MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six month periods ended June 30, 2015 and 2014

BLACK DIAMOND
GROUP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") compares the financial performance of Black Diamond Group Limited ("Black Diamond", the "Company", "our" and "we") for the three months ended June 30, 2015 (the "Quarter") with the three months ended June 30, 2014 (the "Comparative Quarter") and the six months ended June 30, 2015 with the six months ended June 30, 2014. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three and six months ended June 30, 2015 and 2014 and the audited consolidated financial statements of the Company for the years ended December 31, 2014 and 2013. The accompanying unaudited interim condensed consolidated financial statements of Black Diamond are prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A was prepared as of August 12, 2015 and, unless otherwise indicated, all amounts are stated in Canadian dollars. Black Diamond's common shares are listed on the Toronto Stock Exchange under the symbol "BDI".

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

Certain information set forth in this MD&A contains forward-looking statements including management's assessment of Black Diamond's future operations, financial performance, business prospects, opportunities, including that additional future demand for Black Diamond's products and services will be generated through a positive FID on PNW LNG, dividend levels, forecast 2015 capital expenditures and how such expenditures will be funded, and the Company's belief that it stands a high probability of winning at least its market share of the total number of beds related to LNG projects coming into the marketplace as set out under the heading "Economic Developments and Outlook". With respect to the forward-looking statements in the MD&A, Black Diamond has made assumptions regarding, among other things: that Black Diamond will continue to conduct its operations in a manner consistent with past operations, that counter-parties to contracts will perform the contracts as written and that there will be no unforeseen material delays in contracted projects. Although Black Diamond believes that the expectations reflected in the forward-looking statements contained in this MD&A, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurances that such expectations or assumptions will prove to be correct. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of Black Diamond. These risks include, but are not limited to: the impact of general economic conditions, industry conditions, fluctuation of commodity prices, the Company's ability to attract new customers, failure of counterparties to perform on contracts, industry competition, availability of qualified personnel and management, timely and cost effective access to sufficient capital from internal and external sources, political conditions, dependence on suppliers and stock market volatility. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in Black Diamond's annual information form and other reports on file with the Canadian Securities Regulatory Authorities which can be accessed through the SEDAR website at www.sedar.com. Readers are cautioned not to place undue reliance on these forward-looking statements. Furthermore, the forward-looking statements contained in this MD&A are made as at the date of this MD&A and Black Diamond does not undertake any obligation to update or revise any of the forward-looking statements, except as may be required by applicable securities laws.

INVESTOR INFORMATION SERVICES

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

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Weak pricing across almost all commodity classes is negatively impacting asset utilization and revenue. Given the current business environment, we are aggressively addressing operating costs and overhead. We have also outsourced construction services and certain functions in the Logistics business unit. These actions are expected to have a positive impact on direct costs and enhance Black Diamond's operating and financial flexibility.

Operating levels will continue to be weak compared to historic norms until a catalyst event occurs. Catalysts for higher utilization could include a Canadian Liquefied Natural Gas ("LNG") project achieving a positive final investment decision ("FID"), a recovery in oil, gas and mined mineral pricing, or any other event that might trigger increased utilization or additional capital expenditures by customers in our end markets.

On June 11, 2015, the Pacific Northwest ("PNW") LNG project moved closer to becoming a reality, when the consortium announced it would move forward with a positive FID subject to:

1. Approval of the Project Development Agreement by the Legislative Assembly of British Columbia, which subsequently occurred on July 21, 2015; and
2. A positive regulatory decision on PNW LNG's environmental assessment from the Canadian Environmental Assessment Agency, which temporarily halted its review of PNW LNG's application on June 2, 2015 (day 263 of the 365-day process).

We remain optimistic that additional future demand for our existing assets and services will be generated through a positive FID on PNW LNG, contract renewals for current camps, and new business in the Montney, Duvernay and Deep Basin regions of western Canada. We are also experiencing strengthened demand in our United States ("US") space rentals business.

Despite the unusual market conditions, subsequent to the Quarter Black Diamond successfully negotiated a long-term renewal expected to generate $26 million in revenue over the next two years. We continue to have a strong balance sheet, we are actively picking up market share, and our modern rental fleet provides us with tremendous operational leverage for when the economic environment improves.

HIGHLIGHTS FOR THE QUARTER

- Revenue for the Quarter was $71.1 million, down 20% or $17.3 million from a year ago primarily due to the impact of low commodity prices on utilization in the Structures, Energy Services and International business units.

- Administrative expenses for the Quarter were $12.6 million, down 12% or $1.7 million primarily due to a decrease in bonus, commission costs and share based compensation costs. Savings from Black Diamond's strategic cost initiative are expected to be realized in 2016.

- Adjusted EBITDA (see "Non-GAAP Measures") for the Quarter was $23.3 million, down 33% or $11.6 million from a year ago due to the impact of low commodity prices on business activity in western Canada and Australia.

- Net loss for the Quarter was $0.8 million, down 109% or $10.4 million from a year ago. The loss for the Quarter was triggered by the 20% increase in the statutory corporate tax rate in Alberta and its impact on the Company's annual effective tax rate at a time when the economic environment is driving down revenues. Without this increased Alberta income tax rate, the Company would have reported a net profit of $2.6 million for the Quarter.

- The Company continues to maintain a strong balance sheet. At June 30, 2015, the Net Debt to Adjusted EBITDA ratio rose to 1.59 compared with 1.26 at December 31, 2014 as a result of capital expenditures related to the Dawson Creek 1,244 bed camp.

- The committed extendible revolving operating facility was extended and increased to $168.0 million on June 18, 2015 with a $100.0 million accordion. The facility contains amended covenants that further enhance Black Diamond's financial flexibility in the event of a prolonged downturn in commodity pricing.

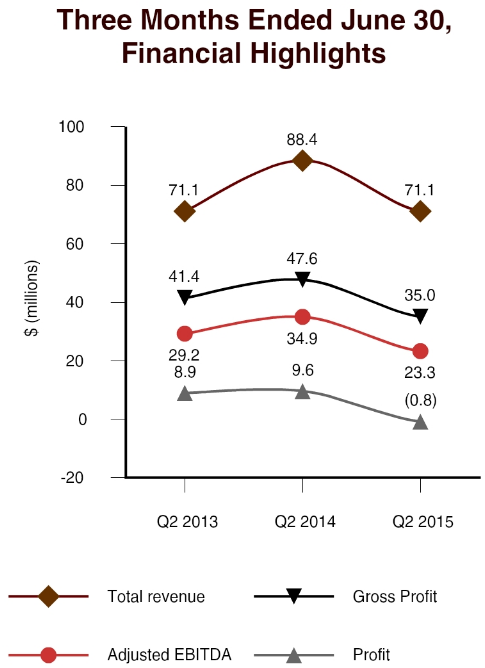
- On June 29, 2015 Black Diamond entered into a 24 month agreement for BOXX Modular workspace units with a producer's projects in the Montney basin. The contract, which is expected to generate $5.9 million in revenue over its term, is for 104 units spanning three different project sites. 40 of these units will be new builds, requiring $2.9 million in capital, which will be expended in the third quarter.

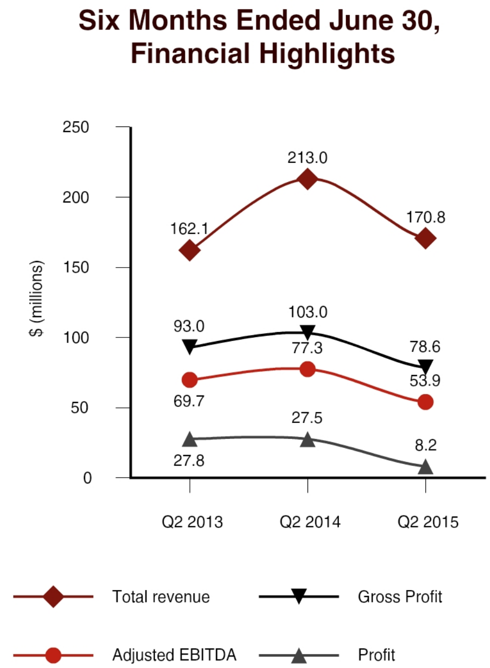
- Contracted future revenue at the end of the Quarter (not including the contract renewal subsequent to the Quarter mentioned below) was $99.1 million, down 43% or $75.2 million from a year ago (Comparative Quarter - $174.3 million). For comparison, the contracted forward revenue for the first quarter of 2015 was $116.2 million. The decline is due to the overall market decline in the oil sector in western Canada.

- Subsequent to the Quarter, Black Diamond renewed a workforce housing camp contract in the steam assisted gravity drainage ("SAGD") region of Alberta's oil sands which is expected to generate rental and logistics revenue of $26 million over its two year term (effective August 15, 2015). The contract includes a minimum guarantee of $16 million in revenue and an option to extend the term for one additional year (for a total of three years) at the same rates.

- Subsequent to the Quarter, on July 15, 2015 Black Diamond entered into an agreement to sell its construction services operation to Northern Frontier Corp. ("Northern Frontier") for base consideration of approximately $9.8 million consisting of 4.5 million shares of Northern Frontier valued at approximately $2.4 million, representing approximately 19.5% of the current issued and outstanding shares in the capital of Northern Frontier and a promissory note of $7.4 million due October 31, 2018 bearing interest at 10% per annum. The agreement allows for $1.3 million of the promissory note to be replaced by a 5 year lease of Northern Frontier land to Black Diamond at zero rent once conditions are in place for such a lease to be executed. The agreement also included a potential earn out of $11.6 million which could increase total consideration to $21.4 million. The construction services operation, based out of Edmonton, AB, installed and dismantled remote workforce lodging and modular offices in western Canada, contributing to the non-rental revenue stream in Black Diamond's Structures business unit. Black Diamond will continue to offer construction and project management services to its customers but will now subcontract these services. The sale closed on July 31, 2015 and the gain on sale, which will be approximately equal to the base consideration, will be reflected in the Company's third quarter results. Trevor Haynes is the Chairman of the Board for both Black Diamond and Northern Frontier, and the President and Chief Executive Officer of Black Diamond. The parties undertook reasonable steps and procedures to maintain the independence of both parties, including the abstention by Mr. Haynes from all negotiations and approvals of the transaction.

Financial Highlights



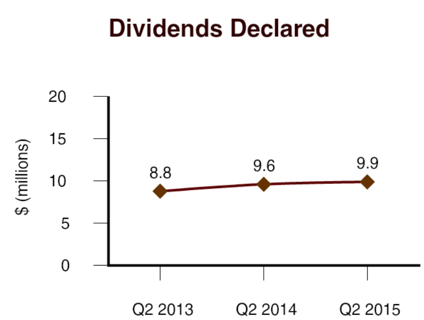


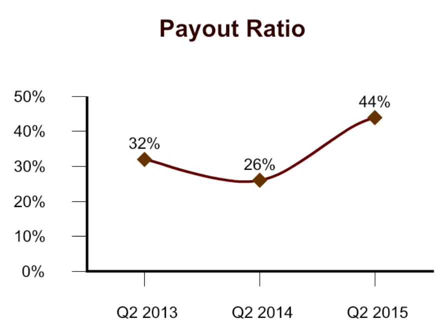
Capital Spending

Capital expenditures for the Quarter were $18.2 million compared with $19.4 million a year ago. Capital expenditures for the Quarter were primarily related to the second phase of the 1,244 bed camp in Dawson Creek that went on rent in April. Black Diamond has $3.9 million in outstanding capital commitments as at June 30, 2015. Black Diamond's 2015 capital program, which does not contemplate any expenditures related to Canadian LNG projects, is $50 million.

Dividends and Payout Ratio

The Payout Ratio (see "Non-GAAP Measures") for the Quarter increased to 44% compared with 26% during the same period last year as the result of a dividend increase in August 12, 2014 and lower distributable cash flow.





WHO WE ARE

Black Diamond rents and sells portable workforce accommodation and workspace solutions to business customers in Canada, the United States and Australia. In addition to providing turnkey lodging and other support services related to remote workforce accommodation and workspaces, we also provide specialized field rentals to the oil and gas industries of Canada and the United States. From twenty locations around the world, we serve multiple sectors including oil and gas, mining, power, construction, engineering, military, government and education.

Black Diamond, through its subsidiaries and aboriginal partnerships, operates four complementary business units which include Black Diamond Structures, Black Diamond Logistics, Black Diamond Energy Services and Black Diamond International.

Black Diamond was founded in 2003, went public on the Toronto Stock Exchange in 2006 as Black Diamond Income Fund (an income trust), converted to a corporation at the end of 2009, and is currently listed on the Toronto Stock Exchange under the ticker "BDI". Black Diamond was incorporated on October 7, 2009 under the laws of the Province of Alberta pursuant to Alberta's *Business Corporations Act*. Our head office is located at Suite 2000, 715 – 5th Avenue S.W., Calgary, Alberta, Canada.

BLACK DIAMOND'S STRATEGY

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

The members of our commercial management team, each possessing more than 20 years of industry experience, have built a business platform around a concerted approach to capital allocation, risk management, business diversification and asset management.

Asset Management

Since 2003 we have built a rental fleet currently worth $506 million that consists of remote workforce accommodation, workspace solution and surface rental assets. To ensure we are managing our assets (and capital) efficiently, the return targets we set for our business units are based on the original cost of their asset base. This creates discipline around the aging of our rental fleet, encouraging managers to regularly sell older, less economic rental assets on the secondary market, and replenish those with new rental assets. Generally, we sell our used assets for more than their book value and this is recorded as "non-rental" revenue, with the book value of the asset recorded as a non-cash item in our consolidated statement of cash flows.

Integrated Revenue Model

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

Business Diversification

We have been actively working to diversify Black Diamond's business with respect to geographies, the types of assets and services offered, and variety of customers and industries served. Our entries into Australia and the United States in previous years were predicated on the fundamental belief that this diversification strategy can mitigate volatility during a downturn in any one geography, commodity, or asset class.

Capital Allocation

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

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

Risk Management

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

ECONOMIC DEVELOPMENTS AND OUTLOOK

Weak pricing across almost all commodity classes, including oil, natural gas and mined minerals, is negatively impacting asset utilization and revenue. Operating levels will continue to be weak compared to historic norms until a catalyst event occurs. Catalysts for higher utilization could include a Canadian LNG project achieving a positive FID, a recovery in oil, gas and mined mineral pricing, or any other event that might trigger increased utilization or additional capital expenditures by customers in our end market.

Based on the current run rate of Black Diamond's business, current contract coverage, and diverse range of marketable assets, we expect to be able to meet all of our financial obligations while continuing to pay a dividend.

While we remain optimistic that LNG project development on British Columbia's coast represents a positive opportunity for Black Diamond for the remainder of 2015 and 2016, it is prudent to highlight the uncertainty facing western Canadian oil and gas producers. The capital spending programs of our western Canadian oil and gas customers are predicated on stable economic and socio-political conditions relative to future realized commodity pricing, corporate tax frameworks, carbon emission policies, and other public policy, all of which are currently subject to significant unknowns.

Utilization Impacted by Oil Bear Market

Many oil exploration and production companies operating in western Canada have announced capital expenditure reductions as a result of the current decline in oil prices. In general, lower capital spending from oil exploration and production companies negatively affects Black Diamond's near term growth prospects from this sector by reducing overall utilization.

While the current condition of the oil sector is reflected in the forward contracted revenues of our Structures and Logistics business units, which declined year-over-year by 38% and 63% respectively as at June 30, 2015, subsequent to the quarter we announced a long-term contract renewal in the SAGD region of Alberta's oil sands which is expected to generate $26 million in revenue over the next two years. In addition, Black Diamond is currently engaged in a number of positive negotiations with customers for additional long-term renewals on current camps which we expect will have a further positive impact on contracted future revenue.

The competitive environment and its impact on our rental rates can be divided into three categories:

1. Where projects require new capital to be deployed, the rate of return, term of contract and pay back periods are consistent with the Company's historical results;
2. On contract renewals, where our assets are already on location, the cost to demobilize and replace those assets represent a significant barrier to entry for competitive products, offering some price certainty; and
3. Assets in our inventory, which in some areas are currently facing an oversupply in the marketplace, must compete in the environment they are in. We do anticipate some softening of rental rates on pre-existing assets in areas experiencing a commodity down-turn.

Long-term, the cadence of projects in western Canada going into construction will likely slow until oil prices recover to levels that support the economics of the region's oil sector.

Activity in Natural Gas Continues

Activity related to the exploration and production of natural gas is continuing. We continue to be engaged in positive negotiations with customers for new business in the Montney, Duvernay and Deep Basin regions of western Canada. This is evidenced by the 24 month agreement for BOXX Modular workspace units with a producer's projects in the Montney basin that we entered on June 29, 2015. The contract is expected to generate $5.9 million in revenue over its term.

Liquefied Natural Gas Projects a Potential Catalyst

Several oil and gas industry participants have announced their intention to export LNG from the west coast of Canada. Of the 19 LNG export projects proposed for British Columbia, the two projects that have provided a time line for an FID within the next 12 months are Pacific Northwest LNG led by Petronas, and LNG Canada led by Shell. In this section we aggregate publicly available information about these projects to provide a sense of how they might impact the workforce accommodation industry as a whole. Sources for this information are hyperlinked in the PDF version of this document available on SEDAR and www.blackdiamondgroup.com. We caution readers that we have not independently verified the accuracy of the publicly available information upon which we have entirely relied to provide the summary information about the projects in this section.

Black Diamond's team has been very actively engaged in the pre-FID bidding process for a number of the projects outlined below. It is our belief that we are well positioned on the projects we have bid on, and that we stand a high probability of winning at least our market share of the total number of beds required for these projects. That said, at this time none of the proposed LNG projects have achieved a positive FID, and no large scale camp contracts have been formally awarded.

The Company's $50 million 2015 capital program does not contemplate any capital spending related to these LNG projects. In the event of a positive commercial FID, in addition to announcing any material contracts won, Black Diamond will also hold an analyst day to provide the investment community with greater detail about how any contracts won will impact Black Diamond's operations, and what additional capital expenditures will be required.

We leave it to readers to decide:

1. The likelihood of either project successfully acquiring all outstanding approvals that are required from the various First Nation groups and governmental regulatory authorities;
2. The likelihood of either project receiving a positive FID decision by the proponents; and
3. The share of work that may be won by Black Diamond relative to its competitors.

Pacific Northwest LNG

Pacific Northwest LNG ("PNW LNG"), led by Petronas, is a proposed LNG export facility on Lelu Island just outside of Port Edward on the coast of British Columbia. The consortium of companies backing this project also includes Sinopec, JAPEX, Indian Oil Corporation and PetroleumBRUNEI. With off-take agreements in place for roughly two thirds of its expected capacity, PNW LNG is widely viewed as the project with the highest probability in the near-term to move ahead.

On June 11, 2015, PNW LNG announced that the required technical and commercial components of the project had been satisfied and that PNW LNG resolved to move forward with a positive FID, subject to two conditions:

1.
1. Approval of the Project Development Agreement by the Legislative Assembly of British Columbia, which subsequently occurred on July 21, 2015; and
2. A positive regulatory decision on PNW LNG's environmental assessment from the Canadian Environmental Assessment Agency, which temporarily halted its review of PNW LNG's application on June 2, 2015 (day 263 of the 365-day process).

PNW LNG represents three distinct opportunities for the workforce accommodation sector including construction camps for:

1. The Pacific Northwest LNG plant construction on Lelu island (www.pacificnorthwestlng.com);

2. The Prince Rupert Gas Transmission pipeline (www.princerupertgas.com); and
3. Upstream exploration and production which will not be explored here (www.progressenergy.com).

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

The beds could be awarded to one or more proponents. For the successful proponent(s), it would likely take approximately one year following a positive commercial FID to prepare the land and build the first phase of an accommodation facility before beds could be on rent. It would take approximately two years after FID before peak beds would be ready to be on rent.

Prince Rupert Gas Transmission Pipeline ("PRGT")
A report dated April 2015 and available on the PRGT website entitled All About Construction Camps, lays out the camp requirements for the pipeline to Port Edwards. The project is divided into three sections each with three camps (for a total of nine land based camps). Very shortly after an unconditional FID, all nine locations would require pioneer construction camps with capacity for between 200-400 workers. According to the report, each camp would peak at roughly 1,100 people roughly one year after FID.

LNG Canada
LNG Canada, led by Shell, is a proposed LNG export facility in the port of Kitimat on British Columbia's coast. The consortium of companies backing this project also includes PetroChina, KOGAS and Mitsubishi. While the FID for LNG Canada was originally expected in late 2016, public statements by Shell indicate that an FID could come as early as April 2016.

In June, LNG Canada received both provincial and federal environmental approval contingent on 24 and 50 conditions, respectively. LNG Canada is the first project to be granted a certificate under a single review process that meets both federal and provincial requirements.

LNG Canada also represents three distinct opportunities for the workforce accommodation sector including construction camps for:
1. The LNG Canada plant construction in Kitimat (www.lngcanada.ca);
2. The Coastal GasLink Pipeline (www.coastalgaslink.com); and
3. Upstream exploration and production by Shell and their partners (www.shell.ca).

LNG Canada Plant Construction
According to the LNG Canada Plant Environmental Assessment Certificate Application, dated October 2014, the plant's construction will require temporary accommodation for a workforce of between 4,500 and 7,500 at peak.

The beds could be awarded to one or more proponents. For the successful proponent(s), it would likely take approximately one year following a positive commercial FID to prepare the land and build the first phase of an accommodation facility before beds could be on rent, and it would take approximately two years after FID before peak beds would be ready to be on rent.

The Coastal GasLink Pipeline
Coastal GasLink Pipeline's Application for an Environmental Assessment Certificate, dated March 2014, outlines a peak requirement for ten temporary workforce accommodation camps with a combined total of 7,350 beds. We would expect these to be deployed in a manner similar to PRGT with pioneer beds in place very quickly after a positive FID, and then peak beds approximately one year after a positive FID. Coastal GasLink Pipeline's website states that as of June 2015 the project is trying to secure construction permits.

United States Economy on the Upswing

Black Diamond's US Structures EBITDA for the Quarter was $2.0 million, up 154% from $0.8 million a year ago. due to a 26% increase in EBITDA in BOXX US and a 268% increase in US Wellsites EBITDA. The increase in BOXX US is due to increased levels of construction activity in the United States, particularly along the Gulf Coast and in Florida. The increase in US Wellsites performance is the result of Black Diamond's increased market share which has grown, reaching 30% for markets serviced by the Company this Quarter (active on 32 rigs) compared with 9% a year ago (active on 21 rigs).

Eastern Canada Positioned to Benefit from Weak Oil Prices and Dollar

Low oil prices and a weak Canadian dollar are expected to stimulate the economies of those provinces that lie outside of oil producing areas. Structures' eastern Canadian space rentals business is expected to benefit from this dynamic.

Australia Still Challenged by Soft Mining Sector

Ongoing weakness in the Australian resource and energy sectors is continuing to negatively impact demand for workforce accommodation units in the region.

SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial and operating information that has been derived from, and should be read in conjunction with the unaudited condensed interim consolidated financial statements of Black Diamond for the Quarter and the Comparative Quarter.

	Three months ended June 30			Six months ended June 30		
(in thousands, except as noted)	2015	2014	Change	2015	2014	Change
Financial Highlights	$	$	%	$	$	%
Total revenue	71,140	88,393	(20)%	170,835	212,969	(20)%
Gross Profit	34,995	47,613	(27)%	78,631	102,956	(24)%
Administrative Expenses	12,579	14,235	(12)%	26,883	28,090	(4)%
Adjusted EBITDA (1)	23,254	34,900	(33)%	53,882	77,283	(30)%
Profit before taxes	5,942	13,873	(57)%	19,697	39,260	(50)%
Profit (loss)	(843)	9,561	(109)%	8,186	27,464	(70)%
Earnings Per share - Basic	(0.02)	0.23	(109)%	0.20	0.65	(69)%
- Diluted	(0.02)	0.22	(109)%	0.20	0.63	(68)%
Capital expenditures	18,184	19,404	(6)%	36,122	38,578	(6)%
Property & equipment (NBV)	551,676	489,908	13%	551,676	489,908	13%
Total assets	683,790	664,225	3%	683,790	664,225	3%
Long-term debt	191,254	126,331	51%	191,254	126,331	51%
Dividends declared	9,862	9,616	3%	19,723	19,147	3%
Per share ($)	0.24	0.23	4%	0.48	0.45	7%
Payout Ratio (1)	44%	26%		40%	26%	

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

Margin Analysis

	Three months ended June 30			Six months ended June 30		
(Percent of revenue)	2015	2014	Change (1)	2015	2014	Change (1)
Gross Profit	49%	54%	(5)	46%	48%	(2)
Administrative Expense	18%	16%	2	16%	13%	3
Adjusted EBITDA	33%	39%	(6)	32%	36%	(4)

(1) Percentage point basis.

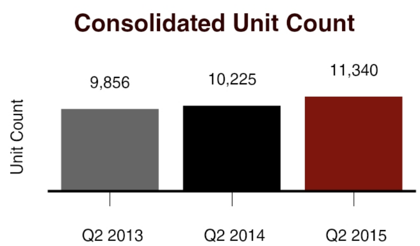
Seasonality of operations

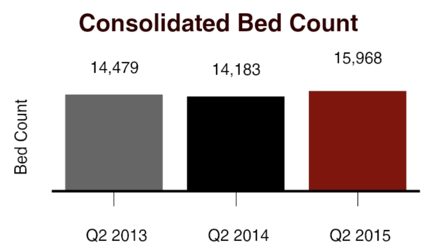
The Company believes that its western Canadian operations, which form part or all of its Structures, Energy Services and Logistics business units, are exposed to a variable degree of seasonality. Drilling accommodations and surface rental assets of the Energy Services business unit have higher utilization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

CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet increased 11% to 11,340 units at the end of the Quarter compared with 10,225 a year ago due to the addition of workforce accommodation units and surface rental units and the absence of significant used fleet sales in the current market. Consolidated unit count includes accommodation units, space rental units and surface rental units. Consolidated bed count in Black Diamond's global fleet increased 13% to 15,968 beds in the Quarter compared with 14,183 beds a year ago for the same reasons provided above.





Fleet Utilization Rates

	Three months ended June 30			Six months ended June 30		
	2015	**2014**	**Change (1)**	**2015**	**2014**	**Change (1)**
Structures:						
Workforce Accommodation	64%	86%	(22)	69%	89%	(20)
Space Rentals	67%	81%	(14)	69%	80%	(11)
Energy Services:						
Drilling accommodation unit utilization	32%	58%	(26)	46%	68%	(22)
Surface rental unit utilization	22%	29%	(7)	25%	34%	(9)
International	25%	49%	(24)	26%	58%	(32)

(1) Percentage point basis.

Black Diamond measures utilization on the basis of the net book value of assets on rent, divided by the net book value of the business unit's total assets available to rent.

Q2 2015 vs Q2 2014

Workforce accommodation fleet utilization decreased 22 percentage points to 64% for the Quarter compared with 86% a year ago. Space rental fleet utilization decreased 14 percentage points to 67% for the Quarter compared with 81% a year ago. The decrease in utilization across all categories in Structures, Energy Services and International is due to the combined effect of a larger fleet and lower business activity resulting from the impact of lower commodity pricing in North America and Australia.

Year to Date 2015 vs 2014

Workforce accommodation fleet utilization decreased 20 percentage points to 69% year to date ("YTD") compared with 89% last year. Space rental fleet utilization decreased 11 percentage points to 69% YTD compared with 80% last year. The decrease across all categories is for the same reasons described for the Quarter.

Revenue

($ millions, except as noted)	Three months ended June 30 2015	2014	Change %	Six months ended June 30 2015	2014	Change %
Rental Revenue	29.1	38.3	(24)%	65.4	81.4	(20)%
Lodging Revenue	22.0	28.0	(21)%	55.3	68.5	(19)%
Non-Rental Revenue	20.0	22.1	(9)%	50.1	63.1	(20)%
Revenue	71.1	88.4	(20)%	170.8	213.0	(20)%

Percentage of consolidated revenue	Three months ended June 30 2015	2014	Change (1)	Six months ended June 30 2015	2014	Change (1)
Rental Revenue	41%	43%	(2)	38%	38%	—
Lodging Revenue	31%	32%	(1)	32%	32%	—
Non-Rental Revenue	28%	25%	3	30%	30%	—

(1) Percentage point basis.

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

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

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

Non-rental revenues are derived from the sale of both new and used assets, the sub-leasing of non-owned assets, wellsite catering activities, as well as the delivery, installation, construction, project management and ancillary products and services required to support the deployment and remobilization of these assets.

Q2 2015 vs Q2 2014

Rental revenue for the Quarter was $29.1 million, down 24% or $9.2 million from a year ago due to a decline in utilization which was largely driven by the decline in commodity prices.

Lodging revenue for the Quarter was $22.0 million, down 21% or $6.0 million from a year ago due to a reduction in beds under management, again driven by current market conditions and seasonality.

Non-rental revenue for the Quarter was $20.0 million, down 9% or $2.1 million from a year ago primarily due to a general year over year decrease in used fleet sales and lower catering, maintenance, transportation and installation activity in Energy Services.

Total consolidated revenue for the Quarter was $71.1 million, down 20% or $17.3 million from a year ago for the reasons described above.

Year to Date 2015 vs 2014

Rental revenue YTD was $65.4 million, down 20% or $16.0 million from last year due to a decline in utilization rates which was largely driven by the decline in commodity prices.

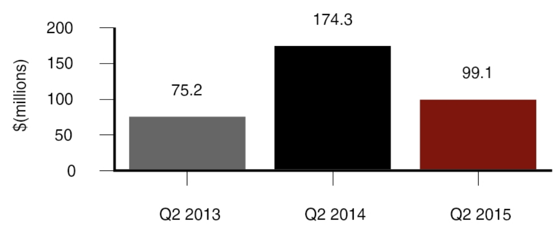
Lodging revenue YTD was $55.3 million, down 19% or $13.2 million from last year due to a reduction in beds under management, again driven by current market conditions.

Non-rental revenue YTD was $50.1 million, down 20% or $13.0 million from last year due to lower year-over-year fleet sales coupled with lower activity.

Contracted Future Revenue

The contracted future revenue for rental and lodging in place at the end of the Quarter was $99.1 million, down 43% or $75.2 million from a year ago (Comparative Quarter - $174.3 million). The decline in contracted future revenue is directly attributable to the overall decline in the oil sector of western Canada, and shorter term contract arrangements for camps that have come off contract in the last six to eight months.

Consolidated Contracted Future Revenue



Direct Costs and Gross Profit

($ millions, except as noted)	Three months ended June 30 2015	2014	Change %	Six months ended June 30 2015	2014	Change %
Direct Costs	36.1	40.8	(11)%	92.2	110.0	(16)%
Gross Profit	35.0	47.6	(27)%	78.6	103.0	(24)%

Percentage of Consolidated Revenue.	Three months ended June 30 2015	2014	Change (1)	Six months ended June 30 2015	2014	Change (1)
Direct Costs	51%	46%	5	54%	52%	2
Gross Profit	49%	54%	(5)	46%	48%	(2)

(1) Percentage point basis.

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

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

Q2 2015 vs Q2 2014

Gross profit for the Quarter was $35.0 million, down 27% or $12.6 million from a year ago due to a decrease in revenue and a decrease in profit margin in Canadian Structures' non-rental business lines.

Direct costs for the Quarter were $36.1 million, down 11% or $4.7 million from a year ago due to lower business activity.

Year to Date 2015 vs 2014

Gross profit YTD was $78.6 million, down 24% or $24.4 million from last year for the same reasons described above.

Direct costs YTD were $92.2 million, down 16% or $17.8 million from last year for the same reasons described above.

Administrative Expenses

($ millions, except as noted)	Three months ended June 30			Six months ended June 30		
	2015	**2014**	**Change %**	**2015**	**2014**	**Change %**
Personnel Costs	7.2	7.7	(7)%	15.7	15.6	1%
Other Administrative Expenses	2.9	3.5	(18)%	5.9	7.1	(17)%
Occupancy and Insurance	1.7	1.5	12%	3.2	3.0	4%
Share Based Compensation	0.8	1.5	(45)%	2.1	2.4	(12)%
Total Administrative expenses	**12.6**	**14.2**	**(12)%**	**26.9**	**28.1**	**(4)%**
% of Consolidated Revenue	18%	16%		16%	13%	

Other administrative expenses includes costs related to auditors, legal fees, tax services, travel, meals, entertainment, office administration, communication, corporate sponsorship and advertising.

Q2 2015 vs Q2 2014

Total administrative expenses for the Quarter were $12.6 million, down 12% or $1.6 million from a year ago primarily due to a decrease in bonus, commission costs and share based compensation costs. On a percentage of revenue basis administrative costs for the Quarter were 18%, up by two percentage points from a year ago as revenue declined faster than administrative costs. Savings from Black Diamond's strategic cost initiative are expected to be realized in 2016.

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

- Personnel costs for the Quarter were $7.2 million, down 7% or $0.5 million from a year ago primarily due to a decrease in bonus and commission costs.
- Other administrative expenses for the Quarter were $2.9 million, down 18% or $0.6 million from a year ago due to decreased travel and entertainment costs.
- Share based compensation costs for the Quarter were $0.8 million, down 45% or $0.7 million from a year ago due to a lower fair value of options at grant date.

Year to Date 2015 vs 2014

Total administrative expenses YTD were $26.9 million, down 4% or $1.2 million from a year ago for the same reasons described above.

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

- Personnel costs YTD were $15.7 million, up 1% or $0.1 million from last year due to an increase in severance costs partially offset by the same reasons described above.
- Administrative expenses YTD were $5.9 million, down 17% or $1.2 million from last year generally for the same reasons described above.
- Share based compensation costs YTD were $2.1 million, down 12% or $0.3 million from last year for the same reasons described above.

Adjusted EBITDA

	Three months ended June 30			Six months ended June 30		
($ millions, except as noted)	2015	2014	Change %	2015	2014	Change %
Adjusted EBITDA (1)	23.3	34.9	(33)%	53.9	77.3	(30)%
% of Consolidated Revenue	33%	39%		32%	36%	

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

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

Q2 2015 vs Q2 2014

Adjusted EBITDA for the Quarter was $23.3 million, down 33% or $11.6 million from a year ago due, primarily, to a decrease in revenue. Adjusted EBITDA as a percentage of revenue for the Quarter was 6% lower than a year ago due to decreased margins (as described above) and the decline in administrative expenses not matching the rate of decline in revenues.

Year to Date 2015 vs 2014

Adjusted EBITDA YTD was $53.9 million, down 30% or $23.4 million from last year for the same reasons described above.

Depreciation and Amortization

	Three months ended June 30			Six months ended June 30		
($ millions, except as noted)	2015	2014	Change %	2015	2014	Change %
Depreciation and amortization	14.3	12.5	14%	27.7	26.6	4%
% of Property and equipment	3%	3%		5%	5%	

Q2 2015 vs Q2 2014

Depreciation and amortization for the Quarter was $14.3 million, up 14% or $1.8 million from a year ago due to an increase in the overall fleet units, primarily in the Structures business unit.

Year to Date 2015 vs 2014

Depreciation and amortization YTD was 27.7 million, up 4% or $1.1 million from a year ago for the same reasons described above.

Finance Costs

Average interest rates in the Quarter were 3.84% compared with 4.83% from a year ago.

	Three months ended June 30			Six months ended June 30		
($ millions, except as noted)	2015	2014	Change %	2015	2014	Change %
Finance cost	2.1	1.8	21%	4.4	3.8	15%
Long-term debt	191.3	126.3	51%	191.3	126.3	51%
Average interest rate	3.84%	4.83%		3.96%	4.59%	

Q2 2015 vs Q2 2014

Finance costs for the Quarter were $2.1 million, up 21% or $0.3 million from a year ago as interest costs on long-term debt was only partially offset by lower average interest rates. Finance costs increased due to increased draws on the committed extendible revolving operating facility in the Quarter when compared to the Comparative Quarter primarily due to relatively high capital expenditures since the second quarter of 2014.

Year to Date 2015 vs 2014

Finance costs YTD were $4.4 million, up 15% or $0.6 million from last year due to capital expenditures offset by lower average interest rates.

Income Tax

	Three months ended June 30			Six months ended June 30		
($ millions, except as noted)	2015	2014	Change %	2015	2014	Change %
Current tax	1.0	3.4		4.1	8.6	
Deferred tax	4.6	0.3		5.3	1.5	
Total tax	5.6	3.7	53%	9.4	10.1	(8)%

Q2 2015 vs Q2 2014

Black Diamond incurred a current income tax provision of $1.0 million for the Quarter (2014 - $3.4 million) and a deferred income tax provision of $4.6 million (2014 - $0.3 million). On June 29, 2015, the Alberta provincial statutory income tax rate increased 20% from 10% to 12%. As a result, the deferred income tax expense and liability increased by $3.5M. Without this increased Alberta income tax rate, Black Diamond's effective tax rate would have stayed essentially the same as 2014.

Year to Date 2015 vs 2014

Year to date, Black Diamond incurred a current income tax provision of $4.1 million (2014 - $8.6 million) and a deferred income tax provision of $5.3 million (2014 - $1.5 million). For the same reason above, similar to other companies operating in Alberta, Black Diamond's effective tax rate has increased from the prior year (YTD 2015 -

47% vs. 2014 - 26%). Without this increased Alberta income tax rate, Black Diamond's effective tax rate would have stayed essentially the same as 2014.

The deferred income tax provision for both periods arises due to the change in the book value and the tax value of the net assets held by Black Diamond. The tax provisions have been calculated at the enacted tax rate of 26.05% in Canada, 40% in the United States and 30% in Australia.

Non-Controlling Interest

The non-controlling interest ("NCI") represents earnings attributable to the Fort Nelson First Nations' approximate 50% interest in the Black Diamond Dene Limited Partnership, the West Moberly First Nation's approximate 50% interest in the Black Diamond West Moberly Limited Partnership, and the Beaver Lake Cree Nation's approximate 50% interest in the Black Diamond Nehiyawak Limited Partnership.

	Three months ended June 30			Six months ended June 30		
($ millions, except as noted)	2015	2014	Change %	2015	2014	Change %
Non-controlling interest	1.2	0.7	81%	2.2	1.7	28%

Q2 2015 vs Q2 2014

The NCI for the Quarter was $1.2 million, up 81% or $0.5 million from a year ago due to an increase in partnership rental revenue primarily related to an open camp in the Horn River area acquired late in the second quarter of 2014.

Year to Date 2015 vs 2014

The NCI YTD was $2.2 million, up 28% or $0.5 million from last year for the same reasons described above.

Net Income (Loss)

	Three months ended June 30			Six months ended June 30		
($ millions, except as noted)	2015	2014	Change %	2015	2014	Change %
Net income	(0.8)	9.6	(109)%	8.2	27.5	(70)%

Q2 2015 vs Q2 2014

Net loss for the Quarter was $0.8 million, down 109% or $10.4 million from a year ago due to lower utilization, lower revenues, a 14% increase in depreciation and amortization expenses, a 21% increase in finance costs, a revision to the annual effective tax rate to reflect the 20% increase in Alberta's statutory tax rate partially offset by a 12% decrease in administrative expenses.

Year to Date 2015 vs 2014

Net income YTD was $8.2 million, down 70% or $19.3 million from last year for the same reasons described above.

SEGMENTED REVIEW OF FINANCIAL PERFORMANCE

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

The following is a summary of the Company's segmented results for the Quarter and Comparative Quarter in 2015 and 2014, detailing revenues and Adjusted EBITDA by each of the Company's business units. The rental component of the Logistics business unit's service offerings is included in the Structures business unit through an inter-segment reclassification, while the service component remains in the Logistics business unit.

Segmented Revenue

Revenues presented by segment in the tables below exclude inter-segment revenue, as this is considered indicative of the level of each segment's activity.

	Three months ended June 30			**Six months ended June 30**		
(in thousands, except where noted)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
	$	**$**	**%**	**$**	**$**	**%**
Revenue						
Structures	43,557	50,847	(14)%	101,186	118,835	(15)%
Logistics	22,036	28,034	(21)%	55,308	68,456	(19)%
Energy Services	3,521	6,792	(48)%	10,786	18,543	(42)%
International	2,026	2,720	(26)%	3,555	7,135	(50)%
Total Revenue	**71,140**	**88,393**	**(20)%**	**170,835**	**212,969**	**(20)%**

Segmented Adjusted EBITDA

Adjusted EBITDA by segment excludes depreciation, amortization, finance costs, write-down of minority interest in an investee, provision for guarantee of debt of an investee, impairment loss, deferred and current taxes, non-controlling interest, and share based compensation.

	Three months ended June 30			**Six months ended June 30**		
(in thousands, except where noted)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
	$	**$**	**%**	**$**	**$**	**%**
Adjusted EBITDA						
Structures	22,395	32,392	(31)%	47,861	66,074	(28)%
Logistics	4,669	5,270	(11)%	12,833	13,402	(4)%
Energy Services	622	1,783	(65)%	2,680	5,784	(54)%
International	279	790	(65)%	536	2,550	(79)%
Corporate	(4,711)	(5,335)	(12)%	(10,028)	(10,527)	(5)%
Total Adjusted EBITDA	**23,254**	**34,900**	**(33)%**	**53,882**	**77,283**	**(30)%**

STRUCTURES BUSINESS UNIT

The Structures business unit consists of our workforce accommodation and our space rental offerings:

Workforce Accommodations are sold or rented to business clients who want to house their workforce in remote locations where local accommodation infrastructure is either insufficient or non-existent. Our clients operate in the oil and gas, pipeline, mining, catering, engineering and construction industries, and include various levels of government. Our products include large dormitories, kitchen/diner complexes and recreation facilities.

Space Rentals provide high quality, cost effective, portable workspaces to customers throughout North America. These customers operate in the construction, real estate development, manufacturing, education and resource industries, and also include government agencies. Products include office units, lavatories, storage units, large multi-unit office complexes, classroom facilities, custom manufactured modular facilities and blast resistant structures.

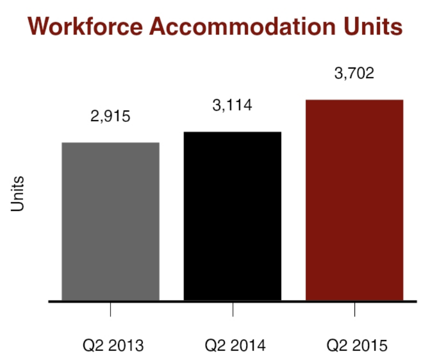
In addition, Black Diamond sells both new and used workforce accommodations and space rentals units and provides delivery, installation, project management and ancillary products and services which appear as "non-rental revenue".

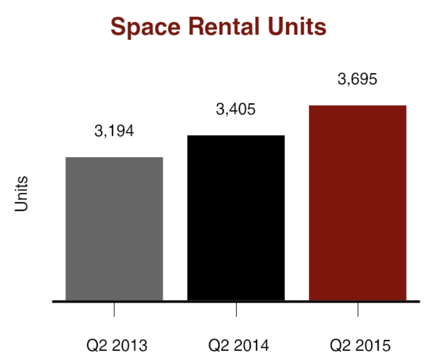
Operational Highlights

	Three months ended June 30			Six months ended June 30		
	2015	2014	Change %	2015	2014	Change %
Workforce accommodation units	3,702	3,114	19%	3,702	3,114	19%
Average utilization	64%	86%		69%	89%	
Workforce accommodation bedcount	13,218	11,579	14%	13,218	11,579	14%
Space rental units	3,695	3,405	9%	3,695	3,405	9%
Average utilization	67%	81%		69%	80%	

Structures Fleet

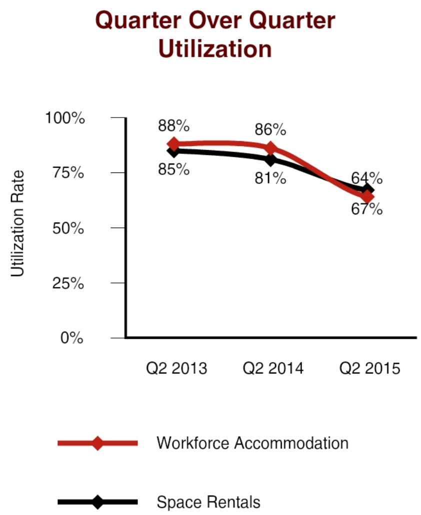
The workforce accommodation fleet consisted of 3,702 units this Quarter, up 19% from 3,114 units a year ago due to the purchase of additional assets, such as the 1,244 bed camp in Dawson Creek, coupled with lower used fleet sales. The space rental fleet consisted of 3,695 units this Quarter, up 9% from 3,405 units a year ago due to unit purchases coupled with lower used fleet sales.

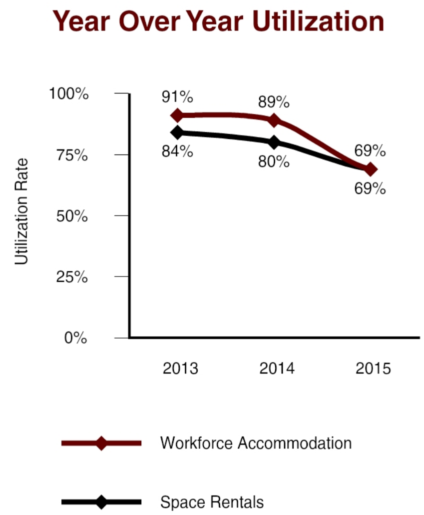




Structures Fleet Utilization Rates

Utilization of workforce accommodation units for the Quarter was 64% compared with 86% a year ago. Utilization of space rental units was 67% compared with 81% a year ago. Utilization rates in both categories were lower on a decrease in activity coupled with a growth in the overall fleet.





Financial Highlights

($ millions, except as noted)	Three months ended June 30			Six months ended June 30		
	2015	2014	Change %	2015	2014	Change %
Total Revenue	43.6	50.8	(14)%	101.2	118.8	(15)%
Rental Revenue	25.6	31.9	(20)%	56.2	66.1	(15)%
Non-Rental Revenue	18.0	18.9	(5)%	45.0	52.7	(15)%
Adjusted EBITDA	22.4	32.4	(31)%	47.9	66.1	(28)%

Percentage of Structures Revenue	Three months ended June 30			Six months ended June 30		
	2015	2014	Change (1)	2015	2014	Change (1)
Rental Revenue	59%	63%	(4)	56%	56%	—
Non-Rental Revenue	41%	37%	4	44%	44%	—
Adjusted EBITDA	51%	64%	(13)	47%	56%	(9)

(1) Percentage point basis.

The rental revenue for the Structures business unit is directly proportional to the number of rental fleet units, the utilization rate for the fleet and the realized rental rates. Effective rental rates vary between periods due to the complexity of the fleet unit types available, their configurations, the number rented, project locations and contract duration.

Q2 2015 vs Q2 2014

The Structures business unit's total revenue for the Quarter was $43.6 million, down 14% or $7.2 million from a year ago. Year-over-year differences are reviewed in the breakdown of revenue into its various components below:

- Rental revenue for the Quarter was $25.6 million, down 20% or $6.3 million from a year ago due to a decrease in average utilization rates of the space rental and workforce accommodation fleets; and
- Non-rental revenue for the Quarter was $18.0 million, down 5% or $0.9 million from a year ago due to lower used fleet sales partially offset by increased activity from installation and demobilization operations.

Adjusted EBITDA for the Quarter was $22.4 million, down 31% or $10.0 million primarily due to a significant reduction in revenue during the Quarter which also drove Adjusted EBITDA as a percentage of revenue down to 51% from 64% a year ago as a result of lower margins on non-rental revenue.

Year to date 2015 vs 2014

The Structures business unit's total revenue for the YTD was $101.2 million, down 15% or $17.6 million from a year ago. Year-over-year differences are reviewed in the breakdown of revenue into its various components below:

- Rental revenue for the YTD was $56.2 million, down 15% or $9.9 million from a year ago due to a decrease in average utilization rates of the space rental and workforce accommodation fleets; and
- Non-rental revenue for the YTD was $45.0 million, down 15% or $7.7 million from a year ago due to the sale of a large camp north of Fort McMurray in the first quarter of 2014 and lower used fleet sales partially offset by increased activity from installation and demobilization operations.

Adjusted EBITDA for the YTD was $47.9 million, down 28% or $18.2 million primarily due to a significant reduction in revenue during the YTD which also drove Adjusted EBITDA as a percentage of revenue down to 47% from 56% a year ago as a result of lower margins on non-rental revenue.

Contracted Future Revenue

At June 30, 2015, the weighted average remaining contract rental term outstanding was approximately nine months (June 30, 2014 - 10 months). Contracted rental revenue commitments in place as at June 30, 2015 totaled $76.5 million (June 30, 2014 - $122.5 million).

LOGISTICS BUSINESS UNIT

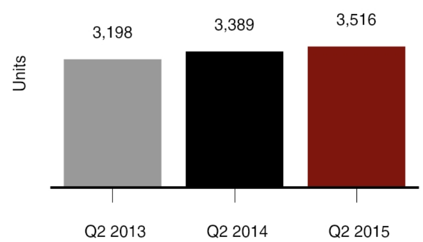
The Logistics business unit provides turnkey workforce lodging services, remote facility management and supply chain solutions. This business unit manages both Black Diamond's and third party owned workforce housing facilities and provides associated services for customers. This business unit also provides sophisticated supply chain management services to large exploration and production customers to improve the efficiency of their remote workforce services, thereby helping customers realize significant savings.

Operational Highlights

	Three months ended June 30			Six months ended June 30		
	2015	2014	Change %	2015	2014	Change %
Average beds under management [(1)]	3,516	3,389	4%	3,826	4,185	(9)%

(1) For the three months ended June 30, 2015, of the average beds under management in the Logistics business unit, 2,736 (2014 - 2,343) are owned by Black Diamond and included in the Structures business unit's workforce accommodation bedcount, 636 (2014 - 902) are leased from third parties and the remaining 144 (2014 - 144) beds are managed by Black Diamond on behalf of third parties. For the six months ended June 30, 2015, of the average beds under management in the Logistics business unit, 2,941 (2014 - 3,128) are owned by Black Diamond and included in the Structures business unit's workforce accommodation bedcount, 741 (2014 - 913) are leased from third parties and the remaining 144 (2014 -144) beds are managed by Black Diamond on behalf of third parties.

Total Average Beds Under Management



Financial Highlights

	Three months ended June 30			Six months ended June 30		
($ millions, except as noted)	2015	2014	Change %	2015	2014	Change %
Lodging Revenue [(1)]	22.0	28.0	(21)%	55.3	68.5	(19)%
Adjusted EBITDA	4.7	5.3	(11)%	12.8	13.4	(4)%

	Three months ended June 30			Six months ended June 30		
Percentage of Lodging Revenue	2015	2014	Change [(2)]	2015	2014	Change [(2)]
Adjusted EBITDA	21%	19%	2	23%	20%	3

(1) Lodging revenue excludes rental revenue which is recognized in Structures.
(2) Percentage point basis.

Lodging revenue in the Logistics business unit is directly proportional to the number of beds available to rent, occupancy levels at the camps, the type of camps being occupied, and the initiation and completion of large projects.

Black Diamond has two types of turnkey camps: Day-rate camps which have variable margins and Cost-plus camps which have fixed margins. Day-rate camps generally earn higher margins than cost plus camps where the Company manages the camps on behalf of its customers and earns a fixed margin with reduced risk.

Q2 2015 vs Q2 2014

Lodging revenue for the Quarter was $22.0 million, down 21% or $6.0 million from a year ago though average beds under management is moderately higher at 4% or 127 beds. Occupancy levels which drive revenue were down 12% from the same quarter last year.

Lodging Adjusted EBITDA for the Quarter was $4.7 million, down 11% or $0.6 million, due to lower occupancy levels partially offset by higher Adjusted EBITDA margins as a percentage of Logistics revenue, which were 2 percentage points higher for the same quarter last year. A change in product mix drove higher margins, caused by a 7% increase in use of day-rate camps compared with the same period last year, thereby providing increased contribution against very stable fixed costs. Logistics' day-rate camps have minimum man day commitments in place to protect these camps from downside risks and maintain a target return on capital.

Year to date 2015 vs 2014

Lodging revenue for the YTD, was $55.3 million, down 19% or $13.2 million from a year ago due to reduced occupancy compared to a year ago.

Lodging Adjusted EBITDA for the YTD was $12.8 million, down 4% or $0.6 million driven primarily by decreased revenue related to occupancy overall. Adjusted EBITDA margins as a percentage of Logistics revenue for the YTD, were 3 percentage points higher than a year ago related to the change in product mix as noted above. Increased occupancy at day-rate camps contributes a better margin relative to cost-plus beds.

Contracted Future Revenue

Contracted minimum man day and lodging service revenue commitments in place as at June 30, 2015 totaled $16.6 million (June 30, 2014 - $44.8 million) for the camps operated by the Logistics business unit. This excludes the rental of equipment, which is reported in the Structures business unit.

ENERGY SERVICES BUSINESS UNIT

The Energy Services business unit's primary business is separated into two oilfield rental streams:

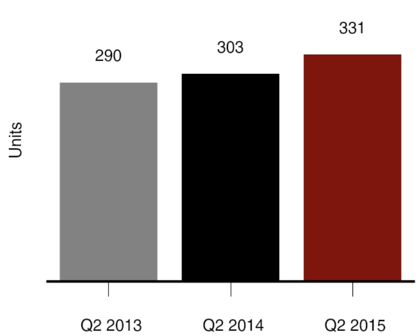
1. Surface rentals, which consist of various types of equipment that support drilling, completion and production activities; and
2. Accommodations, which consist of single unit (well sites) and multi-unit complexes (drill camps) which are highly mobile and durable.

The business unit also provides complete installation, maintenance and catering services (operations) and defines this as non-rental revenue.

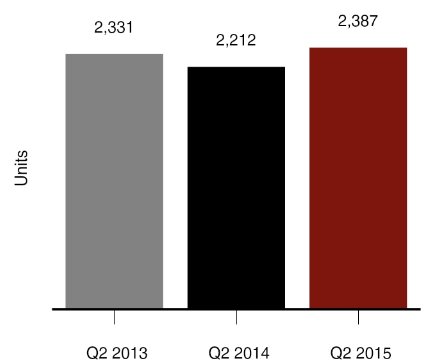
Operational Highlights

	Three months ended June 30			Six months ended June 30		
	2015	2014	Change %	2015	2014	Change %
Drilling accommodation units	331	303	9%	331	303	9%
Average utilization	32%	58%		46%	68%	
Drilling accommodation bedcount	968	934	4%	968	934	4%
Surface rental units	2,387	2,212	8%	2,387	2,212	8%
Average utilization	22%	29%		25%	34%	

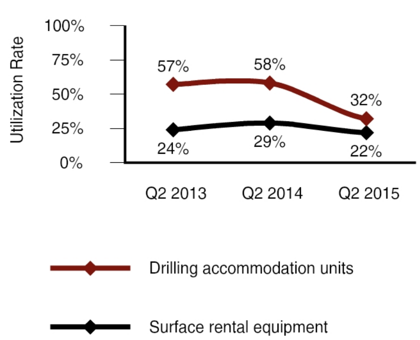
Drilling Accommodation Units



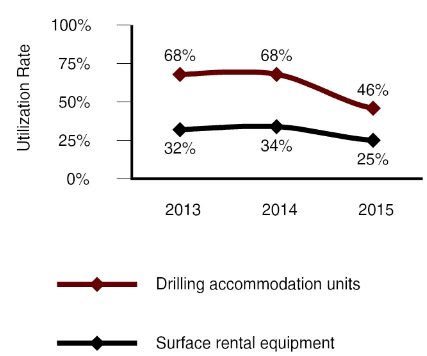
Surface Rental Equipment



Quarter Over Quarter Utilization



Year Over Year Utilization



Financial Highlights

($ millions, except as noted)	Three months ended June 30 2015	2014	Change %	Six months ended June 30 2015	2014	Change %
Revenue	3.5	6.8	(48)%	10.8	18.5	(42)%
Rental Revenue	2.3	4.2	(45)%	6.6	10.4	(36)%
Non-Rental Revenue	1.2	2.6	(53)%	4.2	8.2	(49)%
Adjusted EBITDA	0.6	1.8	(65)%	2.7	5.8	(54)%

Percentage of Energy Services Revenue	Three months ended June 30 2015	2014	Change (1)	Six months ended June 30 2015	2014	Change (1)
Rental Revenue	66%	62%	4	61%	56%	5
Non-Rental Revenue	34%	38%	(4)	39%	44%	(5)
Adjusted EBITDA	18%	26%	(8)	25%	31%	(6)

(1) Percentage point basis.

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

Revenue tends to be more seasonal in the Energy Services business unit. Drilling accommodations and surface rental assets typically have higher utilization rates during the winter months when drilling activity is greater and reduced utilization rates during the spring and summer months.

Q2 2015 vs Q2 2014

Rental revenue for the Quarter was $2.3 million, down 45% or $1.9 million from a year ago due to a decrease in drilling and completion activity in western Canada. For the Quarter, the Canadian Association of Oilwell Drilling Contractors ("CAODC") reported an average monthly drilling rig count of 95, down 52% or 103 drilling rigs from 198 a year ago.

Non-Rental revenue for the Quarter was $1.2 million, down 53% or $1.4 million from a year ago due to a decrease in used fleet sales and lower catering activity. Further, an overall decrease in charge back services, transportation and installation was slightly offset by an increase in sublease revenue.

Adjusted EBITDA for the Quarter was $0.6 million, down 65% or $1.2 million from a year ago given a decrease in overall revenue and gross margin due to price pressure as a result of current declines in drilling and completion activity due to lower commodity prices for oil and natural gas.

The drilling accommodations fleet increased by 9% in the Quarter over the Comparative Quarter. The increase includes drill camps as well as a complement of wellsite units and support units. The surface rental fleet increased to 2,387 units in the Quarter from 2,212 units in the Comparative Quarter mainly on account of additional rig mats.

Year to date 2015 vs 2014

Rental revenue for the YTD was $6.6 million, down 36% or $3.8 million from a year ago due to a decrease in drilling and completion activity in western Canada.

Non-Rental revenue for the YTD was $4.2 million, down 49% or $4.0 million from a year ago due to a decrease in used fleet sales and lower catering activity. Further, an overall decrease in installation, charge back services, and sublease was slightly offset by an increase in transportation revenue.

Adjusted EBITDA for the YTD was $2.7 million, down 54% or $3.1 million from a year ago due to a decrease in overall revenue and gross margin. Lower commodity prices for oil and natural gas have caused a decrease in drilling activity and overall demand for Energy Services' products, which in turn has led to margin deterioration due to price pressure in the current environment.

Contracted Future Revenue

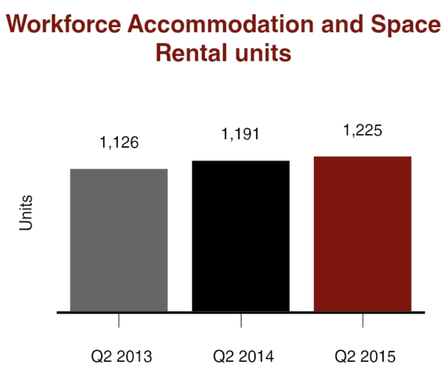
At June 30, 2015, the weighted average remaining contract rental term outstanding was approximately four months (June 30, 2014 - two months). Committed rental revenue from contracts in place as at June 30, 2015 was $3.3 million (June 30, 2014 - $3.7 million).

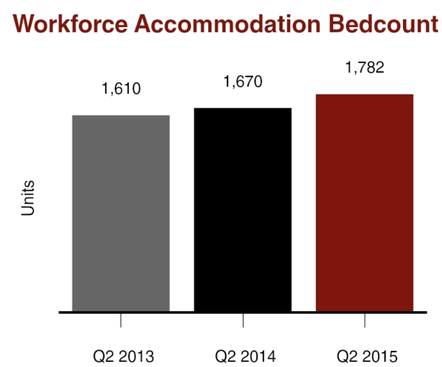
INTERNATIONAL BUSINESS UNIT

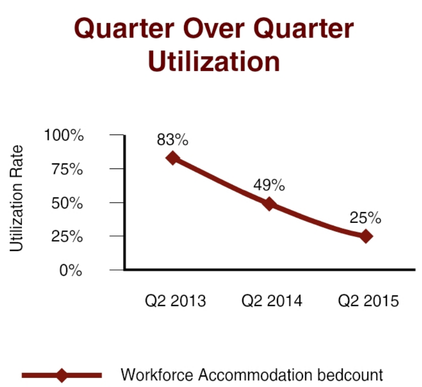
The International business unit rents and sells remote workforce housing and modular workspace solutions outside of North America. The primary geography for this business unit is Australia. Rental fleet assets are similar to assets which the Company operates in North America and are well-positioned in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

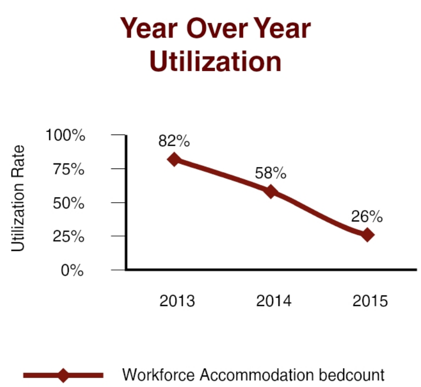
Operational Highlights

	Three months ended June 30			Six months ended June 30		
	2015	**2014**	**Change %**	**2015**	**2014**	**Change %**
Workforce accommodation and space rental units	**1,225**	1,191	3%	**1,225**	1,191	3%
Workforce accommodation bedcount	**1,782**	1,670	7%	**1,782**	1,670	7%
Average utilization	**25%**	49%		**26%**	58%	









Financial Highlights

($ millions, except as noted)	Three months ended June 30 2015	2014	Change %	Six months ended June 30 2015	2014	Change %
Revenue	2.0	2.7	(26)%	3.6	7.1	(50)%
Rental Revenue	1.2	2.2	(44)%	2.5	4.9	(48)%
Non-Rental Revenue	0.8	0.5	60%	1.0	2.2	(55)%
Adjusted EBITDA	0.3	0.8	(65)%	0.5	2.6	(79)%

Percentage of International Revenue	Three months ended June 30 2015	2014	Change (1)	Six months ended June 30 2015	2014	Change (1)
Rental Revenue	61%	82%	(21)	71%	69%	2
Non-Rental Revenue	39%	18%	21	29%	31%	(2)
Adjusted EBITDA	14%	29%	(15)	15%	36%	(21)

(1) Percentage point basis.

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

The resource sector in Australia has historically been a major source of demand for the Company's assets primarily in Western Australia and Queensland. The current downturn in commodity prices has led to weakness in the Australian mining and oil and gas sectors. This has led to reduced asset utilization and downward pressure on pricing. This trend is anticipated to continue during 2015.

Q2 2015 vs Q2 2014

Rental revenue for the Quarter was $1.2 million, down 44% or $1.0 million from a year ago for the reasons described above.

Non-Rental revenue for the Quarter was $0.8 million, up 60% or $0.3 million from a year ago due to the installation of a new camp during the Quarter.

Adjusted EBITDA for the Quarter was $0.3 million, down 65% or $0.5 million from a year ago due to the weak economic environment. This drop, as a percentage, is comparatively larger than the drop in revenue due to the fact that revenues are falling against overhead costs which are relatively fixed.

Year to date 2015 vs 2014

Rental revenue for the YTD was $2.5 million, down 48% or $2.4 million from a year ago for the reasons described above.

Non-Rental revenue for the YTD was $1.0 million, down 55% or $1.2 million from a year ago due to lower activity partially offset by the new installation in the Quarter.

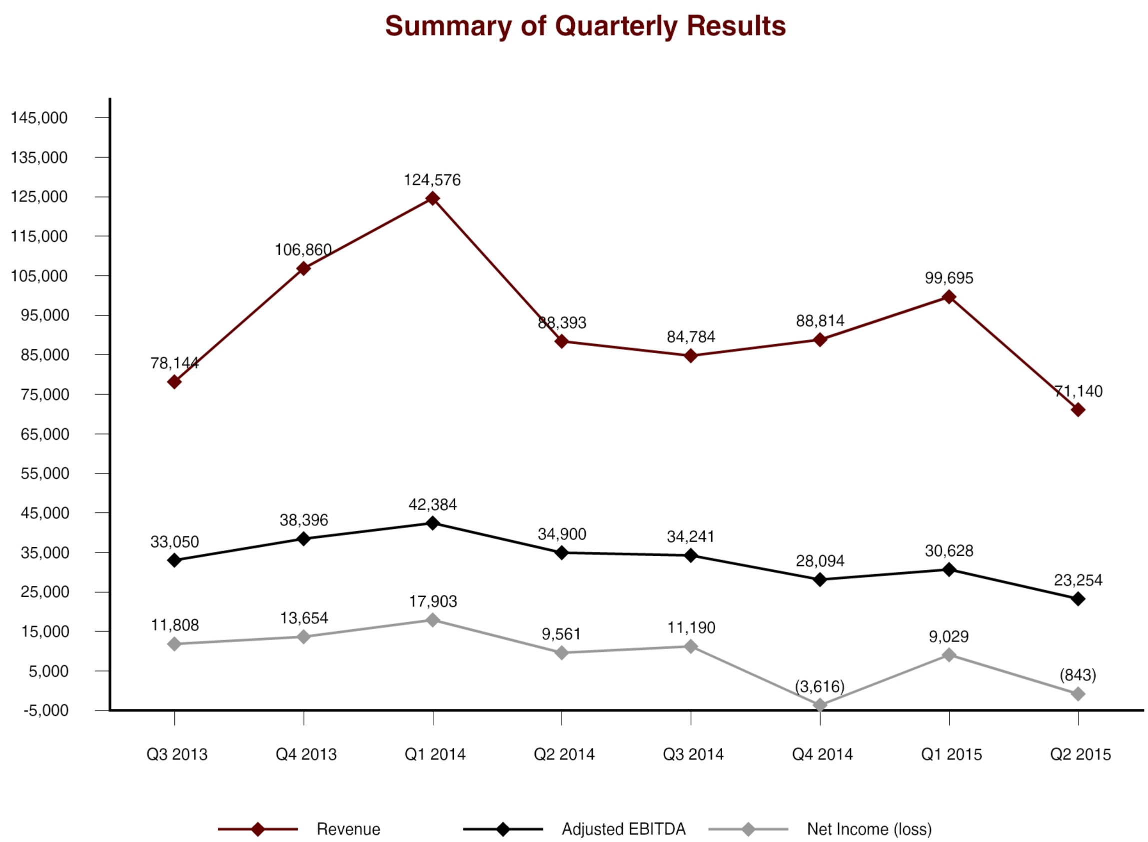
Adjusted EBITDA for the YTD was $0.5 million, down 79% or $2.1 million from a year ago for the same reasons described above.

Contracted Future Revenue

As at June 30, 2015, the weighted average remaining contract rental term outstanding was approximately five months (June 30, 2014 - five months) and the committed rental revenue from contracts in place was $2.7 million (June 30, 2014 - $3.3 million)

SUMMARY OF QUARTERLY RESULTS

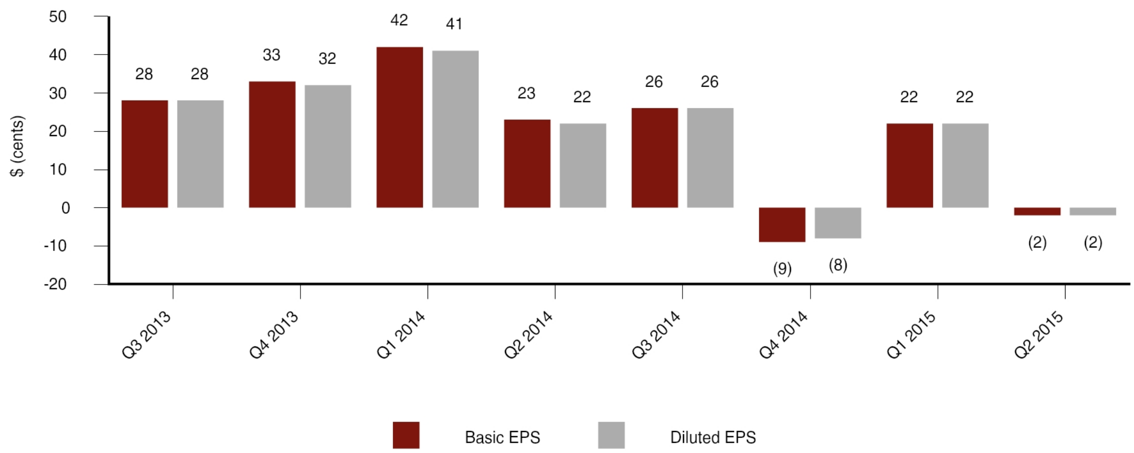
The following is a summary of the previous eight quarters:



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

1. Q1 results are typically higher due to some seasonality experienced in the western Canada operations, which form part or all of Structures, Logistics and Energy Services business units. Specifically, operations levels at camps operated by the Logistics business unit are generally higher in the winter and utilization for drilling accommodations and surface rental assets is higher in the fall and winter months.
2. Q1 2014 experienced a spike in revenue related to a significant sale of used fleet in the Structures business unit and a 51% increase in the beds under management in the Logistics business unit.
3. Beds under management increased in Q1 2015 compared to other quarters, but due to the decreased activity in western Canada the increase was less than 2014.
4. A net loss was recorded in Q4 2014 primarily due to a one-time $8.2 million write-down of goodwill and intangible assets in the International business unit.
5. The net loss in Q2 2015 was due to lower activity levels, driven by continued low commodity prices, and due to an increase in the Alberta corporate income tax rate.

Earnings Per Share



LIQUIDITY AND CAPITAL RESOURCES

Cash Requirements

Contractual Obligations and Other Commitments

At June 30, 2015, Black Diamond had capital expenditure commitments with key manufacturers of modular structures in the amount of $3.9 million for delivery of modular structures in the next six months. It is management's intention to meet the funding requirements for these commitments through internally generated cash flow.

Capital Expenditures

Black Diamond's capital expenditures relate primarily to:

- Structures business unit - workforce accommodation structures, space rental structures and ancillary equipment;
- Logistics business unit - site improvements;
- Energy Services business unit - accommodation structures and surface rental equipment;
- International business unit - workforce accommodation and space rental structures in Australia (this excludes capital acquired through the business combination); and
- Corporate - land, leasehold improvements, computers, furniture and service related equipment.

For the Quarter, Black Diamond expended $18.2 million (Comparative Quarter – $19.4 million) on additions to property and equipment. The additions consisted of:

	Three months ended June 30			Six months ended June 30		
($ millions, except as noted)	2015	2014	Change %	2015	2014	Change %
Structures	17.0	16.2	5%	30.2	26.6	13%
Energy Services	0.3	0.2	41%	1.2	3.5	(67)%
Logistics	0.5	1.4	(66)%	0.6	2.5	(75)%
International	0.2	0.8	(71)%	4.0	4.4	(10)%
Corporate	0.2	0.8	(79)%	0.2	1.5	(87)%
	18.2	19.4	(6)%	36.2	38.5	(6)%

Sources and Uses of Cash

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

	Three months ended June 30			Six months ended June 30		
($ millions, except as noted)	2015	2014	Change %	2015	2014	Change %
Cash from operating activities	40.5	73.2	(45)%	64.5	99.7	(35)%
Cash used in investing activities	(28.8)	(26.5)	9%	(51.1)	(38.6)	32%
Cash used in financing activities	(17.3)	(44.4)	(61)%	(27.9)	(73.4)	(62)%
Total cash (decrease) increase	(5.6)	2.3	(345)%	(14.5)	(12.3)	18%

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

Cash provided by operating activities was $32.7 million lower in the Quarter than in the Comparative Quarter and $35.2 million lower in the YTD than in the Comparative YTD primarily due to decreased business activity.

Cash used in investing activities was $2.3 million higher in the Quarter than in the Comparative Quarter and $12.5 million higher in the YTD than in the Comparative YTD due to higher cash settlement on capital spending.

Cash used in financing activities was $27.1 million lower in the Quarter than in the Comparative Quarter and $45.5 million lower in the YTD than in the Comparative YTD, primarily due to lower net repayments of long-term debt.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	June 30, 2015	December 31, 2014	Change %
Current assets	86.1	116.3	(26)%
Current liabilities	49.4	65.3	(24)%
Working capital	36.7	51.0	(28)%

The decrease in current assets of $30.2 million from December 31, 2014 was largely due to a decrease of $13.9 million in cash and cash equivalents and by a decrease in accounts receivable of $16.2 million. The decrease in accounts receivable balance is due to decreased revenues and improvements in the collection process.

The decrease in current liabilities of $15.9 million from December 31, 2014 was largely due to a decrease of $13.4 million of accounts payable and a decrease of $4.0 million of deferred revenue related to services to be rendered within the next 12 months, offset by an increase in operating facility of $1.0 million.

Principal Debt Instruments:

As of June 30, 2015, Black Diamond's principal sources of debt included:

- a committed extendible revolving operating facility in the amount of $168.0 million, all of which is available and $90 million is drawn at June 30, 2015;
- a demand operating facility in the U.S in the amount of US$10.0 million, all of which is available and $nil is drawn at June 30, 2015;
- a demand operating facility in Australia in the amount of AUD$5.0 million, all of which is available and $nil is drawn at June 30, 2015;
- $62.0 million principal amount of senior secured notes due on July 8, 2019, which rank pari passu with the senior credit facilities of the Company;
- $40.0 million principal amount of senior secured notes due on July 3, 2022, which rank pari passu with the senior credit facilities of the Company; and

Black Diamond, through one of its partnerships, also has a demand operating facility in the amount of $5.0 million to fund working capital requirements of the partnership. The facility is secured by assets of the partnership, with no recourse to Black Diamond.

Effective June 18, 2015, Black Diamond increased the maximum principal amount of its committed extendible revolving operating facility to $168,000 (December 31, 2014 - $150,000) and extended its maturity to April 30, 2019 (December 31, 2014 - April 30, 2018). The facility is available by way of prime rate advances, US base rate advances, LIBOR advances, bankers acceptances or letters of credit and incurs standby fees for any unused portion of the facility at rates that fluctuate based on the ratio of net funded debt to Bank EBITDA (see "Non-GAAP Measures"). The facility is collateralized by a general security agreement from Black Diamond and a guarantee and general security agreement from each of its material subsidiaries. The facility also has an accordion feature that allows for the expansion of the facility up to an aggregate of $268 million (December 31, 2014 - $250,000), upon lender commitment. If all or any portion of the $100 million accordion is not provided by the lenders, the committed extendible revolving operating facility authorizes the Company to obtain the remaining amount from any third party subject to certain conditions in the committed extendible revolving operating facility.

As at June 30, 2015, the Company's draws under the committed extendible revolving operating facility were comprised of $4,968 related to an overdraft balance (December 31, 2014 - $nil), $85,000 of bankers' acceptance (December 31, 2014 - $70,000) and $nil of bankers' acceptance for which interest rate has been fixed through a SWAP contract (December 31, 2014 - $25,000).

For the three and six months ended June 30, 2015, the average interest rate applied to amounts drawn on the committed extendible revolving operating facility was 2.57% and 2.79% (2014 - 4.16% and 3.72%), respectively.

In addition, the Company has a corporate credit card facility with a limit of $1,000 which bears interest at 18.4%. As at June 30, 2015, the Company's draws under the corporate credit card facility were nil (December 31, 2014 - nil).

Black Diamond, through one of its partnerships, has a $5,000 operating facility to fund working capital requirements of the partnership. The facility bears interest at a rate of prime plus 1.15% and incurs standby fees of 0.25% for any unused portion of the authorized amount whereby the authorized limit is 75% of good accounts receivable calculated at the end of each month. The facility is secured by assets of the partnership, with no recourse to Black Diamond. As at June 30, 2015, the Company's draws under the demand operating facility were $1,017 (December 31, 2014 - $nil). At June 30, 2015, the effective interest rate was 4.0% (December 31, 2014 - 4.15%).

Effective May 15, 2015, Black Diamond, through its indirect wholly owned US subsidiaries, increased its demand revolving loan to US $10,000 (December 31, 2014 - US $3,000) to fund working capital requirements in the United States. The facility bears interest at a rate of US prime plus 0.50% and is payable monthly with any principal outstanding to be repaid upon maturity on May 30, 2016. At June 30, 2015, the effective interest rate was 3.75% (December 31, 2014 - 4.0%). The facility is secured by a corporate guarantee issued by Black Diamond Limited Partnership. As at June 30, 2015, the Company's draws under the US demand operating facility were $nil (December 31, 2014 - $nil).

Black Diamond, through its indirect wholly owned Australian subsidiaries, has an AUD$5,000 operating facility to fund working capital requirements in Australia. The facility bears interest at a rate of Australian Bank Bill Overdraft Rate plus 1.0% and incurs standby fees for any unused portion of the facility at 0.50%. At June 30, 2015, the effective interest rate was 3.09% (December 31, 2014 - 3.69%). The facility is secured by a corporate guarantee issued by Black Diamond Limited Partnership. As at June 30, 2015, the Company's draws under the Australian demand operating facility were $nil (December 31, 2014 - $nil).

On July 7, 2011, Black Diamond Limited Partnership completed a private placement of senior secured notes. These notes, which rank pari passu with the committed extendible revolving operating facility, have a principal amount of $62,000, an interest rate of 5.44% per annum and mature on July 8, 2019. The senior secured notes are repaid through annual payments, each in the amount of $12,400 with the first annual payment made on July 7, 2015. Black Diamond has the discretion to refinance the senior secured notes for at least twelve months through its committed revolving operating facility and hence classified the obligation as long-term.

On July 3, 2013, Black Diamond Limited Partnership completed a private placement of senior secured notes. These notes, which rank pari passu with the committed extendible revolving operating facility, have a principal amount of $40,000, an interest rate of 4.58% per annum and mature on July 3, 2022. The senior secured notes are repaid through annual repayments, each in the amount of $13,333 with the first annual payment beginning July 3, 2020.

On July 3, 2013, Black Diamond Limited Partnership also entered into a private shelf facility for senior secured notes which, subject to the sole discretion of the lender, may be drawn in an aggregate amount up to US $21,315, for a term of no more than 11 years after the date of original issuance, to have an average life of no more than 10 years after the date of original issuance, and to bear interest as shall be determined at the date of issuance. These senior secured notes may be issued until the earlier of (i) July 3, 2016, or (ii) the 30th day after notice has been given to terminate the private shelf facility.

The Company issued a guarantee for AUD $5,168 as part of the purchase consideration for the Company's indirect 20% interest in APB Britco's manufacturing business, which serves to guarantee a portion of its debt and is repayable on demand. The Company took a $5.2 million provision for this guarantee in the second quarter of 2014. With this provision and the write-off of the Company's initial $1.8 million cash investment in the manufacturing business in 2013, the Company has completely written off its investment in APB Britco's manufacturing business.

The Company uses a combination of short-term and long-term debt to finance its operations. Management believes that Black Diamond has the liquidity, barring any unforeseen circumstances, to continue to operate through the foreseeable future, and pursue its planned business objectives. This is due to the Company's capitalization, the longer term nature of Black Diamond's customer contracts and the credit worthiness of Black Diamond's customers.

Management believes that the ongoing cash generated from operations will be sufficient to allow it to meet ongoing requirements for working capital, maintenance costs, administrative expenses, interest costs, fund capital expenditures and maintain dividends payouts at current levels. Black Diamond's cash generated from operations will be dependent upon future financial performance, which in turn will be subject to financial, business and other risk factors, including factors beyond Black Diamond's control. Management also believes that, dependent on capital market conditions, Black Diamond has the ability to raise additional debt or equity, if required.

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

Debt Covenants

Black Diamond's financial debt covenants are as follows:

Covenant as at June 30, 2015	Required	Actual
Funded Debt to Bank EBITDA Ratio	≤ 3.00:1	1.78
Interest Coverage Ratio	≥ 3.00:1	14.78

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

Covenant as at June 30, 2015	Required	Actual
Current Ratio	≥ 1.25:1	4.15
Interest Coverage Ratio	≥ 3.00:1	71.63

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

Effective June 18, 2015, the restriction on dividends was amended such that dividends and Normal Course Issuer Bid ("NCIB") purchases cannot exceed Excess Cash Flow, with Excess Cash Flow defined as Bank EBITDA less cash taxes payable less $20.0 million less interest expense less capital lease payments, all calculated on a twelve month trailing basis. The lenders further provisioned that NCIB purchases shall be excluded from this restrictive covenant calculation to and including September 30, 2015 provided there will be no further NCIB purchases during this period without the lenders prior approval. As at June 30, 2015, twelve month trailing dividends totaled $39,828 compared to $75,675 twelve month trailing Excess Cash Flow.

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

Lender agreements also contain non-financial covenants that restrict, subject to certain thresholds, some of the Company's activities, including the Company's ability to dispose of assets, incur additional debt, pay dividends, create liens, make investments and engage in specified transactions with affiliates. As at June 30, 2015, Black Diamond was in compliance with all financial debt covenants.

Share Capital

At June 30, 2015, Black Diamond had 41.0 million (December 31, 2014 - 41.0 million) common shares outstanding. In addition, at June 30, 2015, Black Diamond had 3.9 million (December 31, 2014 - 3.3 million) common shares reserved for issuance pursuant to the exercise of options which have been granted pursuant to Black Diamond's share option plan.

The following table summarizes Black Diamond's equity capitalization as at August 12, 2015:

Common shares	41,025
Stock options	3,921

Off-Balance Sheet Arrangements

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

Contingent Liabilities

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

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at June 30, 2015 relate to standard working capital accounts, credit facility items and an interest rate swap.

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

NON-GAAP MEASURES

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

Adjusted EBITDA is not a measure recognized under IFRS and does not have standardized meanings prescribed by IFRS. Adjusted EBITDA refers to consolidated earnings before finance costs, tax expense, depreciation, amortization, accretion, foreign exchange, stock-based compensation, acquisition costs, non-controlling interests and write-down of investment in Britco Australia LP. Black Diamond uses Adjusted EBITDA primarily as a measure of operating performance. Management believes that operating performance, as determined by Adjusted EBITDA, is meaningful because it presents the performance of the Company's operations on a basis which excludes the impact of how they have been financed and impairment write downs on goodwill and intangibles of its International business unit. In addition, management presents Adjusted EBITDA because it considers it to be an important supplemental measure of the Company's performance and believes this measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures.

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

- Adjusted EBITDA excludes certain income tax payments that may represent a reduction in cash available to the Company;
- Adjusted EBITDA does not reflect the Company's cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, the Company's working capital needs;
- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest payments on the Company's debt;

- depreciation and amortization are non-cash charges, thus the assets being depreciated and amortized will often have to be replaced in the future and Adjusted EBITDA does not reflect any cash requirements for such replacements; and
- other companies in the industry may calculate Adjusted EBITDA differently than the Company does, limiting its usefulness as a comparative measure.

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

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

Reconciliation of Consolidated Profit to Adjusted EBITDA:

	Three months ended June 30			Six months ended June 30		
($ millions, except as noted)	2015	2014	Change %	2015	2014	Change %
Profit (loss)	**(0.8)**	9.6	(109)%	**8.2**	27.5	(70)%
Add:						
Share-based compensation	**0.8**	1.5	(45)%	**2.1**	2.4	(12)%
Depreciation and amortization	**14.3**	12.5	14 %	**27.7**	26.6	4 %
Finance costs	**2.1**	1.8	21 %	**4.4**	3.8	15 %
Current income taxes	**1.0**	3.4	(72)%	**4.1**	8.6	(53)%
Deferred income taxes	**4.6**	0.3	1,710 %	**5.3**	1.5	258 %
Provision for Investee guarantee	**—**	5.2	(100)%	**—**	5.2	(100)%
Non-controlling interest	**1.2**	0.7	81 %	**2.2**	1.7	28 %
Adjusted EBITDA	**23.2**	35.0	(33)%	**54.0**	77.3	(30)%

Bank EBITDA is used for the purposes of the financial debt covenant calculations. It is determined on a 12 month trailing basis. Bank EBITDA is a non-GAAP measure that management uses to assist in the evaluation of Black Diamond's liquidity and is used by Black Diamond's lenders to calculate compliance with certain financial covenants. Bank EBITDA is defined as Adjusted EBITDA less profit attributable to non-controlling interest.

Reconciliation of Consolidated Profit to Bank EBITDA:

	Three months ended				12 month trailing
($ thousands, except as noted)	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2015
Profit (loss)	(843)	9,029	(3,616)	11,190	15,760
Add:					
Share-based compensation	838	1,296	1,460	1,372	4,966
Depreciation and amortization	14,333	13,339	14,564	13,611	55,847
Finance costs	2,141	2,238	1,989	1,800	8,168
Current income taxes	969	3,128	3,217	2,674	9,988
Deferred income taxes	4,633	620	466	1,715	7,434
Impairment loss	—	—	8,219	—	8,219
Provision for Investee guarantee	—	—	—	—	—
Non-controlling interest	1,183	978	1,795	1,880	5,836
Adjusted EBITDA	23,254	30,628	28,094	34,242	116,218
Non-controlling interest					(5,836)
Bank EBITDA					110,382

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

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

	Three months ended June 30			Six months ended June 30		
($ millions, except as noted)	2015	2014	Change %	2015	2014	Change %
Cash Flow from Operating Activities	**40.5**	73.2	(45)%	**64.5**	99.7	(35)%
Add/(Deduct):						
Book value of used fleet sales	**(0.8)**	(3.6)	(77)%	**(3.4)**	(14.7)	(77)%
Change in long-term accounts receivable	**(0.2)**	1.7	(111)%	**0.4**	1.1	(67)%
Changes in non-cash working capital	**(17.1)**	(34.8)	(51)%	**(11.7)**	(12.5)	(6)%
Funds available for dividends	**22.4**	36.5	(39)%	**49.8**	73.6	(32)%

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

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

Working Capital is calculated as current assets minus current liabilities (excluding debt and amounts for PP&E).

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

RISKS AND UNCERTAINTIES

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

DISCLOSURE CONTROLS AND PROCEDURES

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Black Diamond's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of Black Diamond's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Black Diamond is required to disclose herein any change in Black Diamond's internal controls over financial reporting that occurred during the period beginning on April 1, 2015 and ended on June 30, 2015 that has materially affected, or is reasonably likely to materially affect, Black Diamond's internal controls over financial reporting. No material changes in Black Diamond's internal controls over financial reporting were identified during such period that have materially affected, or are reasonably likely to materially affect Black Diamond's internal controls over financial reporting.

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

Additional information relating to Black Diamond, including Black Diamond's annual information form is available on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Judgments

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

In addition to the estimates and judgments discussed in Note 2 in the audited consolidated financial statements of the Company for the years ended December 31, 2014 and 2013, management has made the following judgments,which have a significant effect on the amounts recognized in the consolidated financial statements:

Operating lease commitments – Company as lessor

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

Determination of control and significant influence

Management has used judgment in assessing whether the Company exerts control and significant influence over its subsidiaries and investments, respectively. Management has determined that the Company does not exert significant influence over APB Britco LP in respect of which it holds a 20% interest (all of which has been written off in 2013).

Definition of a business

Management applies judgments relating to its acquisitions with respect to whether the acquisitions were a business combination or an asset acquisition. Management applies a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of the respective acquisitions in order to reach a conclusion.

Determination of a CGU

Management's judgment is required in determining the Company's cash generating units for the impairment assessment of its indefinite-life intangible assets. The CGUs have been determined considering level of operating activities and independent cash flows generated from groups of assets.

Business combinations - purchase price allocation

Purchase price allocations involve uncertainty because management is required to make assumptions and judgments to estimate the fair value of the identifiable assets acquired and liabilities assumed in business combinations. Fair value estimates are based on quoted market prices and widely accepted valuation techniques, including discounted cash flow ("DCF") analysis. Such estimates include assumptions about inputs to the valuation techniques, industry economic factors and business strategies.

Aggregation of interest in subsidiaries

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

Income Taxes

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

Fair value measurement of financial instruments

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

Estimates and assumptions

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

Revenue recognition

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell ("FVLCTS") and its value in use ("VIU"). The FVLCTS calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on estimated future cash flows. The VIU calculation is based on a DCF model. The cash flows are derived from the Company's budget for the next two years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Asset retirement obligations

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

Additional estimates

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

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

Changes in Accounting Policies and disclosure

Several new standards and amendments apply for the first time in 2015. The nature and the impact of each new standard/amendment is described below:

IFRS 2 Share-Based Payments - Amendments to IFRS 2

The standard amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'. The amendment did not have an impact on the Company as it reflects the current accounting policy of the Company.

IAS 8 Operating Segments - Amendments to IAS 8.

The amended standard requires (i) disclosure of judgments made by management in aggregating segments, and (ii) a reconciliation of segmented assets to the Company's assets when segment assets are reported. The amendment did not have an impact on the disclosure and the financial results of the Company.

IFRS 13 Fair Value Measurement - Amendments to IFRS 13
The amended standard clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts if the effect of discounting is immaterial. It also clarifies that the portfolio exception can be applied not only to financial assets and liabilities, but also to other contracts within scope of IFRS 39 and IFRS 9. The amendment did not have an impact on the Company as it reflects the current accounting policy of the Company.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective on or after January 1, 2016.

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

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

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures
In September 2014, the IASB issued amendments to address an inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and those in International Accounting Standard (IAS) 28 Investments in Associates and Joint Ventures regarding the sale or contribution of assets between an investor and its associate or joint venture. The amendment clarified that a full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business. Prospective application of this interpretation is effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The adoption of this amendment could impact the Company in the event that it has transactions with associates or joint ventures.

IFRS 11 Joint Arrangements
In May 2014, the IASB issued amendments to IFRS 11 Joint Arrangements to clarify that the acquirer of an interest in a joint operation in which the activity constitutes a business is required to apply all of the principles of business combinations accounting in IFRS 3 Business Combinations. Prospective application of this interpretation is effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The adoption of this amendment could impact the Company in the event it increases or decreases its ownership share in an existing joint operation or invests in a new joint operation.

IFRS 15 Revenue from contracts with customers
IFRS 15 specifies how and when to recognize revenue and requires entities to provide users of financial statements with more informative, relevant disclosures. This standard supersedes IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and a number of revenue-related interpretations. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018. Application of the standard is mandatory and early adoption is permitted. The Company has not yet determined the impact of the standards on the Company's financial statements.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendments to these standards provide clarification of acceptable methods of depreciation and amortization. It prohibits revenue from being used as a basis to depreciate property, plant and equipment and significantly limits use of revenue-based amortization for intangible assets. The amendments are to be applied prospectively for the annual periods commencing January 1, 2016. The amendment does not have an impact to the disclosure or financial results of the Company.

Annual Improvements Project for 2012-2014 (Amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34)
Relatively minor amendments on these four standards were issued by the IASB under its Annual Improvements Project for 2012-2014. These amendments are effective for annual periods beginning on or after January 1, 2016. The Company has not yet determined the impact of the amendments on the Company's financial statements.

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

RELATED PARTY TRANSACTION

On July 15, 2015, Black Diamond entered into an agreement to sell Black Diamond's construction services operation to Northern Frontier Corp. ("Northern Frontier") (TSX-V: FFF). Trevor Haynes is the Chairman of the Board for both Black Diamond and Northern Frontier, and the President and Chief Executive Officer of Black Diamond. The parties undertook reasonable steps and procedures to maintain the independence of both parties, including the abstention by Mr. Haynes from all negotiations and approvals of the transaction.