

Dear Valued Shareholders,

Reflecting on the 2016 year and results of the Company, I am drawn back to when my partners and I founded the Company in 2003. From that beginning, the core business concept was to have a pillar of steady recurring non-resource related revenue that was capable of funding the cost of running the entire platform, complemented by a pillar of high return revenue from the more volatile commodity driven resource services end markets. Combined, the pillars represent a compelling, risk weighted long-term investment. Before entering the capital markets in 2006, we had begun growing these two areas of our business, generally referred to as space rentals and remote workforce housing. Over the first eight years the appetite from resource developers for remote workforce accommodations outpaced the more stable general construction oriented space rentals market, resulting in a more pronounced growth in our resource based assets. While the growth of these pillars wasn't evenly weighted, the result over the years was astounding growth in our total fleet of assets, high returns on investment, and capital being returned to shareholders through a monthly dividend maintained since inception.

Coming in to 2016, the level of optimal revenue diversification had not been achieved to comfortably navigate the length and severity of the current commodity price driven downturn and avoid the valuation decline experienced across the services sector. That being acknowledged, Black Diamond is benefitting by its diversified space rentals fleet and has proven its ability to continue to expand this business segment meaningfully through acquisitions and organic growth. This growth adds stability to our Company while our resource related revenues slowly recover.

The operating environment in the resource sector remained depressed throughout 2016. I do expect activity to improve, but not significantly until 2018. We are well positioned for this recovery because of our strengths: the mobility of our assets; the strength of our relationships with customers across the resources spectrum; the strategic positioning of our assets; and the quality of our First Nations partnerships. Our entire platform, especially the resource support pillar, offers a high degree of torque to an improving market. This downturn as a whole has reaffirmed the foundation of my future expectation of where I see our end market balance moving forward, and how it will be weighted for any future commodity volatility.

While 2016 proved a challenging operating environment, any challenging environment presents opportunities. In a focused and deliberate effort, Black Diamond started executing on a pipeline of acquisitions which had been developing for over a year. Acquisitions have included small rental fleets in the Vancouver and Ottawa areas, a fleet of high security modular assets and disaster recovery services in the United States, and most recently in March of 2017, we completed a \$41 million acquisition of the Britco rental fleet based in British Columbia. All of these acquisitions were focused on quality assets and businesses for attractive valuations, and ultimately contribute to the Company's long-term diversification and growth

strategy. Being able to execute on these opportunities was a result of effective balance sheet management, strong banking relationships, and the ability to access equity capital markets. Further, the Company has reduced debt by over \$85 million and reduced operating costs by more than 23% in the past two years while improving operating efficiency across the platform.

As a fellow shareholder I can assure you that the pivotal actions taken throughout 2016 were focused on establishing the best long term company value, and I am confident in the future of this business.

I strongly believe that the size and scale we've achieved in the last year with our BOXX Modular platform will allow us to grow the steady base of recurring space rentals revenue which will shelter the Company in future downturns. Our workforce housing focused Camps & Lodging business unit continues to carry a high degree of torque in a changing market, given the relatively young age of our fleet, as well as the mobile nature of the assets. I believe that the resource market is very much alive and will be a contributing factor to our Company again in the future. In the meantime, we are continuing to drive platform diversification and find alternative applications and strategies to continue to see return from all assets.

I take solace in the fact that this downturn has reinforced the soundness and strength of our business model. I am very pleased with the actions our Company has taken over the past year and its success in executing on core strategies. I am very proud of our team. I believe that tremendous value will accrue as we continue to, now more than ever, execute on the founding concepts of this Company.

Respectfully,

Trevor Haynes
Chairman & Chief Executive Officer

Cautionary Note Regarding Forward-Looking Statements

Certain information or statements in this letter may contain forward-looking statements. The reader is directed to the Cautionary Statement Regarding Forward-Looking Statements in Black Diamond's Annual Information Form for the year ended December 31, 2016, which cautionary statement is deemed to be incorporated by reference herein.