BLACK DIAMOND GROUP LIMITED

Notice of the Annual Meeting of Shareholders to be held on May 10, 2017

The annual meeting of the holders of our common shares will be held in the Devonian Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta, on Wednesday, May 10, 2017, at 3:00 p.m., Calgary time, to:

1. receive and consider our consolidated financial statements for the fiscal year ended December 31, 2016, together with the report of the auditors thereon;

2. fix the number of directors to be elected at the meeting at eight (8);

3. elect eight (8) directors for the ensuing year;

4. appoint auditors for the ensuing year and to authorize our directors to fix their remuneration as such; and

5. transact such other business as may properly come before the meeting or any adjournment thereof.

Only shareholders of record at the close of business on March 23, 2017 (the "**Record Date**") are entitled to notice of and to attend the meeting or any adjournment thereof and to vote thereat unless after the Record Date a holder of record transfers his or her common shares and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he or she owns such shares, requests, not later than 10 days before the meeting, that the transferee's name be included in the list of shareholders entitled to vote, in which case such transferee shall be entitled to vote such shares at the meeting.

Registered shareholders may vote in person at the meeting or any adjournment thereof, or they may appoint another person (who need not be a shareholder) as their proxy to attend and vote in their place.

Registered shareholders unable to be present at the meeting are requested to date and sign the enclosed form of proxy and return it to Computershare Trust Company of Canada, 8th floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 (Attention: Proxy Department). If a shareholder received more than one proxy form because such shareholder owns our common shares registered in different names or addresses, each proxy form should be completed and returned. In order to be valid, proxies must be received by Computershare Trust Company of Canada not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the meeting or any adjournment thereof. Registered shareholders may also vote via the internet at www.investorvote.com. Votes by internet must also be received by the foregoing cut off time. See the information circular – proxy statement accompanying this Notice for further instructions on internet voting.

An information circular – proxy statement relating to the business to be conducted at the meeting accompanies this Notice.

Dated at Calgary, Alberta this 28th day of March, 2017.

By order of the Board of Directors

(Signed) Trevor Haynes
Chairman, President and Chief Executive Officer

BLACK DIAMOND GROUP LIMITED

Information Circular – Proxy Statement
dated March 28, 2017

For the Annual Meeting
of Shareholders to be held on May 10, 2017

PROXIES

Solicitation of Proxies

This information circular – proxy statement is furnished in connection with the solicitation of proxies by or on behalf of our management for use at the annual meeting of our shareholders (the "Meeting") to be held in the Devonian Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta, on Wednesday, May 10, 2017, at 3:00 p.m., Calgary time, and any adjournment thereof for the purposes set forth in the accompanying Notice of Annual Meeting.

Only shareholders of record at the close of business on March 23, 2017 are entitled to notice of, and to attend and vote at, the Meeting, unless a shareholder has transferred any shares subsequent to that date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of such shares and demands that the transferee's name be included on the list of shareholders entitled to vote at the Meeting.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The persons named in the enclosed form of proxy are officers of our company. **As a shareholder, you have the right to appoint a person or company (who need not be a shareholder) to represent you at the Meeting other than the person or persons designated in the form of proxy furnished by us. To exercise this right you should insert the name of the desired representative in the blank space provided on the form of proxy and strike out the other names or submit another appropriate proxy.** In order to be effective, the proxy must be deposited with Computershare Trust Company of Canada , 8th floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 (Attention: Proxy Department), not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof. Registered shareholders may also use the internet at www.investorvote.com to vote their shares. Shareholders will be prompted to enter the control number which is located on the form of proxy. Votes by internet must be received by 3:00 p.m. (Calgary time) on May 8, 2017 or at least forty-eight (48) hours prior to the time of any adjournment of the Meeting. The website may also be used to appoint a proxy holder to attend and vote at the Meeting on the shareholder's behalf and to convey a shareholder's voting instructions.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your common shares in your own name. Only proxies deposited by shareholders whose names appear on our records as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in your account statement provided by your broker, then in almost all cases those common shares will not be registered in your name on our records. Such common shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such common shares are registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Common shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your common shares. We do not know for whose benefit the common shares registered in the name of CDS & Co. are held. The majority of common shares held in the United States are registered in the name of Cede & Co., the nominee for the Depository Trust Company, which is the United States equivalent of CDS Clearing and Depository Services Inc.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the Meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your common shares are voted at the Meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc., which mails a scannable voting instruction form in lieu of the form of proxy. You are asked to complete and return the voting instruction form to them by mail or facsimile. Alternately, you can call their toll-free telephone number or access the internet to vote your common shares. They then tabulate the results of all instructions received and provide appropriate instructions respecting the voting of such common shares to be represented at the Meeting. If you receive a voting instruction form from Broadridge Financial Solutions Inc. it cannot be used as a proxy to vote common shares directly at the Meeting as the proxy must be returned to them well in advance of the Meeting in order to have the common shares voted.

Although you may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of your broker (or agent of the broker), you may attend at the Meeting as proxyholder for the registered holder and vote your common shares in that capacity. If you wish to attend the Meeting and indirectly vote your common shares as proxyholder for the registered shareholder, you should enter your own name in the blank space on the form of proxy provided to you and return the document to your broker (or the broker's agent) in accordance with the instructions provided by your broker (or agent), well in advance of the Meeting.

Revocability of Proxy

You may revoke your proxy at any time prior to a vote. If you or the person to whom you give your proxy attends personally at the Meeting you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited at our head office at any time up to and including the last business day before the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

Persons Making the Solicitation

This solicitation is made on behalf of our management. We will bear the costs incurred in the preparation and mailing of the form of proxy, Notice of Annual Meeting and this information circular – proxy statement. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefor.

Exercise of Discretion by Proxy

The common shares represented by proxy in favour of management nominees will be voted on any matter at the Meeting. Where you specify a choice with respect to any matter to be acted upon the common shares will be voted or withheld from voting on any matter in accordance with the specification so made. **If you do not provide instructions your common shares will be voted in favour of the matters to be acted upon as set out herein.** The persons appointed under the form of proxy which we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and Notice of Annual Meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of printing this information circular – proxy statement, we know of no such amendment, variation or other matter.

Notice-and-Access

We have elected to use the "notice-and-access" provisions under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* (the "**Notice-and-Access Provisions**") for the Meeting to those of you who do not hold your common shares in your own name. The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that we must physically mail to you by allowing our company to post our information circular – proxy statement in respect of the Meeting and related materials online.

We have also elected to use procedures known as 'stratification' in relation to our use of the Notice-and-Access Provisions. Stratification occurs when we, while using the Notice-and-Access Provisions, provide a paper copy of our notice of meeting and information circular – proxy statement and a paper copy of our consolidated financial statements and related management's discussion and analysis to some of our shareholders. In relation to the Meeting, our registered shareholders will receive a paper copy of each of the notice of the meeting, this information circular – proxy statement dated March 28, 2017, our consolidated financial statements and related management's discussion and analysis and a form of proxy whereas our shareholders who do not hold their common shares in their own name will receive only a Notice-and-Access Notification and a voting instruction form. Furthermore, a paper copy of our consolidated financial statements and related management's discussion in respect of our most recent financial year will be mailed to those shareholders who do not hold common shares in their own name but who have previously requested to receive paper copies of our financial information.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

We are authorized to issue an unlimited number of common shares without nominal or par value for such consideration as may be determined by resolution of our board of directors (our "**Board**"). As at March 28, 2017, there were 55,070,737 common shares issued and outstanding. As a holder of common shares, you are entitled to one vote on a ballot at the Meeting for each common share you own. We are also authorized to issue an unlimited number of preferred shares, issuable in series. Each series is issuable upon the terms and conditions as set by our Board at the time of creation, subject to the class priorities. As at March 28, 2017, there were no preferred shares issued and outstanding.

To the knowledge of our directors and officers, as at March 28, 2017, no person or company beneficially owned, or controlled or directed, directly or indirectly, common shares carrying more than 10% of the votes attached to all of the issued and outstanding common shares.

MATTERS TO BE ACTED UPON AT THE MEETING

Election of Directors

At the Meeting, shareholders will be asked to fix the number of directors to be elected at the Meeting at eight members and to elect eight directors to hold office until the next annual meeting or until their successors are elected or appointed. There are currently nine directors of our company, each of whom will stand for re-election at the Meeting, other than Mr. Robert G. Brawn, who is retiring from the Board effective May 10, 2017.

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of an ordinary resolution fixing the number of directors to be elected at the Meeting at eight members and in favour of the election as directors of the eight nominees hereinafter set forth. The accompanying form of proxy provides for individual voting on directors.

Trevor Haynes	Marshall L. McRae
Robert J. Herdman	David Olsson
Minaz Kassam	Steven Stein
Barbara J. Kelley	Robert Wagemakers

If for any reason any of the proposed nominees does not stand for election or is unable to serve as such, the management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion unless you have specified in your proxy that your common shares are to be withheld from voting on the proposed nominee who does not stand for election.

The following information relating to the nominees as directors is based partly on our records and partly on information received by our company from the nominees and sets forth the names and province/state and country of residence of all of the persons nominated for election as directors, the periods during which they have served as directors, their principal occupations or employments during the five preceding years and the approximate number of common shares beneficially owned, or controlled or directed, directly or indirectly, by each of them as of March 28, 2017.

Name, Province/State and Country of Residence	Director Since [3]	Principal Occupation During the Five Preceding Years	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly [4] [5]
Trevor Haynes Alberta, Canada	October 7, 2009	Chairman, President and Chief Executive Officer of Black Diamond Group Limited.	3,115,147
Robert J. Herdman [1] Alberta, Canada	March 7, 2012	Independent businessman since July 1, 2010 and prior thereto, Partner of PricewaterhouseCoopers LLP (accounting firm).	Nil
Minaz Kassam [1] Alberta, Canada	November 11, 2009	Managing Partner of Kassam Chartered Accountancy (formerly Kassam and Company Chartered Accountants).	224,466
Barbara J. Kelley [2] Colorado, United States	May 3, 2016	Independent businesswoman since May 2015 and prior thereto, Executive Director of the Colorado Department of Regulatory Agencies.	Nil
Marshall L. McRae Alberta, Canada	March 4, 2015	Independent businessman since December 31, 2014; Executive Vice President of Black Diamond Group Limited from August 8, 2014 until December 31, 2014; Interim Executive Vice President and Chief Financial Officer of Black Diamond Group Limited from October 16, 2013 until August 8, 2014 and prior thereto, independent financial and management consultant.	Nil
David Olsson [2] Victoria, Australia	January 1, 2014	Senior China Practice Consultant to King & Wood Mallesons, a law firm, since July 2013 and prior thereto, Senior Partner of King & Wood Mallesons.	Nil
Steven Stein Alberta, Canada	October 7, 2009	Independent businessman since January 1, 2017; President, Logistics of Black Diamond Group Limited from October 22, 2014 until December 31, 2016; Executive Vice President and Chief Operating Officer of Black Diamond Group Limited from January 1, 2012 until October 22, 2014 and prior thereto, Vice President and Chief Operating Officer of Black Diamond Group Limited.	1,054,425
Robert Wagemakers [1][2] Alberta, Canada	November 11, 2009	Independent Businessman since July 31, 2012; Special Consultant to Nabors Drilling, a division of Nabors Canada, from July 31, 2011 to July 30, 2012 and prior thereto, Vice President, Marketing of Nabors Drilling.	648,511

Notes:

(1) Member of our Audit Committee.

(2) Member of our Compensation, Nominating and Corporate Governance Committee.

(3) Black Diamond Income Fund (the "**Fund**") was reorganized and restructured into our company on December 31, 2009 (the "**Conversion**"). The Fund was managed by Black Diamond Group Inc. (the "**Manager**") until the Conversion. Prior to the Conversion, Messrs. Kassam and Wagemakers were directors of the Manager since June 2006. Messrs. Haynes and Stein are and have been directors of the Manager since June 2006.

(4) In addition, Messrs. Haynes, Herdman, Kassam, McRae, Olsson and Wagemakers hold options to purchase 588,333, 25,000, 43,822, 95,000, 10,000 and 26,274 common shares, respectively.

(5) We do not have an Executive Committee.

Majority Voting for Directors

Our Board has adopted a majority voting policy stipulating that if the votes in favour of the election of a director nominee at a shareholders' meeting represent less than a majority of our common shares voted and withheld, the nominee will submit his or her resignation promptly after the meeting, for our Compensation, Nominating and Corporate Governance Committee's consideration. Our Committee will make a recommendation to our Board after reviewing the matter, and our Board's decision to accept or reject the resignation offer will be disclosed to the public within 90 days of the applicable shareholders' meeting. Resignations are expected to be accepted except in situations where exceptional circumstances would warrant the applicable director to continue to serve as a Board member. The nominee will not participate in any committee or Board deliberations on the resignation offer unless there are not at least three directors who did not receive a majority withheld vote. The policy does not apply in circumstances involving contested director elections.

Advance Notice By-Law

Our Board adopted By-law No. 2 relating to the provision of advance notice of nominations of our directors (the "**Advance Notice By-law**"), which was approved by our shareholders at the annual and special meeting held on May 7, 2015. The Advance Notice By-law sets forth procedures that must be followed by any shareholder of our company who intends to nominate any person for election as a director of our company, other than pursuant to a proposal made in accordance with the *Business Corporations Act* (Alberta), or a requisition of a shareholder meeting made pursuant to the *Business Corporations Act* (Alberta). The Advance Notice By-law stipulates a deadline by which our shareholders must notify our company of their intention to nominate directors and sets out the information that our shareholders must provide regarding each director nominee and the nominating shareholder in order for the requirements of the Advance Notice By-law to be met. These requirements are intended to provide all shareholders, including those voting by proxy, with the opportunity to evaluate the nominees and vote in an informed and timely manner regarding said nominees. The Advance Notice By-law also ensures orderly and efficient shareholder meetings by providing a structured and transparent framework for nominating directors. No person nominated by a shareholder will be eligible for election as a director of our company unless nominated in accordance with the provisions of the Advance Notice By-law. A copy of the Advance Notice By-law is available on our SEDAR profile at www.sedar.com.

Additional Disclosure Relating to Proposed Directors

Bankruptcies

To our knowledge, except as described below, no proposed director (nor any personal holding company of any of such persons): (a) is, as of the date of this information circular – proxy statement, or has been within the ten years before the date of this information circular – proxy statement, a director or executive officer of any company (including us) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date of this information circular – proxy statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Mr. Herdman, a director, served as a director of SemBioSys Genetics Inc. ("**SemBioSys**"), a development stage biotechnology company, until May 1, 2012. On June 22, 2012, a secured creditor of SemBioSys was granted an order under the *Bankruptcy and Insolvency Act* (Canada) appointing a receiver to take possession of and deal with specific assets of SemBioSys which had been pledged to that creditor.

Mr. Haynes, the Chairman, President and Chief Executive Officer, served as a director of Northern Frontier Services Corp. ("**Northern Frontier**"), an industrial and environmental services company, until July 12, 2016. On July 14, 2016, a secured creditor of Northern Frontier was granted an order under the *Bankruptcy and Insolvency Act* (Canada) appointing a receiver to take possession of all of Northern Frontier's current and future assets.

Cease Trade Orders

To our knowledge, except as described below, no proposed director (nor any personal holding company of any of such persons) is, as of the date of this information circular – proxy statement, or was within ten years before the date of this information circular – proxy statement, a director, chief executive officer or chief financial officer of any company (including us), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. Herdman, a director, served as a director of SemBioSys until May 1, 2012. On May 25, 2012, the Alberta Securities Commission issued a cease trade order against SemBioSys for failure to file the required certification of interim filings for the interim period ended March 31, 2012. The securities commission of each of British Columbia, Manitoba, Ontario and Québec issued similar orders in respect of the failure to file the certification of interim filings.

Mr. Haynes, the Chairman, President and Chief Executive Officer, served as a director of Northern Frontier until July 12, 2016. On September 6, 2016, the Alberta Securities Commission issued a cease trade order against Northern Frontier for failure to file the required periodic disclosure and certification of interim filings for the interim period ended June 30, 2016.

Penalties or Sanctions

To our knowledge, no proposed director (nor any personal holding company of any of such persons), has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Appointment of Auditors

At the Meeting, shareholders will be called upon to appoint the firm of Ernst & Young LLP, Chartered Professional Accountants, to serve as our auditors until the next annual general meeting of our shareholders and to authorize our directors to fix their remuneration as such. Ernst & Young LLP, Chartered Professional Accountants, have been our auditors since incorporation on October 7, 2009 and were the auditors of the Fund since its formation on June 27, 2006.

Unless otherwise directed, it is the intention of the management designees to vote the proxies in favour of an ordinary resolution to appoint the firm of Ernst & Young LLP, Chartered Professional Accountants, to serve as our auditors until the next annual meeting of the shareholders and to authorize our directors to fix their remuneration as such.

Our directors recommend that shareholders vote for the appointment of Ernst & Young LLP, Chartered Professional Accountants, as our auditors, at a remuneration to be fixed by our directors.

The information required by Form 52-110F1 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, including information regarding the fees billed to our company by Ernst & Young LLP, Chartered Professional Accountants, Calgary, Alberta, is contained in our annual information form for the year ended December 31, 2016, under the heading "Audit Committee Information", an electronic copy of which is available on our SEDAR profile at www.sedar.com.

COMPENSATION GOVERNANCE

Composition of our Compensation, Nominating and Corporate Governance Committee

During 2016, our Compensation, Nominating and Corporate Governance Committee (our "**Committee**" or our "**Compensation, Nominating and Corporate Governance Committee**") was comprised of David Olsson (Chair), Robert G.

Brawn, Robert J. Herdman and Robert Wagemakers, all of whom are "independent" directors for the purposes of National Instrument 58-101 – *Corporate Governance Guidelines*. On March 2, 2016, Robert J. Herdman stepped down as a member of our Committee. On March 13, 2017, Barbara J. Kelley was appointed as a member of our Committee. The following table sets forth the relevant skills and experience of each current member of our committee that enables such member to make decisions on the suitability of our compensation policies and practices.

Name	Relevant Skills and Experience
David Olsson (Chair)	Mr. Olsson's skills and experience that enable him to make decisions on the suitability of our compensation policies and practices are derived from more than 30 years' experience in the areas of international capital markets, cross-border investments, and financing of resources and infrastructure projects. Most recently a senior partner of King & Wood Mallesons, an international law firm, and now a senior China Practice Consultant to the firm, Mr. Olsson has held a variety of management positions within King & Wood Mallesons, including roles as national head of the banking and finance team, partner-in-charge of Melbourne, Hong Kong and Beijing offices, and Managing Partner of the Australian operations. Mr. Olsson holds a Bachelor of Laws degree from the Australian National University.
Robert G. Brawn(1)	Mr. Brawn's skills and experience that enable him to make decisions on the suitability of our compensation policies and practices are derived from Mr. Brawn's experience as a director and compensation committee member of numerous publicly listed entities. Mr. Brawn received a Bachelor of Science, Engineering from the University of Alberta in 1958.
Barbara J. Kelley	Ms. Kelley's skills and experience that enable her to make decisions on the suitability of our compensation policies and practices are derived from Mr. Kelley's experience as the Executive Director of the Colorado Department of Regulatory Agencies, one of 19 principal departments in Colorado State Government. In that position, she was responsible for the leadership, management and administration of 9 mission specific divisions, including: Banking, Civil Rights, Office of Consumer Counsel, Financial Services, Insurance, Public Utilities Commission, Professions and Occupations and Securities. Previously, she was a Partner at Kamlet Reichert LLP, Denver, Colorado. Her practice has encompassed primarily corporate and financing transactions, commercial banking, commercial real estate, as well as general commercial and business matters. She also lead the firm's secured transactions practice area.
Robert Wagemakers	Mr. Wagemakers skills and experience that enable him to make decisions on the suitability of our compensation policies and practices are derived from more than 40 years' experience in the oil and natural gas sector, most recently from July 31, 2011 to July 30, 2012 as a Special Consultant to Nabors Drilling, a division of Nabors Canada and from 2001 to July 2011, Vice President, Marketing of Nabors Drilling. Mr. Wagemakers was Vice President, Operations with Command Drilling Corporation from 2000 to 2001; prior thereto, he was President of Partner Rentals Ltd. from 1997 to 2000. Prior thereto, Mr. Wagemakers held various management positions with a number of drilling companies. In 2013, Mr. Wagemakers completed the program offered by the Institute of Corporate Directors and is entitled to use the designation ICD.D.

Notes:
(1) Mr. Brawn is retiring from the Board, and the Committee, effective May 10, 2017.

Mandate and Terms of Reference of our Compensation, Nominating and Corporate Governance Committee

Our Board has adopted a mandate for our Compensation, Nominating and Corporate Governance Committee which has, as part of its mandate, the responsibility for reviewing matters relating to the human resource policies and compensation of our directors, officers and employees in the context of our budget and business plan. Without limiting the generality of the foregoing, our Committee has the following duties:

(i) to review the compensation philosophy and remuneration policy for our officers and to recommend to our Board changes to improve our ability to recruit, retain and motivate employees;

(ii) to review and recommend to our Board the retainer and fees to be paid to members of our Board;

(iii) to review and approve corporate goals and objectives relevant to the compensation of our President and Chief Executive Officer, evaluate our President and Chief Executive Officer's performance in light of those corporate goals and objectives, and determine (or make recommendations to our Board with respect to) our President and Chief Executive Officer's compensation level based on such evaluation;

(iv) to recommend to our Board with respect to non-Chief Executive Officer and director compensation including to review management's recommendation for proposed share option, share purchase plans and other incentive-compensation plans and equity-based plans for non-Chief Executive Officer and director compensation and make recommendations in respect thereof to our Board;

(v) to administer the share option plan and other incentive plans approved by our Board in accordance with their terms including recommending (and, if delegated authority thereunder, approving) the grant of share options or other incentive securities in accordance with the terms thereof;

(vi) to determine and recommend for approval of our Board bonuses to be paid to our officers and employees and to establish targets or criteria for the payment of such bonuses, if appropriate;

(vii) to review the annual disclosure required by applicable securities laws to be made by our company with respect to compensation including the Compensation Discussion and Analysis required to be included in our information circular – proxy statement and review other executive compensation disclosure before we disclose such information; and

(viii) to conduct an assessment, at least once a year, of the risks associated with our compensation policies and practices and prepare and submit to our Board annually a report summarizing: (i) the risks identified in such assessment that are reasonably likely to have a material adverse effect on our company; and (ii) the recommendations of our Committee to mitigate against any potential items identified in such assessment that may be reasonably expected to lead an executive officer to take inappropriate or excessive risks.

Our Committee is required to be comprised of at least three of our directors or such greater number as our Board may determine from time to time. All members of our Committee are required to be independent as such term is defined for purposes of National Instrument 58-101 – *Corporate Governance Guidelines*. Our Board is from time to time to designate one of the members of our Committee to be the Chair of our Committee. Pursuant to the Mandate and Terms of Reference of our Committee, meetings of our Committee are to take place at least one time per year and at such other times as the Chair of our Committee may determine.

Compensation Consultant or Advisor

During the fiscal years ended December 31, 2014, 2015 and 2016, our company retained Lane Caputo Compensation Inc. (the "**Consultant**"), an independent external consulting company.

In June 2014, our company retained the Consultant to assist our company and our Compensation, Nominating and Corporate Governance Committee in reviewing the competitiveness of our company's compensation program for our employees, executive officers and non-management directors. The Consultant's mandate was to review comparative industry compensation data including the executive and non-management directors' compensation plans of competitor companies for benchmarking compensation and advise our company and our Committee on emerging trends and developments in compensation.

During 2015, our company retained the Consultant to update its work completed for our company in 2014. Our company paid $14,500 in fees to the Consultant for the professional services rendered to our company in 2015.

During 2016, our company retained the Consultant to update its work completed for our company in 2015. Our company paid $10,700 in fees to the Consultant for the professional services rendered to our company in 2016.

In order to ensure the independence of the Committee's advisors, our management must seek approval from the Committee prior to retaining a compensation advisor or authorizing its mandate.

During the previously completed financial year, our company participated in and utilized compensation data from the independent "Mercer Total Compensation Survey (Energy Services Sector)".

COMPENSATION DISCUSSION AND ANALYSIS

Our executive compensation program is administered by our Compensation, Nominating and Corporate Governance Committee. Our President and Chief Executive Officer is responsible for making recommendations to our Committee with respect to compensation for our executive officers. In making such recommendations, our President and Chief Executive Officer analyzes a number of factors including industry compensation data, corporate performance and individual executive officer performance. In assessing the performance of individual executive officers, consideration is given to objective factors such as level of responsibility, experience and expertise, as well as subjective factors such as leadership and performance in such executive officer's specific role with our company.

Our President and Chief Executive Officer then makes recommendations to our Committee with respect to the various elements of compensation to be awarded to each executive officer. Our President and Chief Executive Officer also presents his analysis of our performance and individual executive officer performance to our Committee.

Upon the receipt of such recommendations, our Committee reviews the data and information provided and determines whether to accept the recommendations or make any changes. Discussions, both formal and informal, may ensue between both our Committee and our Board and our President and Chief Executive Officer with respect to the recommendations and adjustments may be made prior to final approval by our Board.

Recommendations for executive compensation are then made by our Committee to our Board for approval. As our President and Chief Executive Officer is also a member of our Board, our Board meets in the absence of our President and Chief Executive Officer and the other non-independent members of our Board to discuss the recommendations made by our Committee for executive compensation.

Objectives and Principles of Executive Compensation Program

The objectives of our executive compensation program are twofold, namely: (i) to enable our company to attract and retain highly qualified and experienced individuals to serve as executive officers (including our Named Executive Officers as defined below in "Statement of Executive Compensation"); and (ii) to align the compensation levels available to our executive officers to the successful implementation of our strategic plans and annual objectives. Our executive compensation program is designed to reward our executive officers where they have contributed to our success and growth.

A significant component of our compensation program is based on a "pay-for-performance" philosophy which supports our commitment to delivering strong performance for our shareholders. Our compensation policies are designed to attract, recruit and retain individuals of high calibre to serve as our officers, to motivate their performance in order to achieve our strategic objectives and to align the interests of executive officers with the interests of our shareholders and enhancement in our share value. Compensation of all executive officers, including our President and Chief Executive Officer, is based on the underlying philosophy that such compensation should be competitive with other corporations against whom we compete for executive talent and should be reflective of the experience, performance and contribution of the individuals involved and our overall performance. Our Committee also recognizes that the executive compensation program must be sufficiently flexible in order to adapt to unexpected developments in the industries in which we operate and the impact of internal and market related occurrences from time to time.

Compensation and Market Position

During the first quarter of 2016, management and our Committee referred to the independent "Mercer Total Compensation Survey (Energy Services Sector)" (the "**Mercer Survey**") as well as industry market trends from our Consultant when determining executive compensation, including the assessment of the competitiveness of our compensation practices.

At the time of establishment of 2016 base salaries and the 2016 cash bonus plan for our Named Executive Officers, information provided by the Mercer Survey was in respect of 2015 compensation practices.

The competitiveness of our Named Executive Officers' compensation is assessed based on total compensation defined as the aggregate of salary, bonuses and long-term incentives valued as of the time of grant. During 2016, it was our philosophy to target base salaries in the range of the 50th to 75th percentile of the market data referred to in the Mercer Survey with the potential for our Named Executive Officers' total compensation to increase depending on both individual and corporate performance.

Elements of Our Executive Compensation Program

Our executive compensation program is comprised of three principal components: (i) base salary and perquisites, (ii) short-term incentive compensation comprised of annual cash bonuses, and (iii) long-term incentive compensation comprised of share options and incentive awards. Together, these components are designed to achieve the following key objectives:

- aligning the compensation framework so as to promote and support our company's overall business strategy and long term strategic plans and objectives;
- to provide market competitive compensation that is significantly performance based by ensuring that a significant portion of annual (cash bonuses) and long-term (share options and incentive awards) incentive compensation is tied to corporate performance and share performance and, therefore, is at risk (not guaranteed) and variable year over year;
- to provide incentives which encourage superior corporate performance and retention of highly skilled and talented employees; and
- to align executive compensation, particularly by awarding long-term incentive compensation in the form of share options and incentive awards with share performance and therefore shareholders' interests.

The aggregate value of these principal components and related benefits is used as a basis for assessing the overall competiveness of our company's compensation package. The fixed element of compensation provides a competitive base of secure compensation required to attract and retain executive talent. The variable performance based, or "at risk" compensation, is designed to encourage both short-term and long-term performance of our company. At more senior levels of the organization, a significant portion of compensation eligible to be paid is variable performance based compensation which places a greater emphasis on rewarding executives for their individual contributions, business results of our company and long-term value creation for shareholders. Awarding a significant portion of long-term incentive compensation in the form of share options and incentive awards provides, through the value of the common shares, a direct link with shareholder return.

Each element of our executive compensation program is described in more detail below.

Base Salaries and Other Perquisites

The base salary component of our executive compensation program is intended to provide a fixed level of competitive pay that reflects each executive officer's primary duties and responsibilities and the level of skills and experience required to successfully perform the role. The payment of base salaries is a fundamental component of our compensation program and serves to attract and retain highly qualified executives.

Salaries of our executive officers, including that of our President and Chief Executive Officer, are reviewed annually by our Committee based upon a review of corporate and personal performance and individual levels of responsibility. Salaries for executive officers are not determined based on specific benchmarks, performance goals or a specific formula. The base salaries for the financial year ended December 31, 2016, were set to be competitive with industry levels and our Committee had regard to the contributions made by the executive officers. Base salaries for 2016 were set in the range of the 50th to 75th percentile of the market data referred to in the Mercer Survey.

In addition, we also provide certain perquisites and other benefits to our executive officers which are generally typical of those provided by our peers in the industries in which we operate including life and disability insurance and extended health and dental coverage.

Given the continued challenging operating environment faced by our company, effective February 1, 2016, the base salary of our President and Chief Executive Officer was reduced by 15% and the base salaries of our other executive officers were reduced by 10%.

Short-Term Incentive Compensation – Annual Cash Bonuses

Our Committee recommends to the independent members of our Board for consideration and approval of an annual bonus amount for all employees and specific bonus amounts for executive officers (including our Named Executive Officers). Our Committee, in consultation with our President and Chief Executive Officer, established the terms of our cash bonus plan for fiscal 2016 for our executive officers (including our Named Executive Officers) (the "**Cash Bonus Plan**"). Pursuant to the terms of the Cash Bonus Plan, certain components and metrics were established that were reflective of the key operating and financial metrics that had a significant impact on achieving our business plan for fiscal 2016 and were aligned to the creation of shareholder value. Pursuant to the Cash Bonus Plan, the bonus was based on actual results compared to the components that were established and approved by the independent members of our Board upon the recommendation of our Committee in March 2016. The maximum bonus payable was 125% of the actual 2016 base salary for Mr. Haynes and 100% for Messrs. LaBrie, Stein, Cleland and Klukas. No cash bonuses were paid for fiscal 2016 pursuant to the Cash Bonus Plan to Messrs. Haynes, LaBrie, Stein, Cleland and Klukas, all Named Executive Officers in the table under "Statement of Executive Compensation – Summary Compensation Table".

Long-Term Incentive Compensation

Share Options

Executive officers, along with our officers, directors, employees, consultants and other service providers are eligible to participate in our company's share option plan (the "**Option Plan**"). Options granted under the Option Plan are intended to align such individual's and shareholder interests by attempting to create a direct link between compensation and shareholder return. Participation in the Option Plan rewards overall corporate performance, as measured through the price of our common shares. In addition, the Option Plan encourages the retention of key executives and enables executives to develop and maintain a significant ownership position in our company. As with many similar-sized companies, share options form an integral component of the total compensation package provided to our executive officers. This results in a significant portion of executive compensation being "at risk" and directly linked to the achievement of business results and long-term value creation.

Options are normally recommended by management and approved by our Committee or our Board upon the commencement of an individual's employment with our company based on the level of responsibility within our company. Our company's current policy is that additional option grants are made on an annual basis to ensure that the number of share options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within our company and to ensure that one of the primary purposes of the share options, namely retention of the executives, is being maintained. In considering annual grants, our Committee and our Board has flexibility in the determination of the size of the award and takes into account all relevant circumstances, including the number of share options held by such individual, the exercise price and implied value of the share options, the term remaining on those share options and the total number of common shares reserved for issuance under the Option Plan. The size of the annual option award to individual executives is determined by considering individual performance, level of responsibility, authority and overall importance to our company and the degree to which each executive's potential and contribution are considered critical to the long term success of our company. Options are priced at the five-day volume weighted average trading price of the common shares immediately preceding the date of grant. The current policy of our Board is that options have a five year term and vest at a rate of one-third on each of the first, second and third anniversaries of the date of grant subject to accelerated vesting at the discretion of our Board or a committee of our Board appointed from time to time to administer the Option Plan. See "Statement of Executive Compensation – Incentive Plans – Share Option Plan" for a description of the detailed terms of the Option Plan.

Incentive Awards

Executive officers, along with our officers, directors, employees and other service providers, are eligible to participate in our company's restricted and performance award incentive plan (the "**Award Plan**") which provides for the grant of restricted awards ("**Restricted Awards**") and performance awards ("**Performance Awards**") (collectively, referred to as "**Incentive Awards**"). Our Board, upon the recommendation of our Committee, adopted the Award Plan in March 2015 to supplement the Option Plan. Our Committee recommendation was based on the belief that there was a need for our company to establish an incentive arrangement with a stronger retention component than the Option Plan. The Award Plan serves to provide retention incentive for officers, directors, employees and other service providers of our company and, like the Option Plan, align the compensation of management and employees of our company with the success of our company and the creation of shareholder value over the term of the incentive awards. In recommending the Award Plan, our Committee considered the structure of the

Award Plan and concluded that it would not encourage senior executives to take inappropriate or excessive risks that may have a material adverse effect on our company. In particular, the awards vest over time which should help mitigate short-term risk-taking potential. Shareholders approved the issuance of common shares from treasury pursuant to the Award Plan at the annual and special meeting of shareholders held on May 7, 2015.

We commenced the grant of Incentive Awards under the Award Plan in March 2016 when we granted an aggregate of 164,000 Restricted Awards to our officers, which awards vest on the third anniversary of the date of grant thereby providing significant retention value to our company. We anticipate that Incentive Awards will normally be recommended by management and approved by our Committee or our Board upon the commencement of an individual's employment with our company based on the level of responsibility within our company. Our current policy is that additional grants will be made on an annual basis to ensure that the number of Incentive Awards granted to any particular individual is commensurate with the individual's level of ongoing responsibility within our company. In considering additional grants, our Committee and our Board have flexibility in the determination of the size and mix of the Incentive Awards and will assess all relevant circumstances, including the number of share options and/or Incentive Awards held by such individual, the implied value of the share options and Incentive Awards, the term remaining on such incentives and the total number of common shares reserved for issuance under the Option Plan and the Award Plan on a combined basis. The size of the annual Incentive Award grant to individual executives will be determined by applying a percentage that is measured across market sectors and similar sized companies in relation to the individual level of responsibility, authority and overall importance to our company and the degree to which each executive's potential and contribution are considered critical to the long-term success of our company. See "Statement of Executive Compensation – Incentive Plans – Restricted and Performance Award Incentive Plan" for a description of the detailed terms of the Award Plan.

Review of Risks Associated with Compensation Policies and Practices

As described herein, our company's executive compensation program is administered by our Committee. In carrying out its mandate, our Committee reviewed our company's elements of compensation to identify any risks arising from our company's compensation policies and practices that could reasonably be expected to have a material adverse effect on our company as well as the practices used to mitigate any such issues. Our Committee concluded that the compensation program and policies of our company does not encourage our executive officers to take inappropriate or excessive risks. This assessment was based on a number of considerations including, without limitation, the following: (i) the compensation program of our company attempts to achieve a balance between cash and equity compensation which are based both on individual and corporate performance, both financial and non-financial and the overall compensation program is market based and aligned with our company's business plan and long term strategies; (ii) our company's compensation policies and practices are generally uniform throughout the organization and there are no significant differences in compensation structure among our executive officers; (iii) the compensation package for executive officers consists of fixed (base salary and perquisites) and variable elements (cash bonus, options and Incentive Awards) which are designed to balance our short term goals and our long-term interests and are aimed at creating sustainable value for our shareholders; (iv) the performance elements of our annual cash bonus plan for our executive officers are linked to the achievement of our business goals and are reviewed and approved annually by our Committee; (v) in exercising its discretion granting options and Incentive Awards, our Committee or our Board reviews individual and corporate performance taking into account the long-term interests of our company; (vi) options are generally granted annually and vest over a three year period, which further mitigates any short-term risk taking potential; (vii) we anticipate that Incentive Awards will be granted annually and will vest over a period of time (such as the Restricted Awards granted in March 2016 which vest on the third anniversary of the date of grant), which further mitigates any short-term risk taking potential; and (viii) the results of annual performance assessments of individual contributions of executive officers' are reviewed and considered in awarding both discretionary bonuses under the Cash Bonus Plan and future compensation.

Short Sales, Puts, Calls and Options

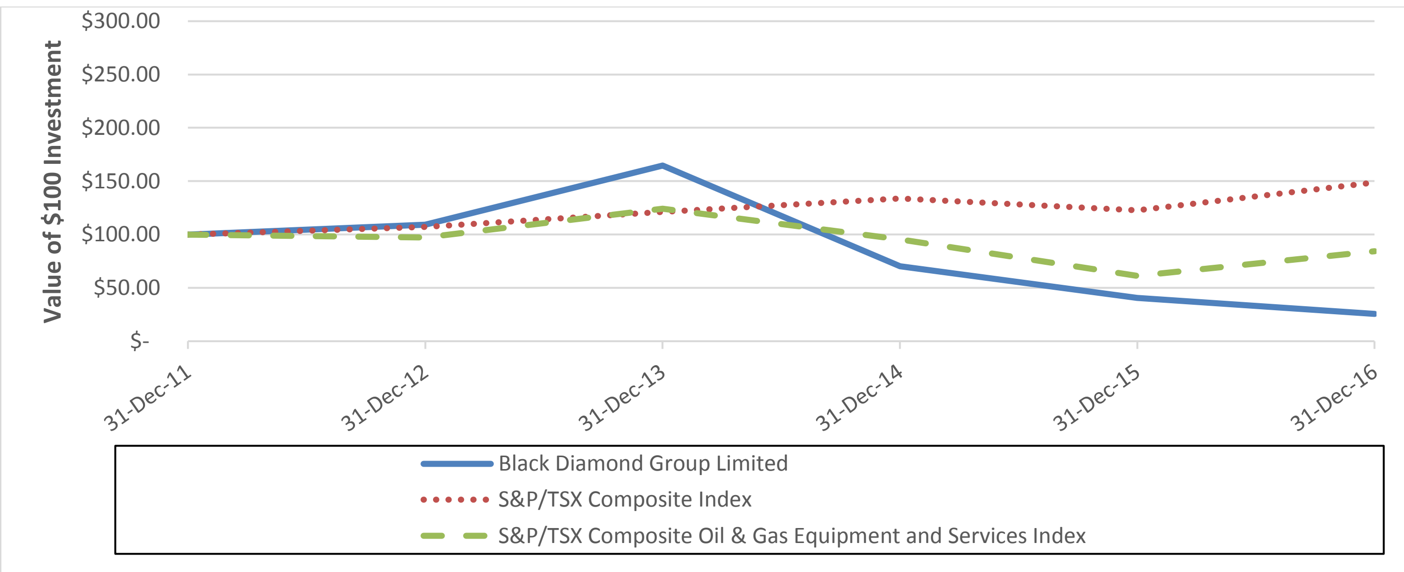
Our Disclosure, Confidentiality and Trading Policy provides that our directors, officers and all of our employees, shall not knowingly sell, directly or indirectly, a security of our company if such person selling such security does not own or has not fully paid for the security to be sold. In addition, the Disclosure, Confidentiality and Trading Policy provides that our directors, officers and employees shall not, directly or indirectly, engage in short selling in common shares of our company or purchase financial instruments (including, for greater certainty, puts, options, calls, prepaid variable forward contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a change in the market value of common shares or other securities of our company held by the person. For the purposes of our Disclosure, Confidentiality and Trading Policy, short selling does not include a sale of common shares not currently owned so long as the seller owns an immediately exercisable option to acquire the number of common shares sold, and the sale and exercise is conducted in accordance with our company's approved procedures for the exercise of options under our official equity compensation plans such as the Option Plan.

Summary

Our company's compensation policies have allowed us to attract and retain a team of motivated professionals and support staff working towards the common goal of enhancing shareholder value. Our Committee has reviewed the compensation regime and is satisfied that the current levels of total compensation are reflective of competitive market practices, align pay for performance with the interests of shareholders and support our company's objective to attract, retain and motivate highly capable executive talent. Through the compensation program described above, a meaningful portion of the compensation for all employees, including executives, is based on corporate performance, as well as industry-competitive pay practices. Our Committee and our Board will continue to review compensation policies to ensure that they are competitive within our industries and consistent with the performance of our company.

Performance Graph

The following graph compares the cumulative total shareholder return for $100 invested in the common shares for the period from December 31, 2011 to December 31, 2016, as measured by the closing price of the common shares at the end of each year with the cumulative total return on each of the S&P/TSX Composite Index and the S&P/TSX Composite Oil & Gas Equipment and Services Index, assuming the reinvestment of dividends, where applicable, for the same period.



Comparison of Cumulative Total Return (1)

	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
Black Diamond Group Limited	$100.00	$109.29	$164.57	$70.35	$40.70	$25.72
S&P/TSX Composite Index	$100.00	$107.19	$121.11	$133.90	$122.76	$148.64
S&P/TSX Composite Oil & Gas Equipment and Services Index	$100.00	$97.21	$124.13	$95.58	$61.27	$84.22

Note:
(1) Assuming an investment of $100 on December 31, 2011.

Compensation levels for our Named Executive Officers over the period indicated above are generally consistent with the trend of total return on investment charted for our entity in the performance graph, reflecting the higher proportion of "at risk" compensation for our Named Executive Officers in the form of share option grants, with the value of such share options being directly affected by changes in the common share price. However, as described under "Compensation Discussion and Analysis", base salaries are not determined on benchmarks, performance goals or specific formula but are set to be competitive with industry levels and the payment of cash bonuses in respect of fiscal 2013 and 2014 (no cash bonuses were paid in respect of fiscal 2015 or 2016) was based on the determination that various of our operational and other objectives were met, the results of which may not have been reflected in the common share price. In addition, the trading price of the common shares may be affected by various factors not related to our results such as changes in general economic conditions. Accordingly, it is difficult to specifically correlate total compensation to the trends shown in the above performance graph.

STATEMENT OF EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information concerning the compensation during each of our three most recently completed fiscal years paid to our Chief Executive Officer and Chief Financial Officer and each of our three other most highly compensated executive officers, other than our Chief Executive Officer and Chief Financial Officer, for the year ended December 31, 2016 whose total compensation was more than $150,000 (collectively, our "**Named Executive Officers**").

					Non-equity annual incentive plan compensation				
Name and principal position	**Year**	**Salary**	**Share-based awards(4)**	**Option-based awards (5)**	**Annual incentive plans (6)**	**Long-term incentive plans**	**Pension value**	**All other compensation (7)**	**Total compensation**
		($)	($)	($)	($)	($)	($)	($)	($)
Trevor Haynes President and Chief Executive Officer	2016	672,773	118,000	77,250	Nil	Nil	Nil	-	868,023
	2015	780,000	Nil	160,600	Nil	Nil	Nil	-	940,600
	2014	780,000	Nil	990,039	390,000	Nil	Nil	-	2,160,039
Michael R. Lambert Executive Vice President and Chief Financial Officer	2016(1)	120,717	Nil	Nil	Nil	Nil	Nil	-	120,717
	2015	435,000	Nil	109,500	Nil	Nil	Nil	-	544,500
	2014	180,618	Nil	921,988	146,591	Nil	Nil	-	1,249,197
Toby LaBrie Executive Vice President and Chief Financial Officer	2016 (2)	258,984	78,667	51,500	Nil	Nil	Nil	-	389,151
Steven Stein(3) President, Logistics	2016	373,716	59,000	38,625	Nil	Nil	Nil	-	471,341
	2015	450,000	Nil	109,500	Nil	Nil	Nil	-	559,500
	2014	450,000	Nil	660,026	323,884	Nil	Nil	-	1,433,910
Troy C. Cleland Executive Vice President and Chief Operating Officer	2016	345,178	78,667	51,500	Nil				475,345
	2015	380,000	Nil	109,500	Nil	Nil	Nil	-	489,500
	2014	380,000	Nil	660,026	142,320	Nil	Nil	-	1,182,346
Harry H. Klukas Executive Vice President, International	2016	308,843	59,000	38,625	Nil				406,468
	2015	340,000	Nil	80,300	Nil	Nil	Nil	-	420,300
	2014	340,000	Nil	495,019	122,551	Nil	Nil	-	957,570

Notes:

(1) Mr. Lambert was appointed Executive Vice President and Chief Financial Officer of our company on August 8, 2014 and resigned from such positions on March 3, 2016**.**

(2) Mr. LaBrie was appointed Executed Vice President and Chief Financial Officer of our company on March 3, 2016.

(3) Mr. Stein resigned as President, Logistics of our company on December 31, 2016.

(4) Refers to the value of the Incentive Awards granted under the Award Plan. See "Incentive Plans – Restricted and Performance Award Incentive Plan". In the case of Restricted Awards, the award value is calculated at the grant date(s) by multiplying the number of Restricted Awards by the fair market value of the common shares. The fair market value is determined on the applicable grant date as the volume weighted average trading price of the common shares on the TSX (or other stock exchange on which the common shares may be listed) for the five trading days immediately preceding such date. No Performance Awards were granted for the year ended December 31, 2016.

(5) Refers to options granted under the Option Plan. See "Incentive Plans – Share Option Plan". Based on the grant date fair value of the applicable awards. The fair value of the options granted annually is obtained by multiplying the number of options granted by their value established according to the Black Scholes model. This value is the same as the fair value established in accordance with generally accepted accounting principles which was determined using the following assumptions for 2014 and 2015: dividend yields of 2.60% to 8.00%; expected average volatilities of 29% to 37%; average risk-free rates of interest of 0.46% to 1.09%; and an expected life of option of three years; and the following assumptions for 2016: dividend yield of 11.61%; expected average volatility of 52%; average risk-free rate of interest of 0.49%; and an expected life of option of three years. The fair value of option grants have been determined using the same methodology and values used in determining the option value for our financial statements as we believe it represents the best estimate of fair value of the options at the time of the grant.

(6) The amounts set forth in the column are the cash bonuses earned by the Named Executive Officers in the fiscal year.

(7) The value of perquisites received by each of our Named Executive Officers, including property or other personal benefits provided to our Named Executive Officers that are not generally available to all employees, were not in the aggregate greater than $50,000 or 10% of our Named Executive Officer's total salary for the financial year.

Incentive Plan Awards

Outstanding Option-based and Share-based Awards

The following table sets forth all option-based awards and share-based awards outstanding for each of our Named Executive Officers as at December 31, 2016.

	Option-based Awards				Share-based Awards[2]		
Name	**Number of securities underlying unexercised options**	**Option exercise price**	**Option expiration date**	**Value of unexercised in-the-money options[1]**	**Number of shares or units of shares that have not vested**	**Market or payout value of share-based awards that have not vested[3]**	**Market or payout value of vested share-based awards not paid out or distributed[4]**
	(#)	($)		($)	(#)	($)	($)
Trevor Haynes	75,000 110,000 130,000 133,333 200,000	4.72 12.35 20.98 19.94 20.61	March 11, 2021 January 9, 2020 March 22, 2018 April 5, 2017 March 22, 2017	Nil Nil Nil Nil Nil	26,232 Restricted Awards Nil Performance Awards	118,569 Nil	Nil
Michael R. Lambert	Nil				Nil		
Toby LaBrie	50,000 30,000 30,000 6,667 33,334	4.72 12.35 20.98 19.94 20.61	March 11, 2021 January 9, 2020 March 22, 2018 April 5, 2017 March 22, 2017	Nil Nil Nil Nil Nil	17,487 Restricted Awards Nil Performance Awards	79,041 Nil	Nil
Steven Stein	25,000 85,000 33,600 125,000	12.35 20.98 19.94 20.61	January 9, 2020 March 22, 2018 April 5, 2017 March 22, 2017	Nil Nil Nil Nil	Nil Restricted Awards Nil Performance Awards	Nil Nil	Nil
Troy C. Cleland	50,000 75,000 33,333 30,000	4.72 12.35 20.98 20.61	March 11, 2021 January 9, 2020 March 22, 2018 March 22, 2017	Nil Nil Nil Nil	17,487 Restricted Awards Nil Performance Awards	79,041 Nil	Nil

Name	Option-based Awards Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options(1)	Share-based Awards(2) Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested(3)	Market or payout value of vested share-based awards not paid out or distributed(4)
	(#)	($)		($)	(#)	($)	($)
Harry H. Klukas	37,500	4.72	March 11, 2021	Nil	13,114	59,275	Nil
	55,000	12.35	January 9, 2020	Nil	Restricted Awards	Nil	
	50,000	20.98	March 22, 2018	Nil			
	25,000	19.94	April 5, 2017	Nil	Nil Performance Awards		
	90,000	20.61	March 22, 2017	Nil			

Notes:

(1) Calculated based on the closing price of the common shares on the Toronto Stock Exchange ("**TSX**") on December 31, 2016, which was $4.52 per share, less the exercise price of the options.

(2) All share-based awards in the above table are Incentive Awards.

(3) For Restricted Awards, calculated based on the closing trading price of the common shares on the TSX on December 31, 2016, multiplied by the number of notional common shares underlying such Restricted Awards.

(4) All Incentive Awards are paid out upon vesting and as such there are no outstanding Incentive Awards that have vested.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of option-based awards and share-based awards which vested during the year ended December 31, 2016, and the value of non-equity incentive plan compensation earned during the year ended December 31, 2016, for each Named Executive Officer.

Name	Option-based awards – Value of options vested during the year (as at vesting date)(1)	Share-based awards – Value vested during the year(2)	Non-equity incentive plan compensation – Value earned during the year
	($)	($)	($)
Trevor Haynes	Nil	Nil	Nil
Michael R. Lambert	Nil	Nil	Nil
Toby LaBrie	Nil	Nil	Nil
Steven Stein	Nil	Nil	Nil
Troy C. Cleland	Nil	Nil	Nil
Harry H. Klukas	Nil	Nil	Nil

Notes:

(1) Calculated based on the difference between the closing price of the common shares on the TSX on the vesting date and the exercise price of the options as at the vesting date.

(2) No Incentive Awards vested in the year ended December 31, 2016.

Pension Plan Benefits

We do not have a pension plan or similar benefit program.

Termination and Change of Control Benefits

We have entered into executive employment agreements with each of Messrs. Trevor Haynes, Toby LaBrie, Troy C. Cleland and Harry H. Klukas. Michael Lambert and Steven Stein ceased to be executives of our company on April 29, 2016 and December 31, 2016, respectively. No incremental payments were made to either individual as a result of their departure from their executive positions with our company. The executive employment agreements of all executives continue indefinitely until terminated in accordance with the terms thereof. The executive officers are entitled to participate in and receive all rights and benefits under our group benefit plans, and certain other benefits and perquisites generally available to our employees and executive officers. All such group benefits and perquisites cease on the last day of the month of termination unless extended for specific purposes on an individual basis.

The executive employment agreements and the employment of the executive officers can be terminated at any time by our company for just cause (in which case there are no payments other than accrued vacation, earned salary and reimbursement of expenses) and without just cause. If the employment of Messrs. Haynes, LaBrie, Cleland or Klukas is terminated without just cause the executives are entitled to accrued salary and vacation, and are entitled to an amount equal to the average of cash bonuses, if any, paid in the two calendar years immediately prior to the termination date and prorated for the time the executive officer was employed during the calendar year up to the termination date. In addition, each such executive shall be paid a retiring allowance of two times their total compensation paid in the two calendar years immediately prior to the termination date (in the case of Mr. LaBrie the average bonus is calculated on the same basis as the bonus payable up to the termination date, but not prorated), and, in addition, the executive officers receive an amount equal to 15% of their annual salary to compensate for the loss of benefits and perquisites. In the event of a change of control (as defined in the executive employment agreements) of our company, each of Messrs. Haynes, LaBrie, Cleland and Klukas has an election within three months to terminate their employment and, provided that they do not remain with our company as an employee, director or consultant, receive a retiring allowance calculated on the same basis as if employment had been terminated by our company without just cause. If such executive officers so elect in the three months following a change of control, they must, if requested by our company, stay on for up to an additional sixty days at their existing compensation package to assist in the transition of management. Any retiring allowances paid to the executive officers (regardless of whether before or after a change of control) are less required withholdings. Messrs. Haynes, LaBrie, Cleland and Klukas must sign a full and final release, and if they are on our Board must resign if requested to do so.

All of our executive officers have confidentiality obligations after their employment ceases. Messrs. Haynes, LaBrie, Cleland and Klukas for one year after their last day of employment cannot, directly or indirectly, entice away any of our employees or consultants.

Upon termination of the employment of Messrs. Haynes, LaBrie, Cleland and Klukas, there is no automatic acceleration of vesting, or any other benefit relating to, any share options or Incentive Awards which may as at such date be held by Messrs. Haynes, LaBrie, Cleland and Klukas, but the share options and Incentive Awards are required to be exercised within a specified period of time upon such individual ceasing to be a service provider. Pursuant to the Option Plan, our Board may, at its discretion, accelerate the vesting of share options. Upon a “Change of Control” of our company (as such term is defined in the Award Plan) the payment date(s) applicable to all outstanding Incentive Awards which may as at such date be held by Messrs. Haynes, LaBrie, Cleland and Klukas are accelerated to that date immediately prior to the date upon which the Change of Control is completed.

Where the executive employment agreements are terminated other than for just cause, or in the event that Messrs. Haynes, LaBrie, Cleland and Klukas elect to terminate their agreements following a change of control, the payments, as calculated at December 31, 2016, are as follows: Trevor Haynes $1,626,900, Toby LaBrie $646,962, Troy C. Cleland $839,215 and Harry H. Klukas $739,108.

Incentive Plans

Share Option Plan

Our shareholders approved the Option Plan at the annual and special meeting of shareholders held on May 7, 2015. The policies of the TSX require that the unallocated options under the Option Plan be approved every three years by our shareholders.

The Option Plan permits the granting of options to our and our subsidiaries’ officers, directors, employees, consultants and other service providers. The Option Plan is intended to afford persons who provide services to our company an opportunity to obtain a proprietary interest in our company by permitting them to purchase common shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with our company. The Option Plan is administered by our Committee, provided that our Board has the authority to appoint itself or another committee of our Board to administer the Option Plan.

Pursuant to the Option Plan:

(a) the maximum number of common shares issuable on exercise of options outstanding at any time shall be limited to 10% of the issued and outstanding common shares less the number of common shares which are issuable pursuant to all other Security Based Compensation Arrangements (as defined in Part VI of the Company Manual of the TSX);

(b) the number of common shares issuable to insiders, at any time, under all Security Based Compensation Arrangements, including the Option Plan, shall not exceed 10% of the issued and outstanding common shares;

(c) the number of common shares issued to insiders, within any one year period, under all Security Based Compensation Arrangements, including the Option Plan, shall not exceed 10% of the issued and outstanding common shares;

(d) the maximum number of common shares issuable to our directors, as a group, who are not officers or employees of our company, or our subsidiaries, at any time pursuant to outstanding options shall be limited to 1% of the issued and outstanding common shares; and

(e) the value of options granted to any one of our directors who is not an officer or employee of our company, or our subsidiaries, during a calendar year as calculated on the date of grant, shall not exceed $100,000.

Any increase in the issued and outstanding common shares (whether as a result of the exercise of options or otherwise) will result in an increase in the number of common shares that may be issued on exercise of options outstanding at any time and any decrease in the number of options will, upon exercise, make new grants available under the Option Plan. Options that are cancelled, surrendered, terminated or expire prior to the exercise of all or a portion thereof shall result in the common shares that were reserved for issuance thereunder being available for a subsequent grant of options pursuant to the Option Plan to the extent of any common shares issuable thereunder that are not issued under such cancelled, surrendered, terminated or expired options.

Options will have a term not to exceed five years and, subject to the terms of the Option Plan, will vest in such manner as determined by our Committee. In the absence of any determination by our Committee to the contrary, options will vest and be exercisable as to one-third of the number of options granted on each of the first, second and third anniversaries of the date of grant, subject to the acceleration of vesting in the discretion of our Committee. Options granted under the Option Plan are non-assignable. If the normal expiry date of any options falls within any Black-Out Period or within seven (7) business days following the end of any Black-Out Period (the "**Black-Out Options**"), then the expiry date of such Black-Out Options shall, without any further action, be extended to the date that is seven (7) business days following the end of such Black-Out Period. A "**Black-Out Period**" means the period of time when, pursuant to any of our policies, none of our securities may be traded by certain persons as designated by us, including any holder of an option.

The exercise price of any options granted under the Option Plan will be determined by our Committee at the time of grant, provided that the exercise price shall not be less than the volume weighted average trading price of the common shares on the TSX (or other stock exchange on which the common shares may be listed) for the five consecutive trading days immediately preceding the date of grant.

Upon the death of an optionee, options terminate on the date determined by our Committee which may not be more than 12 months from the date of death. If an optionee shall no longer be a director or officer of or be in the employ of, or a consultant or other service provider to, either our company or a subsidiary of our company (other than by reason of death), their options terminate on the expiry of a period not in excess of six months as determined by our Committee at the time of grant, following the date that the optionee ceases to be a director or officer, or an employee or a consultant or other service provider, either to our company or a subsidiary of our company and in the absence of any determination to the contrary, will be 60 days following the termination date. The number of common shares that an optionee (or his or her heirs or successors) is entitled to purchase until such date of termination shall be the number of common shares which the optionee was entitled to purchase on the date that the optionee ceased to be an officer, director, employee, consultant or other service provider, as the case may be.

The Option Plan provides optionees with an election, if permitted by our Committee, for a cashless exercise ("**Cashless Exercise**") of an optionee's vested and exercisable options. If an optionee elects a Cashless Exercise the optionee shall surrender its options in exchange for the issuance by our company of that number of common shares equal to the number determined by dividing the difference between the Market Price per share as defined in the Option Plan (calculated as at the date of exercise) and the exercise price of such option by the Market Price per share (calculated as at the date of exercise). In addition, the Option Plan also provides that an optionee has the right to make an offer (the "**Surrender Offer**") to our company to surrender any of the options held by such person for an amount (not to exceed the fair market value) specified therein by the optionee and we may, but are not obligated to, accept the Surrender Offer, subject to any regulatory approval required.

The Option Plan provides that in the case of a merger, amalgamation or certain other transactions or a take-over bid approved by our Board, we have the right to satisfy any obligations to an optionee in respect of any unexercised options by paying to the optionee a cash amount equal to the difference between the exercise price of all unexercised options held and the fair market value of the securities which the optionee would have been entitled to receive on exercise thereof.

Without the prior approval of our shareholders, as may be required by an applicable stock exchange, our Committee may not make any amendment to the Option Plan or options granted thereunder to (i) increase the percentage of common shares issuable on exercise of outstanding options at any time, (ii) reduce the exercise price of any outstanding options or in respect of the cancellation or re-issue of options, (iii) extend the term of any outstanding option beyond the original expiry date of such option unless such extension is due to a Black-Out Period being in effect, (iv) increase the maximum limit on the number of securities that may be issued to insiders, (v) amend the limits on grants of options to non-management directors; (vi) change participants eligible to receive options under the Option Plan to permit the introduction or re-introduction of non-management directors on a discretionary basis; (vii) permit an optionee to transfer or assign options to a new beneficial holder, other than for estate settlement purposes, or (viii) amend the restrictions on amendments that are provided in the Option Plan. Subject to the restrictions set out above, our Committee may amend or discontinue the Option Plan and options granted thereunder without shareholder approval including, without limitation, amendments of a "housekeeping nature"; amendments in respect of vesting or the period of exercise following the death of an optionee or the termination date of an optionee provided any amendment to the Option Plan that requires approval of any stock exchange on which the common shares are listed for trading may not be made without approval of such stock exchange. In addition, no amendment to the Option Plan or options granted pursuant to the Option Plan may be made without the consent of the optionee, if it adversely alters or impairs any option previously granted to such optionee.

The current balance of options to acquire 2,597,478 common shares represents approximately 4.7% of our currently outstanding common shares. All options currently outstanding under the Option Plan expire five years from the date of the grant and generally vest over three years commencing one year after the date of grant subject to accelerated vesting in the discretion of our Committee.

Restricted and Performance Award Incentive Plan

Our shareholders approved the issuance of common shares from treasury pursuant to the Award Plan at the annual and special meeting of shareholders held on May 7, 2015. The Award Plan provides for the granting of Incentive Awards to directors, officers, employees and other service providers of our company and our affiliates (collectively, "**Service Providers**"). The policies of the TSX require that the unallocated Incentive Awards under the Award Plan be approved every three years by our shareholders.

Overview

The following is a summary of the material features of the Award Plan and is subject to the provisions of the Award Plan. Shareholders should refer to the full text of the Award Plan for the detailed terms thereof.

The principal purposes of the Award Plan are to: (i) provide a competitive compensation plan to retain and attract qualified Service Providers that our company and our affiliates require; (ii) promote a proprietary interest in our company by such Service Providers and to encourage such persons to remain in the employ or service of our company and our affiliates and put forth maximum efforts for the success of the business of our company and our affiliates; and (iii) focus management of our company and our affiliates on operating and financial performance and return realized by shareholders.

The Award Plan is administered by our Committee, provided that our Board has the authority to appoint itself or another committee of our Board to administer the Award Plan.

Under the terms of the Award Plan, any eligible Service Provider may be granted Restricted Awards, Performance Awards or a combination thereof. In determining the Service Providers to whom Incentive Awards may be granted ("**Grantees**"), the number of Incentive Awards and the allocation of the Incentive Awards between Restricted Awards and Performance Awards, our Committee may take into account such factors as it shall determine in its sole discretion, including any one or more of the following factors: (i) compensation data for comparable benchmark positions among the peer comparison group or among other comparison groups; (ii) the duties, responsibilities, position and seniority of the Grantee; (iii) the corporate performance measures for the applicable period compared with internally established performance measures approved by our Committee and/or similar performance measures of members of the peer comparison group or other comparison groups for such period; (iv) the individual contributions and potential contributions of the Grantee to the success of our company; (v) any bonus payments paid or to be paid to the Grantee in respect of his or her individual contributions and potential contributions to the success of our company; (vi) the fair market value or current market price of the common shares at the time of grant of such Incentive Award; and (vii) such other factors as our Committee shall deem relevant in its sole discretion in connection with accomplishing the purposes of the Award Plan.

Restricted Awards

Subject to the terms and conditions of the Award Plan, Restricted Awards will entitle the holder to a sum (an "**Award Value**") to be paid on the applicable payment date(s) as determined by the Committee. In the case of Restricted Awards, the Award Value is calculated at the payment date(s) by multiplying the number of Restricted Awards by the fair market value of the common shares. The fair market value is determined on the applicable payment date as the volume weighted average trading price of the common shares on the TSX (or other stock exchange on which the common shares may be listed) for the five trading days immediately preceding such date.

Performance Awards

Subject to the terms and conditions of the Award Plan, Performance Awards will entitle the holder to the Award Value to be paid on the applicable payment date(s) as determined by the Committee. On each payment date, or such other dates as may be determined by our Committee, the holder will be entitled to an amount equal to the portion of the Award Value as determined by the Committee on the date of grant underlying such Performance Awards multiplied by a payout multiplier.

The payout multiplier is determined by our Committee based on an assessment of the achievement of the pre-defined corporate performance measures in respect of the applicable period. Corporate performance measures may include: relative total shareholder return; the financial performance or results of our company and our affiliates; key leading and lagging indicators of health, safety and environmental performance of our company and our affiliates; achievement of our company's full year budget targets and the execution of our company's strategic plan as determined by our Committee in its sole discretion; and such additional measures as our Committee, in its sole discretion, shall consider appropriate in the circumstances. The payout multiplier for a particular period can be one of 0x (for fourth quartile ranking), 1x (for third quartile ranking), 1.5x (for second quartile ranking) or 2x (for first quartile ranking). Annually, prior to the payment date in respect of any Performance Award, our Committee shall assess the performance of our company for the applicable period. Unless otherwise determined by our Committee, for those Performance Awards where the payment date is the second or third anniversary of the grant date, the payout multiplier will be the arithmetic average of the payout multiplier for each of the two or three performance assessment periods, respectively.

Change of Control

In the event of a "Change of Control" of our company, the payment date(s) applicable to all outstanding Incentive Awards will be accelerated such that the balance of the Award Value attaching to such Incentive Awards will be paid immediately prior to the date upon which the Change of Control is completed and the payout multiplier applicable to any Performance Awards shall be determined by our Committee.

Method of Payment of Award Value

On the applicable payment date, our company, at its sole and absolute discretion, shall have the option of settling the Award Value to which the holder of Incentive Awards is entitled in the form of either cash or in common shares which may either be acquired by our company on the stock exchange on which the common shares may be listed from time to time or issued from the treasury of our company, or some combination thereof.

The Award Plan does not contain any provisions for financial assistance by our company in respect of Incentive Awards granted thereunder.

Maximum Dilution and Other Limitations

The Award Plan provides that the maximum number of common shares available for issuance from treasury of our company under all security based compensation arrangements (of which the Option Plan is included), including pursuant to outstanding Incentive Awards, at any time shall not exceed 10% of the number of issued and outstanding common shares. Incentive Awards (or the Award Value thereof) that are cancelled, surrendered, terminated or expired prior to the final payment date or in respect to which our company has not elected to issue common shares from treasury in respect thereof, shall result in such common shares being available to be issued, at the election of our company, in respect of a subsequent grant of Incentive Awards pursuant to the Award Plan to the extent of any common shares which were not issued from treasury in respect of such Incentive Award. In addition: (i) the number of common shares that are available to be issued from treasury of our company to insiders at any time, under all security based compensation arrangements of our company, shall not exceed 10% of the issued and outstanding common shares; (ii) the number of common shares issued to insiders from treasury of our company, within any one year period, under all security based compensation arrangements of our company, including the Award Plan, shall not exceed 10% of the issued and outstanding common shares; and (iii) the number of common shares that are available to be issued from treasury of our company pursuant to outstanding Incentive Awards at any time to non-management directors, together with any common shares issuable pursuant to any other security based compensation arrangements, in aggregate, will be limited to a maximum of 1% of the issued and outstanding common shares and the value of all Incentive Awards (together with the award value under any other security based compensation plans of our company) granted to any non-management director during a calendar year, as calculated on the date of grant, shall not exceed $150,000.

The expiry date of all Incentive Awards granted pursuant to the Award Plan is December 15th of the third calendar year following the calendar year in which the Incentive Award was granted.

Blackout Extension

If a Grantee is prohibited from trading in securities of our company as a result of the imposition by our company of a trading black-out (a "**Black-Out Period**") and the payment date of an Incentive Award held by such Grantee falls within a Black-Out Period, then the payment date of such Incentive Award shall be extended to a date which is 10 business days following the end of such Black-Out Period, unless such extension would cause the payment date to extend beyond the expiry date, in which case the payment date shall remain on the expiry date notwithstanding the Black-Out Period.

Early Termination Events

Unless otherwise determined by our Committee or unless otherwise provided in an incentive award agreement pertaining to a particular Incentive Award or any written employment or consulting agreement governing a Grantee's role as a Service Provider, the following provisions shall apply in the event that a Grantee ceases to be a Service Provider:

(a) Death - If a Grantee ceases to be a Service Provider as a result of the Grantee's death, the payment date(s) for all Incentive Awards awarded to such Grantee under any outstanding incentive award agreements shall be accelerated to the cessation date, the heirs or successors of the Grantee shall be entitled to receive payment with respect to the Incentive Awards held by the Grantee at the time of death and the payout multiplier to be applied to any Performance Awards held by the Grantee at the time of death shall be determined by our Committee.

(b) Termination for Cause - If a Grantee ceases to be a Service Provider as a result of termination for cause, effective as of the cessation date all outstanding incentive award agreements under which Incentive Awards have been made to such Grantee, whether Restricted Awards or Performance Awards, in respect of which the Award Value thereof for which the payment date shall not have occurred on or before the cessation date shall be immediately terminated and all rights to receive payments thereunder shall be forfeited by the Grantee.

(c) Voluntary Resignation - If a Grantee ceases to be a Service Provider as a result of a voluntary resignation, effective as of the cessation date, all outstanding incentive award agreements under which Incentive Awards have been made to such Grantee, whether Restricted Awards or Performance Awards, in respect of which the Award Value thereof for which the payment date shall not have occurred on or before the cessation date shall be immediately terminated and all rights to receive payments thereunder shall be forfeited by the Grantee.

(d) Other Termination - If a Grantee ceases to be a Service Provider for any reason other than as provided for in (a), (b) and (c) above, effective as of the cessation date, all outstanding incentive award agreements under which Incentive Awards have been made to such Grantee, whether Restricted Awards or Performance Awards, in respect of which the Award Value thereof for which the payment date shall not have occurred on or before the cessation date shall be terminated and all rights to receive payment thereunder shall be forfeited by the Grantee.

(e) Extension of Expiration Period - Subject to Section 10 of the Award Plan, our Committee may, in its sole discretion, determine that the dates for termination of the incentive award agreements or Incentive Awards set forth in (a), (b), (c) and (d) above shall be extended, provided such extension shall not be past the expiry date.

Non-Transferability

Except in the case of death, the right to receive payment pursuant to an Incentive Award granted to a Service Provider is held only by such Service Provider personally. Except as otherwise provided in the Award Plan, no assignment, sale, transfer, pledge or charge of an Incentive Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Incentive Award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Incentive Award shall terminate and be of no further force or effect.

Amendment Provisions

Our Committee may not, without the approval of shareholders of our company, make any amendments to:

(a) increase the percentage of common shares reserved for issuance pursuant to Incentive Awards in excess of the 10% limit prescribed the Award Plan;

(b) increase the maximum limit on the number of common shares that may be issued from treasury to insiders pursuant to the Award Plan;

(c) increase the maximum number of common shares that may be issued from treasury to non-management directors pursuant to the Award Plan;

(d) extend the payment date of any Incentive Awards issued under the Award Plan beyond the latest payment date specified in the incentive award agreement (other than as permitted by the terms and conditions of the Award Plan) or extend the term beyond the original expiry date;

(e) permit a Grantee to transfer or assign Incentive Awards to a new beneficial holder other than for estate settlement purposes; and

(f) change the amendment provisions of the Award Plan.

Except as restricted by the foregoing, our Committee may amend or discontinue the Award Plan or Incentive Awards granted thereunder at any time without shareholder approval provided that any amendment to the Award Plan that requires approval of any stock exchange on which the common shares are listed for trading may not be made without approval of such stock exchange. In addition, no amendment to the Award Plan or Incentive Awards granted pursuant to the Award Plan may be made without the consent of the Grantee, if it adversely alters or impairs any Incentive Awards previously granted to such Grantee under the Award Plan.

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under the Option Plan and the Award Plan, which are our only equity compensation plans that provide for the issuance of common shares from treasury, as at December 31, 2016.

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)**	**Weighted average exercise price of outstanding options, warrants and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)**
Equity compensation plans approved by securityholders [(1)]			1,820,090 common shares[(2)]
Share Option Plan	2,685,912 common shares	$16.38 per common share	
Award Plan	143,558	Not applicable	
Equity compensation plans not approved by securityholders	Nil	Not applicable	Nil
Total	2,829,470 common shares		1,820,090 common shares

Notes:

(1) Our shareholders approved the unallocated options under the Option Plan and the issuance of common shares from treasury pursuant to our Award Plan at the annual and special meeting of shareholders on May 7, 2015.

(2) The Option Plan and the Award Plan currently authorize the issuance of options and Incentive Awards entitling the holders to acquire, in the aggregate, up to 10% of the issued and outstanding common shares from time to time. See "Share Option Plan" and "Restricted and Performance Award Incentive Plan".

DIRECTOR COMPENSATION

Our Compensation, Nominating and Corporate Governance Committee annually conducts a review of directors' compensation for board and committee service and recommends changes to our Board where appropriate. Our Board considers and approves the adequacy and form of the compensation of directors upon recommendation of our Committee and ensures the compensation realistically reflects the responsibilities and time involved in being an effective director.

For the purpose of conducting its 2015 annual review of directors' compensation, our Committee, among other things, referred to various governance reports on current trends in directors' compensation and compensation data for directors of reporting issuers of comparative size to our company. The compensation philosophy for directors is similar to that for Named Executive Officers in that compensation includes a base retainer, meeting fees (which fees were eliminated on March 2, 2016), and participation under the Option Plan and Award Plan until March 2, 2016 and following such date, under the DSU Plan, the benefit of which is tied to shareholder return.

On March 2, 2016, upon recommendation of our Compensation, Nominating and Corporate Governance Committee, our Board approved the adoption of the company's deferred share unit plan ("**DSU Plan**") to deliver equity-based compensation to directors who are also not full-time employees of our company. Effective March 2, 2016, non-management directors were entitled to participate in the DSU Plan and were no longer eligible to participate in the Option Plan or the Award Plan. Deferred share units ("**DSUs**") which are granted or credited to a non-management director pursuant to the DSU Plan are paid out, in either cash and/or common shares purchased by our company on the TSX, after the director ceases to be a member of our Board. The value of a DSU is based on the then market value of a common share of our company.

During the year ended December 31, 2016, our non-management directors were each paid an annual retainer in the amount of $45,000 and an annual fee of either $3,000, $5,000 or $6,000 for a committee of our Board in which they participated. The

Chairman of our Audit Committee was paid an additional annual retainer in the amount of $10,000. In addition, the directors were reimbursed for their reasonable expenses incurred in carrying out their duties as directors. Until March 2, 2016, the directors were entitled to participate in the Option Plan and the Award Plan, however, no options were granted to non-management directors for the year ended December 31, 2016. Following March 2, 2016, the non-management directors were entitled to participate in the DSU Plan. During the fiscal year ended December 31, 2016, the non-management directors were awarded 35,000 DSUs.

DSU Plan

The DSU Plan is intended to achieve the following objectives:

- to promote a greater alignment of interests between non-management directors of our company and our shareholders by providing a means to accumulate a meaningful financial interest in our company that is commensurate with the responsibility, commitment and risk of directors;

- to support a compensation plan that is competitive and rewards the long-term success of our company as measured in total shareholder return for our company; and

- to assist our company's ability to attract and retain qualified individuals with the experience and ability to serve as directors.

Under the DSU Plan, DSUs are granted by our company to non-management directors that provide rights to receive, on a deferred payment basis, a cash payment based on the volume weighted average trading price of our common shares on the TSX for the five trading days immediately preceding the day of payment. Management directors are not eligible to participate in the DSU Plan. In addition to an annual grant of DSUs and any other discretionary grants which may be approved by our Board to non-management directors, the DSU Plan also provides that non-management directors may from time to time elect to receive any portion of their annual Board member retainer and other fees, in increments of 25%, in the form of DSUs. A director wishing to receive such remuneration in the form of DSUs must elect to do so by notice to our company prior to the commencement of the year in respect of which the remuneration is to be earned and may only change such election on a once yearly basis for each subsequent year. A director's remuneration elected to be received in the form of DSUs (if any) is referred to as the "**Deferred Remuneration**". Our company credits DSUs in respect of Deferred Remuneration to a director's account on the date that the director's Deferred Remuneration would otherwise be payable. The number of DSUs to be credited is determined by dividing the amount of the Deferred Remuneration by the volume weighted average trading price of our common shares on the TSX for the five trading days immediately preceding the date the DSUs are credited.

Annual and discretionary DSUs granted by our Board vest on the dates determined by our Committee, while DSUs granted as Deferred Remuneration vest immediately upon being credited to a director's account; however, a director is not entitled to receive payment of any amount for DSUs credited to his or her account until following that director's retirement from all positions with our company, or where a director has (except as a result of death) otherwise ceased to hold any positions with our company. Following such termination of services, all DSUs credited to the director's account and vested will be redeemed by our company as of the maturity date, being December 1 of the calendar year immediately following the year in which the termination of service occurred or such earlier date following the termination of services as elected by the director by notice to our company (either such date, the "**Maturity Date**"). For directors who are US taxpayers, the Maturity Date is deemed to be the date on which the termination of service occurred.

A director is not entitled to receive any amount prior to his or her Maturity Date. Within ten calendar days following the Maturity Date, our company will make a lump sum cash payment, net of any applicable withholdings, to the director equal to the number of DSUs credited to the director's account as of the date of termination of such director's services, multiplied by the volume weighted average trading price of our common shares on the TSX for the five trading days immediately preceding the Maturity Date.

If a director dies while in office or after ceasing to hold all positions with our company but before the Maturity Date, our company will, within 90 days of the date of death, make a lump sum cash payment to the director's estate in an amount equal to the number of DSUs credited to the director's account as of the date of death multiplied by the volume weighted average trading price of our common shares on the TSX for the five trading days immediately preceding the date of death.

The Board may elect to deliver common shares acquired by our company on the TSX in satisfaction in whole or in part of any payment to be made upon the redemption of DSUs, in which case such number of common shares shall be issued equal to the number of DSUs in the director's account on the date of termination of the directors' services to our Corporation or the date of death of the director, as applicable.

When dividends are paid on the common shares, additional DSUs are credited to the director's account as of the dividend payment date, based on the dollar amount of the dividends notionally payable in respect of such number of DSUs in the director's account on the dividend payment date, divided by the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the dividend payment date.

Directors' Summary Compensation Table

The following table sets forth information concerning the compensation paid to our directors, other than directors who are also Named Executive Officers listed in the Summary Compensation Table under "Statement of Executive Compensation", for the year ended December 31, 2016.

Name	Fees earned	Share-based awards [(5)]	Option-based awards [(4)]	Non-equity incentive plan compensation	Pension value	All other compensation	Total [(6)]
	($)	($)	($)	($)	($)	($)	($)
Robert G. Brawn[(1)]	51,000	24,750	Nil	Nil	Nil	Nil	75,750
Robert J. Herdman	43,750	35,370	Nil	Nil	Nil	Nil	79,120
Minaz Kassam	50,000	24,750	Nil	Nil	Nil	Nil	74,750
Barbara J. Kelley[(2)]	33,750	28,530	Nil	Nil	Nil	Nil	62,280
Marshall L. McRae	45,000	24,750	Nil	Nil	Nil	Nil	69,750
David Olsson	43,500 [(3)]	44,460	Nil	Nil	Nil	Nil	87,960
Robert Wagemakers	53,000	24,750	Nil	Nil	Nil	Nil	77,750

Notes:

(1) Mr. Brawn is not standing for re-election and is retiring from the Board effective May 10, 2017.

(2) Ms. Kelley was appointed a director of our company on May 3, 2016.

(3) Includes $15,000 of fees which we paid Mr. Olsson for serving as a director of our subsidiaries, Black Diamond Group International Ltd. and Black Diamond Australia Holdings Pty Limited.

(4) No option-based awards were made to non-management directors in 2016.

(5) The compensation reported under share-based awards is the value of DSUs granted in the year ended December 31, 2016. The value of DSUs is based on the number of DSUs granted multiplied by the volume weighted average price per common share on the TSX for the five trading days prior to the date of grant. This methodology for calculating the fair value of the DSU awards on the grant date is consistent with the initial fair value determined in accordance with IFRS 2.

(6) In addition, our directors were reimbursed for transportation and other expenses incurred for attendance at Board and committee meetings and for their reasonable expenses incurred in carrying out their duties as directors.

(7) Compensation information for Trevor Haynes and Steven Stein, directors of our company, who were each Named Executive Officers in fiscal 2016 is contained in "Statement of Executive Compensation".

Directors' Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth the aggregate option-based awards and share-based awards outstanding for each of our directors, other than directors who were also Named Executive Officers, as at December 31, 2016.

	Option-based Awards				Share-based Awards		
Name	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options [(1)]	Number of shares or units of shares that have not vested [(2)]	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed [(2)(3)]
	(#)	($)		($)	(#)	($)	($)

Robert G. Brawn	10,000	12.35	January 9, 2020	Nil	5,234	23,698	Nil
	10,000	20.98	March 22, 2018	Nil			
	6,274	19.94	April 5, 2017	Nil			
	5,000	20.61	March 22, 2017	Nil			
Robert J. Herdman	10,000	12.35	January 9, 2020	Nil	5,234	23,698	10,599
	15,000	20.98	March 22, 2018	Nil			
	15,000	20.61	March 22, 2017	Nil			
Minaz Kassam	10,000	12.35	January 9, 2020	Nil	5,234	23,698	Nil
	15,000	20.98	March 22, 2018	Nil			
	18,822	19.94	April 5, 2017	Nil			
	15,000	20.61	March 22, 2017	Nil			
Barbara J. Kelley	Nil	Nil	Nil	Nil	5,191	23,463	Nil
Marshall L. McRae	10,000	13.67	March 20, 2020	Nil	5,234	23,698	Nil
	85,000	27.43	November 15, 2018	Nil			
David Olsson	10,000	12.35	January 9, 2020	Nil	5,234	23,698	19,667
Robert Wagemakers	10,000	12.35	January 9, 2020	Nil	5,234	23,698	Nil
	10,000	20.98	March 22, 2018	Nil			
	6,274	19.94	April 5, 2017	Nil			
	5,000	20.61	March 22, 2017	Nil			

Notes:

(1) Calculated based on the closing price of the common shares on the TSX on December 31, 2016, which was $4.52 per share, less the exercise price of the options.

(2) Annual DSU grants vest one year from the date of the grant while DSUs issued in lieu of directors' fees vest immediately upon the grant of such DSUs. Notwithstanding the foregoing, DSUs cannot be redeemed until the director holding such DSUs ceases to be a director of our company.

(3) Calculated based on the number of DSUs held at December 31, 2016 multiplied by the closing price of the common shares on the TSX on December 31, 2016, which was $4.52 per common share.

Directors' Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of option-based awards and share-based awards which vested for each of our directors, other than directors who were also Named Executive Officers, during the year ended December 31, 2016 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2016.

Name	Option-based awards – Value vested during the year (as at vesting date) (1)	Share-based awards – Value vested during the year (2)(3)	Non-equity incentive plan compensation – Value earned during the year
	($)	($)	($)
Robert G. Brawn	Nil	Nil	Nil
Robert J. Herdman	Nil	10,599	Nil
Minaz Kassam	Nil	Nil	Nil
Barbara J. Kelley	Nil	Nil	Nil
Marshall L. McRae	Nil	Nil	Nil
David Olsson	Nil	19,667	Nil
Robert Wagemakers	Nil	Nil	Nil

Notes:

(1) Calculated based on the difference between the closing price of the common shares on the TSX on the vesting date and the exercise price of the options on the vesting date.

(2) Annual DSU grants vest one year from the date of the grant while DSUs issued in lieu of directors' fees vest immediately upon the grant of such DSUs. Notwithstanding the foregoing, DSUs cannot be redeemed until the director holding such DSUs ceases to be a director of our company.

(3) Calculated based on the number of DSUs held at December 31, 2016 multiplied by the closing price of the common shares on the TSX on December 31, 2016, which was $4.52 per common share.

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 entitled "Disclosure of Corporate Governance Practices" ("**NI 58-101**") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for our company is that contained in Form 58-101F1 which is attached to NI 58-101 ("**Form 58-101F1 Disclosure**").

Set out below is a description of our current corporate governance practices, relative to the Form 58-101F1 Disclosure (which is set out below in bold).

1. Board of Directors

(a) Disclose the identity of directors who are independent.

Our Board has determined that our following six (6) directors are independent (for purposes of NI 58-101):

Robert G. Brawn(1)
Robert J. Herdman
Minaz Kassam
Barbara J. Kelley
David Olsson
Robert Wagemakers

Notes:
(1) Mr. Brawn is retiring from our Board effective May 10, 2017.

(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.

Our Board has determined that three members of our Board are not independent. Our Board has determined that Trevor Haynes is not independent as Mr. Haynes is our President and Chief Executive Officer and Steven Stein is not independent as Mr. Stein was President, Logistics of our company until December 31, 2016. Our Board has also determined that Marshall L. McRae is not independent as Mr. McRae was our Interim Chief Financial Officer until August 8, 2014 and an Executive Vice President of our company until December 31, 2014.

(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the "board") does to facilitate its exercise of independent judgement in carrying out its responsibilities.

Our Board has determined that a majority (six of the nine) of our directors are independent. Assuming the eight director nominees are elected to our Board at the Meeting, our Board would continue to have a majority (five of the eight) of independent directors.

(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

Our following directors are presently directors of other issuers that are reporting issuers (or the equivalent):

Name of Director	Name of Other Issuer
Robert J. Herdman	Blackline Safety Corp. Chinook Energy Inc. Rocky Mountain Dealerships Inc.
Marshall L. McRae	Athabasca Oil Corporation Gibson Energy Inc.

(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

Our independent directors regularly meet for a portion of each Board meeting without non-independent directors and management participation, and have met in camera six times since the beginning of the fiscal year ended December 31, 2016.

(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.

Trevor Haynes, the Chairman of our Board, is not an independent director as Mr. Haynes is our President and Chief Executive Officer. Robert G. Brawn, an independent member of our Board, has been appointed as Lead Director of our Board. Our Board has developed a position description for the Lead Director which provides that the Lead Director of our Board will have the following duties and responsibilities:

(i) The Lead Director will provide input to the Chairman of our Board on preparation of agendas for meetings of our Board.

(ii) The Lead Director shall be entitled to convene meetings of our Board with the concurrence of at least one other Director.

(iii) The Lead Director, in the absence of the Chairman, shall preside at meetings of our Board.

(iv) The Lead Director shall assist the Chairman to endeavour to ensure Board leadership responsibilities are conducted in a manner that will ensure that our Board is able to function independently of management. The Lead Director shall consider, and allow for, when appropriate, a meeting of all independent directors, so that Board meetings can take place without management being present.

(v) The Lead Director shall endeavour to ensure reasonable procedures are in place for directors to engage outside advisors at our expense in appropriate circumstances.

(vi) With respect to meetings of directors, it is the duty of the Lead Director, when conducting a meeting, to enforce the by-laws, and rules of procedure. These duties include:

  (A) ensuring that the meeting is duly constituted;
  (B) ensure the meeting provides for reasonable accommodation;
  (C) confirming the admissibility of all persons at the meeting;
  (D) preserving order and the control of the meeting; and
  (E) to ascertain the sense of the meeting by a vote on all questions properly brought before the meeting.

(vii) The Lead Director shall meet annually with each director to obtain insight as to where they believe our Board and its committees could be operating more effectively.

(viii) When required the Lead Director shall also liaise with our Corporate Secretary to ensure that a proper notice and agenda has been disseminated, and that appropriate accommodations have been made for the specific Board meeting.

(ix) The Lead Director shall be the primary contact for stakeholders who wish to contact independent directors.

Following Mr. Brawn's resignation from our Board, to be effective May 10, 2017, it is anticipated that Robert Wagemakers, an independent member of our Board, will be appointed our Lead Director.

(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

The attendance record of each of our directors for board meetings and committee meetings held since January 1, 2016, is as follows:

Name of Director	Attendance Record
Trevor Haynes	14/14 Board Meetings (2)
Steven Stein	14/14 Board Meetings
Robert G. Brawn	14/14 Board Meetings 4/4 Compensation, Nominating and Corporate Governance Committee Meetings
Robert J. Herdman(3)	14/14 Board Meetings 5/5 Audit Committee Meetings 2/2 Compensation, Nominating and Corporate Governance Committee Meetings
Minaz Kassam	14/14 Board Meetings 5/5 Audit Committee Meetings
Barbara J. Kelley(1)	12/12 Board Meetings
Marshall L. McRae	13/14 Board Meetings
David Olsson	14/14 Board Meetings 4/4 Compensation, Nominating and Corporate Governance Committee Meetings
Robert Wagemakers	13/14 Board Meetings 5/5 Audit Committee Meetings 4/4 Compensation, Nominating and Corporate Governance Committee Meetings

Notes:

(1) Ms. Kelley was appointed a director of our company on May 3, 2016 and to the Committee on March 13, 2017.

(2) Represents the number of Board meetings which Mr. Haynes attended as a director. Mr. Haynes has also attended numerous other committee meetings, in full or in part, as a management invitee.

(3) Mr. Herdman was a member of the Committee until March 2, 2016.

2. Board Mandate

Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

The mandate of our Board is attached as Appendix "A" hereto.

3. Position Descriptions

(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

Our Board has developed written position descriptions for the Chairman of our Board as well as the Chairman of each of our Board committees, being our Audit Committee and our Compensation, Nominating and Corporate Governance Committee.

(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and the CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

Our Board, with input from our President and Chief Executive Officer has developed a written position description for our President and Chief Executive Officer.

4. Orientation and Continuing Education

(a) Briefly describe what measures the board takes to orient new directors regarding:

(i) the role of the board, its committees and its directors; and

(ii) the nature and operation of the issuer's business.

Upon joining our Board, management will provide a new director with access to all of our background documents, including all corporate records, by-laws, corporate policies, organization structure, prior board and committee minutes, copies of the mandate of each of our Board and our committees, and relevant position descriptions. In addition, management will make a presentation to new directors regarding the nature and operations of our business.

(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

No formal continuing education program currently exists for our directors; however, we encourage our directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and have agreed to pay the cost of such courses and seminars. Each of our directors has the responsibility for ensuring that he or she maintains the skill and knowledge necessary to meet his or her obligations as a director. Individual directors are encouraged to identify their continuing education needs through a variety of means, including discussions with management and at Board and committee meetings.

5. Ethical Business Conduct

(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:

(i) disclose how a person or company may obtain a copy of the code;

Our Board has adopted a Code of Business Conduct and Ethics (the "**Code**") applicable to our directors, officers and employees. A copy of the Code is available for review under our profile on SEDAR at www.sedar.com.

(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and

Our Board monitors compliance with the Code by requiring each of our senior officers to affirm in writing on an annual basis their agreement to abide by the Code, as to their ethical conduct and in respect of any conflicts of interest. To the extent that our management is unable to make a determination as to whether a breach of the Code has taken place, our Board will review any alleged breach of the Code to determine whether a breach has occurred. Any waiver of the Code for executive officers or directors will be made only by our Board or a committee of our Board. In addition, our Compensation, Nominating and Corporate Governance Committee has, as part of its mandate, the responsibility for reviewing management's monitoring of our compliance with the Code.

(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

There have been no material change reports filed since the beginning of the year ended December 31, 2016, that pertain to any conduct of a director or executive officer that constitutes a departure from the Code.

(b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.

In accordance with the *Business Corporations Act* (Alberta), directors who are a party to or are a director or an officer of a person who is a party to a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. Our Code provides that activities that could give rise to conflicts of interest are prohibited unless specifically approved in advance by our Board; provided that the foregoing shall not apply to our directors who act as directors of other public or private companies who shall comply with the provisions of the *Business Corporations Act* (Alberta) in respect thereof and shall advise the Lead Director of our Board of the holding of such directorships. Our Code provides that any potential conflicts of interest must be reported immediately to senior management, our Board or the Lead Director of our Board, as appropriate.

(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.

Our Audit Committee has adopted a "Whistleblower Program" which provides our employees, management, officers, directors, contractors, consultants and our committee members with the ability to report, on a confidential and anonymous basis, any complaints and concerns regarding accounting, internal auditing controls or auditing matters, including, but not limited to, unethical and unlawful accounting and auditing policies, practices or procedures, fraudulent or misleading financial information and instances of corporate fraud. Our Board believes that providing a forum for such individuals to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct within us.

6. Nomination of Directors

(a) Describe the process by which the board identifies new candidates for board nomination.

Our Board has delegated responsibility to our Compensation, Nominating and Corporate Governance Committee to recommend to our Board suitable candidates as nominees for election or appointment as directors. The committee usually canvases all members of our Board for their input prior to making a recommendation to our Board. In identifying new candidates for Board nomination, our committee considers, among other things:

(i) the competencies and skills that our Board considers to be necessary for our Board, as a whole, to possess;

(ii) the competencies and skills that our Board considers each existing director to possess;

(iii) the competencies and skills each new nominee will bring to the boardroom; and

(iv) whether or not each new nominee can devote sufficient time and resources to his duties as a member of our Board.

(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.

Our Board has appointed a Compensation, Nominating and Corporate Governance Committee whose members are David Olsson (Chairman), Robert G. Brawn, Robert Wagemakers and Barbara J. Kelley, each of whom has been determined to be independent.

(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

Our Compensation, Nominating and Corporate Governance Committee has, as part of its mandate, the responsibility for recommending suitable candidates as nominees for election or appointment as directors, and recommending the criteria governing the overall composition of our Board and governing the desirable individual characteristics for directors.

Pursuant to the mandate of our Committee, the committee is to be comprised of at least three (3) of our directors and all of such members shall be independent. Our Board is from time to time to designate one of the members of the committee to be the Chair of the committee. At present, the Chairman of our Committee is David Olsson.

Our Committee meets at least one time per year and at such other times as the Chairman of the committee determines.

7. Compensation

(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.

See the disclosure under the heading "Director Compensation" for the process by which the compensation for our directors is determined. See the disclosure under the heading "Compensation Discussion and Analysis" for the process by which the compensation for our officers is determined.

(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.

Our Board has appointed a Compensation, Nominating and Corporate Governance Committee whose members are David Olsson (Chairman), Robert G. Brawn, Robert Wagemakers and Barbara J. Kelley each of whom has been determined to be independent.

(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

See the disclosure under the heading "Compensation Governance – Mandate and Terms of Reference of our Compensation, Nominating and Corporate Governance Committee" for a description of the responsibilities, powers and operations of our Committee.

(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

In 2016, our company retained the Consultant, an independent external consulting company, to update its work completed for our company in 2015 and earlier in 2016, which encompassed the review of comparative industry compensation data to assess the competitiveness of our company's compensation program for our employees, executive officers and non-management directors. In completing the work the Consultant analysed the executive and non-management directors' compensation plans of competitor companies for benchmarking compensation and advising our company and our Committee on emerging trends and developments in compensation.

8. Other Board Committees

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

Our Board has created a Compensation, Nominating and Corporate Governance Committee which, as part of its mandate, has the responsibility for developing our approach to matters concerning corporate governance and, from time to time, shall review and make recommendations to our Board as to such matters. Without limiting the generality of the foregoing, our Committee has the following corporate governance duties:

(i) to annually review the mandates of our Board and its committees and recommend to our Board such amendments to those mandates as the committee believes are necessary or desirable;

(ii) to consider and, if thought fit, approve requests from directors or committees of directors of the engagement of special advisors from time to time;

(iii) to prepare and recommend to our Board annually a statement of corporate governance practices to be included in our annual report or information circular as required by all of the stock exchanges on which our shares are listed and any other regulatory authority;

(iv) to make recommendations to our Board as to which directors should be classified as "independent directors", "related" directors or "unrelated" directors pursuant to any such report or circular;

(v) to review on a periodic basis the composition of our Board and ensure that an appropriate number of independent directors sit on our Board, analyzing the needs of our Board and recommending nominees who meet such needs;

(vi) to assess, at least annually, the effectiveness of our Board as a whole, the committees of our Board and the contribution of individual directors (including the competencies and skills that each individual director is expected to bring to our Board), including considering the appropriate size of our Board;

(vii) to act as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of management or individual members of management or the performance of our Board or individual members of our Board;

(viii) to develop and recommend to our Board for approval and periodically review structures and procedures designed to ensure that our Board can function effectively and independently of management;

(ix) to make recommendations to our Board regarding appointments of corporate officers and senior management;

(x) to review annually the committee's mandate and terms of reference;

(xi) to review and consider the engagement, at our expense, of professional and other advisors by any individual director when so requested by any such director;

(xii) to establish, review and update periodically a code of business conduct and ethics and ensure that management has established a system to monitor compliance with the code; and

(xiii) to review management's monitoring of our compliance with the code of business conduct and ethics.

9. Assessments

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

As part of its mandate, our Compensation, Nominating and Corporate Governance Committee is responsible for assessing, at least annually, the effectiveness of our Board as a whole, the committees of our Board and the contribution of individual directors (including the competencies and skills that each individual director is expected to bring to our Board), including considering the appropriate size of our Board. Our Corporate Secretary, on behalf of the Chairman of our Committee, circulates a detailed questionnaire addressed to each director, in his capacity as director and, as the case may be, as a member of one or more of the committees of our Board, aimed at obtaining their views on the effectiveness of our Board and its committees and contribution of its members. The results of the questionnaires are compiled by the Chairman of our Committee, who then shares the results with the members of our Board at a meeting of our Board where any and all issues are discussed. Our Board takes appropriate action based upon the results of the review process.

10. Director Term Limits and Other Mechanisms of Board Renewal

Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

Our Board has not adopted term limits for the directors on our Board. Our Board does not believe that fixed term limits are in the best interest of our company as our Board believes that it is critical that our directors understand our industries and our business and this requires a certain length of tenure on our Board. Long-term directors accumulate extensive company knowledge while new directors bring new experience and perspectives to our Board. It is important to achieve an appropriate balance of both to ensure the effectiveness of our Board. Our Compensation, Nominating and Corporate Governance Committee considers both the term of service of individual directors, the average term of our Board as a whole and turnover of directors over prior three years when proposing a slate of nominees. Our Committee considers the benefits of regular renewal in the context of the needs of our Board at the time and the benefits of the institutional knowledge of our Board members. Our Board has adopted a Board Diversity and Term Policy in which the foregoing is set forth. A copy of our Board Diversity and Term Policy is available on our website at www.blackdiamondlimited.com.

11. Policies Regarding the Representation of Women on the Board

(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.

Our Board has not adopted a written policy relating to the identification and nomination of women directors. Our Board believes that Board nominations should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of our Board at the time. Our company is committed to a meritocracy and believes that considering a broad group of individuals who have the skills, knowledge, experience and character required to provide the leadership needed to achieve the business objectives of our company, without reference to their age, gender, race, ethnicity or religion, is in the best interests of our company and all of our stakeholders. Our Board recognizes benefits of diversity within our Board but will not compromise the principles of a meritocracy by imposing quotas or targets. Our Board has adopted a Board Diversity and Term Policy in which the foregoing is set forth.

Our Compensation, Nominating and Corporate Governance Committee has established a "skills matrix" outlining the skills and experience which they believe are required by the members of our Board. This skills matrix is reviewed annually by our Committee and updated as necessary. Our Committee also annually reviews the skills and experience of the current directors of our company. Our Committee also assesses the knowledge of all nominees to our Board to ensure general compliance of the composition of our Board with the skills matrix, ensure that an appropriate number of independent directors sit on our Board, analyze any needs of our Board and recommend potential nominees who meet such needs of our Board. Our Committee is authorized under its mandate and terms of reference to retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities.

(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:

(i) a short summary of its objectives and key provisions,

(ii) the measures taken to ensure that the policy has been effectively implemented,

(iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and

(iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.

Not applicable.

12. Consideration of the Representation of Women in the Director Identification and Selection Process

Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.

See the response to 11(a) above.

13. Consideration Given to the Representation of Women in Executive Officer Appointments

Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

See the response to 11(a) above which our Board believes equally applies to executive officer positions with our company.

14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

(a) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so. For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.

See the response to 11(a) above.

(b) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.

See the response to 11(a) above which our Board believes equally applies to executive officer positions with our company.

(c) If the issuer has adopted a target referred to in either (b) or (c), disclose:

(i) the target, and

(ii) the annual and cumulative progress of the issuer in achieving the target.

Not applicable.

15. Number of Women on the Board and in Executive Officer Positions

(a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.

Currently, one of the directors on our Board is a woman, representing approximately 11% of the directors on our Board. Following Mr. Brawn's resignation from our Board, to be effective May 10, 2017, and assuming all of our Board nominees are elected as directors or our company, this proportion will change to 12.5% of our Board.

(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

One of our company's executive officers is a woman representing approximately 8% of the executive officers of our company.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of our directors, proposed nominees for election as directors, executive officers, employees or former executive officers, directors or employees of our company or our subsidiaries, or any associate of any such director, proposed nominee for director, executive officer or employee is, or has been at any time since the beginning of our most recently completed financial year, indebted to our company or any of our subsidiaries in respect of any indebtedness that is still outstanding, nor, at any time since the beginning of our most recently completed financial year has any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by our company or any of our subsidiaries, other than routine indebtedness.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of our directors or executive officers, any shareholder who beneficially owned, or controlled or directed, directly or indirectly, more than 10% of the outstanding common shares, or any other Informed Person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) or any known associate or affiliate of such persons, in any transaction since the commencement of our last completed financial year or in any proposed transaction that has materially affected or would materially affect our company or any of our subsidiaries.

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

Our management is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer at any time since the beginning of our last financial year, of any proposed nominee for election as a director, or of any associates or affiliates of any of the foregoing persons, in any matter to be acted on at the Meeting other than the election of directors.

OTHER MATTERS

Our management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

ADDITIONAL INFORMATION

Additional financial information regarding our business is contained in our audited consolidated financial statements and management's discussion and analysis for the fiscal year ended December 31, 2016.

Additional information regarding our business including the materials listed in the preceding paragraph may be found on SEDAR at www.sedar.com. Our securityholders may contact our company to request a copy of our consolidated financial statements and management's discussion and analysis at:

Black Diamond Group Limited
Suite 1000, 440 - 2nd Avenue SW
Calgary, Alberta T2P 5E9

Phone: (403) 206-4747
Facsimile: (403) 264-9281

APPENDIX "A"

BLACK DIAMOND GROUP LIMITED

MANDATE OF THE BOARD OF DIRECTORS

GENERAL

The Board of Directors (the "**Board**") of Black Diamond Group Limited ("**Black Diamond**" or the "**Corporation**") is responsible for the stewardship of the Corporation. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of Black Diamond. In general terms, the Board will:

- in consultation with the Chief Executive Officer of the Corporation (the "**CEO**"), define the principal objectives of Black Diamond;
- oversee the management of the business and affairs of Black Diamond with the goal of achieving Black Diamond's principal objectives as developed in association with the CEO;
- discharge the duties imposed on the Board by applicable laws; and
- for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

SPECIFIC

Executive Team Responsibility

- Appoint the CEO and senior officers, approve their compensation, and monitor the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value.
- In conjunction with the CEO, develop a clear mandate for the CEO, which includes a delineation of management's responsibilities.
- Ensure that a process is established as required that adequately provides for succession planning, including the appointing, training and monitoring of senior management.
- Establish limits of authority delegated to management.

Operational Effectiveness and Financial Reporting

- Annual review and adoption of a strategic planning process and approval of the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the business.
- Establish or cause to be established systems to identify the principal risks to the Corporation and that the best practical procedures are in place to monitor and mitigate the risks.
- Establish or cause to be established processes to address applicable regulatory, corporate, securities and other compliance matters.
- Establish or cause to be established policies pertaining to environment, health and safety and ascertain that policies and procedures are in place to minimize environmental, occupational health and safety and other risks to asset value and mitigate damage to or deterioration of asset value.

- Establish or cause to be established an adequate system of internal controls.

- Establish or cause to be established due diligence processes and appropriate controls with respect to applicable certification requirements regarding the Corporation's financial and other disclosure.

- Review and approve the Corporation's financial statements and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements.

- Approve annual operating and capital budgets.

- Approve the dividend policy.

- Review and consider for approval all amendments or departures proposed by management from established strategy, capital and operating budgets.

- Review operating and financial performance results relative to established strategy, budgets and objectives.

Integrity/Corporate Conduct

- Establish a communications policy or policies to ensure that a system for corporate communications to all stakeholders exists, including processes for consistent, transparent, regular and timely public disclosure, and to facilitate feedback from stakeholders.

- Approve a Code of Business Conduct and Ethics for directors, officers and employees and monitor compliance with the Code and consider the approval of any waivers of the Code for officers and directors.

- To the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers of the Corporation and that the CEO and other executive officers create a culture of integrity throughout the Corporation.

Board Process/Effectiveness

- Attempt to ensure that Board materials are distributed to directors in advance of regularly scheduled meetings to allow for sufficient review of the materials prior to the meeting. Directors are expected to attend all meetings and review Board materials prior to meetings.

- Engage in the process of determining Board member qualifications with the Compensation, Nominating and Corporate Governance Committee including ensuring that a majority of directors qualify as independent directors pursuant to National Instrument 58-101 – Disclosure of Corporate Governance Practices (as implemented by the Canadian Securities Administrators and as amended from time to time) and that the appropriate number of independent directors are on each committee of the Board as required under applicable securities rules and requirements.

- Approve the nomination of directors.

- Provide a comprehensive orientation to each new director and provide continuing education as required.

- Establish an appropriate system of corporate governance including practices to ensure the Board functions independently of management.

- Develop a clear position description for the Chairman and the Lead Director of the Board.

- Establish appropriate practices for the regular evaluation of the effectiveness of the Board, its committees and its members.

- Establish committees, approve their respective mandates and the limits of authority delegated to each committee and develop clear position descriptions for the Chair of each committee.

- Review and re-assess the adequacy of the mandate of the committees of the Board on a regular basis, but not less frequently than on an annual basis.

- Review the adequacy and form of the directors' compensation to ensure it realistically reflects the responsibilities and risks involved in being a director.

Each member of the Board is expected to understand the nature and operations of the Corporation's business, and have an awareness of the political, economic and social trends prevailing in all countries or regions in which the Corporation operates, or is contemplating potential operations.

Independent directors shall meet regularly without non-independent directors and management participation.

The Board may retain persons having special expertise and may obtain independent professional advice to assist it in fulfilling its responsibilities at the expense of the Corporation, as determined by the Board.

In addition to the above, adherence to all other Board responsibilities as set forth in the Corporation's By-Laws, applicable policies and practices and other statutory and regulatory obligations, such as issuance of securities, etc., is expected.

DELEGATION

- The Board may delegate its duties to, and receive reports and recommendations from, any committee of the Board.

- Subject to terms of the Disclosure, Confidentiality and Trading Policy and other policies and procedures of the Corporation, the Lead Director of the Board will act as a liaison between stakeholders of the Corporation and the Board (including independent members of the Board).