MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and twelve months ended December 31, 2017 and 2016

BLACK DIAMOND GROUP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") compares the financial performance of Black Diamond Group Limited ("Black Diamond", the "Company", "our" and "we") for the three months ended December 31, 2017 (the "Quarter") with the three months ended December 31, 2016 (the "Comparative Quarter") as well as Black Diamond's financial performance for the twelve months ended December 31, 2017 (the "YTD") with the twelve months ended December 31, 2016 (the "Prior YTD"). 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, 2017 and 2016. 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 6, 2018 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, but not limited to, the amount of funds that will be expended on the 2018 capital plan, how such capital will be expended, expectations for land sales, Management's assessment of Black Diamond's future operations and what may have an impact on them, financial performance, business prospects and opportunities, changing operating environment including increased activity levels, amount of revenue anticipated to be derived from current contracts, anticipated debt levels, amendments to Black Diamond's debt instruments, economic life of the Company's assets, future growth and profitability of the Company and realization of the anticipated benefits of acquisitions and sales, and expected savings from the restructure. 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

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EXECUTIVE SUMMARY

The Company experienced growth in all of its key markets outside of Alberta during 2017. Strong economic growth in infrastructure development and general construction in eastern Canada, British Columbia and the United States have contributed to the Company's improving performance. Management has also developed and executed against strategies that enhance the current position and long term prospects of the Company, including:

- Diversification of operating cash flows
  - Acquisition of the rental fleet from Britco, the largest workspace rental platform in British Columbia, with a diversified customer base and significant exposure to the infrastructure development and general construction end markets.
  - Organic capital growth of the diversified BOXX business unit, with over $14 million gross capital expenditures allocated to new fleet primarily in the US and eastern Canada.
- Improved financial flexibility
  - Extended and amended debt facilities.
  - Restructured the business in Q2 2017 for increased operating efficiencies and cost savings of roughly $3 million annually.
  - Reduced net debt (see "Non-GAAP Measures") from $119.6 million to $112.9 million from Q3 to Q4 2017.
- Sales of underutilized assets
  - Reduced Camps & Lodging bedcount by roughly 420 beds in the last year and roughly 1,000 beds in the last two years, with proceeds on the sale of these assets in excess of net book value.
  - Reduction of 386 beds from workforce accommodation fleet in Australia, with proceeds on the sale of these assets in excess of net book value.
- Innovation and business development in response to changing market dynamics
  - Launched LodgeLink in Q4 2017, an online marketplace for remote workforce accommodations.
  - Increased focus on small format open camps in strategic locations, including the opening of Little Prairie Lodge in Q4 2017.
  - Relocated certain Energy Services US assets to the Permian Basin in Texas, which are now 100% utilized.

HIGHLIGHTS

- The BOXX Modular business showed significant growth outside Alberta with an asset utilization for the Quarter of 69%, an increase from 64% in the Comparative Quarter. The space rental fleet count increased by 49% to 5,882 units from the Comparative Quarter resulting in a 47% increase in revenue and a 54% increase in Adjusted EBITDA.

- Energy Services drilling accommodation utilization for the Quarter was 69%, an increase from 21% in the Comparative Quarter. Energy Services experienced significant growth where revenue, Adjusted EBITDA and utilization are all greater than the comparative quarter by at least 48%.

- In late December, the Company reopened its Sunday Creek Lodge to support demand from customers performing turnaround work, pipeline projects, and phased development in the southern oil sands.

- During the Quarter, Little Prairie Lodge in Chetwynd, BC was installed and opened to service demand in northeastern BC. Little Prairie Lodge is a 252-person lodge providing temporary workforce accommodation to serve diverse industry demand from infrastructure, oil and gas, wind power developments, and mining activity in the region surrounding Chetwynd, Fort St. John and Dawson Creek in northern British Columbia.

- In Q1 2017, Black Diamond completed the acquisition of the modular workspace rental fleet and related assets, including the Britco brand, from Britco LP for cash consideration of $41.0 million. This acquisition was funded by a bought deal equity financing and sale and leaseback of certain real estate properties.

- In response to changing demand requirements in the Canadian workforce accommodation industry, management developed a product that provides a solution to customers requiring small-scale and short term remote accommodations. With the launch of LodgeLink in 2017, the Company is bringing innovation to the workforce accommodation industry through an online marketplace that aggregates remote accommodations in Canada. LodgeLink now offers more than 100 properties representing over 17,000 rooms, serving roughly 130 distinct corporate customers.

Financial Review

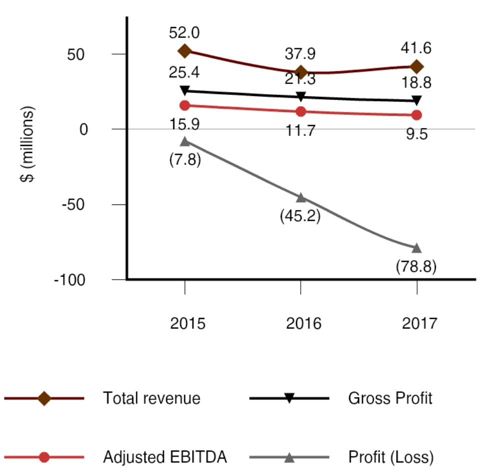
- Revenue for the Quarter was $41.6 million, up 10% or $3.7 million from the Comparative Quarter primarily due to increased BOXX Modular fleet size and utilizations, partially offset by the impact of low commodity prices on utilization and occupancy in Camps & Lodging.

- Administrative expenses for the Quarter were $9.3 million, down 3% or $0.3 million from the Comparative Quarter primarily due to reductions in personnel costs, partially offset by administrative expenses from prior acquisitions. Normalized for administrative expenses related to acquisitions, on a percentage of revenue basis, administrative costs for the Quarter were 22%, down by 6 percentage points from the Comparative Quarter.

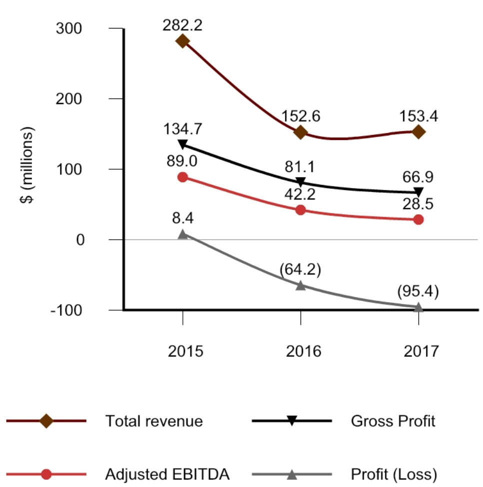
- Adjusted EBITDA (see "Non-GAAP Measures") for the Quarter was $9.5 million, down 19% or $2.2 million from the Comparative Quarter primarily due to reduced utilization and rates in the Camps & Lodging segment, as well as the payments associated with termination of rental and lodging contracts received in the comparative quarter. Compared to Q3 2017, Adjusted EBITDA was up 6% or $0.5 million.

- Net loss for the Quarter was $78.8 million, an increase from the Comparative Quarter net loss of $45.2 million. Non-cash impairment charges of $98.2 million were recognized in Camps & Lodging in the Quarter, compared to $49.9 million of non-cash impairment charges in the Comparative Quarter for Energy Services and International. The impairment in Camps & Lodging was comprised of a $24.5 million write-down of goodwill and a $73.7 million write-down of intangible assets and property and equipment, primarily to higher density dorms which have lower demand than private washroom style dorms in western Canada.

Three Months Ended December 31, Financial Highlights



Twelve Months Ended December 31, Financial Highlights



Geographic Revenue Segmentation

($ millions)	**Q4 2017**	**Q4 2016**	**Change**
Revenue			
Canada	**28.1**	25.6	10 %
United States	**11.9**	9.6	24 %
Australia	**1.6**	2.7	(41)%
Total	**41.6**	37.9	10 %

Percentage of total revenue	**Q4 2017**	**Q4 2016**	**Change**
Revenue			
Canada	**68%**	68%	—
United States	**29%**	25%	4
Australia	**3%**	7%	(4)
Total	**100%**	100%	—

Outlook

- BOXX Modular's growing markets in British Columbia, Ontario, and the southern US are driving increased utilization and rental revenue which is expected to continue in 2018. This will be moderated by a significant number of assets coming off rent in the Alberta marketplace in the first quarter of 2018. Management expects some recovery in the market in subsequent quarters.

- The near-term visibility for Camps & Lodging is improving and led to the opening of two operated facilities, Little Prairie Lodge and Sunday Creek Lodge. Both camps are expected to contribute meaningfully in Q1 2018. Field level activity in the Montney and Duvernay regions is showing noticeable improvement and could lead to higher levels of utilization for the Company's 2,500 rooms in operation in the area in 2018.

- Improvement in utilization and rates in Energy Services across the US markets is expected to continue.

- Higher and more stabilized commodity prices in Australia are leading to increased development and capital spending in the mining and natural resource sectors. Greater spending is expected to continue to contribute to higher levels of utilization for accommodations assets while increased government infrastructure spending should lead to improved demand for the Company's space rentals assets in Australia.

- Debt reduction in 2018 is expected to be achieved by collection of a tax refund of roughly $7 million, selling redundant real estate assets for expected proceeds of approximately $5 million, and targeting a net-zero capital expenditure plan. This leaves most cash flow from operations available for debt repayment after debt service costs and working capital requirements. Management believes that a lower leverage position will create immediate shareholder value and provide added financial flexibility to pursue future growth opportunities.

Capital Plan

The Company plans to continue to grow the BOXX Modular space rentals business outside of Alberta, which benefits from broad exposure to multiple industry segments. Gross capital outlays are projected to be fully funded by proceeds from the sale of underutilized assets. The 2018 capital plan will generally be non-speculative and support management's overarching strategy to diversify the Company's asset base.

Capital expenditures for the Quarter were $9.1 million and $23.6 million for the YTD. Net of proceeds from used fleet sales, YTD capital expenditures were $13.6 million. Capital expenditures for the Quarter included maintenance capital of $0.3 million, down $1.0 million from the Comparative Quarter. Capital commitments were $2.5 million as at

December 31, 2017. This commitment extends over the next 5 quarter. This is compared with capital expenditures of $5.8 million and capital commitments of $1.7 million in the Comparative Quarter.

Debt Management

Effective December 29, 2017, the Company extended the committed extendible revolving operating facility term by one year to April 2020 and amended its debt covenants. The committed extendible revolving operating facility Funded Debt to Bank EBITDA covenant was amended to a maximum ratio of:

a. 4.50:1 for fiscal quarters ending December 31, 2017 to December 31, 2018;
b. 4.25:1 for fiscal quarter ending March 31, 2019;
c. 4.00:1 for the fiscal quarter ending June 30, 2019;
d. 3.75:1 for the fiscal quarter ending September 30, 2019;
e. 3.50:1 for the fiscal quarters ending December 31, 2019; and
f. 3.00:1 for all fiscal quarters thereafter.

The interest coverage covenant remained unchanged and corresponding covenant amendments were also granted under Black Diamond's senior secured notes. The senior secured notes maturing on July 8, 2019 and July 3, 2022 were amended to increase the interest rate by 0.50% to 6.44% and 5.58%, respectively. Management believes the extension of the credit facility and the adjustments to the covenant package will give it the flexibility to continue to execute on its core strategies of diversification and debt reduction.

WHO WE ARE

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

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

As announced on August 3, 2017 and effective as of January 2018, Black Diamond re-organized its business units to streamline its operations and gain efficiencies. The new Modular Space Solutions business unit is comprised of the previous BOXX Modular business unit. The new Workforce Solutions business unit combines the previous Camps & Lodging, Energy Services, and International business units. Segmented information for 2017 will be restated in 2018 to reflect this change in organizational structure, with no impact to consolidated net income.

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

BLACK DIAMOND'S STRATEGY

At its core, Black Diamond is a business-to-business renter of specialized equipment. Our team's extensive experience within the rental categories we operate, and our expertise in managing the logistics and supply chain for these assets, enable us to earn attractive 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 asset management, business diversification, capital allocation and risk management.

Asset Management

Since 2003, we have built a rental fleet of approximately 13,000 units that consists of remote workforce accommodation, space rental and surface rental assets. These assets generally maintain their value over their relatively long lives and require very little maintenance capital. To ensure we are managing our assets (and capital) efficiently, we set return targets for our assets based on their original cost. This creates discipline around the aging of our rental fleet, encouraging managers to regularly sell older, less economic rental assets on the secondary market. Through all parts of the market cycle, we have been able to 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 in certain markets that are over supplied. 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 that began early in the Company's history were predicated on the fundamental belief that this diversification strategy can help mitigate volatility during a downturn in any one geography, commodity or asset class. Management is focused on selling underutilized assets to fund growth in diversified businesses.

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

During the fourth quarter the Company continued to see signs of strengthening fundamentals across all markets in which we operate.

Benefiting from improving market conditions, the Company’s Modular Space Solutions (MSS) business unit produced strong results in 2017. The addition of Britco, the largest space rentals fleet in British Columbia, increased the total MSS fleet by over 50%. Demand in the British Columbia market has been robust enough to absorb certain underutilized assets from the BOXX Modular branches in Alberta, as this market faces continued headwinds. The segment in Alberta is forecasted to experience a relatively weak first quarter as the last significant resource infrastructure related contracts roll off in late 2017 and early 2018. Significant capital expenditures deployed during Q4 2017 are expected to begin contributing to rental revenue in late Q1. MSS custom sales activity is expected to be light during the first half of 2018, however the bid log for the second half of the year is strong and growing. In eastern Canada, our branches in the Greater Toronto Area and in Ottawa are benefiting from the high levels of activity supported by increased general construction and government sponsored infrastructure spending. Our US branches in the southern states are also experiencing strong demand and seeing more opportunities for our major projects team to pursue temporary and permanent modular applications in the healthcare, military, technology, education, and administrative industries. The Company expects increased general construction and infrastructure spending to drive high levels of activity for our Modular Space Solutions business unit into 2018 and provide opportunities to expand in growing markets outside of Alberta.

The Company’s Workforce Solutions business unit, now comprised of Camps & Lodging, Energy Services, International, and LodgeLink, has shown signs of improvement during Q4 2017. With the recent increase and stabilization in oil prices, there has been a noticeable improvement in field level activity in the areas we operate. LodgeLink is also capitalizing on this activity as bookings through the online marketplace have been steadily increasing since it was launched.

Although a lack of capital spending on new projects related to the construction or expansion of facilities persists in the western Canadian Sedimentary Basin, there has been a pickup in drilling and completions activity in the Montney and Duvernay shale plays. With the opening of Little Prairie Lodge, the Company now has over 2,500 rooms in operation in this region to capitalize on the increasing number of opportunities that arise. There is some better visibility into activity surrounding our Sunday Creek Lodge as well. In late December, the Company reopened Sunday Creek to support demand from customers performing pipeline projects, phased development in the oil sands and turnaround work.

Performance in the Energy Services division is highly correlated to rig activity which is reflected in recent results as drilling has picked up in most regions where we operate. The decision to relocate assets from North Dakota and Colorado to the increasingly active Permian basin has resulted in increased utilization and revenue levels in each of these markets in the quarter and is expected to continue. Increased activity in the Canadian segment is also expected to continue through the winter drilling season given the seasonal nature of the business.

The Company's International division has exhibited stronger results in recent quarters and improving market conditions in Australia should continue to support the division. Signs of increased development and capital spending in the mining and natural gas sectors could lead to higher utilization of our accommodation assets while government infrastructure spending and education demand supports the space rentals business.

The macro-economic information provided below is general in nature and should not be construed as guidance. All relevant sources are hyperlinked in the PDF version of this MD&A which is available for download at www.sedar.com or www.blackdiamondgroup.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.

US Economy

The Conference Board projects US real GDP to rise by 2.9% in 2018, compared to 2.3% in 2017. Recently legislated tax reform and planned infrastructure stimulus are expected to provide an additional boost to the domestic economy as businesses are incentivized to spend more on capital investment. The Conference Board expects Texas to be one of the US growth leaders with GDP projected to rise by 3.8% in 2018, fueled by drilling activity as well as state and federal infrastructure spending programs.

The construction forecast completed by the American Institute of Architects ("AIA") predicts commercial construction spending to grow by 8.8% while industrial construction spending is expected to grow more modestly at a rate of 1.1%. The AIA also reports the Architecture Billings Index ("ABI"), a leading economic indicator of nonresidential construction activity which tracks the growth rate of design billings. An ABI score of 52.9 for December meant that, for 10 of the 12 months, architecture firms saw increases in billings. The South region, which encapsulates our US space rentals operations, experienced billings growth in all 12 months and increased by the largest margin in December.

Source: US Conference Board
Source: Architects Index 2017
Source: White House Budget

Canadian Economy

The Organization for Economic Cooperation and Development (OECD) projects Canada's real GDP to grow by 2.5% in 2018, down from 3.0% this past year. Alberta, British Columbia, Saskatchewan, and Ontario are predicted to lead the country in GDP growth with rates of 2.3%, 2.2%, 2.1% and 2.7% respectively, according to RBC forecasts. Government spending on infrastructure and a moderate increase in business investment are forecast to support economic growth in these provinces through 2018.

There is strong evidence to support that the Alberta economy is recovering from the worst provincial economic downturn in three decades. Strengthening oil prices in 2017 boosted energy firms' revenues and to some extent their spending budgets, which led drilling activity to double in the province from the prior year. Spending on large oil sands projects are expected to decline in 2018 with the completion of the Fort Hills project. Despite this, there is some work planned for expanding existing oil sands projects as well as pipeline development which will help maintain a base of construction activity in the energy sector. Government spending on infrastructure and moderate increases in business investment is expected to support activity beyond the energy sector.

The BC economy has exhibited impressive growth over the past four years - averaging 3.5%. RBC expects this to moderate in 2018 towards a growth rate of 2.2% as the housing market cools off with new mortgage restrictions and higher interest rates. In the 2017 budget the province earmarked $24.5 billion for capital spending on schools, hospitals, roads, bridges, hydro-electric projects, and other infrastructure projects to be spent over the next three years. In addition to this, the budget forecasts a total of $10.8 billion of self-supported Crown corporation capital spending on power projects, transportation infrastructure and other capital assets over the same period.

In 2015 the Ontario government committed to implementing the largest infrastructure program in the provinces history, investing more than $160 billion over 12 years. Ontario's heavy investment in the province's infrastructure is expected to continue to fuel growth in 2018. Public transit and road transportation infrastructures will get the majority share of this spending. Changes to the NAFTA agreement pose a risk to manufacturing exports and the auto sector in particular, but this is expected to move slowly and may not have an impact in the next 12 months.

Source: RBC Provincial Forecasts
Source: OECD Outlook

Australian Economy

The OECD forecasts Australia's real GDP to rise to 2.75% in 2018 as the drag from years of falling capital investment in the mining sector diminishes. With the potential for new LNG production as well as modestly improving business investment, economic growth could grow at a robust pace. Beyond the energy industry, government spending on infrastructure development should also contribute to stimulating the economy. The Australian government has committed roughly $70 billion to transportation and infrastructure spending over the next 5 years. This development could provide significant business opportunities for our space rentals business in Queensland and New South Wales.

On May 9, 2017, the Australian Budget was released which outlined an incremental $20.0 billion in capital spending, in addition to the $50.0 billion announced in the prior year towards transportation infrastructure. Of this committed amount, $13.6 billion is planned for Queensland, and $18.0 billion is planned for New South Wales.

Source: Australia Budget
Source: OECD Outlook

Commodities

Oil Prices

The average spot price for West Texas Intermediate crude oil for the three months ended December 31, 2017 was $55.37 US Dollars ("USD$) per barrel ("bbl"), up 13% from the Comparative Quarter. For the YTD, the average spot price was $50.88 USD/bbl, up 18% from the Prior YTD.

	Three months ended December 31			Twelve months ended December 31		
(USD$/bbl)	2017	2016	Change	2017	2016	Change
Cushing, OK West Texas Intermediate ("WTI")	$	$	%	$	$	%
Average WTI Spot Price	55.37	49.14	13%	50.88	43.15	18%

Source: US Energy Information Administration

Natural Gas Prices

For the three months ended December 31, 2017, the average NGX Alberta Market Price for Natural Gas was $1.83/ Gigajoule ("GJ"), down 34% from the Comparative Quarter. For the YTD, the average NGX Alberta Market Price for Natural Gas was $2.25/GJ, up 10%.

	Three months ended December 31			Twelve months ended December 31		
($/GJ)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
NGX Alberta Market Price for Natural Gas	**$**	**$**	**%**	**$**	**$**	**%**
Average NGX Alberta Market Price	1.83	2.78	(34)%	2.25	2.05	10%

Source: NGX Alberta Market Price

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, 2017 and 2016 and the Prior Quarter.

	Three months ended December 31,			Twelve months ended December 31,		
(in millions, except as noted)	2017	2016	Change	2017	2016	Change
Financial Highlights	$	$	%	$	$	%
Total revenue	41.6	37.9	10%	153.4	152.6	1%
Gross Profit	18.8	21.3	(12)%	66.9	81.1	(18)%
Administrative Expenses	9.3	9.6	(3)%	39.0	38.9	—%
Adjusted EBITDA (1)	9.5	11.7	(19)%	28.5	42.2	(32)%
Funds from Operations (1)	13.9	13.3	5%	47.3	51.1	(7)%
Per share ($)	0.25	0.29	(14)%	0.89	1.18	(25)%
Loss before taxes	(102.8)	(53.3)	93%	(127.6)	(77.2)	65%
Loss	(78.8)	(45.2)	74%	(95.4)	(64.2)	49%
Loss per share - Basic and diluted	(1.43)	(0.98)	46%	(1.81)	(1.49)	21%
Capital expenditures	9.1	5.8	57%	23.6	15.2	55%
Business acquisitions	—	4.2	(100)%	42.0	5.5	664%
Property & equipment (NBV)	369.3	453.6	(19)%	369.3	453.6	(19)%
Total assets	430.9	531.7	(19)%	430.9	531.7	(19)%
Long-term debt	115.1	110.7	4%	115.1	110.7	4%
Dividends declared	—	3.5	(100)%	9.2	15.2	(39)%

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

Margin Analysis

	Three months ended December 31,			Twelve months ended December 31,		
(Percent of revenue)	2017	2016	Change (1)	2017	2016	Change (1)
Gross Profit	45%	56%	(11)	44%	53%	(9)
Administrative Expense	22%	25%	(3)	25%	25%	—
Adjusted EBITDA	23%	31%	(8)	19%	28%	(9)

(1) Percentage point basis.

Seasonality of Operations

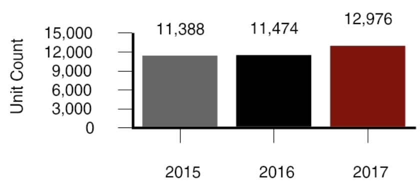
The Company's western Canadian operations, which form part or all of its BOXX Modular, Camps & Lodging and Energy Services business units, are exposed to a variable degree of seasonality. Canadian drilling accommodations and surface rental assets of the Energy Services business unit have higher utilization rates during the fall and winter months when drilling activity is higher than during the spring and summer months. Similarly, activity levels at camps operated by the Camps & Lodging business unit are generally higher in the winter. This seasonality is offset by BOXX Modular operations outside of the energy sector, which experience the highest customer demand in the summer months when construction is most active and relatively lower demand in the winter months. Seasonality experienced in the Canadian market is also moderated by Energy Services US and International where activity is typically stable throughout the year.

CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

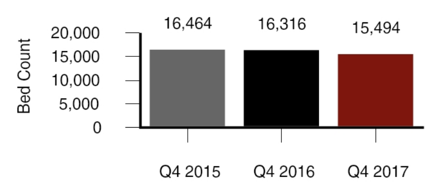
Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet increased to 12,976 units at the end of the Quarter compared with 11,474 in the Comparative Quarter primarily due to fleet growth and business acquisitions in BOXX Modular. This was offset by the sale of accommodation units in Camps and Lodging and International represented by the reduction in consolidated bed counts from 16,316 to 15,494.

Consolidated Unit Count



Consolidated Average Bedcount



Fleet Utilization Rates

	Three months ended December 31,			Twelve months ended December 31,		
	2017	2016	Change (1)	2017	2016	Change (1)
BOXX Modular	69%	64%	5	69%	65%	4
Camps & Lodging	30%	45%	(15)	39%	49%	(10)
Energy Services:						
Drilling accommodation unit utilization	69%	21%	48	53%	21%	32
Surface rental unit utilization	17%	13%	4	17%	13%	4
International	61%	23%	38	55%	24%	31
Consolidated	50%	43%	7	51%	45%	6

(1) Percentage point basis.

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

Q4 2017 vs Q4 2016

The increase in utilization in BOXX Modular is primarily due to increased activity outside of Alberta. The increase in drilling accommodation and surface rental utilization in Energy Services is due to an increase in drilling and completion activity in the US and western Canada, evidenced by the increase in rig count. The decrease in utilization in Camps & Lodging is due to lower business activity resulting from the impact of lower commodity pricing in North America, including the closure of Sunday Creek Lodge for the majority of the quarter.

Total Year 2017 vs 2016

The increase in utilization in BOXX Modular is primarily due to increased activity outside of Alberta. The increases in drilling accommodation unit and surface rental unit utilization in Energy Services are due to an increase in drilling and completion activity in western Canada and the US, evidenced by the increase in rig count. The decrease in utilization in Camps & Lodging is due to lower business activity resulting from the impact of lower commodity pricing in North America.

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. Rental revenue is the highest margin of the Company's revenues.

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 subleasing 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)	2017	2016	Change	2017	2016	Change
Rental Revenue	15.7	13.4	17%	61.9	57.3	8%
Lodging Revenue	5.0	4.6	9%	16.9	41.6	(59)%
Non-Rental Revenue	21.0	19.9	6%	74.6	53.6	39%
Revenue	41.6	37.9	10%	153.4	152.6	1%

	Three months ended December 31,			Twelve months ended December 31,		
Percentage of consolidated revenue	2017	2016	Change (1)	2017	2016	Change (1)
Rental Revenue	38%	35%	3	40%	38%	2
Lodging Revenue	12%	12%	—	11%	27%	(16)
Non-Rental Revenue	50%	53%	(3)	49%	35%	14

(1) Percentage point basis.

Q4 2017 vs Q4 2016

Rental revenue for the Quarter was $15.7 million, up 17% or $2.3 million from the Comparative Quarter primarily due to a $2.0 million increase in BOXX Modular rental revenue from fleet increases and higher utilization, and a $1.4 million increase in Energy Services rental rental revenue from higher utilization for accommodation units. This was partially offset by a $1.2 million decline in Camps & Lodging rental revenue due to increased rate pressure, coupled with a decrease in fleet utilization rates.

Lodging revenue for the Quarter was $5.0 million, up 9% or $0.4 million from the Comparative Quarter primarily due due to an increase in occupancy at open lodges resulting in a 133% increase in lodging revenue per available room ("RevPAR") (see "Non-GAAP Measures"), partially offset by lower beds available for occupancy.

Non-rental revenue for the Quarter was $21.0 million, up 6% or $1.1 million from the Comparative Quarter primarily due to a $4.3 million increase in used fleet sales and operations revenue in BOXX Modular, and a $1.1 million increase in non-rental revenue in Energy Services attributed to an increase in drilling and completion activity. This was offset by a $4.0 million decrease in non-rental revenue in Camps and Lodging due to rental and lodging contract terminations in the Prior Quarter

Total Year 2017 vs 2016

Rental revenue for 2017 was $61.9 million, up 8% or $4.6 million from 2016 primarily due to a $6.5 million increase in BOXX Modular rental revenue, and a $1.9 million increase in Energy Services rental revenue, offset a $3.8 million decline in Camps & Lodging rental revenue. An increase in fleet through business combinations and higher utilization rates in Boxx Modular and Energy Services has led to the overall increase in rental revenue.

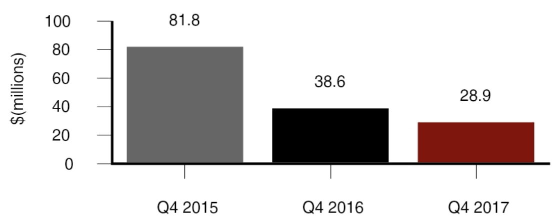
Lodging revenue for 2017 was $16.9 million, down 59% or $24.7 million from 2016 due to a 37% decrease in lodging beds utilized, and a 32% decrease in lodging RevPAR driven by reduced occupancy due to energy market conditions in the first half of the year.

Non-rental revenue for 2017 was $74.6 million, up 39% or $21.0 million from 2016 primarily due to a $10.6 million increase in non-rental revenue in BOXX Modular, a $3.8 million increase in non-rental revenue in Energy Services, a $3.1 million increase in non-rental revenue in Camps & Lodging, and a $2.4 million increase in non-rental revenue in International. An increase in operating activity combined with new and used fleet sales has led to an overall increase in non-rental revenue.

Contracted Future Revenue

The contracted future revenue for rental and lodging in place at the end of the Quarter was $28.9 million, down 25% or $9.7 million from $38.6 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. Projects that are being awarded in the current environment are typically for shorter guaranteed durations and/or volumes, so this measure is less meaningful to the Company than in previous periods.

Consolidated Contracted Future Revenue



Direct Costs and Gross Profit

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	2017	2016	Change	2017	2016	Change
Direct Costs	22.8	16.6	37%	86.5	71.5	21%
Gross Profit	18.9	21.3	(11)%	66.9	81.1	(18)%

	Three months ended December 31,			Twelve months ended December 31,		
Percentage of Consolidated Revenue.	2017	2016	Change (1)	2017	2016	Change (1)
Direct Costs	55%	44%	11	56%	47%	9
Gross Profit	45%	56%	(11)	44%	53%	(9)

(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 turnkey 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 2017 vs Q4 2016

Direct costs for the Quarter were $22.8 million, up 37% or $6.2 million from the Comparative Quarter due to an increase in rental costs and costs related to used fleet sales and higher business activity.

Gross profit for the Quarter was $18.9 million, down 11% or $2.4 million from the Comparative Quarter due to higher profit margins on the non-rental revenue in the Comparative Quarter related to the nature of the termination payments in Camps & Lodging.

Total Year 2017 vs 2016

Direct costs for 2017 were $86.5 million, up 21% or $15.0 million from Prior YTD due to an increase in rental costs and costs related to used fleet sales, partially offset by lower business activity.

Gross profit for 2017 was $66.9 million, down 18% or $14.2 million from 2016 due to a decrease in revenue and margin for the lodging revenue stream. Lodging activity is generally highest in the first quarter of the year, but in 2017 activity levels were significantly depressed due to the ongoing pressure of low commodity prices on customers. As a result, there was lower occupancy in open camps and fewer turnkey camps managed. The decrease in lodging gross profit was partially offset by an increase in gross profit related to rental in BOXX Modular and non-rental gross profit in BOXX Modular and International.

Administrative Expenses

($ millions, except as noted)	Three months ended December 31,			Twelve months ended December 31,		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
Personnel Costs	4.6	4.8	(4)%	19.8	21.1	(6)%
Other Administrative Expenses	2.3	2.5	(8)%	8.4	9.1	(8)%
Occupancy and Insurance	2.4	2.3	4%	10.1	8.7	16%
Acquisition costs	—	—	n/a	0.6	—	n/a
Total Administrative expenses	**9.3**	**9.6**	**(3)%**	**39.0**	**38.9**	**—%**
% of Consolidated Revenue	22%	25%		25%	25%	

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

Q4 2017 vs Q4 2016

Total administrative expenses for the Quarter were $9.3 million, down 3% or $0.3 million from the Comparative Quarter primarily due reductions in personnel costs and other administrative expenses, partially offset by an increase in occupancy costs. On a percentage of revenue basis administrative costs for the Quarter were 22%, down by 3 percentage points from the Comparative Quarter.

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

- Personnel costs for the Quarter were $4.6 million, down 4% or $0.2 million from the Comparative Quarter primarily due to reductions in personnel related to the restructure that was initiated in the Second Quarter of 2017, partially offset by the increases in sales incentives related to higher sales in BOXX Modular.
- Other administrative expenses for the Quarter were $2.3 million, down 8% or $0.2 million from the Comparative Quarter primarily due to higher acquisition costs related to the business combinations in the last quarter of 2016.
- Occupancy and insurance costs were $2.4 million, up 4.4% or $0.1 million from the Comparative Quarter primarily due to rent associated with additional branches in BOXX Modular, higher property taxes and increased rent for head office space.

Total Year 2017 vs 2016

Total administrative expenses for 2017 were $39.0 million, up 0.26% or $0.1 million from 2016 primarily due to an increase in occupancy and acquisition costs, partially offset by a decrease in personnel costs and other administrative expenses. On a percentage of revenue basis administrative costs for 2017 were 25%, consistent with 2016.

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

- Personnel costs were $19.8 million, down 6% or $1.3 million from 2016 primarily due to reductions in personnel and compensation. In Q2 2017, Black Diamond initiated an internal restructuring of the organization resulting in reductions in personnel, which are partially offset by increases in personnel headcount related to new branches and acquisitions in BOXX Modular.
- Occupancy and insurance costs were $10.1 million, up 16% or $1.4 million from 2016 primarily due to rent associated with additional branches in BOXX Modular, higher property taxes and increased rent on head office space.
- Other administrative expenses were $8.4 million, down 8% from 2016 due to bad debt recoveries in the first quarter of 2017.
- Acquisition costs incurred for the YTD relate to the business acquisitions completed in BOXX Modular.

Adjusted EBITDA

($ millions, except as noted)	Three months ended December 31,			Twelve months ended December 31,		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
Adjusted EBITDA (1)	9.5	11.7	(19)%	28.5	42.2	(32)%
% of Consolidated Revenue	23%	31%		19%	28%	

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

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

Q4 2017 vs Q4 2016

Adjusted EBITDA for the Quarter was $9.5 million, down 19% or $2.2 million from the Comparative Quarter mainly due to a $6.7 million decrease in Camps and Lodging attributed to reduced utilization and rates, as well as the payments associated with termination of rental and lodging contracts in the Comparative Quarter. The decrease was partially offset by a $2.0 million increase in BOXX Modular from increases in fleet size and utilization and a $1.7 million increase in Energy Services from higher utilization for accommodation units and surface rental units. Adjusted EBITDA as a percentage of revenue for the Quarter was 8 percentage points lower from the Comparative Quarter due to the decrease in gross profit margin.

Total Year 2017 vs 2016

Adjusted EBITDA for 2017 was $28.5 million, down 32% or $13.7 million from 2016 primarily due to a $23.3 million decrease in Camps & Lodging from the significant decrease in lodging revenue and lower rental revenue. This was partially offset by a $5.6 million increase in BOXX Modular from increases in fleet size and utilization combined with higher non-rental revenue in markets outside of Alberta, a $2.3 million increase in International from increased used fleet sales, and a $2.5 million increase in Energy Services from higher utilization for accommodation units and surface rental units. Adjusted EBITDA as a percentage of revenue for the YTD was 9 percentage points lower than 2016 due to the decrease in gross margin percentage.

Depreciation and Amortization

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	2017	2016	Change	2017	2016	Change
Depreciation and amortization	11.8	13.3	(11)%	47.1	52.5	(10)%
% of Property and equipment	3%	3%		13%	12%	

Q4 2017 vs Q4 2016

Depreciation and amortization for the Quarter was $11.8 million, down 11% or $1.5 million from the Comparative Quarter primarily due to lower net book value of equipment for the Quarter.

Total Year 2017 vs 2016

Depreciation and amortization for 2017 was $47.1 million, down 10% or $5.4 million from 2016 primarily due to lower net book value of equipment for the year.

Finance Costs

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	2017	2016	Change	2017	2016	Change
Finance cost	1.9	1.5	27%	7.7	6.5	18%
Long-term debt	115.1	110.7	4%	115.1	110.7	4%
Average interest rate	5.13%	4.35%	18%	4.82%	4.11%	17%

Q4 2017 vs Q4 2016

Finance costs for the Quarter were $1.9 million, up 27% or $0.4 million from the Comparative Quarter primarily due to costs incurred related to restructuring the lending agreements in December 2017 and the higher level of debt.

Total Year 2017 vs 2016

Finance costs for 2017 were $7.7 million, up 18% or $1.2 million from 2016 primarily due to costs related to restructuring the lending agreements in March 2017 and December 2017.

Income Tax

($ millions, except as noted)	Three months ended December 31,			Twelve months ended December 31,		
	2017	2016	Change	2017	2016	Change
Current tax recovery	(1.7)	(0.7)	143%	(7.4)	(2.8)	164%
Deferred tax recovery	(21.9)	(7.4)	196%	(23.8)	(11.3)	111%
Total tax recovery	(23.6)	(8.1)	191%	(31.2)	(14.1)	121%

Q4 2017 vs Q4 2016

For the Quarter, Black Diamond recognized a current income tax recovery of $1.7 million, a change of $1.0 million from the Comparative Quarter . The Company also recognized a deferred income tax recovery of $21.9 million, a change of $14.5 million from the Comparative Quarter. The tax recovery in the Quarter is reflective of continued losses and the deferred tax recovery is reflective of the Camps & Lodging impairment and the US income tax rate decrease.

Total Year 2017 vs 2016

For 2017, Black Diamond recognized a current income tax recovery of $7.4 million, a change of $4.6 million from 2016 current tax recovery and a deferred income tax recovery of $23.8 million, a change of $12.5 million from 2016 deferred tax recovery. The increases in tax recoveries in the year is reflective of continued losses, the Camps & Lodging impairment and the US income tax rate decrease.

The deferred income tax provision for both the Quarter and YTD arises primarily 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, 27% in the United States and 30% in Australia. On December 22, 2017, the United States reduced the federal corporate tax rate to 21% from 35% effective January 1, 2018. Thus, when combined with state tax rates of 6%, the enacted US tax rate has been reduced to 27%.

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)	2017	2016	Change	2017	2016	Change
Non-controlling interest	(0.4)	—	n/a	(1.0)	1.0	(200)%

Q4 2017 vs Q4 2016

The NCI for the Quarter was $(0.4) million , down $0.4 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 2017 vs 2016

The NCI for 2017 was $(1.0) million, down 200% or $2.0 million from 2016 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

($ millions, except as noted)	Three months ended December 31, 2017	2016	Change	Twelve months ended December 31, 2017	2016	Change
Net loss	(78.8)	(45.2)	(74)%	(95.4)	(64.2)	49%

Q4 2017 vs Q4 2016

Net loss for the Quarter was $78.8 million, up 74% or $33.6 million in the Comparative Quarter primarily due to an impairment charge on the assets in Camps and Lodging in 2017.

Total Year 2017 vs 2016

Net loss for 2017 was $95.4 million, up 49% or $31.3 million compared with net loss of $64.2 million in 2016. The loss in 2017 was due to lower operating income described in the sections above and the higher impairment charge on the assets in Camps and Lodging. Net income in 2016 included 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.

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, 2017 and 2016, detailing revenues and Adjusted EBITDA by each of the Company's business units.

Segmented Revenue

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

	Three months ended December 31,			Twelve months ended December 31,		
(in millions, except where noted)	2017	2016	Change	2017	2016	Change
	$	$	%	$	$	%
Revenue						
BOXX Modular	20.1	13.7	47 %	65.1	47.9	36 %
Camps & Lodging	13.1	17.4	(25)%	56.9	80.7	(29)%
Energy Services	6.0	3.6	67 %	21.1	15.4	37 %
International	1.6	2.7	(41)%	8.9	6.7	33 %
Corporate and Other	0.8	0.5	60 %	1.4	1.9	(26)%
Total Revenue	**41.6**	**37.9**	**10 %**	**153.4**	**152.6**	**1 %**

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)	2017	2016	Change	2017	2016	Change
	$	$	%	$	$	%
Adjusted EBITDA (1)						
BOXX Modular	5.7	3.7	54 %	19.7	14.1	40 %
Camps & Lodging	5.3	11.9	(55)%	19.1	42.4	(55)%
Energy Services	1.6	(0.1)	(1,700)%	3.4	0.9	278 %
International	0.3	0.1	200 %	2.2	(0.1)	(2,300)%
Corporate and Other	(3.3)	(3.9)	(15)%	(15.8)	(15.0)	5 %
Total Adjusted EBITDA	**9.5**	**11.7**	**(19)%**	**28.5**	**42.2**	**(32)%**

(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.

BOXX MODULAR BUSINESS UNIT

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

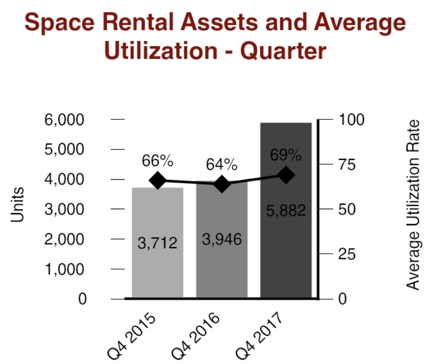
BOXX Modular also sells both new and used space rentals units and provides delivery, installation, project management, disaster recovery facility programs, and ancillary products and services which appear as "non-rental revenue".

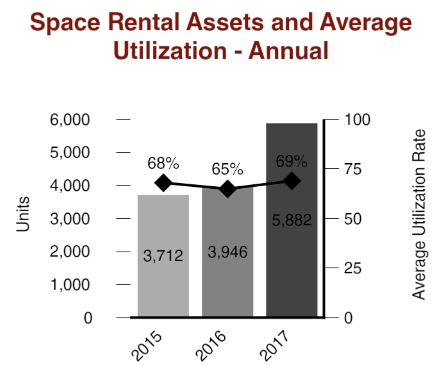
Space Rental Assets and Average Utilization

The space rental fleet consisted of 5,882 units as at December 31, 2017, up 49% from 3,946 units from December 31, 2016 primarily due to expansion of the platform through acquisitions and fleet purchases in strong markets outside of Alberta.

	Three months ended December 31,			Twelve months ended December 31,		
BOXX Modular Assets and Utilizations	2017	2016	Change	2017	2016	Change
Property and Equipment Net Book Value ($ millions)	150.9	119.9	26%	150.9	119.9	26%
Space rental assets	5,882	3,946	49%	5,882	3,946	49%
Average utilization(1)	69%	64%	5	69%	65%	4

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





Q4 2017 vs Q4 2016

BOXX Modular asset utilization for the Quarter was 69%, a 5% percentage point increase from 64% in the Comparative Quarter mainly due to increased activity outside of Alberta.

Total Year 2017 vs 2016

BOXX Modular asset utilization for 2017 was 69% a 4 percentage point increase from 65% in 2016 mainly due to continued growth in the overall fleet size and increase in activity in markets outside of Alberta.

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,		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
Rental revenue	7.9	5.8	36%	30.1	23.6	28%
Non-rental revenue	12.2	7.9	54%	35.0	24.4	43%
Total revenue	20.1	13.7	47%	65.1	47.9	36%
Adjusted EBITDA	5.7	3.7	54%	19.7	14.1	40%
Adjusted EBITDA as a % of revenue	28%	27%	1	30%	29%	1

Q4 2017 vs Q4 2016

The BOXX Modular business unit's total revenue for the Quarter was $20.1 million, up 47% or $6.4 million from the Comparative Quarter. Quarter-over-quarter differences are reviewed in the breakdown of revenue into its various components below:

- Rental revenue for the Quarter was $7.9 million up 36% or $2.1 million from the Comparative Quarter. Rental revenue substantially increased due to meaningful growth in all platforms outside of Alberta by increasing overall number of units in the fleet as well as an increase in utilization of current fleet, offset by significant decline in activity, weaker rates and utilization within Alberta. Rental revenue outside of Alberta represents 82% of total rental revenue for this segment in the Quarter, a significant increase from 61% in the Comparative Quarter; and
- Non-rental revenue for the Quarter was $12.2 million up 54% or $4.3 million from the Comparative Quarter mainly due to an increase in used asset sales and installation revenue from continuing to strategically expand into strong markets within Canada and the US.

Adjusted EBITDA for the Quarter was $5.7 million up 54% or $2.0 million from the Comparative Quarter primarily due to a 47% increase in total revenue during the Quarter.

Adjusted EBITDA as a percentage of revenue was up 1 percentage point at 28% compared to the Comparative Quarter due to increased margins on non-rental revenue.

Total Year 2017 vs 2016

The BOXX Modular business unit's total revenue for 2017 was $65.1 million, up 36% or $17.2 million from 2016. Year-over-year differences are reviewed in the breakdown of revenue into its various components below:

- Rental revenue for 2017 was $30.1 million up 28% or $6.5 million from 2016. Rental revenue increased due to strategic expansions of the platform in strong markets within Canada and the US as well as an increase in utilization of existing fleet in these markets, offset by weaker rates and utilization in Alberta; and
- Non-rental revenue for 2017 was $35.0 million up 43% or $10.6 million from 2016 mainly due to an increase in operations and new and used asset sales revenue, partially offset by lower sublease revenue.

Adjusted EBITDA for 2017 was $19.7 million up 40% or $5.6 million from 2016 primarily due to an increase in rental revenue for the YTD mainly as a result of increases in fleet size and utilization combined with higher non-rental revenue in markets outside of Alberta.

Adjusted EBITDA as a percentage of revenue was 30% compared to 29% in 2016 due to increased margins on non-rental revenue.

Return on Assets

	Three months ended December 31,			Twelve months ended December 31,		
	2017	2016	Change[2]	2017	2016	Change[2]
Return on assets[1]	10%	8%	2	9%	8%	1

(1) Return on assets is the percentage earned on amounts invested in capital and is calculated using an annualized Adjusted EBITDA divided by average gross asset costs.
(2) Percentage point basis.

BOXX Modular's return on assets was 10% in the Quarter, up 2 percentage points from the Comparative Quarter due to a 54% increase in Adjusted EBITDA.

BOXX Modular's return on assets was 9% in 2017, up 1 percentage point from 2016 due to a 40% increase in Adjusted EBITDA.

Contracted Future Revenue

Contracted rental revenue commitments in place were $15.1 million as at December 31, 2017, up 23% or $2.8 million from $12.3 million as at December 31, 2016. The remaining weighted average rental contract term outstanding as at December 31, 2017 was approximately nine months compared with ten months as at December 31, 2016.

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.

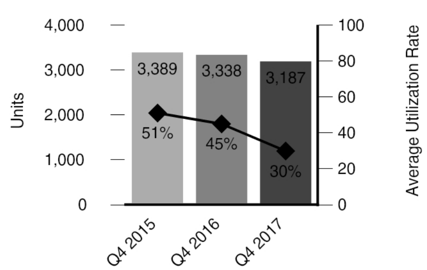
Lodging services provide camps with proven on-site management of catering, housekeeping, front desk services as well as fresh water and waste water management, electricity, television, telephone, internet and the provision of consumables such as diesel and propane.

Accommodation Assets and Average Utilization

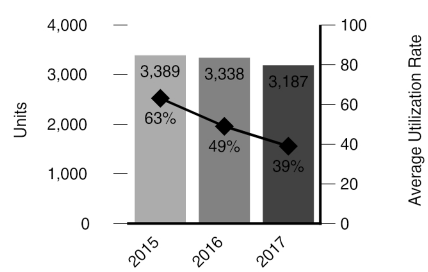
	Three months ended December 31,			Twelve months ended December 31,		
Accommodation Assets and Utilization	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Property and Equipment Net Book Value ($ millions)	126.2	224.5	(44)%	126.2	224.5	(44)%
Accommodation units	3,187	3,338	(5)%	3,187	3,338	(5)%
Average asset utilization(1)	30%	45%	(15)	39%	49%	(10)
Average accommodation bedcount	12,353	12,773	(3)%	12,502	12,831	(3)%

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

Workforce Accommodation Assets and Average Utilization - Quarter



Workforce Accommodation Assets and Average Utilization - Annual



Q4 2017 vs Q4 2016

Black Diamond's Camps & Lodging fleet consisted of 3,187 workforce accommodation units as at December 31, 2017, down 5% from 3,338 units as at December 31, 2016 due to sales of used fleet.

Workforce accommodation average asset utilization for the Quarter was 30%, a 15 percentage point decrease from 45% in the Comparative Quarter due to the ongoing impact of low commodity prices on our customer's activities, including decreasing demand and oversupply in the market of fleet with shared washrooms, the temporary shut down of Sunday Creek Lodge, the absence of long-term rental contracts in a quarter where activity typically increases and a sale of used fleet below net book value. As a result of these factors in the Quarter, management concluded that indicators of impairment were present and a write-down was recorded. The write-down reduced goodwill and intangibles to zero with the remaining write-down allocated to tangible assets, with a larger portion allocated to fleet units with shared washrooms. Management continues to be focused on sales of used fleet to adjust the fleet mix to reflect market demand.

As noted below, the average asset utilization metric does not factor in the occupancy at open camp lodges for the lodges that are temporarily or permanently closed. Occupancy levels at open camps when comparing to the Comparative Quarter are reported as a component of RevPAR.

Total Year 2017 vs 2016

Workforce accommodation asset utilization for 2017 was 39%, a 10 percentage point decrease from 49% in 2016 for the same reasons noted above.

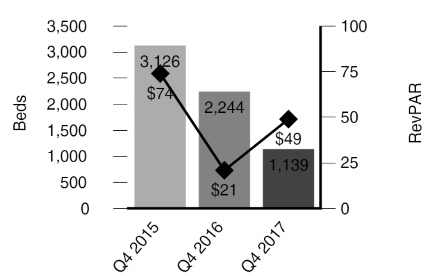
Beds Under Management and Rates

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

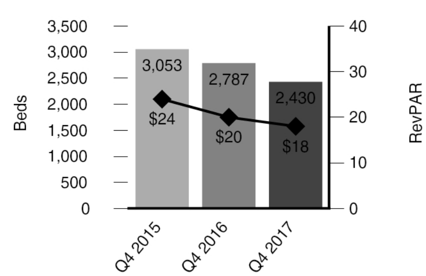
- **Lodging beds** - Full service beds that include lodging services under a man-day or cost-plus model. Man-day beds have variable margins and generally earn the highest RevPAR to reflect their higher risk profile. Cost-plus beds earn a fixed margin in a lower risk arrangement and have a corresponding 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 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	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Lodging beds(1)	1,139	2,244	(49)%	1,680	2,673	(37)%
Rental beds	2,430	2,787	(13)%	2,909	2,882	1%
Total Beds Utilized(2)	3,569	5,031	(29)%	4,589	5,555	(17)%

(1) Average lodging beds utilized includes third party owned beds managed by Black Diamond of 360 for the Quarter and 69 for the Comparative Quarter and 196 for YTD and 125 for Prior YTD.
(2) Average beds utilized are the average beds that were deployed and available for occupancy during the period. Please note that this differs from average asset utilization as defined above.

	Three months ended December 31,			Twelve months ended December 31,		
	2017	2016	Change	2017	2016	Change
RevPAR[1] ($)						
Lodging beds	49	21	133%	28	41	(32)%
Rental beds	18	20	(10)%	18	21	(14)%

(1) RevPAR is calculated as revenue divided by beds utilized divided by days in period.

Q4 2017 vs Q4 2016

Average beds utilized for the Quarter was 3,569, down 29% from 5,031 in the Comparative Quarter due to fewer beds managed as the Company's customers are still being impacted by low commodity prices. This is partially offset by an increase in utilization of rental beds for customers outside the oil and gas industry.

Lodging bed RevPAR for the Quarter was $49, up 133% or $28 from the Comparative Quarter due to higher occupancy levels at Smoky River Lodge and at Little Prairie Lodge, an open camp in Chetwynd, BC that the Company opened in the Quarter. Rental RevPAR for the Quarter was $18, down 10% or $2 from the Comparative Quarter due to lower rates and utilization.

Total Year 2017 vs 2016

Average beds utilized for 2017 was 4,589, down 17% from 5,555 in 2016 due to the factors mentioned above.

Lodging bed RevPAR for 2017 was $28, down 32% or $13 from 2016 due to lower available beds in the year and lower rates on cost plus contracts. Rental RevPAR for 2017 was $18, down 14% or $3 from 2016 due to lower rates.

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 typically lower than for rental revenue.

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	2017	2016	Change	2017	2016	Change
Lodging Revenue	5.1	4.2	21%	16.9	40.0	(58)%
Rental Revenue	4.0	5.2	(23)%	18.7	22.5	(17)%
Non-Rental Revenue	4.0	8.0	(50)%	21.3	18.2	17%
Total Revenue	13.1	17.4	(25)%	56.9	80.7	(29)%
Adjusted EBITDA	5.3	11.9	(55)%	19.1	42.4	(55)%
Adjusted EBITDA as a % of revenue	40%	68%	(28)	34%	53%	(19)

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 2017 vs Q4 2016

Camps & Lodging total revenue for the Quarter was $13.1 million, down 25% or $4.3 million from the Comparative Quarter. Quarter-over-quarter differences are reviewed in the breakdown of revenue into its various components below:

- Lodging revenue during the Quarter was $5.1 million, up 21% or $0.9 million from the Comparative Quarter due to an increase in occupancy at open lodges;
- Rental revenue during the Quarter was $4.0 million, down 23% or $1.2 million from the Comparative Quarter due to a decrease in utilization and rates; and
- Non-rental revenue for the Quarter was $4.0 million, down 50% or $4.0 million from the Comparative Quarter primarily due to payments received in the Comparative Quarter related to significant rental and lodging contract terminations.

Adjusted EBITDA for the Quarter was $5.3 million, down 55% or $6.7 million from the Comparative Quarter primarily due to a 25% decrease in rental and non-rental revenue for the reasons noted above. Adjusted EBITDA as a percentage of revenue decreased in the Quarter to 40% compared with 68% in the Comparative Quarter as margins in non-rental revenue were lower in the Quarter, a result of payments for contract terminations in the Comparative Quarter.

Total Year 2017 vs 2016

The Camps & Lodging business unit's total revenue for 2017 was $56.9 million, down 29% or $23.8 million from 2016. Year-over-year differences are reviewed in the breakdown of revenue into its various components below:

- Lodging revenue during 2017 was $16.9 million, down 58% or $23.0 million from 2016 due to a decrease in occupancy, fewer lodging beds managed and lower rates.
- Rental revenue during 2017 was $18.7 million, down 17% or $3.8 million from 2016 due to a reduction in rates, partially offset by an increase in rental beds utilized outside the energy sector of Alberta; and
- Non-rental revenue for 2017 was $21.3 million, up 17% or $3.1 million from 2016 mainly due to used fleet sales and operations activity.

Adjusted EBITDA for 2017 was $19.1 million, down 55% or $23.3 million from 2016 primarily due to the significant decrease lodging revenue and lower rental revenue. Adjusted EBITDA as a percentage of revenue was 34% compared with 53% in 2016 due to lower margin on non-rental revenue as noted above and also due to lower margins in lodging driven down by low occupancy levels.

Return on Assets

	Three months ended December 31,			Twelve months ended December 31,		
	2017	2016	Change(2)	2017	2016	Change(2)
Return on assets(1)	4%	11%	(7)	4%	10%	(6)

(1)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.
(2)Percentage point basis.

Camps & Lodging's return on assets was 4% in the Quarter, down 7 percentage point from the Comparative Quarter due to a 55% decrease in Adjusted EBITDA.

Camps & Lodging's return on assets for 2017 was 4%, down 6 percentage points from 2016 due to a 55% decrease in Adjusted EBITDA.

Contracted Future Revenue

Contracted rental revenue commitments in place were $7.9 million as at December 31, 2017, down 58% or $11.1 million from $19.0 million as at December 31, 2016. The weighted average rental contract term outstanding as at December 31, 2017 was approximately three months compared with eight months as at December 31, 2016. 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 customers for shorter duration contracts in the current environment.

Projects that are being awarded in the current environment are typically for shorter guaranteed durations and/or volumes, so this measure is less meaningful to the Company than in previous periods.

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.

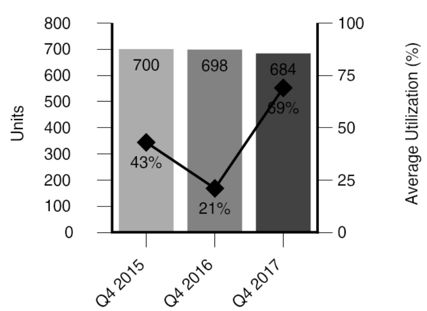
Assets and Average Utilization

The Energy Services drilling accommodation fleet consisted of 684 units as at December 31, 2017, down 14 units from 698 units as at December 31, 2016. The surface rental fleet consisted of 2,189 units as at December 31, 2017, down 5% or 116 units from 2,305 units as at December 31, 2016 due to sales of used fleet.

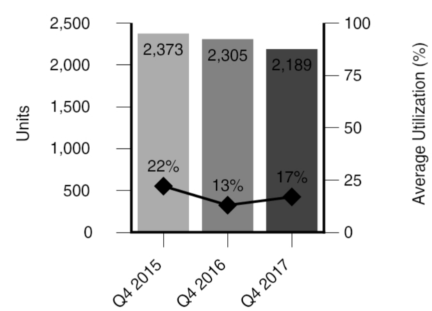
	Three months ended December 31,			Twelve months ended December 31,		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
Property and Equipment Net Book Value ($ millions)	57.9	66.6	(13)%	57.9	66.6	(13)%
Accommodation units	684	698	(2)%	684	698	(2)%
Average bedcount	1,751	1,767	(1)%	1,788	1,773	1%
Average utilization(1)	69%	21%	48	53%	21%	32
Surface rental units	2,189	2,305	(5)%	2,189	2,305	(5)%
Average utilization(1)	17%	13%	4	17%	13%	4

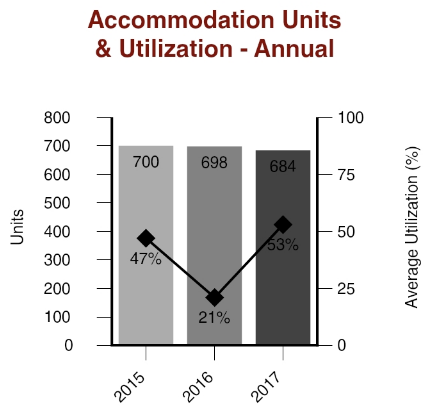
(1) Calculated as the net book value of fleet assets on rent, divided by the net book value of total fleet assets.

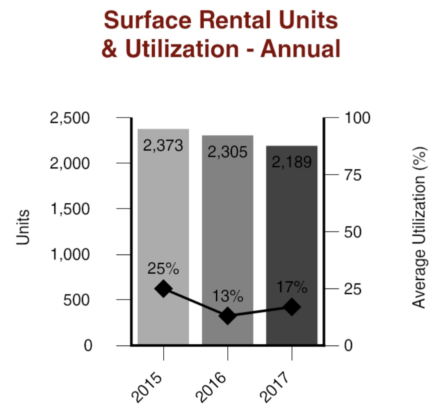
Accommodation Units & Utilization - Quarter



Surface Rental Units & Utilization - Quarter







Q4 2017 vs Q4 2016

Drilling accommodation utilization for the Quarter was 69%, an increase of 48 percentage points from 21% in the Comparative Quarter, experienced in both the US and Canadian operations due to higher rig counts. Surface rental utilization for the Quarter was 17%, an increase of 4 percentage points from 13% in the Comparative Quarter. These increases in utilization are due to an increase in drilling and completion activity in Colorado, Texas and western Canada.

The average weekly rig count in the western Canadian Sedimentary Basin for the Quarter was 204, up 13% or 23 rigs from 181 in the Comparative Quarter. The average weekly rig count in North Dakota and Colorado for the Quarter was 82, up 52% or 28 rigs from 54 in the Comparative Quarter. The average weekly rig count in Texas and New Mexico for the Quarter was 518, up 67% or 207 rigs from 311 in the Comparative Quarter. The Permian accounts for approximately 75% of the rigs operating in Texas and New Mexico, and is where the Company relocated assets from Colorado and North Dakota in 2017. Weekly rig activity data is based on Baker Hughes' North American Rotary Rig Count.

Total Year 2017 vs 2016

Drilling accommodation utilization for 2017 was 53%, an increase of 32 percentage points from 21% in 2016. Surface rental utilization for 2017 was 17%, an increase of 4 percentage points from 13% in 2016. These increases in utilization are due to an increase in drilling and completion activity in Colorado, Texas and western Canada. The increase in drilling and completions activity is due to the increase in rig count.

The average weekly rig count in the western Canadian Sedimentary Basin for 2017 was 206, up 58% or 76 rigs from 130 in 2016. The average weekly rig count in North Dakota and Colorado for 2017 was 78, up 56% or 28 rigs from 50 in 2016. The average weekly rig count in Texas and New Mexico for 2017 was 490, up 88% or 229 rigs from 261 in 2016. The Permian accounts for approximately 75% of the rigs operating in Texas and New Mexico, and is where the Company relocated assets from Colorado and North Dakota in 2017. Weekly rig activity data is based on Baker Hughes' North American Rotary Rig Count.

Financial Highlights

($ millions, except as noted)	Three months ended December 31, 2017	2016	Change	Twelve months ended December 31, 2017	2016	Change
Rental revenue						
Accommodation revenue (wellsite and drill camps)	2.3	0.9	156%	7.5	4.8	56%
Surface rental revenue	0.5	0.4	25%	1.9	2.6	(27)%
Total rental revenue	2.8	1.3	115%	9.4	7.4	27%
Non-rental revenue	3.2	2.2	45%	11.8	8.0	48%
Total revenue	6.0	3.6	67%	21.1	15.4	37%
Adjusted EBITDA	1.6	(0.1)	(1,700)%	3.4	0.9	278%
Adjusted EBITDA as a % of revenue	27%	(3)%	30	16%	6%	10

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 Canada 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 2017 vs Q4 2016

Rental revenue for the Quarter was $2.8 million, up 115% or $1.5 million from the Comparative Quarter due to an increase in drilling and completion activity resulting in an increase in average utilization for accommodation units and surface rental units.

Non-Rental revenue for the Quarter was $3.2 million, up 45% or $1.0 million from the Comparative Quarter primarily due to an increase in drilling and completion activity resulting in overall higher catering and sublease activity on the associated rentals.

Adjusted EBITDA for the Quarter was $1.6 million, up from $(0.1) million in the Comparative Quarter. Adjusted EBITDA as a percentage of revenue was 27% for the Quarter compared with (3)% from the Comparative Quarter, a result of higher margin rental revenue.

Total Year 2017 vs 2016

Rental revenue for 2017 was $9.4 million, up 27% or $2.0 million from 2016 due to an increase in accommodation revenue which resulted from an increase in drilling and completion activity.

Non-Rental revenue for 2017 was $11.8 million, up 48% or $3.8 million from 2016 due to an increase in drilling and completion activity resulting in overall higher catering activity on the associated rentals.

Adjusted EBITDA for 2017 was $3.4 million, up 278% or $2.5 million from 2016. Adjusted EBITDA as a percentage of revenue for 2017 was 16% compared with 6% in 2016, a result of higher margin rental revenue.

Return on Assets

	Three months ended December 31,			Twelve months ended December 31,		
	2017	2016	Change(2)	2017	2016	Change(2)
Return on assets(1)	5%	—%	5	2%	1%	1

(1) Return on assets is the percentage earned on amounts invested in capital and is calculated using an annualized Adjusted EBITDA divided by average gross asset costs.
(2) Percentage point basis.

Energy Service's return on assets was 5% in the Quarter, up 5 percentage points from the Comparative Quarter due to a $1.7M increase in Adjusted EBITDA.

Energy Service's return on assets was 2% YTD, up 1 percentage point from 2016 primarily due to a 278% increase in Adjusted EBITDA.

Contracted Future Revenue

Contracted rental revenue commitments in place were $0.1 million as at December 31, 2017, compared with nil as at December 31, 2016. The weighted average rental contract term outstanding was less than one month as at December 31, 2017. The low levels of contracted revenue is due to fewer new contracts being signed and a preference of our customers for shorter duration contracts in the current environment.

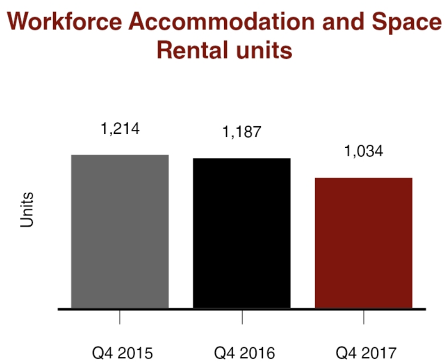
INTERNATIONAL BUSINESS UNIT

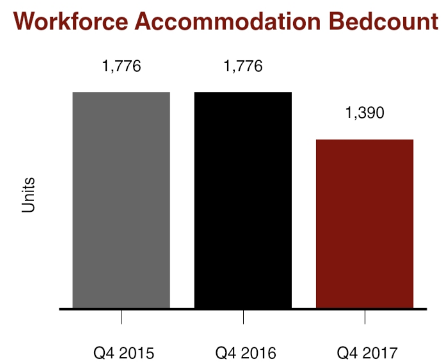
The International business unit rents and sells remote workforce housing and modular space rental solutions outside of North America. The primary geography for this business unit is Australia. Rental fleet assets are similar to those the Company operates in North America and are well positioned in New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

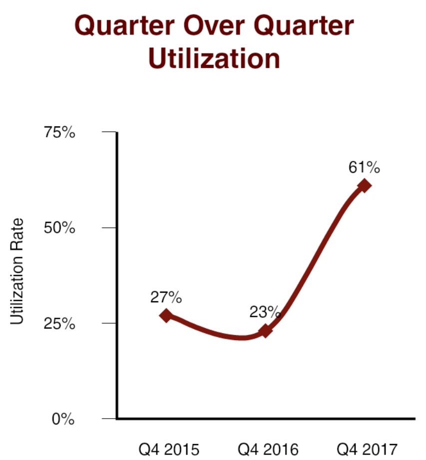
Assets and Average Utilization

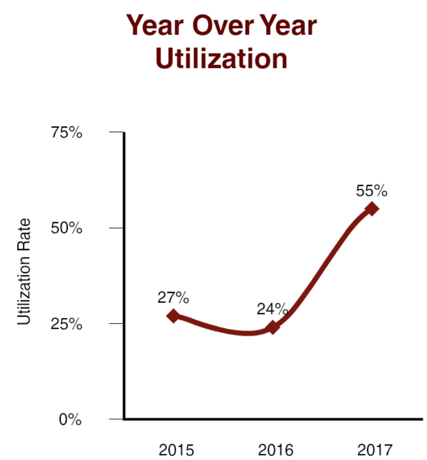
	Three months ended December 31,			Twelve months ended December 31,		
	2017	2016	Change	2017	2016	Change
Property and Equipment Net Book Value ($ millions)	13.0	14.9	(13)%	13.0	14.9	(13)%
Workforce accommodation and space rental units	1,034	1,187	(13)%	1,034	1,187	(13)%
Average utilization(1)	61%	23%	38	55%	24%	31
Workforce accommodation average bedcount	1,390	1,776	(22)%	1,581	1,776	(11)%

(1) 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, 2017	2016	Change	Twelve months ended December 31, 2017	2016	Change
Rental revenue	1.0	1.0	—%	3.7	3.9	(5)%
Non-rental revenue	0.6	1.7	(65)%	5.2	2.8	86%
Total revenue	1.6	2.7	(41)%	8.9	6.7	33%
Adjusted EBITDA	0.3	0.1	200%	2.2	(0.1)	(2,300)%
Adjusted EBITDA as a % of revenue	19%	4%	15	25%	(1)%	26

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. Rising commodity prices and increased demand for iron ore from China and gas and energy resources for the local and export markets has resulted in increased demand for camp assets that has lifted utilization rates. Significant expenditures in infrastructure and increasing demand for classrooms has favorably impacted utilization of our modular space products.

Q4 2017 vs Q4 2016

Revenue for the Quarter was $1.6 million, down 41% or $1.1 million from the Comparative Quarter. This was driven by decreased operations revenue related to the decommissioning of a remote accommodation camp in western Australia last year and lower sales with a new manufacture sale to a Queensland school last year.

Adjusted EBITDA for the Quarter was $0.3 million, up $0.2 million from the Comparative Quarter reflecting a higher proportion of rental revenue and improved margins.

Total Year 2017 vs 2016

Revenue for 2017 was $8.9 million, up 33% or $2.2 million from 2016 mainly due to the sale of assets, offset by the decrease described in the quarter above.

Adjusted EBITDA for 2017 was $2.2 million, up $2.3 million from 2016 also as due to the operating environment described above.

Return on Assets

	Three months ended December 31, 2017	2016	Change(2)	Twelve months ended December 31, 2017	2016	Change(2)
Return on assets(1)	3%	2%	1	4%	—%	4

(1) Return on assets is the percentage earned on amounts invested in capital and is calculated using an annualized Adjusted EBITDA divided by average gross asset costs.
(2) Percentage point basis.

International's return on assets in the Quarter was 3%, up 1 percentage point from the Comparative Quarter due to an increase in Adjusted EBITDA.

International's return on assets for 2017 was 4%, up 4 percentage points from 2016 primarily due to increased used fleet sales and improved margins on operations.

Contracted Future Revenue

Contracted rental revenue commitments in place were $5.8 million as at December 31, 2017, down 21% or $1.5 million from $7.3 million as at December 31, 2016. The remaining weighted average rental contract term outstanding as at December 31, 2017 was approximately 17 months compared with 21 months as at December 31, 2016.

The decrease in the remaining weighted average rental contract term outstanding and contracted revenue commitments relates to 12 months expiring on 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)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Property and Equipment Net Book Value	**21.4**	27.7	(23)%	**21.4**	27.7	(23)%
Adjusted EBITDA	**(3.3)**	(3.9)	15%	**(15.8)**	(15.0)	(5)%

Q4 2017 vs Q4 2016

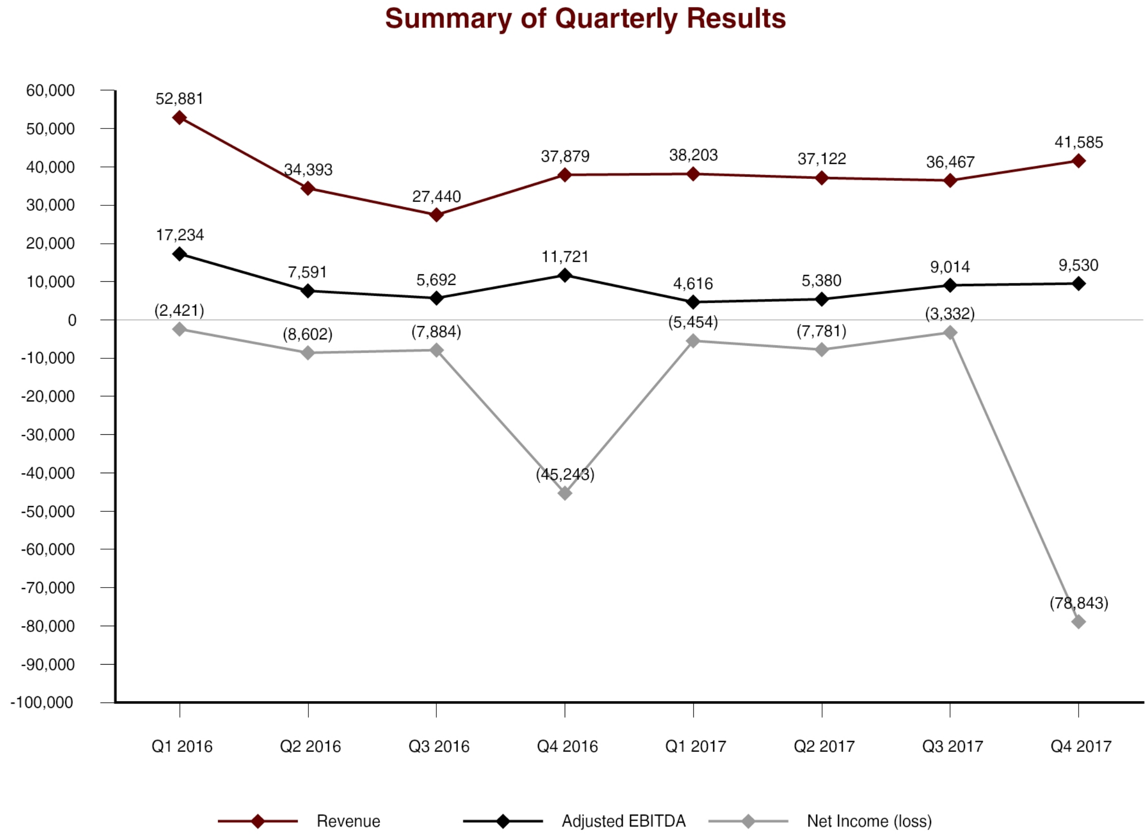
Adjusted EBITDA for the Quarter was $(3.3) million, up 15% or $0.6 million from $(3.9) million in the Comparative Quarter primarily due to a decrease in personnel costs, partially offset by increases in occupancy costs.

Total Year 2017 vs 2016

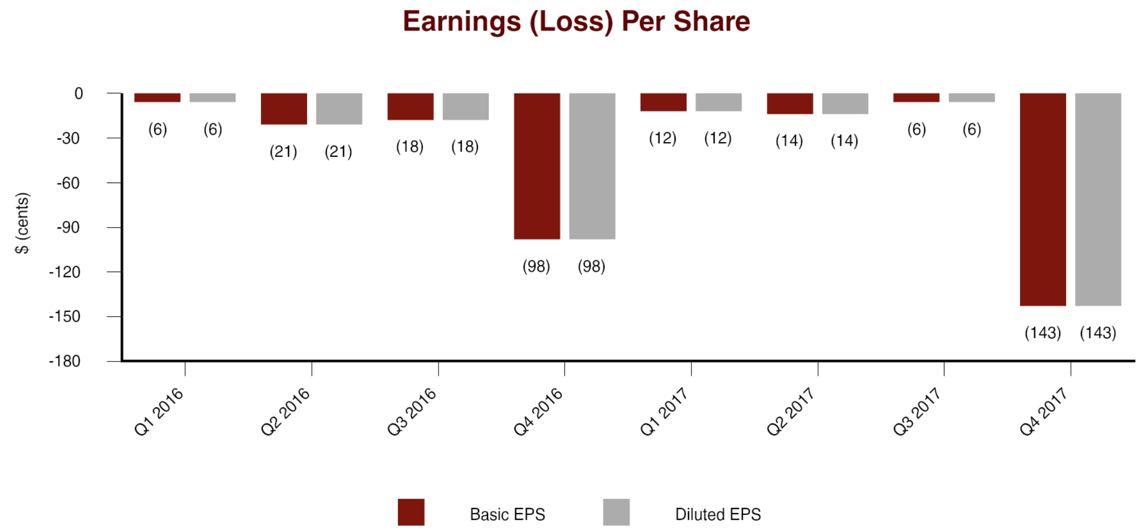
Adjusted EBITDA for 2017 was $(15.8) million, down 5% or $0.8 million from $(15.0) million in 2016 primarily due to an increase in occupancy costs, offset by decrease in personnel costs.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the previous eight quarters:



1. Q1 2016 recognizes an impairment of $3.4 million on the investment and note receivable from Northern Frontier Corp.
2. In Q2 2016 lower revenue was primarily driven by lower business activity, as a result of the continued weakness in commodity prices across several commodity classes, that has negatively impacted asset utilization and revenue resulting in quarterly metrics trending downward. A share in loss of associate of $2.4 million also contributed to the net loss in Q2 2016.
3. In Q3 2016 lower revenue was primarily driven by lower business activity, as a result of the continued weakness in commodity prices across several commodity classes, that has negatively impacted asset utilization and revenue resulting in quarterly metrics trending downward. A provision for onerous contracts of $3.3 million was recognized in Q3 2016.
4. 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 primarily due to the impairment charges.
5. A gain of $2.5 million on the sale of real estate properties was realized in net income in Q1 2017.
6. Restructuring costs of $2.9 million were recognized in net income in Q2 2017.
7. In Q3 2017, the increase in Adjusted EBITDA was primarily due to the increased gross profit margins on higher rental revenue and used fleet sales combined with savings in administrative expenses due to restructure announced in Q2 2017.
8. In Q4 2017, revenue and Adjusted EBITDA were positively impacted by higher utilization and increased used fleet sales. The loss in Q4 2017 was primarily due to impairment charges.



LIQUIDITY & CAPITAL RESOURCES

Cash Requirements

Contractual Obligations and Other Commitments

At December 31, 2017, Black Diamond had capital expenditure commitments in the amount of $2.5 million. Additionally, Black Diamond has a commitment of $45.2 million related to the Company's office and yard leases across the platform, which have varying terms over the next 10 years. It is management's intention to meet the funding requirements for these commitments through internally generated cash flow.

Capital Expenditures

Black Diamond's capital expenditures relate primarily to:

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

For the Quarter and YTD, additions to property and equipment are set out in the table below. Additionally, in Q1 2017, BOXX Modular acquired the space rental business from Britco in British Columbia and 116 modular units from Travelite in Ontario for total cash consideration of $42.0 million. The additions in Energy Services are largely due to the receipt of wellsite units as settlement of accounts receivable in Q1 2017.

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	2017	2016	Change %	2017	2016	Change %
BOXX Modular	6.1	0.7	771%	14.4	7.1	103%
Camps & Lodging	2.5	0.6	317%	2.6	0.7	271%
Energy Services	—	—	n/a	1.6	0.5	220%
International	0.3	1.7	(82)%	0.7	3.7	(81)%
Corporate	0.2	2.9	(93)%	4.3	3.2	34%
	9.1	5.8	57%	23.6	15.2	55%

Sources and Uses of Cash

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

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	2017	2016	Change %	2017	2016	Change %
Cash from operating activities	17.6	24.6	(28)%	31.3	69.7	(55)%
Cash used in investing activities	(9.1)	(8.2)	11%	(52.5)	(18.7)	181%
Cash from (used in) financing activities	(8.1)	(16.1)	(50)%	17.3	(50.8)	(134)%
Total cash (decrease) increase	0.4	0.3	33%	(3.9)	0.2	(2,050)%

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

Cash provided by operating activities was $7.0 million lower in the Quarter than in the Comparative Quarter and $38.4 million lower in the YTD primarily due to a decrease in cash from non-cash working capital, partially offset by increased business activity.

Cash used in investing activities was $0.9 million higher in the Quarter than in the Comparative Quarter and $33.8 million higher in the YTD primarily due to increased capital spending and business acquisitions in Q1 2017, partially offset by proceeds received from the sale of real estate assets.

Cash used in financing activities was $8.0 million lower in the Quarter than in the Comparative Quarter and cash provided by financing activities was $68.1 million higher in the YTD primarily due to the issuance of shares, higher net draws of long-term debt, offset by lower dividends declared and paid in 2017.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	December 31, 2017	December 31, 2016	Change $	Change %
Current assets	41.7	33.3	8.4	25%
Current liabilities	39.1	41.0	(1.9)	(5)%
Working capital	2.6	(7.7)	10.3	(134)%

The increase in current assets of $8.4 million from December 31, 2016 was due to an increase in accounts receivable of $8.0 million, a $4.1 million increase in other assets, offset by a $3.6 million decrease in cash.

The decrease in current liabilities of $1.9 million from December 31, 2016 was due to a decrease of $13.7 million of deferred revenue and a decrease in dividends payable of $1.2 million, offset by an increase of $13.0 million of accounts payable and accrued liabilities related to lower cash settlement on capital spending.

Principal Debt Instruments:

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

- a committed extendible revolving operating facility in the amount of $100.0 million, all of which is available and $49.4 million is drawn;
- a $24.8 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.

Effective March 31, 2017, the committed extendible revolving facility was amended to reduce the maximum principal amount to $100.0 million (December 31, 2016 - $168.0 million) with a maturity on April 30, 2019. The facility has an accordion feature that allows for the expansion of the facility up to an aggregate of $150.0 million (December 31, 2016 - $268.0 million), upon lender commitment. If all or any portion of the $50 million accordion is not provided by the lenders, the committed extendible revolving operating facility authorizes the Company to obtain the remaining amount from any third parties subject to certain conditions in the committed extendible revolving operating facility. The accordion feature may not be drawn while the ratio of Funded Debt to Bank EBITDA exceeds 3.00:1. The facility is collateralized by a general security agreement from Black Diamond and a guarantee and general security agreement from each of its material subsidiaries. On December 29, 2017, the facility was further amended to increase the accordion to $75.0 million and extend the maturity to April 30, 2020.

As at December 31, 2017, the Company's draws under the committed extendible revolving operating facility were comprised of $7.3 million related to an overdraft balance (December 31, 2016 - $6.2 million), and $42.1 million of bankers' acceptance and LIBOR draws (December 31, 2016 - $25.0 million).

For the three and twelve months ended December 31, 2017, the average interest rate applied to amounts drawn on the committed extendible revolving operating facility was 4.72% and 4.15% (December 31, 2016 - 3.14% and 2.84%), respectively.

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, 2017, the effective interest rate was 4.10% (December 31, 2016 - 3.85%).

The facility is secured by assets of the partnership, with no recourse to Black Diamond. As at December 31, 2017, the Company's draws under the demand operating facility were $1.2 million (December 31, 2016 - $0.6 million).

On July 7, 2011, Black Diamond Limited Partnership completed a private placement of senior secured notes. These notes, which rank pari passu with the senior secured credit facility, have a principal amount of $24.8 million (December 31, 2016 - $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 of $12.4 million.

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 (December 31, 2016 - $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 payments of $13.3 million with the first annual payment beginning July 3, 2020.

Effective March 31, 2017, both notes were amended to increase the interest rate by 0.50% per annum (amended interest rate for the 2011 notes - 5.94% and 5.08% for the 2013 notes) and an additional 0.50% interest payment for any quarterly reporting periods when Funded Debt to Bank EBITDA exceeds 3.50:1. On December 29, 2017, the notes were further amended to increase the interest rate by another 0.50% per annum (amended interest rate for the 2011 notes - 6.44% and 5.58% for the 2013 notes), restructure the 2011 notes' annual principal payments to quarterly payments of $3,543 starting January 7, 2018 and increase the additional interest payment threshold to 4.00:1. 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.

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. An additional payment was made in Q2 2017 and the provision is now reduced to $0.8 million.

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, 2017	Required	Actual
Funded Debt to Bank EBITDA Ratio	≤ 4.50:1	3.53
Interest Coverage Ratio	≥ 3.00:1	5.06
Fixed Charge Covenant	≥ 1.00:1	2.55

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

Covenant as at December 31, 2017	Required	Actual
Current Ratio	≥ 1.25:1	1.70
Interest Coverage Ratio	≥ 3.00:1	18.60

Effective March 31, 2017, the committed extendible revolving operating facility debt covenants, restriction on dividends and restriction on capital expenditures where amended. On December 29, 2017, the committed extendible revolving operating facility debt covenants were further amended to include restrictions on the principal repayment on the senior secured notes and the Funded Debt to Bank EBITDA ratio covenant is amended to a maximum ratio of:

a. 4.50:1 for fiscal quarters ending March 31, 2017 through to and including December 31, 2018;
b. 4.25:1 for fiscal quarters ending March 31, 2019;
c. 4.00:1 for the fiscal quarter ending June 30, 2019;
d. 3.75:1 for the fiscal quarter ending September 30, 2019;
e. 3.50:1 for the fiscal quarter ending December 31, 2019; and
f. 3.00:1 for all fiscal quarters thereafter.

The restriction on dividends covenant calculation was 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 the Funded Debt to Bank EBITDA ratio is above 3.00:1, lender approval not to be unreasonably withheld, would be required whenever organic net capital expenditures exceeds $25.0 million for a calendar year, or for any business acquisitions exceeding $5.0 million. Corresponding covenant amendments were also granted under Black Diamond's senior secured notes.

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, 2017, Black Diamond was in compliance with all debt covenants.

Share Capital

At December 31, 2017, Black Diamond had 55.0 million (December 31, 2016 - 46.1 million) common shares outstanding. In addition at December 31, 2017, Black Diamond had $3.0 million (December 31, 2016 - $2.8 million) common shares reserved for issuance pursuant to the exercise of options and restricted share units which have been granted pursuant to Black Diamond's share option plan and restricted and performance inventive award plan.

On March 27, 2017 the Company completed a bought deal financing arrangement issuing 8,507 common shares, inclusive of the over-allotment option exercised by the syndicate of underwriters, at a price of $3.75 per common share. Transaction costs of $1,945 were paid as part of the common share issuance, which resulted in net proceeds of $29,955. The Company also recognized a deferred tax asset of $520 related to the share issuance costs.

The following table summarizes Black Diamond's equity capitalization as at March 6, 2018:

Common shares	55,043
Stock options	2,481
Restricted share units	546

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, 2017 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 operating 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, share of gains or losses of an associate, write-down of property and equipment, impairment, restructuring costs, and gains or losses on the sale of non-fleet assets in the normal course of business.

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

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

- Adjusted EBITDA excludes certain income tax payments and recoveries that may represent a reduction or increase 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		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
Loss	**(78.8)**	(45.2)	74 %	**(95.4)**	(64.2)	49 %
Add:						
Share-based compensation	**0.8**	0.4	100 %	**2.5**	1.3	92 %
Depreciation and amortization	**11.8**	13.3	(11)%	**47.1**	52.5	(10)%
Finance costs	**1.9**	1.5	27 %	**7.7**	6.5	18 %
Onerous contract	**—**	—	n/a	**—**	3.3	(100)%
Current income taxes	**(1.7)**	(0.7)	143 %	**(7.4)**	(2.8)	164 %
Deferred income taxes	**(21.9)**	(7.4)	196 %	**(23.8)**	(11.3)	111 %
Gain on sale of real estate assets	**(0.3)**	—	n/a	**(2.8)**	—	n/a
Acquisition costs	**—**	—	n/a	**0.6**	—	n/a
Non-controlling interest	**(0.4)**	—	n/a	**(1.0)**	1.0	(200)%
Share of loss of an associate	**—**	—	n/a	**—**	5.8	(100)%
Restructuring Costs	**—**	—	n/a	**2.9**	—	n/a
Impairment loss	**98.2**	49.9	97 %	**98.2**	49.9	97 %
Adjusted EBITDA	**9.5**	11.7	(19)%	**28.5**	42.2	(32)%

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

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

Funds from Operations is calculated as the cash flow from operating activities excluding the changes in non-cash working capital. Management believes that Funds from Operations 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.

Reconciliation of Cash Flow from Operating Activities to Funds from Operations:

	Three months ended December 31,			Twelve months ended December 31,		
($ millions, except as noted)	**2017**	2016	Change	**2017**	2016	Change
Cash Flow from Operating Activities	**17.6**	24.6	(28)%	**31.3**	69.7	(55)%
Add/(Deduct):						
Change in long-term accounts receivable	**(0.4)**	(0.1)	300 %	**0.7**	0.6	17 %
Change in non-current deferred revenue	**—**	0.5	(100)%	**(0.8)**	0.1	(900)%
Changes in non-cash operating working capital	**(3.3)**	(11.8)	(72)%	**16.0**	(19.3)	(183)%
Funds from Operations	**13.9**	13.3	5 %	**47.3**	51.1	(7)%

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

Working Capital is calculated as current assets minus current liabilities.

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

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

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

Funded Debt to Bank EBITDA is calculated as Funded Debt divided by Bank EBITDA.

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, 2017 $	December 31, 2016 $
Due from related parties	—	421
Due to related parties	246	306

	Three months ended December 31,		Twelve months ended December 31,	
	2017	2016	2017	2016
Royalties and distributions declared	223	195	1,809	2,707

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	2017 $	2016 $
Salaries, bonuses, fees and other short-term employee benefits	2,042	2,448
Share-based compensation	1,216	531
Total Compensation	**3,258**	**2,979**

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. Many of these risk factors and uncertainties are outlined in the annual information form of Black Diamond for the year ended December 31, 2016 and the annual information form of Black Diamond for the year ended December 31, 2017 which will be 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

Disclosure controls and procedures

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

CEO and the CFO have concluded that, as at December 31, 2017, our DC&P, as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), was effective.

Internal control over financial reporting

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 IFRS. 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. Based on this evaluation, the CEO and the CFO have concluded that as at December 31, 2017, our ICFR (as defined in NI 52-109) were effective.

Under the supervision of the CEO and the CFO, Black Diamond conducted an evaluation of the effectiveness of the Company's ICFR as at December 31, 2017. Based on this evaluation, the officers concluded that as of December 31, 2017, Black Diamond maintained effective ICFR.

Changes in internal control over financial reporting

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

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

Additional information relating to Black Diamond, including Black Diamond's annual information form for the year ended December 31, 2017 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 property, plant and equipment, goodwill and 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. As a multinational group of legal entities and businesses, the Company has undertaken various cross border transactions. These transactions are subject to the review and audit of various tax authorities. The judgment used when developing and entering into these transactions is based on existing tax policies in each jurisdiction. Future changes in tax policies may necessitate associated adjustments to tax recoveries and expenses 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 FVLCD and its VIU. The FVLCD 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 FVLCD 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 could 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.

The Company is required to make judgments regarding the need for impairment at each reporting date by evaluating conditions specific to the organization that may lead to the impairment of assets.

Asset Retirement Obligations

The Company has recognized a provision for asset retirement obligations associated with 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 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.

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, 2018.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for the classification and measurement of financial assets, financial liabilities, impairment and includes the new general hedge accounting model. IFRS 9 Financial Instruments (July 2014) replaces earlier versions of IFRS 9 and supersedes IAS 39 Financial instruments: Recognition and measurement and the effective date of the new standard will be for annual periods beginning on or after January 1, 2018. The adoption of this standard will not have a material 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 has completed its assessment to evaluate the impact of IFRS 15 on the Company's financial statements. The Company will be applying the full retrospective transition method. The adoption of this standard will not have a material impact on the Company's financial statements.

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.