a graduated salary rollback averaging approximately 10%.
- Occupancy and insurance costs were $8.7 million, up 6% or $0.5 million from 2015 for additional yard rent for idle fleet assets.
- Other administrative expenses were $9.1 million, down 10% from 2015 due to efforts to reduce spending offset by an increase in provision for estimated bad debts. Without an increase in bad debts, other administrative expenses would have been reduced further to 14% from 2015.

Adjusted EBITDA

($ millions, except as noted)	Three months ended December 31,			Twelve months ended December 31,		
	2016	2015	Change	2016	2015	Change
Adjusted EBITDA [(1)]	11.7	15.9	(26)%	42.2	89.0	(53)%
% of Consolidated Revenue	31%	31%		28%	32%	

(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, custom manufactured sales, logistics, installation, subleases and other services which generally yield a lower Adjusted EBITDA margin.

Q4 2016 vs Q4 2015

Adjusted EBITDA for the Quarter was $11.7 million, down 26% or $4.2 million from the Comparative Quarter due, primarily, to a decrease in revenue. Adjusted EBITDA as a percentage of revenue for the Quarter was unchanged from the Comparative Quarter due to an increase in high margin non-rental revenue offset by lower rental revenue.

Total Year 2016 vs 2015

Adjusted EBITDA for 2016 was $42.2 million, down 53% or $46.8 million from 2015 due, primarily, to a decrease in revenue. Adjusted EBITDA as a percentage of revenue for 2016 was 4 percentage points lower than 2015 due to the decline in administrative expenses not matching the rate of decline in revenues offset by the increase in gross margin percentage.

Depreciation and Amortization

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	2016	2015	Change	2016	2015	Change
Depreciation and amortization	13.3	14.7	(10)%	52.5	56.8	(8)%
% of Property and equipment	3%	3%		12%	10%	

Q4 2016 vs Q4 2015

Depreciation and amortization for the Quarter was $13.3 million, down 10% or $1.4 million from the Comparative Quarter primarily due to fewer capital additions in recent quarters.

Total Year 2016 vs 2015

Depreciation and amortization for 2016 was $52.5 million, down 8% or $4.3 million from 2015 primarily due to fewer capital additions.

Finance Costs

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	2016	2015	Change	2016	2015	Change
Finance cost	1.5	2.0	(25)%	6.5	8.4	(23)%
Long-term debt	110.7	159.2	(30)%	110.7	159.2	(30)%
Average interest rate	4.35%	3.78%	15%	4.11%	3.86%	6%

Q4 2016 vs Q4 2015

Finance costs for the Quarter were $1.5 million, down 25% or $0.5 million from the Comparative Quarter primarily due to reduced debt levels offset by higher effective interest rates. There were lower capital expenditures in 2016 and the proceeds from the bought deal equity financing were used to reduce debt.

Total Year 2016 vs 2015

Finance costs for 2016 were $6.5 million, down 23%or $1.9 million from 2015 primarily due to reduced debt levels. There were lower capital expenditures in 2016 and the proceeds from the bought deal equity financing were used to reduce debt. The impact of reduced debt levels was partially offset by higher interest rates.

Income Tax

($ millions, except as noted)	Three months ended December 31,			Twelve months ended December 31,		
	2016	2015	Change	2016	2015	Change
Current tax expense (recovery)	(0.7)	(1.1)	(36)%	(2.8)	3.3	(185)%
Deferred tax	(7.4)	0.9	(922)%	(11.3)	8.2	(238)%
Total tax	(8.1)	(0.2)	3,950%	(14.1)	11.5	(223)%

Q4 2016 vs Q4 2015

For the Quarter, Black Diamond recognized a current income tax recovery of $0.7 million, a change of $0.4 million from the Comparative Quarter due to changes in income. The Company also recognized a deferred income tax recovery of $7.4 million, an increase of $8.3 million from the Comparative Quarter due to the increased loss in the Quarter.

Total Year 2016 vs 2015

For 2016, Black Diamond recognized a current income tax recovery of $2.8 million, a change of $6.1 million from 2015 current tax expense and a deferred income tax recovery of $11.3 million, a change of $19.5 million from 2015 deferred tax expense. The decrease in taxes in the year is reflective of increased losses.

The deferred income tax provision for both the Quarter and YTD arises due to the change in the book value and the tax value of the net assets held by Black Diamond. 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 interests ("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 Whitecap Black Diamond Limited Partnership.

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	2016	2015	Change	2016	2015	Change
Non-controlling interest	—	0.2	(100)%	1.0	2.7	(63)%

Q4 2016 vs Q4 2015

The NCI for the Quarter was $nil, down 100% or $0.2 million from the Comparative Quarter due to decreased rental and ancillary revenues earned through the limited partnerships caused by lower utilization as a result of lower commodity prices.

Total Year 2016 vs 2015

The NCI for 2016 was $1.0 million, down 63% or $1.7 million from 2015 due to decreased rental and ancillary revenues earned through the limited partnerships caused by lower utilization as a result of lower commodity prices.

Net (Loss)/Income

($ millions, except as noted)	Three months ended December 31, 2016	2015	Change	Twelve months ended December 31, 2016	2015	Change
Net income (loss)	(45.2)	(7.8)	(479)%	(64.2)	8.4	(864)%

Q4 2016 vs Q4 2015

Net loss for the Quarter was $45.2 million, down 479% or $37.4 million in the Comparative Quarter primarily due to an impairment charge on the assets in Energy Services and International.

Total Year 2016 vs 2015

Net loss for 2016 was $64.2 million, compared with net income of $8.4 million in 2015. The loss in 2016 was due to lower operating income described in the sections above, the impairment charge on the assets in Energy Services and International, and the recognition of a provision relating to an onerous contract for unused head office space. Net income in 2015 included a gain on sale of the construction services operation, partially offset by the write-down in the investment and note receivable from Northern Frontier Corp. and impairment on Energy Services and International long-lived 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 and twelve month periods ended December 31, 2016 and 2015, 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 December 31,			Twelve months ended December 31,		
(in millions, except where noted)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
	$	**$**	**%**	**$**	**$**	**%**
Revenue						
Camps & Lodging	17.4	28.9	(40)%	80.7	180.0	(55)%
BOXX Modular	13.7	14.9	(8)%	47.9	62.2	(23)%
Energy Services	3.6	6.3	(43)%	15.4	30.3	(49)%
International	2.7	1.4	93 %	6.7	7.3	(8)%
Corporate and Other	0.5	0.5	— %	1.9	2.3	(17)%
Total Revenue	**37.9**	**52.0**	**(27)%**	**152.6**	**282.2**	**(46)%**

Segmented Adjusted EBITDA

Adjusted EBITDA by segment excludes depreciation, amortization, finance costs, share of loss in associate, deferred and current taxes, non-controlling interest, share based compensation, and provision for onerous contracts.

	Three months ended December 31,			Twelve months ended December 31,		
(in millions, except where noted)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
	$	**$**	**%**	**$**	**$**	**%**
Adjusted EBITDA [1]						
Camps & Lodging	11.9	12.8	(7)%	42.4	76.4	(45)%
BOXX Modular	3.7	4.0	(8)%	14.1	19.7	(28)%
Energy Services	(0.1)	2.1	(105)%	0.9	10.8	(92)%
International	0.1	—	n/a	(0.1)	0.9	(111)%
Corporate and Other	(3.9)	(3.1)	26 %	(15.0)	(18.8)	(20)%
Total Adjusted EBITDA	**11.7**	**15.9**	**(26)%**	**42.2**	**89.0**	**(53)%**

(1) Adjusted EBITDA is a Non-GAAP financial measure 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 Financial 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.

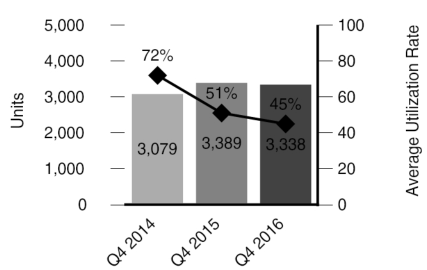
Accommodation Assets and Average Utilization

Black Diamond's Camps & Lodging fleet consisted of 3,338 workforce accommodation units as at December 31, 2016, down 2% from 3,389 units due to the sale of used assets.

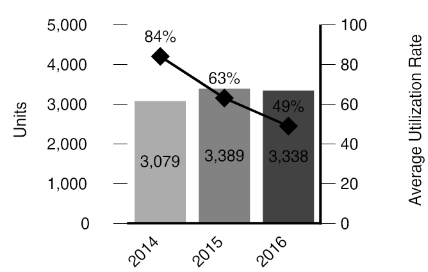
	Three months ended December 31,			Twelve months ended December 31,		
Accommodation Assets and Utilization	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Property and Equipment Net Book Value ($ millions)	224.5	252.4	(11)%	224.5	252.4	(11)%
Accommodation units	3,338	3,389	(2)%	3,338	3,389	(2)%
Average asset utilization*	45%	51%	(6)	49%	63%	(14)
Average accommodation bedcount	12,773	12,911	(1)%	12,831	12,778	—%

*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.

Workforce Accommodation Assets and Average Utilization - Quarter



Workforce Accommodation Assets and Average Utilization - Annual



Q4 2016 vs Q4 2015

Workforce accommodation utilization for the Quarter was 45%, a 6 percentage point decrease from the Comparative Quarter due to the ongoing impact of low commodity prices on our customer's activities.

Total Year 2016 vs 2015

Workforce accommodation asset utilization for 2016 was 49%, a 14 percentage point decrease from 63% in 2015 for the same reason noted above.

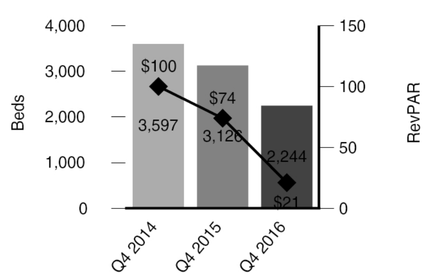
Beds Under Management and Rates

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

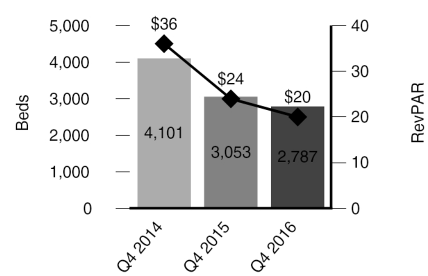
- **Lodging beds** - Full service beds that include lodging services under a man-day or cost-plus model. Man-day beds have variable margins and generally earn the highest RevPAR to reflect their higher risk profile. Cost-plus beds earn a fixed margin in a lower risk arrangement and have a corresponding 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 price per room and occupancy rates, the two of which are generally influenced by 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 December 31,			Twelve months ended December 31,		
Average Beds Utilized	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Lodging beds	2,244	3,126	(28)%	2,673	3,394	(21)%
Rental beds	2,787	3,053	(9)%	2,882	4,208	(32)%
Total Beds Utilized*	5,031	6,179	(19)%	5,555	7,602	(27)%

*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 which is weighted to the asset values.

	Three months ended December 31,			Twelve months ended December 31,		
	2016	**2015**	**Change**	**2016**	**2015**	**Change**
RevPAR* ($)						
Lodging beds	21	74	(72)%	41	89	(54)%
Rental beds	20	24	(17)%	21	25	(16)%

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

Q4 2016 vs Q4 2015

Average beds utilized for the Quarter was 5,031, down 19% from 6,179 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 72% or $53 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 $20, down 17% or $4 from the Comparative Quarter due to rate reductions on contract renewals for workforce accommodation in Western Canada.

Total Year 2016 vs 2015

Average beds utilized for 2016 was 5,555, down 27% from 7,602 in 2015 due to the impact of low oil and gas prices on our customers' activities. Lodging bed RevPAR for 2016 was $41, down 54% or $48 from 2015 due to significantly lower occupancy levels. Rental RevPAR for 2016 was $21, down 16% or $4 from 2015 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 December 31,			Twelve months ended December 31,		
	2016	2015	Change	2016	2015	Change
Lodging Revenue	4.2	21.2	(80)%	40.0	110.3	(64)%
Rental Revenue	5.2	6.6	(21)%	22.5	37.7	(40)%
Non-Rental Revenue	8.0	1.0	700%	18.2	31.9	(43)%
Total Revenue	17.4	28.9	(40)%	80.7	180.0	(55)%
Adjusted EBITDA	11.9	12.8	(7)%	42.4	76.4	(45)%
Adjusted EBITDA as a % of revenue	68%	44%	24	53%	42%	11

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.

Q4 2016 vs Q4 2015

The Camps & Lodging business unit's total revenue for the Quarter was $17.4 million, down 40% or $11.5 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 $4.2 million, down 80% or $17.0 million from the Comparative Quarter due to a 28% decrease in lodging beds utilized, and a 72% decrease in RevPAR.
- Rental revenue during the Quarter was $5.2 million, down 21% or $1.4 million from the Comparative Quarter due to a 9% decrease in rental beds utilized and a 17% decrease in RevPAR; and
- Non-rental revenue for the Quarter was $8.0 million, up 700% or $7.0 million from the Comparative Quarter primarily due to rental and lodging contract terminations. The contracts were set to expire in 2017, however, the clients chose to terminate early which triggered a lump sum contractual payment. Black Diamond worked

with these customers to meet their needs on contract termination as well as to secure incremental future work and opportunities for Black Diamond on related projects.

Adjusted EBITDA for the Quarter was $11.9 million, down 7% or $0.9 million from the Comparative Quarter primarily due to a 40% decrease in revenue, offset by higher gross margin recognized on contract termination fees. Adjusted EBITDA as a percentage of revenue increased in the Quarter to 68% compared with 44% in the Comparative Quarter mainly due to higher gross margin recognized on non-rental revenue.

Total Year 2016 vs 2015

The Camps & Lodging business unit's total revenue for 2016 was $80.7 million, down 55% or $99.3 million from 2015. 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 2016 was $40.0 million, down 64% or $70.3 million from 2015 due to a 21% decrease in lodging beds utilized, and a 54% decrease in RevPAR.
- Rental revenue during 2016 was $22.5 million, down 40% or $15.2 million from 2015 due to a 32% decrease in rental beds utilized and a 16% decrease in RevPAR; and
- Non-rental revenue for 2016 was $18.2 million, down 43% or $13.7 million from 2015 mainly due to a decrease in revenue from significant installation and demobilizations.

Adjusted EBITDA for 2016 was $42.4 million, down 45% or $34.0 million from 2015 primarily due to a 55% decrease in revenue during the year. Adjusted EBITDA as a percentage of revenue was 53% compared with 42% in 2015 due to a slightly higher proportion of rental revenue, which carries a higher margin.

Return on Assets

	Three months ended December 31,			Twelve months ended December 31,		
	2016	2015	Change**	2016	2015	Change**
Return on assets*	11%	12%	(1)	10%	19%	(9)

*Return on assets (see "Non-GAAP Financial 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 11% in the Quarter, down 1 percentage point from the Comparative Quarter due to a 7% decrease in Adjusted EBITDA.

Camps & Lodging's return on assets for 2016 was 10%, down 9 percentage points from 2015 due to a 45% decrease in Adjusted EBITDA.

Contracted Future Revenue

Contracted rental and lodging revenue commitments in place were $19.0 million as at December 31, 2016, down 69% or $41.6 million from $60.6 million as at December 31, 2015. The remaining weighted average rental and lodging contract term outstanding as at December 31, 2016 was approximately eight months compared with thirteen months as at December 31, 2015.

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.

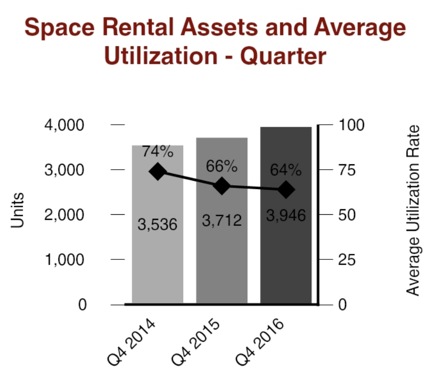
BOXX Modular also sells both new and used space rentals units and provides delivery, installation, project management, disaster recovery facility programs, and ancillary products and services which appear as "non-rental revenue".

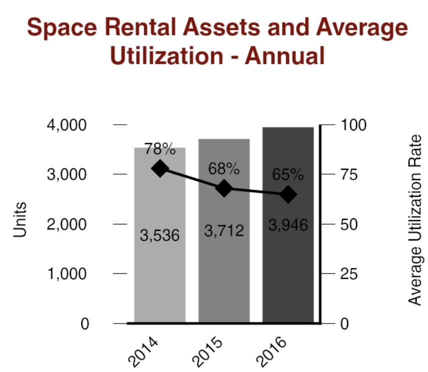
Space Rental Assets and Average Utilization

The space rental fleet consisted of 3,946 units as at December 31, 2016, up 6% from 3,712 units from December 31, 2015 due to fleet purchases and acquisition of assets from Shelter and MPA.

	Three months ended December 31,			Twelve months ended December 31,		
BOXX Modular Assets and Utilizations	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Property and Equipment Net Book Value ($ millions)	119.9	121.0	(1)%	119.9	121.0	(1)%
Space rental assets	3,946	3,712	6%	3,946	3,712	6%
Average utilization*	64%	66%	(2)	65%	68%	(3)

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





Q4 2016 vs Q4 2015

BOXX Modular asset utilization for the Quarter was 64%, a 2% percentage point decrease from 66% in the Comparative Quarter mainly due to decreased utilization in the US, partially offset by improved utilization in Eastern Canada. While BOXX Modular does business in Western Canada and is therefore exposed to energy markets, the decrease in BOXX Modular utilization was relatively lower than the Company's other asset categories due to the greater geographic, industry and product diversification of this asset class. The slight decline in the Quarter was mainly impacted by BOXX Modular in the United States where large government funded rental projects came 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.

Total Year 2016 vs 2015

BOXX Modular asset utilization for 2016 was 65% a 3 percentage point decrease from 68% in 2015 due to the impact of prolonged decreased energy prices on our customers' activities in Northern Alberta, partially offset by improved utilization in Eastern Canada.

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 December 31,			Twelve months ended December 31,		
	2016	2015	Change	2016	2015	Change
Rental revenue	5.8	6.3	(8)%	23.6	27.5	(14)%
Non-rental revenue	7.9	8.6	(8)%	24.4	34.7	(30)%
Total revenue	13.7	14.9	(8)%	47.9	62.2	(23)%
Adjusted EBITDA	3.7	4.0	(8)%	14.1	19.7	(28)%
Adjusted EBITDA as a % of revenue	27%	27%	—	29%	32%	(3)

Q4 2016 vs Q4 2015

The BOXX Modular business unit's total revenue for the Quarter was $13.7 million, down 8% or $1.2 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 $5.8 million down 8% or $0.5 million from the Comparative Quarter due to ongoing rate pressure in Northern Alberta related to the slow-down in the energy markets and an overall 2 percentage point decrease in average utilization; and
- Non-rental revenue for the Quarter was $7.9 million down 8% or $0.7 million from the Comparative Quarter mainly due to a decrease in Operations revenue.

Adjusted EBITDA for the Quarter was $3.7 million down 8% or $0.3 million from the Comparative Quarter primarily due to a 8% decrease in total revenue during the Quarter.

Adjusted EBITDA as a percentage of revenue was consistent at 27% compared to the Comparative Quarter given a relatively unchanged mix of rental and non-rental revenue compared to the Comparative Quarter.

Total Year 2016 vs 2015

The BOXX Modular business unit's total revenue for 2016 was $47.9 million, down 23% or $14.3 million from 2015. Year-over-year differences are reviewed in the breakdown of revenue into its various components below:

- Rental revenue for 2016 was $23.6 million down 14% or $3.9 million from 2015 due to rate pressure in Northern Alberta and a 3 percentage point decrease in average utilization; and
- Non-rental revenue for 2016 was $24.4 million down 30% or $10.3 million from 2015 due to a decrease in sales revenue as well as a related decrease in Operations revenue.

Adjusted EBITDA for 2016 was $14.1 million down 28% or $5.6 million from 2015 primarily due to a reduction in total revenue and margins during 2016.

Adjusted EBITDA as a percentage of revenue was 29% compared to 32% in 2015 due to an overall decrease in gross profit as a result of ongoing rate pressure in Northern Alberta combined with additional cost incurred to redeploy idle assets and pursue branch expansion.

Return on Assets

	Three months ended December 31,			Twelve months ended December 31,		
	2016	**2015**	**Change****	**2016**	**2015**	**Change****
Return on assets*	8%	9%	(1)	8%	12%	(4)

*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 8% in the Quarter, down 1 percentage point from the Comparative Quarter due to a 8% decrease in Adjusted EBITDA.

BOXX Modular's return on assets was 8% in 2016, down 4 percentage points from 2015 due to a 28% decrease in Adjusted EBITDA.

Contracted Future Revenue

Contracted rental revenue commitments in place were $12.3 million as at December 31, 2016, down 14% or $2.0 million from $14.3 million as at December 31, 2015. The remaining weighted average rental contract term outstanding as at December 31, 2016 was approximately ten months compared with eleven months as at December 31, 2015.

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.

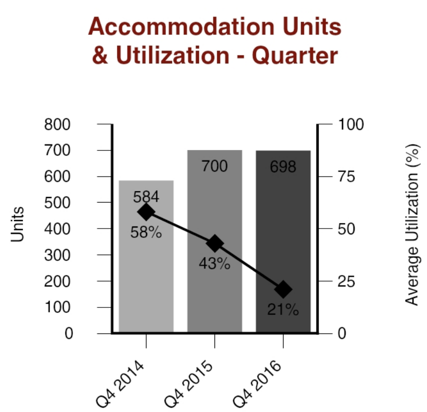
The business unit also sells used accommodations and surface rental units and provides complete installation, delivery, maintenance and catering services and defines this as non-rental revenue.

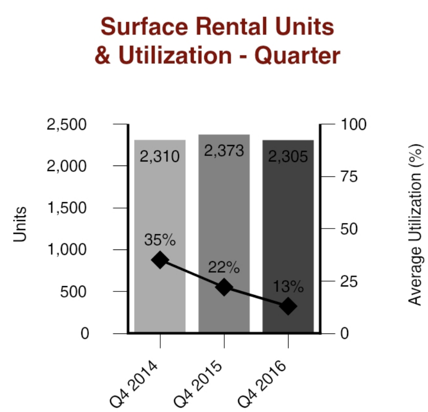
Assets and Average Utilization

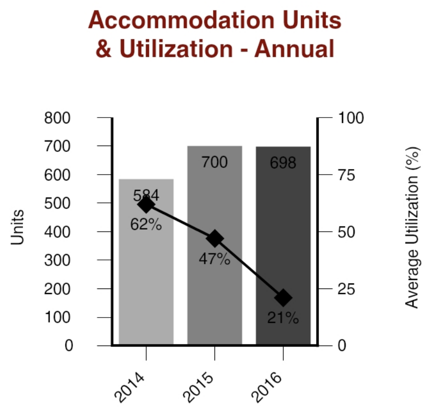
The Energy Services drilling accommodation fleet consisted of 698 units as at December 31, 2016, down 2 units from 700 units as at December 31, 2015. The surface rental fleet consisted of 2,305 units as at December 31, 2016, down 3% or 68 units from 2,373 units as at December 31, 2015.

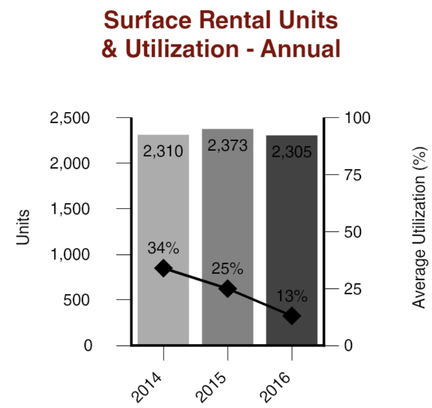
	Three months ended December 31,			Twelve months ended December 31,		
	2016	**2015**	**Change**	**2016**	**2015**	**Change**
Property and Equipment Net Book Value ($ millions)	66.6	109.1	(39)%	66.6	109.1	(39)%
Accommodation units	698	700	—%	698	700	—%
Average bedcount	1,767	1,777	(1)%	1,773	1,698	4%
Average utilization*	21%	43%	(22)	21%	47%	(26)
Surface rental units	2,305	2,373	(3)%	2,305	2,373	(3)%
Average utilization*	13%	22%	(9)	13%	25%	(12)

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









Q4 2016 vs Q4 2015

Drilling accommodation utilization for the Quarter was 21%, a decrease of 22 percentage points from 43% in the Comparative Quarter, primarily experienced in the US operations due to lower rig counts. Surface rental utilization for the Quarter was 13%, a decrease of 9 percentage points from 22% in the Comparative Quarter, due to the ongoing impact of low commodity prices on our customer's activities in Western Canada.

The average weekly rig count in the Western Canadian Sedimentary Basin for the Quarter was 181, up 8% or 13 rigs from 168 in the Comparative Quarter. The average weekly rig count in North Dakota and Colorado for the Quarter was 54, down 39% or 35 rigs from 89 in the Comparative Quarter. Weekly rig activity data is based on Baker Hughes' North American Rotary Rig Count.

Total Year 2016 vs 2015

Drilling accommodation utilization for 2016 was 21%, a decrease of 26 percentage points from 47% in 2015. Surface rental utilization for 2016 was 13%, a decrease of 12 percentage points from 25% in 2015.

The average weekly rig count in the Western Canadian Sedimentary Basin for 2016 was 130, down 32% or 62 rigs from 192 in 2015. The average weekly rig count in North Dakota and Colorado for 2016 was 50, down 58% or 70 rigs from 120 in 2015. Weekly rig activity data is based on Baker Hughes' North American Rotary Rig Count.

Financial Highlights

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Rental revenue						
Accommodation revenue (wellsite and drill camps)	0.9	3.5	(74)%	4.8	15.5	(69)%
Surface rental revenue	0.4	1.0	(60)%	2.6	4.9	(47)%
Total rental revenue	1.3	4.5	(71)%	7.4	20.4	(64)%
Non-rental revenue	2.2	1.8	22%	8.0	9.9	(19)%
Total revenue	3.6	6.3	(43)%	15.4	30.3	(49)%
Adjusted EBITDA	(0.1)	2.1	(105)%	0.9	10.8	(92)%
Adjusted EBITDA as a % of revenue	(3)%	33%	(36)	6%	36%	(30)

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 Energy Services business unit. 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.

Q4 2016 vs Q4 2015

Rental revenue for the Quarter was $1.3 million, down 71% or $3.2 million from the Comparative Quarter. Approximately half of this decrease resulted from a decline in the average utilization due to lower rig counts and the ongoing impact of low commodity prices on our customer's activities. The other half of the rental revenue decrease was caused from lower oil prices which resulted in lower realized rental rates.

Non-Rental revenue for the Quarter was $2.2 million, up 22% or $0.4 million from the Comparative Quarter primarily due to an increase in catering activity, partially offset by a decrease in other non-rental activities.

Adjusted EBITDA for the Quarter was $(0.1) million, down from $2.1 million in the Comparative Quarter due to lower commodity prices for oil and natural gas driving a year-over-year decrease in drilling and completion activity which resulted in an overall decrease in revenue and margin erosion. Adjusted EBITDA as a percentage of revenue was (3)% for the Quarter compared with 33% from the Comparative Quarter primarily due to a decrease in the proportion of rental revenue relative to non-rental revenue, combined with an overall decrease in gross profit as a result of ongoing rate pressure and revenue which declined faster than administrative costs.

Total Year 2016 vs 2015

Rental revenue for 2016 was $7.4 million, down 64% or $13.0 million from 2015 due mostly to a decrease in drilling and completion activity year over year resulting in a decrease in average utilization for accommodation and surface rental units. Lower realized rental rates contributed approximately 30% to the decline in rental revenue.

Non-Rental revenue for 2016 was $8.0 million, down 19% or $1.9 million from 2015 due to a decrease in drilling and completion activity resulting in lower non-rental activities, partially offset by higher catering activity associated with the rental of accommodation units.

Adjusted EBITDA for 2016 was $0.9 million, down 92% or $9.9 million from 2015 due to lower commodity prices for oil and natural gas driving a year-over-year decrease in drilling and completion activity which subsequently resulted in an overall decrease in revenue and margins. Adjusted EBITDA as a percentage of revenue for 2016 was 6% compared with 36% in 2015, primarily due to a decrease in the proportion of rental revenue relative to non-rental revenue, combined with an overall decrease in gross profit as a result of ongoing rate pressure, revenue which declined faster than administrative costs, as well as additional costs incurred to redeploy idle assets.

Return on Assets

	Three months ended December 31,			Twelve months ended December 31,		
	2016	2015	Change**	2016	2015	Change**
Return on assets*	—%	6%	(6)	1%	8%	(7)

*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, down 6 percentage points from the Comparative Quarter due to a 105% decrease in Adjusted EBITDA and property and equipment impairment of $29.5 million.

Energy Service's return on assets was 1% YTD, down 7 percentage points from 2015 primarily due to a 92% decrease in Adjusted EBITDA.

Contracted Future Revenue

There was no contracted rental revenue commitments in place as at December 31, 2016, down 100% from $5.4 million as at December 31, 2015. The remaining weighted average rental contract term outstanding was three months as at December 31, 2015.

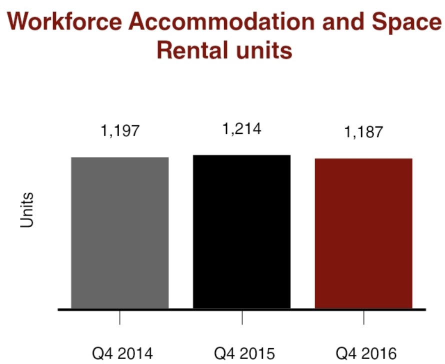
INTERNATIONAL BUSINESS UNIT

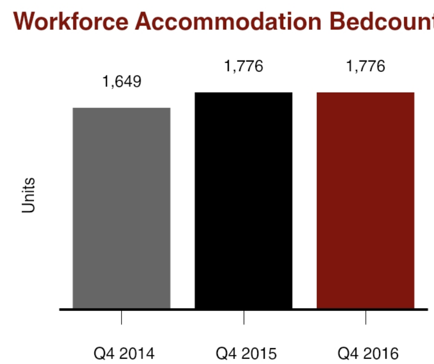
The International business unit rents and sells remote workforce housing and modular space rental solutions outside of North America. The primary geography for this business unit is Australia. Rental fleet assets are similar to those the Company operates in North America and are well positioned in New 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.

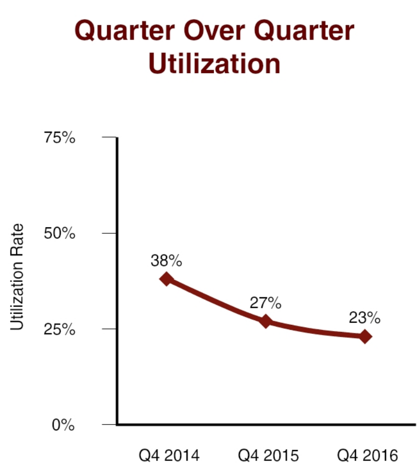
Assets and Average Utilization

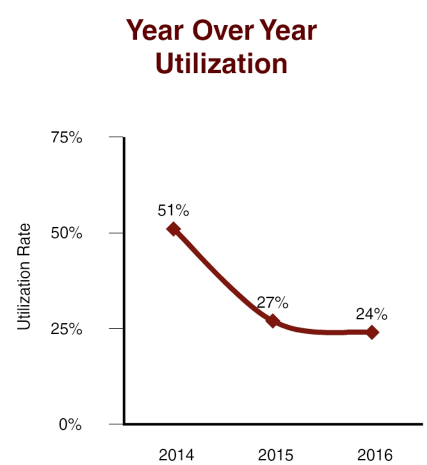
	Three months ended December 31,			Twelve months ended December 31,		
	2016	**2015**	**Change**	**2016**	**2015**	**Change**
Property and Equipment Net Book Value ($ millions)	**14.9**	37.7	(60)%	**14.9**	37.7	(60)%
Workforce accommodation and space rental units	**1,187**	1,214	(2)%	**1,187**	1,214	(2)%
Average utilization*	**23%**	27%	(4)	**24%**	27%	(3)
Workforce accommodation average bedcount	**1,776**	1,776	—%	**1,776**	1,768	—%

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









Financial Highlights

($ millions, except as noted)	Three months ended December 31, 2016	2015	Change	Twelve months ended December 31, 2016	2015	Change
Rental revenue	1.0	1.0	—%	3.9	4.7	(17)%
Non-rental revenue	1.7	0.4	325%	2.8	2.6	8%
Total revenue	2.7	1.4	93%	6.7	7.3	(8)%
Adjusted EBITDA	0.1	—	n/a	(0.1)	0.9	(111)%
Adjusted EBITDA as a % of revenue	4%	—%	4	(1)%	12%	(13)

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 historically been an important source of demand for the Company's assets primarily in Western Australia and Queensland. Following the downturn in the resource sector, the business continued to experience reduced asset utilization and pressure on rental rates throughout 2016.

Q4 2016 vs Q4 2015

Revenue for the Quarter was $2.7 million, up 93% or $1.3 million from the Comparative Quarter. This was driven by increased operations revenue related to the decommissioning of a remote accommodation camp in Western Australia and the installation of a number of education projects in New South Wales and Queensland.

Adjusted EBITDA for the Quarter was $0.1 million, up $0.1 million from the Comparative Quarter reflecting the increased revenue from operations in the Quarter.

Total Year 2016 vs 2015

Revenue for 2016 was $6.7 million, down 8% or $0.6 million from 2015 due to the operating environment in the resource sector described above.

Adjusted EBITDA for 2016 was $(0.1) million, down $1.0 million from 2015 also as due to the operating environment described above.

Return on Assets

	Three months ended December 31, 2016	2015	Change**	Twelve months ended December 31, 2016	2015	Change**
Return on assets*	2%	—%	2	—%	2%	(2)

*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 2%, up 2 percentage points from the Comparative Quarter due to an increase in Adjusted EBITDA and property and impairment of $20.4 million.

International's return on assets for 2016 was less than 0.5%, down 2 percentage points from 2015 primarily due to a 111% decrease in Adjusted EBITDA.

Contracted Future Revenue

Contracted rental revenue commitments in place were $7.3 million as at December 31, 2016, up 387% or $5.8 million from $1.5 million as at December 31, 2015. The remaining weighted average rental contract term outstanding as at December 31, 2016 was approximately twenty-one months compared with four months as at December 31, 2015.

The increase in the remaining weighted average rental contract term outstanding and contracted revenue commitments relates to a five year contract extension worth $6.2 million with one of Australia's largest iron ore producers in early 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 December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Property and Equipment Net Book Value	**27.7**	26.4	5%	**27.7**	26.4	5%
Adjusted EBITDA	**(3.9)**	(3.1)	(26)%	**(15.0)**	(18.8)	20%

Q4 2016 vs Q4 2015

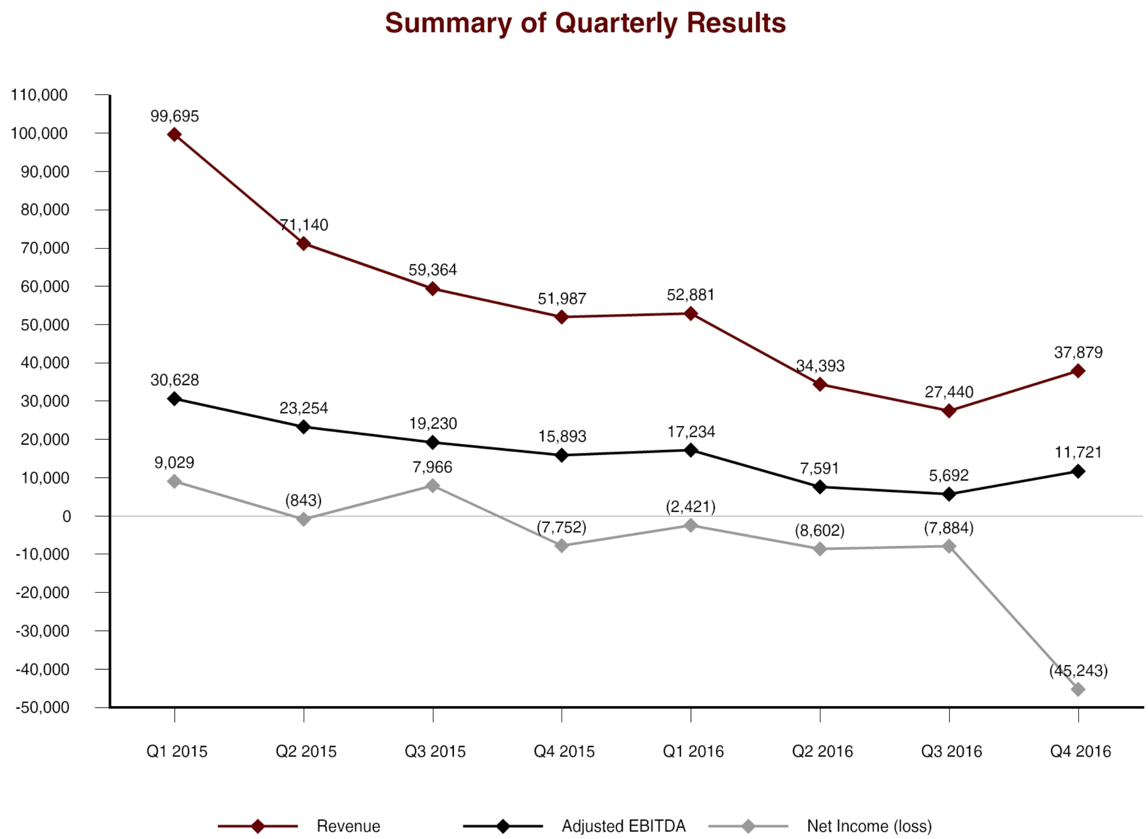
Adjusted EBITDA for the Quarter was $(3.9) million, down 26% or $0.8 million from $(3.1) million in the Comparative Quarter primarily due to an increase in information technology costs and occupancy costs, partially offset by decreases in personnel costs.

Total Year 2016 vs 2015

Adjusted EBITDA for 2016 was $(15.0) million, down 20% or $3.8 million from $(18.8) million in 2015 primarily due to a decrease in personnel costs.

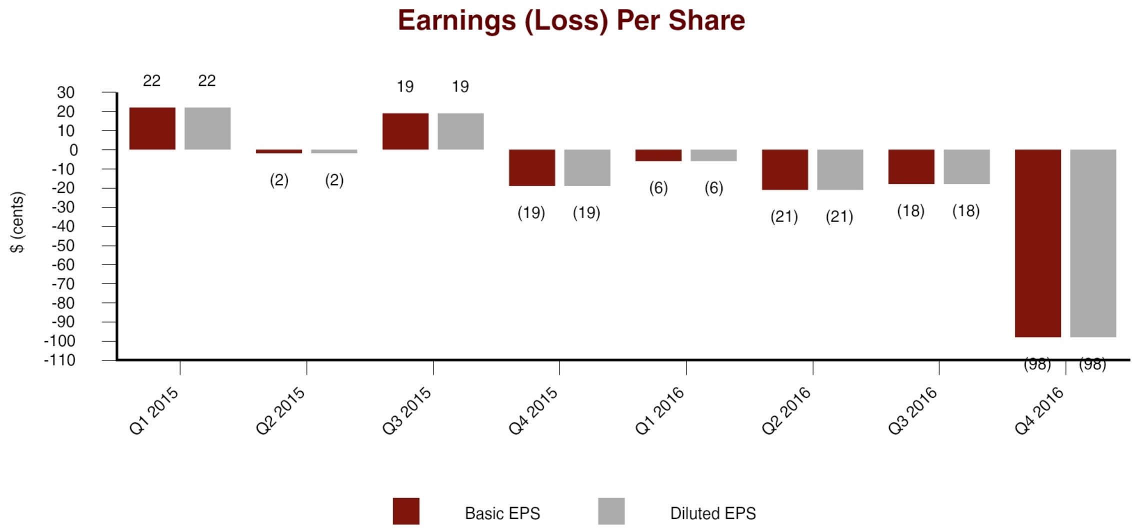
SUMMARY OF QUARTERLY RESULTS

The following is a summary of the previous eight quarters:



Overall, the continued weakness in commodity prices across several commodity classes has negatively impacted asset utilization and revenue resulting in quarterly metrics trending downward. The more significant variations in individual quarterly results are explained further below.

1. Q1 results are typically higher due to some seasonality experienced in the Western Canada operations, which form part or all of the Camps & Lodging, BOXX Modular and Energy Services business units. Specifically, operations levels in the Camps & Lodging business unit are generally higher in the winter and utilization for Energy Service's drilling accommodations and surface rental assets is higher in the fall and winter months.
2. Beds under management increased in Q1 2015 compared to other quarters, but due to the decreased activity in Western Canada the increase was less than 2014.
3. 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.
4. 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.
5. 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.
6. Q1 2016 recognizes an impairment of $3.4 million on the investment and note receivable from Northern Frontier Corp.
7. 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.
8. 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.
9. 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.



LIQUIDITY & CAPITAL RESOURCES

Cash Requirements

Contractual Obligations and Other Commitments

At December 31, 2016, Black Diamond had capital expenditure commitments in the amount of $3.1 million. Additionally, Black Diamond has a commitment of $33.9 million that relates to the Calgary head office lease. 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, software and computers, furniture and service related equipment.

For the Quarter and 2016, Black Diamond additions to property and equipment are set out in the table below. Additionally, in the Quarter BOXX Modular acquired all the shares of MPA, a company specializing in leasing and selling high-security modular buildings and providing disaster recovery facility programs across the continental United States, for total cash consideration of $4.2 million (USD $3.1 million). In 2016, BOXX Modular also acquired the space rental business from Shelter in the Vancouver area for total cash consideration of $1.3 million.

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	2016	2015	Change %	2016	2015	Change %
Camps & Lodging	0.6	(0.4)	250%	0.7	14.1	(95)%
BOXX Modular	0.7	1.5	(53)%	7.1	12.6	(44)%
Energy Services	—	0.4	(100)%	0.5	18.4	(97)%
International	1.7	0.3	467%	3.7	4.4	(16)%
Corporate	2.9	(0.3)	1,067%	3.2	0.1	3,100%
	5.8	1.5	287%	15.2	49.6	(69)%

Sources and Uses of Cash

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

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	2016	2015	Change	2016	2015	Change
Cash from operating activities	24.6	47.2	(48)%	69.7	137.3	(49)%
Cash used in investing activities	(8.2)	(7.1)	15%	(18.7)	(66.2)	(72)%
Cash used in financing activities	(16.1)	(36.4)	(56)%	(50.8)	(86.4)	(41)%
Total cash decrease	0.3	3.7	(92)%	0.2	(15.3)	(101)%

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 growth capital spending, dividends and interest, taxes and principal debt repayments.

Cash provided by operating activities was $22.6 million lower in the Quarter than in the Comparative Quarter and $67.6 million lower in 2016 than in 2015 primarily due to decreased Adjusted EBITDA, partially offset by cash required to sustain operating working capital.

Cash used in investing activities was $1.1 million higher in the Quarter than in the Comparative Quarter due to higher capital spending, and $47.5 million lower in 2016 than in 2015 due to lower capital spending.

Cash used in financing activities was $20.3 million lower in the Quarter than in the Comparative Quarter primarily due to lower dividends declared and paid and lower net repayments of long-term debt. Cash used in financing activities was $35.6 million lower in 2016 than in 2015 primarily due to the issuance of shares and lower dividends declared and paid in 2016, partially offset by higher net repayments of long-term debt.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	December 31, 2016	December 31, 2015	$ Change	% Change
Current assets	33.3	51.0	(17.7)	(35)%
Current liabilities	41.0	41.0	—	—%
Working capital	(7.7)	10.0	(17.7)	(177)%

The decrease in current assets of $17.7 million from December 31, 2015 was largely due to a decrease in accounts receivable of $18.1 million.

Current liabilities remained unchanged from December 31, 2015, which resulted from a decrease of $11.5 million of accounts payable and accrued liabilities and an increase of $12.4 million of deferred revenue related to services to be rendered within the next 12 months. The decrease in accounts payable and accrued liabilities balance is due to decreased business activity and lower capital spending.

Principal Debt Instruments:

As of December 31, 2016, Black Diamond's principal sources of debt included:

- a committed extendible revolving operating facility in the amount of $168.0 million, all of which is available and $31.2 million is drawn;
- a demand operating facility in Australia in the amount of AUD$5.0 million, all of which is available and $2.1 million is drawn;
- a $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
- a $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.

As at December 31, 2016, the Company's draws under the committed extendible revolving operating facility were comprised of $6.2 million related to an overdraft balance (December 31, 2015 - $1.0 million), and $25.0 million of bankers' acceptance (December 31, 2015 - $69.0 million).

For the three and twelve months ended December 31, 2016, the average interest rate applied to amounts drawn on the committed extendible revolving operating facility was 3.14% and 2.84% (December 31, 2015 - 2.58% and 2.69%), respectively.

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 December 31, 2016, the Company's draws under the corporate credit card facility were $nil (December 31, 2015 - $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 December 31, 2016, the effective interest rate was 3.85% (December 31, 2015 - 3.85%). The facility is secured by assets of the partnership, with no recourse to Black Diamond. As at December 31, 2016, the Company's draws under the demand operating facility were $0.6 million (December 31, 2015 - $nil).

Effective May 30, 2016, a US $10.0 million demand revolving loan that was held indirectly by a wholly owned subsidiary of Black Diamond was not renewed.

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 December 31, 2016, the effective interest rate was 2.67% (December 31, 2015 - 3.12%). The facility is secured by a corporate guarantee issued by Black Diamond Limited Partnership. As at December 31, 2016, the Company's draws under the Australian demand operating facility were $2.1 million (December 31, 2015 - $nil).

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, an interest rate of 5.44% per annum and mature on July 8, 2019. 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, an interest rate of 4.58% per annum and mature on July 3, 2022. 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.

On July 3, 2013, Black Diamond Limited Partnership entered into a private shelf facility for senior secured notes which, subject to the sole discretion of the lender, may be drawn in an aggregate amount up to US $21,315, for a term of no more than 11 years after the date of original issuance, to have an average life of no more than 10 years after the date of original issuance, and to bear interest as shall be determined at the date of issuance. This private shelf facility was not renewed subsequent to July 3, 2016.

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 operations. 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 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 December 31, 2016	Required	Actual
Funded Debt to Bank EBITDA Ratio	≤ 3.00:1	2.64
Interest Coverage Ratio	≥ 3.00:1	6.72

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

Covenant as at December 31, 2016	Required	Actual
Current Ratio	≥ 1.25:1	2.38
Interest Coverage Ratio	≥ 3.00:1	22.75

Effective June 18, 2015, the committed extendible revolving operating facility interest coverage covenant was amended to a minimum interest coverage ratio of 3.00:1.

Effective June 18, 2015, 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 $20.0 million less interest expense less capital lease payments, all calculated on a twelve month trailing basis. As at December 31, 2016, twelve month trailing dividends totaled $15.2 million compared to $18.7 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 financial 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 Financial 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 December 31, 2016, Black Diamond was in compliance with all debt covenants.

Amendment to Credit Agreements

Effective March 6, 2017, Black Diamond reached agreement with its lenders to amend its credit facility, due in April 2019, and its senior secured notes, with maturities in July 2019 and July 2022. The maximum principal amount of the committed extendible revolving operating facility will be reduced to $100.0 million with an accordion feature that allows for the expansion of the facility up to an aggregate of $150.0 million, upon lender commitment. The accordion feature may not be drawn while the ratio of Funded Debt to Bank EBITDA exceeds 3.00:1.

The Company's senior secured notes will be amended to increase the interest rates by 0.50% to 5.94% per annum on the notes that mature on July 8, 2019, and to 5.08% per annum on the notes that mature on July 3, 2022. These rates will increase by an additional 0.50% for any quarterly reporting periods when Funded Debt to Bank EBITDA exceeds 3.50:1.

The Company's committed extendible revolving operating facility Funded Debt to Bank EBITDA ratio covenant will be 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.

The restriction on dividends covenant calculation will be amended such that the annualized current quarter cash distributions cannot exceed trailing twelve month Adjusted EBITDA less non-controlling interest, adjusted for acquisitions or disposals, less current income tax expense, less interest expense, less capital lease payments, less $10.0 million (previously $20.0 million). When Funded Debt to Bank EBITDA ratio is above 3.00:1, lender approval will be required whenever organic capital expenditures exceed $25.0 million for a calendar year. Further, lender approval will be required whenever any acquisition capital expenditure exceeds $5.0 million. Corresponding covenant amendments were also granted under Black Diamond's senior secured notes.

As at the date of this MD&A, the above noted amendments have received credit committee approval from the applicable lenders and are subject only to the finalization of definitive documentation to effect such amendments.

Share Capital

At December 31, 2016, Black Diamond had 46.1 million (December 31, 2015 - 41.0 million) common shares outstanding. In addition at December 31, 2016, Black Diamond had $2.8 million (December 31, 2015 - $3.0 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 inventive award plan.

Effective March 10, 2017, Black Diamond filed a preliminary prospectus for a bought deal financing arrangement for the issuance of 7.7 million common shares, at a price of $3.75 per common share. In addition, the Company has granted the underwriters an over-allotment option, exercisable for a period of 30 days following closing of the offering to purchase up to an additional 0.8 million shares. Transaction costs of approximately $1.9 million are estimated as part of the common share issuance, which will result in estimated net proceeds of approximately $30.0 million if the over-allotment option is exercised.

The following table summarizes Black Diamond's equity capitalization as at March 13, 2017:

Common shares	46,102
Stock options	2,686
Restricted share units	153

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 December 31, 2016 relate to standard working capital accounts, credit facility items and deferred revenue.

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 credit facilities will fluctuate as a result of changes in market rates.

NON-GAAP FINANCIAL 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, gain on sale of construction services operation, share of loss of an associate, write-down of property and equipment, impairment of goodwill, and provision for onerous contracts.

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 December 31			Twelve months ended December 31		
	2016	**2015**	**Change**	**2016**	**2015**	**Change**
Profit/(Loss)	**(45.2)**	(7.8)	479 %	**(64.2)**	8.4	(864)%
Add:						
Share-based compensation	**0.4**	1.7	(76)%	**1.3**	4.6	(72)%
Depreciation and amortization	**13.3**	14.7	(10)%	**52.5**	56.8	(8)%
Finance costs	**1.5**	2.0	(25)%	**6.5**	8.4	(23)%
Onerous contract	**—**	—	n/a	**3.3**	—	n/a
Current income taxes	**(0.7)**	(1.1)	(36)%	**(2.8)**	3.3	(185)%
Deferred income taxes	**(7.4)**	0.9	(922)%	**(11.3)**	8.2	(238)%
Non-controlling interest	**—**	0.2	(100)%	**1.0**	2.7	(63)%
Share of loss of an associate	**—**	2.7	(100)%	**5.8**	(6.1)	195 %
Impairment loss	**49.9**	2.6	1,819 %	**49.9**	2.6	1,819 %
Adjusted EBITDA	**11.7**	15.9	(26)%	**42.2**	89.0	(53)%

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 and is adjusted for the trailing twelve months Adjusted EBITDA associated with acquisitions or disposals of businesses. 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:

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2016**	2015	Change	**2016**	2015	Change
Cash Flow from Operating Activities	**24.6**	47.2	(48)%	**69.7**	137.3	(49)%
Add/(Deduct):						
Book value of used fleet sales	**(0.8)**	(0.9)	(11)%	**(6.0)**	(5.2)	15 %
Change in long-term accounts receivable	**(0.1)**	(0.9)	(89)%	**0.6**	(1.6)	(138)%
Change in non-current deferred revenue	**0.5**	0.1	400 %	**0.1**	(2.0)	(105)%
Changes in non-cash operating working capital	**(11.8)**	(28.4)	(58)%	**(19.3)**	(42.7)	(55)%
Funds available for dividends	**12.5**	17.0	(26)%	**45.1**	85.7	(47)%

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.

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.

RELATED PARTY TRANSACTIONS

	December 31, 2016	**December 31, 2015**
	$	**$**
Due from related parties	421	123
Due to related parties	306	1,534

The amount due to and from related parties relates to the distributions and royalties payable to the non-controlling interests.

Key Management Personnel Compensation

Key management personnel compensation	2016 $	2015 $
Salaries, bonuses, fees and other short-term employee benefits	2,448	3,056
Share-based compensation	531	2,969
Total Compensation	**2,979**	**6,025**

The Company has defined key management personnel as named executive officers and all members of the board of directors, as they have the collective authority and responsibility for planning, directing and controlling the activities of the Company. The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

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 December 31, 2016, 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 October 1, 2016 and ended on December 31, 2016 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 & 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.

Aggregation of interest in subsidiaries

Management has used judgment in determining whether it is appropriate to aggregate the disclosures required by IFRS 12 for the Company's interests in subsidiaries. In reaching a determination, management considered such factors as its interests in the subsidiaries' nature of business, their industry classification and their geographical location.

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 FVLCTS and its 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 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

IAS 1 Presentation of Financial Statements

In December 2014, the IASB issued narrow-focus amendments to IAS 1 Presentation of Financial Statements to clarify existing requirements related to materiality, order of notes, subtotals, accounting policies and disaggregation. Retrospective application of this standard was effective for fiscal years beginning on or after January 1, 2016. The adoption of this amended standard did not have a material impact on the Company's disclosure.

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 financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective on or after January 1, 2017.

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 is effective for annual periods beginning on or after January 1, 2017. Early adoption of the standard is permitted and entities are not required to provide comparative information for preceding periods. The Company has reviewed the issued amendments to IAS 7 and determined that there is no significant impact of such amendments on the Company's financial statements.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

In January 2016, the IASB issued amendments to IAS 12 Income Taxes, clarifying the accounting for deferred tax assets for unrealised losses. Entities must consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Guidance is also provided on how to determine future taxable profits and explains the circumstances whereby taxable profit may include the recovery of some assets for more than their carrying amount. This standard is effective for annual periods beginning on or after January 1, 2017. Early adoption of the standard is permitted. The Company has reviewed the issued amendments to IAS 12 and determined that there is no impact of such amendments on the Company's financial statements.

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.