MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three month periods ended March 31, 2019 and 2018

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 March 31, 2019 (the "Quarter") with the three months ended March 31, 2018 (the "Comparative Quarter"). This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three month periods ended March 31, 2019 and 2018 and the audited consolidated financial statements of the Company for the years ended December 31, 2018 and 2017. 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 May 2, 2019 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 at www.sedar.com ("SEDAR").

Certain information set forth in this MD&A contains forward-looking statements including, but not limited to, the amount of funds that will be expended on the 2019 capital plan, how such capital will be expended, expectations for asset sales, management's assessment of Black Diamond's future operations and what may have an impact on them, financial performance, business prospects and opportunities, changing operating environment including increased activity levels, amount of revenue anticipated to be derived from current contracts, anticipated debt levels, economic life of the Company's assets, future growth and profitability of the Company and realization of the anticipated benefits of acquisitions and sales. With respect to the forward-looking statements in the MD&A, Black Diamond has made assumptions regarding, among other things: future commodity prices, that Black Diamond will continue to raise sufficient capital to fund its business plans 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 for the year ended December 31, 2018 and other reports on file with the Canadian Securities Regulatory Authorities which can be accessed on SEDAR. Readers are cautioned not to place undue reliance on these forward-looking statements. Furthermore, the forward-looking statements contained in this MD&A are made as at the date of this MD&A and Black Diamond does not undertake any obligation to update or revise any of the forward-looking statements, except as may be required by applicable securities laws.

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EXECUTIVE SUMMARY

Black Diamond's consolidated revenue in the Quarter increased 11% to $45.4 million from $40.9 million in the Comparative Quarter. Despite higher revenues, Adjusted EBITDA (see "Non-GAAP Measures") decreased to $8.1 million from $8.6 million in the Comparative Quarter, due primarily to lower margins. Lower margins for the quarter were driven by an increase in contribution from sales and non-rental revenue which generate lower margins compared to rental revenue. Operating margins were also lower year-over-year due to comparably strong sales margin performance in the Comparative Quarter. Revenue derived from outside of western Canadian energy sources increased to 63% in the Quarter, compared to 45% in the Comparative Quarter.

In the Modular Space Solutions ("MSS") segment, revenue in the Quarter increased to $22.5 million, up 60% from $14.1 million in the Comparative Quarter. MSS utilization averaged 73% in the Quarter, up from 66% in the Comparative Quarter, while average rental rates remained consistent with the Comparative Quarter. MSS Adjusted EBITDA of $4.9 million was higher than Adjusted EBITDA in the Comparative Quarter of $3.8 million due to increased rental and non-rental revenue. Adjusted EBITDA was also positively impacted by IFRS 16 in the amount of approximately $0.6 million.

The Company's Workforce Solutions ("WFS") segment generated revenue in the Quarter of $22.9 million, down 15% from $26.8 million in the Comparative Quarter. WFS Adjusted EBITDA in the Quarter declined to $6.0 million from $7.1 million in the Comparative Quarter due to lower used-fleet sales in the Quarter, offset by $0.4 million from the positive impact of adopting IFRS 16. Lodging occupancy in the Quarter was consistent at 33%.

Outlook

In our MSS business, we expect continued growth in regions such as British Columbia, southern Ontario and the United States ("U.S."); supported by a healthy economy and strong activity levels in construction and infrastructure. The Company continues to focus on MSS fleet growth of 10% this year, supported by $25 to $30 million of capital investment in this segment throughout 2019. We expect cash flow generation to out-pace fleet growth due to continued increase in scale and additional product offerings through Value Added Products and Services ("VAPS"). Longer term, over the next five years, the Company's goal is to double the MSS fleet.

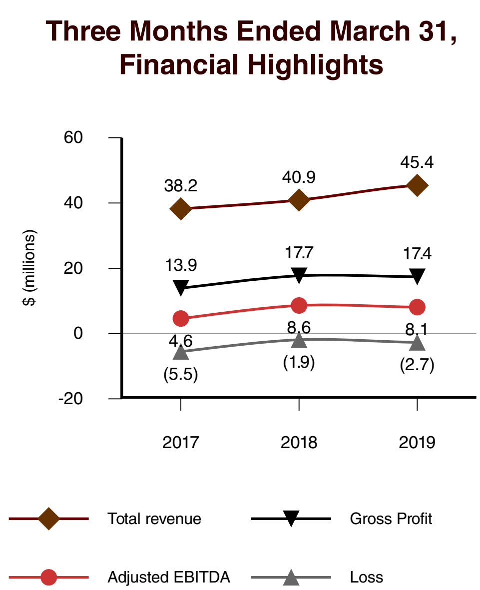
Within our WFS segment, we expect activity levels in the U.S. and Australian markets to remain robust, and the Canadian market has performed relatively in line with year-ago levels. However, we are optimistic that the Canadian market will show improved WFS performance into the second half of the year. This optimism is supported by previously announced contract wins related to a 908-bed turnkey project ("Sukunka") for the Coastal Gas Link project and a separate, smaller rental project in Kitimat, British Columbia. Install and transportation of the 908-bed Sukunka camp has begun in the second quarter with rent expected to begin in the third quarter. The smaller Kitimat rental project was installed in late March and is currently on rent. Our large WFS asset base continues to provide meaningful operating leverage to a recovery in activity levels. Our ability to move these WFS assets into diversified markets outside of the western Canadian energy sector is evidenced by our recently-announced $20 million rental contract to supply 1,584 beds to support the reconstruction of Paradise, California. Given our healthy bid log, we believe the market for private dormitory assets could tighten relatively quickly should a handful of infrastructure projects move forward over the next several quarters. Amongst this backdrop, we will remain disciplined with our pricing and capital allocation decisions while continuing to optimize our fleet by selling down underutilized assets.

LodgeLink, the Company's digital marketplace for workforce accommodation, continued to gain traction with customers and suppliers during the Quarter. LodgeLink now has over 520 properties listed, representing over 61,000 rooms of capacity across North America. We've begun expanding into the U.S. in 2019, with an increase in customers and listed properties. Our first U.S. bookings were completed recently, and we continue to expect growth in both customer and supplier volumes throughout the year.

Black Diamond exited the Quarter with net debt of $88.0 million, up slightly from $86.9 million at the end of 2018. Black Diamond's capital budget for 2019 remains unchanged. The Company expects to invest approximately $35 million of capital on a gross basis, which is expected to be funded with internally generated cash flow. Any excess cash flows is expected to be directed towards further debt repayment.

FINANCIAL REVIEW

- Revenue for the Quarter was $45.4 million, up 11% or $4.5 million from the Comparative Quarter due to an increase in custom sales in MSS.
- MSS revenue increased to $22.5 million, a 60% increase from the Comparative Quarter, and represented 50% of consolidated revenue for the Quarter.
- Adjusted EBITDA for the Quarter was $8.1 million, a decrease of 6% or $0.5 million from the Comparative Quarter primarily due to a change in revenue mix. Included in Adjusted EBITDA is a positive $1.0 million impact from the adoption of the IFRS 16 accounting standard.
- The Company's leverage position remains substantially unchanged from December 31, 2018, as net debt increased slightly to $88.0 million from $86.9 million at year-end. The Company exited the Quarter with a Funded Debt to EBITDA ratio of 2.84 (December 31, 2018 - 2.95) and a Funded Debt to Tangible Book Value ratio of 0.44 (December 31, 2018 - 0.44).
- Subsequent to the Quarter, Black Diamond announced a $20 million rental contract for the Company's U.S. WFS business unit.



Geographic Revenue Segmentation

($ millions)	**Q1 2019**	**Q1 2018**	**Change**
Revenue			
Canada	**27.8**	31.5	(12)%
United States	**14.3**	7.2	99%
Australia	**3.3**	2.2	50%
Total	**45.4**	40.9	11%

Percentage of total revenue	**Q1 2019**	**Q1 2018**	**Change [1]**
Revenue			
Canada	**61%**	77%	(16)
United States	**31%**	18%	13
Australia	**8%**	5%	3
Total	**100%**	100%	—

(1) Percentage point basis.

2019 Capital Plan

The Company's previously announced 2019 gross capital plan of $35 million is targeted to support our overarching strategy of diversifying the Company's asset base and cash flows.

Capital expenditures for the Quarter were $8.3 million and capital commitments were $7.8 million as at March 31, 2019. This is compared with capital expenditures of $1.3 million and capital commitments of $1.2 million in the Comparative Quarter. Capital expenditures for the Quarter included maintenance capital of $1.9 million, compared to $0.1 million in the Comparative Quarter. The primary use of maintenance capital is to repurpose idle assets to generate incremental revenue.

Proceeds from used fleet asset sales in the Quarter were $1.9 million, compared with $3.2 million in the Comparative Quarter.

WHO WE ARE

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

Black Diamond has two operating business units: MSS and WFS. The Company was restructured effective January 1, 2018 from the previous four business units: BOXX Modular, Black Diamond Camps & Lodging, 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), and converted to an Alberta corporation at the end of 2009. The common shares of Black Diamond are listed on the Toronto Stock Exchange under the symbol “BDI”. Our head office is located at Suite 1000, 440 - 2nd Avenue S.W., Calgary, Alberta, Canada.

BLACK DIAMOND'S STRATEGY

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

The members of our Commercial Management team, averaging more than 20 years of industry experience, have built a business platform designed to weather downturns through a prudent approach to capital allocation, risk management, business diversification and asset management.

Asset Management

Since 2003, we have built a large rental fleet that consists of remote workforce accommodation, space rental and surface rental assets. These assets generally maintain their value over their relatively long lives and require very little maintenance capital. To ensure we are managing our assets (and capital) efficiently, we set return targets for our assets based on their original cost. This creates discipline around the aging of our rental fleet, encouraging managers to regularly sell older, less economic rental assets on the secondary market. Through all parts of the market cycle, we have been able to sell our used assets for more than their book value and this is recorded as "non-rental" revenue, with the book value of the asset recorded as a non-cash item in our consolidated statement of cash flows.

We continually adjust our commercial strategy to changes in market conditions. Our asset management strategy in the current economic environment can be divided into four categories:

1. For any new dollar of capital, we continue to require the Company's historical rate of return, term of contract and pay back period. This means we do not engage in large speculative investments in new assets;
2. On contract renewals, where our assets are already on location, the costs to demobilize and replace those assets are significant, and to a certain extent help mitigate the pricing pressure seen in some asset classes; and
3. Existing assets that are not currently being utilized face pricing pressure. With respect to existing assets, we are being more aggressive in our rental rates and, in some cases, strategically and opportunistically positioning assets in geographies that are more likely to generate new revenue.
4. The Company uses the proceeds from the sale of assets with low demand to fund the acquisition of new assets in high growth areas.

Integrated Revenue Model

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

This model also provides our clients with increased optionality and flexibility, and creates constructive pricing tension among our subcontractors that ensures we achieve competitive pricing for our customers.

Business Diversification

We have actively worked to diversify Black Diamond's business with respect to geographies, the types of assets and services offered, and variety of customers and industries served. Our entries into Australia and the U.S. in previous years, as well as our North American MSS expansions, were predicated on the fundamental belief that this diversification strategy can help mitigate volatility during a downturn in any one geography, commodity or asset class. We are focused on selling underutilized assets to fund growth in diversified businesses.

Capital Allocation

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

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

Health and Safety

The objective of our health and safety program is to achieve zero incidents and injuries and to adhere to global best practices for workplace health and safety.

By working closely with stakeholders across all aspects of the health and safety program we ensure the safety of our employees and our clients' operations, reducing the burden of injuries and incidents and enhance the financial performance of Black Diamond.

Risk Management

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

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 three month periods ended March 31, 2019 and 2018.

	Three months ended March 31,		
(in millions, except as noted)	2019	2018	Change
Financial Highlights	$	$	
Total revenue	45.4	40.9	11%
Gross profit	17.4	17.7	(2)%
Administrative expenses	9.2	9.1	1%
Adjusted EBITDA [(1)]	8.1	8.6	(6)%
Funds from Operations [(1)]	8.8	10.9	(19)%
Per share ($)	0.16	0.20	(20)%
Loss before taxes	(3.9)	(2.6)	50%
Loss	(2.7)	(1.9)	42%
Loss per share - basic and diluted	(0.05)	(0.03)	67%
Capital expenditures	8.3	1.3	538%
Property & equipment (NBV)	336.6	362.2	(7)%
Total assets	418.2	416.0	1%
Long-term debt	88.3	107.5	(18)%

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

Margin Summary	Three months ended March 31,		
(Percentage of revenue)	2019	2018	Change [(1)]
Gross profit	38%	43%	(5)
Administrative expenses	20%	22%	(2)
Adjusted EBITDA	18%	21%	(3)

(1) Percentage point basis.

Seasonality of Operations

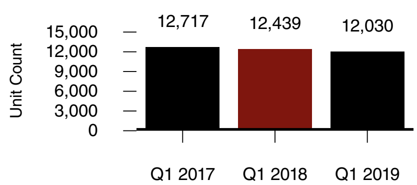
The Company's western Canadian operations, which form part or all of its MSS and WFS business units, are exposed to a variable degree of seasonality. Drilling accommodations and surface rental assets of the WFS business unit have higher utilization rates during the fall and winter months when drilling activity is higher than during the spring and summer months. Similarly, operations levels at camps operated by the WFS business unit are generally higher in the winter. This seasonality is offset by MSS operations outside of the energy sector, which experience the highest customer demand in the summer months when construction is most active and relatively lower demand in the winter months.

CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

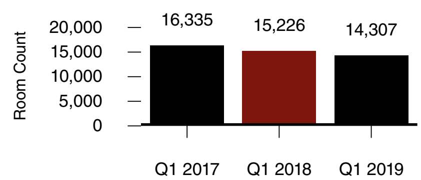
Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet decreased to 12,030 units at the end of the Quarter compared with 12,439 in the Comparative Quarter primarily due to used fleet sales, partially offset by organic growth of the space rentals fleet. Consolidated unit count includes accommodation units, modular space rental units and surface rental units. Consolidated room count in Black Diamond's global fleet decreased to 14,307 rooms in the Quarter compared with 15,226 rooms in the Comparative Quarter primarily due to used fleet sales in WFS.

Consolidated Average Unit Count



Consolidated Average Room Count



Fleet Utilization Rates

	Three months ended March 31,		
	2019	**2018**	**Change (1)**
Modular Space Solutions	73%	66%	7
Workforce Solutions:			
Workforce Housing Accommodations: Rental Fleet	28%	26%	2
Wellsite Accommodations	81%	70%	11
Surface Equipment	20%	24%	(4)
Consolidated	58%	57%	1

(1) Percentage point basis.

Black Diamond measures utilization on the basis of the net book value of assets on rent and assets deployed for lodging services, divided by the net book value of the business unit's total fleet assets.

Q1 2019 vs Q1 2018

The increase in utilization in MSS is primarily due to increased activity in Canada. The increase in wellsite accommodations in WFS is due to an increase in drilling and completion activity in the U.S. The increase in workforce housing accommodations rental fleet utilization is due to higher business activity in Australia.

Revenue

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

Rental Revenues are associated with the rental of Black Diamond's owned assets to customers. Rental revenue is the highest margin of the Company's revenues.

Sales Revenues are derived from the sale of both new and used assets, including modular space, workforce accommodations, wellsite accommodations and surface equipment assets.

Lodging Revenues are generated from provision of full turnkey lodging services provided to customers. The rooms in our lodging fleet are marketed to individual customers at man day rates through LodgeLink or are contracted with customers for specific rates and/or number of man days. A man day is defined as one overnight stay in one room at a lodge and is used in calculating occupancy.

Non-Rental Revenues are derived from a number of services that are typically associated with the rental or sale of the Company's modular space or workforce assets, including the delivery, installation, pickup, dismantling of assets, sublease equipment, maintenance and catering services. The services offered are often required to support the deployment and remobilization of these assets. Also included in non-rental revenue is the revenue earned on bookings at third party lodges through LodgeLink.

	Three months ended March 31,		
($ millions, except as noted)	**2019**	**2018**	**Change**
Rental Revenue	14.6	14.1	4%
Lodging Revenue	10.2	9.7	5%
Sales Revenue	6.5	4.4	48%
Non-Rental Revenue	14.1	12.7	11%
Revenue	45.4	40.9	11%

	Three months ended March 31,		
Percentage of consolidated revenue	**2019**	**2018**	**Change** (1)
Rental Revenue	32%	34%	(2)
Lodging Revenue	22%	24%	(2)
Sales Revenue	14%	11%	3
Non-Rental Revenue	32%	31%	1

(1) Percentage point basis.

Q1 2019 vs Q1 2018

Rental revenue for the Quarter was $14.6 million, up 4% or $0.5 million from the Comparative Quarter primarily due to a $0.6 million increase attributed to an increase in MSS utilization. This is partially offset by a $0.1 million decrease in WFS rental revenue attributed to the conversion of Sunset Prairie Lodge from a rental only camp to an open camp in Q2 2018 offset by strong market activity in U.S. and Australia.

Lodging revenue for the Quarter was $10.2 million, up 5% or $0.5 million from the Comparative Quarter due to operating Sunset Prairie Lodge as an open lodge and increased occupancy at Horn River Lodge.

Sales revenue for the Quarter was $6.5 million, up 48% or $2.1 million from the Comparative Quarter primarily due to a $3.2 million increase in MSS custom sales revenue. This was partially offset by a $1.1 million decrease in WFS which is attributed to the sale of underutilized fleet in Canada in the Comparative Quarter.

Non-rental revenue for the Quarter was $14.1 million, up 11% or $1.4 million from the Comparative Quarter primarily due to a $4.6 million increase in non-rental revenue in MSS attributed to increased installation, transportation and dismantle activity. This was partially offset by a $3.2 million decrease in non-rental revenue in WFS due to a decrease in Canadian workforce housing accommodations revenue as a result of the completion of a lodge management contract in December 2018. This is combined with a decrease of activity in LodgeLink. In the Comparative Quarter, LodgeLink had a large concentration of bookings with one customer in relation to one project, whereas bookings generated in the Quarter reflect a more diverse mix of customers, with a larger customer base and more properties.

Direct Costs and Gross Profit

($ millions, except as noted)	Three months ended March 31, 2019	2018	Change
Direct costs	28.0	23.3	20%
Gross profit	17.4	17.7	(2)%

Percentage of consolidated revenue	Three months ended March 31, 2019	2018	Change (1)
Direct costs	62%	57%	5
Gross profit	38%	43%	(5)

(1) Percentage point basis.

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

Direct costs related to rental revenue include labour, fuel, materials, freight, maintenance and servicing of rental units. Direct costs related to lodging revenue include catering services, utilities costs, consumable materials and other services required to provide turn key lodging services. From time to time, Black Diamond will sell used units from its fleet, rent equipment from third parties and re-rent the equipment, provide installation and render other services to customers. These activities are captured in sales and non-rental revenues. Direct costs related to non-rental and sales revenues 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.

Direct Costs	Three months ended March 31, 2019 $	2018 $	Change
Used fleet sales	**1.4**	2.3	(39)%
Construction and transportation services	**9.5**	4.8	98%
Repairs and maintenance	**3.1**	2.3	35%
Catering, utilities and other consumable costs	**5.9**	6.9	(14)%
Subleased equipment	**1.4**	3.8	(63)%
Personnel costs	**1.8**	1.6	13%
New sales	**4.4**	1.0	340%
Other direct costs	**0.5**	0.6	(17)%
Total direct costs	**28.0**	23.3	20%

Q1 2019 vs Q1 2018

Direct costs for the Quarter were $28.0 million, up 20% or $4.7 million from the Comparative Quarter due to an increase in costs related to construction and transportation services and new asset sales in MSS offset by a decrease in rental costs for third party equipment in WFS.

Gross profit for the Quarter was $17.4 million, down 2% or $0.3 million from the Comparative Quarter primarily due to a decrease in gross profit related to rental revenue and sales revenue in WFS, offset by an increase in gross margin on non-rental in MSS.

Administrative Expenses

($ millions, except as noted)	Three months ended March 31, 2019	2018	Change
Personnel costs	5.4	4.9	10%
Other administrative expenses	2.2	1.9	16%
Occupancy and insurance	1.6	2.3	(30)%
Total Administrative expenses	9.2	9.1	1%
% of Consolidated Revenue	20%	22%	(2)

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

Q1 2019 vs Q1 2018

Total administrative expenses for the Quarter were $9.2 million, up 1% or $0.1 million from the Comparative Quarter primarily due to an increase in personnel and administrative expenses offset by IFRS 16 adjustments.

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

- Personnel costs for the Quarter were $5.4 million, up 10% or $0.5 million from the Comparative Quarter primarily due to an increase in headcount.
- Other administrative expenses for the Quarter were $2.2 million, up 16% or $0.3 million from the Comparative Quarter mainly due to foreign exchange fluctuations.
- Occupancy and insurance costs were $1.6 million, down 30% or $0.7 million from the Comparative Quarter primarily due to IFRS 16 adjustments.

Adjusted EBITDA

($ millions, except as noted)	Three months ended March 31, 2019	2018	Change
Adjusted EBITDA (1)	8.1	8.6	(6)%
% of Consolidated Revenue	18%	21%	(3)

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

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

Q1 2019 vs Q1 2018

Adjusted EBITDA for the Quarter was $8.1 million, a decrease of 6% or $0.5 million from the Comparative Quarter primarily due to a change in revenue mix. Furthermore, the adoption of IFRS 16 had a positive impact on Adjusted EBITDA for the Quarter of $1.0 million (no IFRS 16 adjustment was made to Adjusted EBITDA for the Comparative Quarter). Adjusted EBITDA as a percentage of revenue for the Quarter was 3 percentage points lower than the Comparative Quarter due to the increase in administration expenses, and the result of changes in the mix of the various revenue streams.

Depreciation and Amortization

($ millions, except as noted)	Three months ended March 31, 2019	2018	Change
Depreciation and amortization, net of depreciation of right-of-use assets	8.3	9.2	(10)%
% of Property and equipment	2%	3%	
Depreciation of right-of-use assets	1.2	—	—%

Q1 2019 vs Q1 2018

Depreciation and amortization of Property and Equipment for the Quarter was $8.3 million, down 10% or $0.9 million from the Comparative Quarter primarily due to lower net book value as a result of used fleet sales in WFS in the Comparative Quarter. Depreciation of right-of-use assets is a new expense in 2019 due to the adoption of IFRS 16.

Finance Costs

($ millions, except as noted)	Three months ended March 31, 2019	2018	Change
Finance costs	1.9	1.4	36%
Long-term debt	88.3	107.5	(18)%
Average interest rate	5.16%	4.78%	38 bps

Q1 2019 vs Q1 2018

Finance costs for the Quarter were $1.9 million, up 36% or $0.5 million from the Comparative Quarter primarily due to the adoption of IFRS 16.

Income Tax

($ millions, except as noted)	Three months ended March 31, 2019	2018	Change
Deferred tax	(1.3)	(0.7)	86%
Total tax	(1.3)	(0.7)	86%

Q1 2019 vs Q1 2018

For the Quarter, the deferred tax recovery increased from $0.7 million to $1.3 million. The tax provision has been calculated at the enacted tax rate of 27% in Canada, 27% in the U.S., and 30% in Australia.

Non-Controlling Interest

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

	Three months ended March 31,		
($ millions, except as noted)	**2019**	**2018**	**Change**
Non-controlling interest	0.1	—	—%

Q1 2019 vs Q1 2018

The NCI for the Quarter was $0.1 million, up from $nil from in the Comparative Quarter due to increased lodging revenues earned through the limited partnerships.

Net Loss

	Three months ended March 31,		
($ millions, except as noted)	**2019**	**2018**	**Change**
Net loss	(2.7)	(1.9)	42%

Q1 2019 vs Q1 2018

Net loss for the Quarter was $2.7 million, up 42% or $0.8 million from the Comparative Quarter primarily due to a change in the revenue mix.

SEGMENTED REVIEW OF FINANCIAL PERFORMANCE

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

The following is a summary of the Company's segmented results for the three month periods ended March 31, 2019 and 2018, detailing revenues and Adjusted EBITDA by each of the Company's business units.

Segmented Revenue

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

	Three months ended March 31,		
(in millions, except where noted)	**2019**	**2018**	**Change**
	$	**$**	**%**
Revenue			
Modular Space Solutions	22.5	14.1	60%
Workforce Solutions	22.9	26.8	(15)%
Total Revenue	45.4	40.9	11%

Segmented Adjusted EBITDA

Adjusted EBITDA by segment excludes finance costs, tax expense, depreciation, amortization, accretion, foreign exchange gains or losses, stock-based compensation, acquisition costs, non-controlling interests, write-down of property and equipment, impairment of goodwill, restructuring costs, and gains or losses on the sale of non-fleet assets in the normal course of business.

	Three months ended March 31,		
(in millions, except where noted)	**2019**	**2018**	**Change**
	$	**$**	**%**
Adjusted EBITDA [(1)]			
Modular Space Solutions	4.9	3.8	29%
Workforce Solutions	6.0	7.1	(15)%
Corporate and Other	(2.7)	(2.3)	(17)%
Total Adjusted EBITDA	8.1	8.6	(6)%

(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.

MODULAR SPACE SOLUTIONS BUSINESS UNIT

MSS has been building a network of branches in key geographic areas where we can provide modular buildings, either for rent, or as a permanent solution through custom sales or used fleet sales. Products include mobile office units, lavatories, storage units, large multi-unit office complexes, classroom facilities, high security modular buildings, custom manufactured modular facilities and blast resistant structures. We provide delivery, installation, and dismantlement of these modules as support to the primary rental or sales equipment.

MSS provides a number of products and services that are complementary to the modular building and gives the customer a packaged solution that enhances their productivity and allows for immediate use. These value added products and services (VAPS) include furniture rental, steps and landings, wireless connectivity, maintenance programs, utility services, disaster recovery program, subleased equipment and more.

Our customers operate in the construction, real estate development, manufacturing, education, financial and resource industries, as well as government agencies. As a result of this diversity in the customer base and geographic end markets, the MSS business unit generates steady cash flows from its recurring rental revenue.

Revenue

There are three revenue streams to which these assets contribute.

1. **Rental**: Black Diamond's MSS segment provides assets to customers on a rental basis. Rental durations typically exceed the initial contract terms and are renewable on a month to month basis. Rental often includes VAPS when the non-fleet equipment is owned by Black Diamond.

2. **Non-Rental**: Non-Rental revenue is derived from a number of services that are typically associated with the rental or sale of the Company's modular space assets, including the delivery, installation, pickup, dismantling of assets, and sublease equipment. The Company provides these services to customers for an additional fee beyond the rental and sales costs. Also included are VAPS that are provided to our customers where we are performing a service or supplying equipment that is not owned by Black Diamond.

3. **Sales**: The MSS segment complements its core, recurring rental revenue business with product sales. This sales activity is an extension of the asset rental business as many customers have long term or permanent projects where it may be more cost-effective to purchase rather than rent.

   There are two categories of assets sales:

   - Custom sales which involves the purchase of new units to customer specifications from our broad network of third-party manufacturers. Black Diamond will provide project management services including design work, procurement, installation, delivery, and other associated services. We do not purchase new custom units for resale unless we have already obtained a commitment from the customer.

   - Used fleet sales have typically been both a profitable and cost-effective method to finance the replenishment or upgrade of the lease fleet while generating free cash flow during periods of lower rental demand and utilization.

Financial Highlights

Rental revenue for MSS is directly proportional to the number of rental fleet units, the utilization rate of the fleet and the realized rental rate. Rental rates will vary between projects and periods due to the complexity of the fleet unit types available, asset configuration, quantity, project location and contract duration.

Due to the diversity of our locations and customers we contract with, the rental revenue in MSS is predictable and experiences consistent margins. Non-rental and sales revenue, on the other hand, can fluctuate with less consistent margins. The realized margins on non-rental and sales revenues are lower than margins for rental revenues due to the operating costs associated with non-rental revenue. As a result, changes in the mix between rental, non-rental and sales revenue, and the general variability in non-rental and sales revenue margins, can lead to fluctuations in Adjusted EBITDA margin between periods.

Revenue by Stream ($ millions, except as noted)	**Three months ended March 31,** 2019	2018	Change
Rental Revenue	7.6	7.0	9%
Sales Revenue	5.6	2.4	133%
Non-rental revenue	9.3	4.7	98%
Total revenue	22.5	14.1	60%
Adjusted EBITDA	4.9	3.8	29%
Adjusted EBITDA as a % of revenue	22%	27%	(5)
Return on Assets (1)	11%	9%	2

(1) Calculated as annualized Adjusted EBITDA divided by average net book value. See Non-GAAP measures.

Value Added Products & Services	**Three months ended March 31,** 2019	2018	Change (1)
VAPS as a % of Total Rental Revenue	14%	11%	3

(1) Percentage point basis.

Revenue by Geography ($ millions, except as noted)	**Three months ended March 31,** 2019	2018	Change
Canada	11.1	9.2	21%
United States	11.4	4.9	133%
Total revenue	22.5	14.1	60%

Q1 2019 vs Q1 2018

MSS business unit's total revenue for the Quarter was $22.5 million, up 60% or $8.4 million from the Comparative Quarter.

- **Rental revenue** during the Quarter was $7.6 million, up 9% or $0.6 million from the Comparative Quarter due to an increase in utilization.
- **Non-rental** revenue during the Quarter was $9.3 million, up 98% or $4.6 million from the Comparative Quarter due to increased installation, transportation and dismantle activity.
- **Sales revenue** during the Quarter was $5.6 million, up 133% or $3.2 million from the Comparative Quarter due to an increase in custom sales.

Adjusted EBITDA for the Quarter was $4.9 million up 29% or $1.1 million from the Comparative Quarter primarily due to a 60% increase in total revenue during the Quarter. Adjusted EBITDA as a percentage of revenue was down 5 percentage points to 22% as compared to the Comparative Quarter due to a lower proportion of rental revenue in the revenue mix and decrease in sales margin offset by impact of IFRS 16.

Rental Term

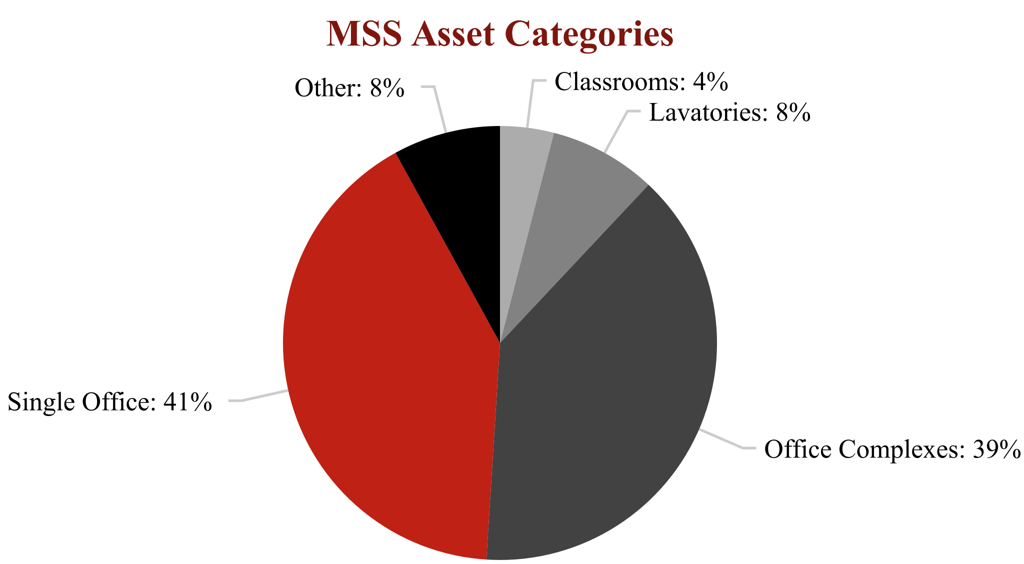
Rental durations typically exceed the initial contract terms and are renewable on a month to month basis. The average duration of the MSS lease portfolio was relatively unchanged as at March 31, 2019 at 28.0 months, up 0.6 months from 27.4 months as at March 31, 2018.

Space Rental Assets and Average Utilization

The MSS fleet consisted of 5,954 units as at March 31, 2019, which remained consistent with 5,925 units from March 31, 2018, due to the addition of 390 new units substantially offset by used fleet sales. For Q1 2019, fleet additions of 182 units were partially offset by the disposal of 41 units.

Fleet Composition

As at March 31, 2019, the MSS Property, Plant and Equipment Net Book Value was comprised of the following asset categories:

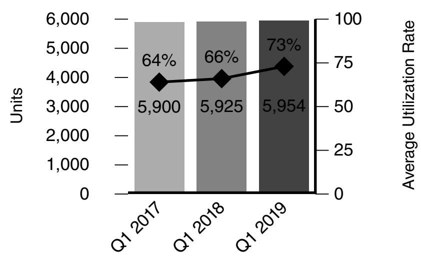


MSS Consolidated

MSS Assets, Utilizations, and Rates	Three months ended March 31, 2019	2018	Change
Property and Equipment Net Book Value ($ millions)	145.7	150.0	(3)%
Modular Space Assets	5,954	5,925	—%
Average Utilization (1)	73%	66%	7
Average Rental Rate	$583	$583	—%

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

Space Rental Assets and Average Utilization - Quarterly



Q1 2019 vs Q1 2018

Utilization for the Quarter was 73%, a 7 point increase from 66% in the Comparative Quarter mainly due to increased activity in Canada.

The average rental rate for the Quarter remained consistent with the Comparative Quarter at $583.

WORKFORCE SOLUTIONS BUSINESS UNIT

The WFS business unit provides complete workforce housing solutions including rental of accommodations and surface equipment, provision of full turnkey lodging and provision of travel management logistics through LodgeLink. WFS operates in Canada, the U.S. and Australia.

The primary service offerings in WFS are asset rental, lodging and travel management logistics. To support the core rental business, WFS also offers associated services such as installation, transportation and dismantle, and the sale of used fleet assets.

The assets included in the rental business are:

Workforce housing accommodations: the rental fleet includes modular accommodation structures that are assembled into large scale camps in a variety of dormitory configurations with kitchen/diner complexes and recreation facilities. These assets are often necessary for operations related to oil and gas, mining, infrastructure and large scale construction projects, government, and other industries. These accommodations typically house workforces in remote locations where local accommodation infrastructure is either insufficient or non-existent.

Wellsite accommodations: modular accommodation structures which consist of single unit or multi-unit complexes, rented to customers, typically, in the oil and gas industry throughout western Canada and the U.S.

Surface equipment: various types of equipment that support drilling, completion and production activities, rented to customers, typically, in the oil and gas industry.

The lodging business provides workforce housing accommodations assets installed as lodges in strategic locations on land leases held by Black Diamond earning lodging revenue. These lodges or open camps are available for booking through LodgeLink and often are contracted by customers to house workforces in remote locations. WFS currently operates three lodges in British Columbia (Sunset Prairie Lodge, Little Prairie Lodge and Horn River Lodge) and two in Alberta (Sunday Creek Lodge and Smoky River Lodge).

LodgeLink aggregates available remote accommodations rooms in a transparent online marketplace and allows customers to easily find the closest lodge to a remote work site. Customers can then use LodgeLink to select and book their preferred accommodations after assessing availability, proximity and price.

Revenue

There are four revenue streams to which these assets contribute.

1. **Lodging:** workforce housing accommodations assets, categorized as lodging fleet, typically generate revenue from the provision of full turnkey lodging services to our customers. Lodging revenue is earned on a day rate or days occupied basis.

2. **Rental:** WFS provides assets to customers on a rental basis. Rental contracts may be month to month or a term longer than a month for accommodation fleet assets and based on day rates for surface rental fleet assets. The rates quoted for a rental of workforce housing accommodation assets are typically monthly and wellsite accommodations and surface equipment are typically quoted as a day rate.

3. **Sales:** WFS sells new and used workforce accommodations, wellsite accommodations and surface equipment assets.

4. **Non-Rental:** WFS provides complete installation, delivery and maintenance services and catering services or subleased equipment. Installation and delivery of assets is typically associated with rental contracts or sales of new and used fleet, contracted on a lump sum basis. Catering contracts or sublease contracts are typically

associated with a rental contract of workforce accommodations assets or wellsite accommodations assets. Also included in non-rental revenue is the revenue earned on bookings at third party lodges through LodgeLink.

Financial Highlights

The following is a summary of the key metrics used by management to assess performance. Revenue, adjusted EBITDA and return on assets are key financial measures which fluctuate in direct proportion to utilization, occupancy and rates.

	Three months ended March 31,		
Revenue by Stream ($ millions, except as noted)	**2019**	**2018**	**Change**
Lodging Revenue	10.2	9.7	5%
Rental Revenue	7.0	7.1	(1)%
Sales Revenue	0.9	2.0	(55)%
Non-rental Revenue	4.8	8.0	(40)%
	22.9	26.8	(15)%

Revenue by Geography ($ millions, except as noted)			
Canada	16.7	22.4	(25)%
United States	2.8	2.2	27%
Australia	3.4	2.2	55%
	22.9	26.8	(15)%

Adjusted EBITDA	6.0	7.1	(15)%
Adjusted EBITDA as a % of revenue	26%	26%	0
Return on Assets (1)	13%	15%	(2)

(1) Calculated as annualized Adjusted EBITDA divided by average net book value. See Non-GAAP measures.

Q1 2019 vs Q1 2018

Adjusted EBITDA as a percentage of revenue remained consistent at 26% in the Quarter. Margins in rental revenues are lower offset by higher margins in non-rental revenue combined with positive impact of IFRS 16.

Lodging

The following are key metrics used to measure and report on performance of lodging revenue. Average lodging occupancy is calculated for the Quarter by dividing the total man days occupied by total available for occupancy man days in the period. Average rooms available are the total rooms available for occupancy in a Black Diamond lodge, averaged for the period. Rooms available for occupancy fluctuates from period to period based upon management decisions to open or close portions of open camps to meet expectations of market demand. Average lodging rates per day are calculated as lodging revenue divided by the total man days paid for in the period.

	Three months ended March 31,		
	2019	2018	Change
Average Lodging Occupancy	33%	33%	—
Average Rooms Available	1,809	1,753	3%
Average Lodging Rates per Day	175	215	(19)%

Q1 2019 vs Q1 2018

Lodging revenue during the Quarter was $10.2 million, up 5% or $0.5 million from the Comparative Quarter due to operating Sunset Prairie Lodge as an open lodge and increased occupancy at Horn River Lodge. Occupancy at all lodges is seasonal with the highest periods during the first and fourth quarters of this year. The decrease in rates in Q1 2019 is mainly due to higher lodging revenue from non-Black Diamond managed beds in Q1 2018.

Rental

The following are key metrics used to measure and report on performance of rental revenue. Average asset utilization for the Quarter is calculated by dividing the total net book value by the net book value of assets on rent.

	Three months ended March 31,		
Average Asset Utilization	2019	2018	Change
Workforce Housing Accommodations: Rental Fleet	28%	26%	2
Wellsite Accommodations	81%	70%	11
Surface Equipment	20%	24%	(4)
Fleet Count (Units)			
Workforce Housing Accommodations: Rental Fleet	3,049	3,641	(16)%
Wellsite Accommodations	657	684	(4)%
Surface Equipment	2,370	2,189	8%
Room Count by Geography			
Canada	12,440	13,009	(4)%
United States	877	876	—%
Australia	990	1,341	(26)%
	14,307	15,226	(6)%
Net Book Value by Geography ($ millions)			
Canada	124.5	139.1	(10)%
United States	38.2	39.0	(2)%
Australia	11.8	13.1	(10)%
	174.5	191.2	(9)%

Q1 2019 vs Q1 2018

Rental revenue during the Quarter was $7.0 million, down 1% or $0.1 million from the Comparative Quarter due to the conversion of Sunset Prairie Lodge from a rental only camp to an open camp in Q2 2018 offset by strong market activity in U.S. and Australia.

Sales and Non-Rental

Sales revenue and non-rental revenue are generally not driven by market indicators and are unpredictable in terms of timing and margins.

LodgeLink revenue generated from bookings is typically based on a fee per room booked. When the room is booked in a third-party lodge the revenue is categorized as non-rental revenue.

	Three months ended March 31,		
LodgeLink	**2019**	**2018**	**Change**
Total gross bookings ($ millions)	4.7	6.2	(24)%
Total room nights booked	28,095	31,042	(9)%
Unique customers	335	127	164%
Total properties listed	480	94	411%
Total rooms listed	57,601	20,756	178%

Q1 2019 vs Q1 2018

Sales revenue during the Quarter was $0.9 million, down 55% or $1.1 million from the Comparative Quarter due to the sale of underutilized fleet in Canada in the Comparative Quarter.

Non-rental revenue during the Quarter was $4.8 million, down 40% or $3.2 million from the Comparative Quarter due to a decrease in Canadian workforce housing accommodations as a result of the completion of a lodge management contract in December 2018. This is combined with a decrease of activity in LodgeLink. In the Comparative Quarter, LodgeLink had a large concentration of bookings with one customer in relation to one project, whereas bookings generated in the Quarter reflect a more diverse mix of customers, with a larger customer base and more properties.

CORPORATE AND OTHER BUSINESS UNIT

The Corporate and Other business unit includes costs related to administrative activities that support all business units. The administrative support functions include activities of the executive office, finance, human resources, health and safety, legal and information technology. Included in the Corporate and Other business unit are non-material revenues that are not significant enough to report on their own.

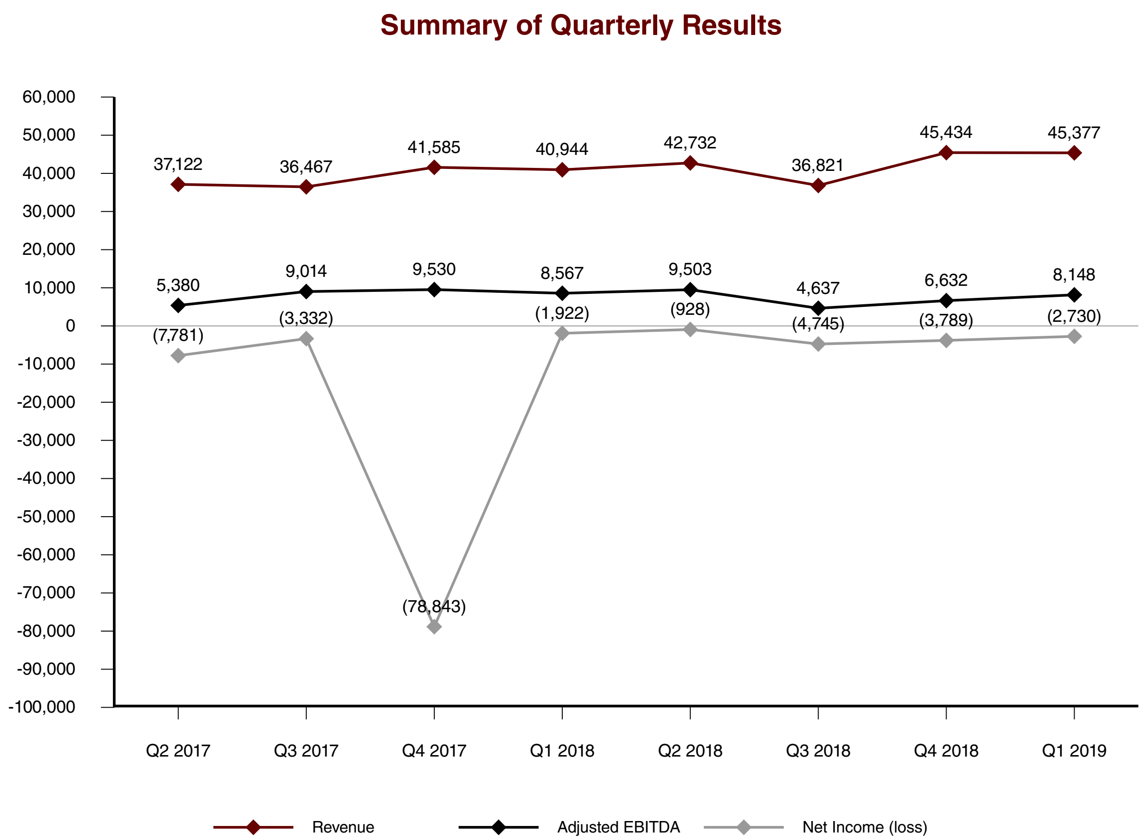
	Three months ended March 31,		
($ millions, except as noted)	**2019**	**2018**	**Change**
Property and Equipment Net Book Value	16.4	21.1	(22)%
Adjusted EBITDA	(2.7)	(2.3)	(17)%

Q1 2019 vs Q1 2018

Adjusted EBITDA for the Quarter was a loss of $2.7 million, an increase of 17% or $0.4 million from a loss of $2.3 million in the Comparative Quarter, primarily due to an increase in personnel and occupancy costs.

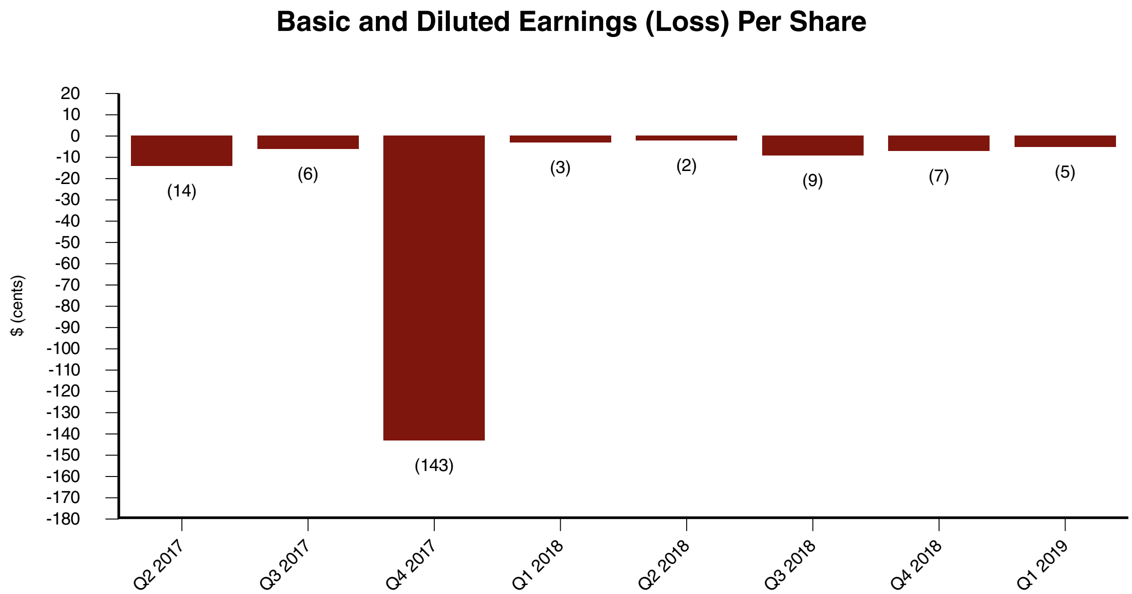
SUMMARY OF QUARTERLY RESULTS

The following is a summary of the previous eight quarters:



The more significant variations in individual quarterly results are explained below.

1. Restructuring costs of $2.9 million were recognized in net income in Q2 2017.
2. In Q3 2017, the increase in Adjusted EBITDA was primarily due to the increased gross profit margins on higher rental revenue and used fleet sales combined with savings in administrative expenses due to the restructure announced in Q2 2017.
3. In Q4 2017, revenue and Adjusted EBITDA were positively impacted by higher utilization and increased used fleet sales. The loss in Q4 2017 was primarily due to impairment charges.
4. In Q1 2018, net income increased significantly from Q4 2017 due to lower depreciation and amortization as a result of a significant impairment in assets in Q4 2017.
5. In Q2 2018 revenue, Adjusted EBITDA and net income increased moderately from Q2 2017 due to higher MSS and WFS earnings and reduced Corporate and Other costs.
6. In Q3 2018, Adjusted EBITDA and net income decreased from Q3 2017 due to changes in the revenue mix and lower margins on sales revenue in WFS.
7. In Q4 2018, Adjusted EBITDA decreased from Q4 2017 primarily as a result of a decrease in rental revenue in WFS. Net income increased substantially from Q4 2017 to Q4 2018 due to an impairment loss recorded in Q4 2017.
8. In Q1 2019, Adjusted EBITDA decreased from Q1 2018 due to lower WFS earnings partially offset by the adoption of IFRS 16.



LIQUIDITY AND CAPITAL RESOURCES

Cash Requirements

Contractual Obligations and Other Commitments

At March 31, 2019, Black Diamond had capital expenditure commitments in the amount of $7.8 million. Additionally, Black Diamond has a commitment of $40.0 million related to the Company's office and yard leases, which have varying terms over the next nine years. It is the Company'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:

- MSS - space rental structures and ancillary equipment;
- WFS - workforce accommodation structures, ancillary equipment, surface rental equipment and space rental structures in Australia, and LodgeLink website development costs;
- Corporate and Other - land, leasehold improvements, computers, furniture and service related equipment.

For the Quarter, Black Diamond expended $7.8 million (Comparative Quarter – $1.3 million) on additions to property and equipment and $0.4 million in intangibles. The additions are set out in the table below.

($ millions, except as noted)	Three months ended March 31, 2019	2018	Change %
Modular Space Solutions	4.8	1.1	336%
Workforce Solutions	3.4	0.1	3,300%
Corporate	0.1	0.1	—%
	8.3	1.3	538%

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:

($ millions, except as noted)	Three months ended March 31, 2019	2018	Change %
Cash from operating activities	12.0	16.0	(25)%
Cash used in investing activities	(10.1)	(3.8)	166%
Cash used in financing activities	(4.8)	(10.3)	(53)%
Total cash (decrease) increase	(3.0)	1.9	(258)%

Liquidity needs can be met through a variety of sources, depending on specific circumstances, 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, and interest, taxes and principal debt repayments.

Cash provided by operating activities was $4.0 million lower in the Quarter than in the Comparative Quarter primarily due to a decrease in changes in non-cash working capital and lower used fleet sales from the Comparative Quarter.

Cash used in investing activities was $6.3 million higher in the Quarter than in the Comparative Quarter primarily due to higher capital spending on additions to property and equipment and intangibles.

Cash used in financing activities was $5.5 million lower in the Quarter than in the Comparative Quarter primarily due to lower net repayments of long-term debt in the Quarter, partially offset by higher net interest paid and payment of lease liabilities recognized after adopting IFRS 16.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	March 31, 2019	December 31, 2018	Change %
Current assets	41.9	43.7	(4)%
Current liabilities	41.1	35.5	16%
Working capital	0.8	8.2	(90)%

The decrease in current assets of $1.8 million from December 31, 2018 was due to a $2.9 million decrease in cash and a $1.8 million decrease in prepaids and other assets, which was partially offset by a $3.0 million increase in accounts receivable.

The increase in current liabilities of $5.6 million from December 31, 2018 was largely due to an increase in accounts payable and accrued liabilities of $3.7 million primarily related to increased capital spending. Furthermore, the Company recognized a $4.3 million current lease liability as a result of the adoption of IFRS 16, which was partially offset by a $2.4 million decrease in deferred revenue.

Principal Debt Instruments:

As at March 31, 2019, Black Diamond's principal sources of debt included:

- a committed extendible revolving operating facility in the amount of $100.0 million, all of which is available and $41.3 million is drawn;
- $7.1 million principal amount of senior secured notes due on July 8, 2019, which rank pari passu with the senior credit facilities of the Company; and
- $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.

The committed extendible revolving facility has a maturity date of April 30, 2021. The facility has an accordion feature that allows for the expansion of the facility up to an aggregate of $175.0 million (December 31, 2018 - $175.0 million), upon lender commitment. If all or any portion of the $75 million accordion is not provided by the lenders, the committed extendible revolving operating facility authorizes the Company to obtain the remaining amount from any third parties subject to certain conditions in the committed extendible revolving operating facility. The accordion feature may not be drawn while the ratio of Funded Debt to Bank EBITDA exceeds 3.00:1. The facility is collateralized by a general security agreement from Black Diamond and a guarantee and general security agreement from each of its material subsidiaries.

As at March 31, 2019, the Company's draws under the committed extendible revolving operating facility were comprised of $13.4 million related to an overdraft balance (December 31, 2018 - $9.5 million), and $27.9 million of Canadian dollar advances (December 31, 2018 - $30.1 million).

For the three months ended March 31, 2019, the average interest rate applied to amounts drawn on the committed extendible revolving operating facility was 4.48% (2018 - 4.81%).

The Company uses a combination of short-term and long-term debt to finance its business activities. We believe that Black Diamond has the liquidity, barring any unforeseen circumstances, to continue to operate through the foreseeable future, and pursue its planned business objectives.

We believe that the ongoing cash generated from operations will be sufficient to allow it to meet ongoing requirements for working capital, maintenance costs, administrative expenses, and interest costs. Black Diamond's cash generated from operations will be dependent upon future financial performance, which in turn will be subject to financial, business and other risk factors, including factors beyond Black Diamond's control. We also believe that, dependent on capital market conditions, Black Diamond has room under its existing credit facilities and believes it has the ability to raise equity if required.

The Company is committed to maintaining a strong balance sheet and flexible capital structure.

Debt Covenants

Black Diamond’s financial debt covenants are as follows:

Covenant as at March 31, 2019	Required	Actual
Funded Debt to Bank EBITDA Ratio	≤ 4.25:1	2.84
Interest Coverage Ratio	≥ 3.00:1	5.31

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

Covenant as at March 31, 2019	Required	Actual
Current Ratio	≥ 1.25:1	2.19
Interest Coverage Ratio	≥ 3.00:1	51.93

The Company's committed extendible revolving operating facility extends to April 2021. The committed extendible revolving operating facility Funded Debt to Bank EBITDA covenant permits a maximum ratio of:

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

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 the Company uses to assist in the evaluation of Black Diamond's liquidity and is used by Black Diamond's lenders to calculate compliance with certain financial covenants. See "Non-GAAP Measures" for further details.

Lender agreements also contain non-financial covenants that restrict, subject to certain thresholds, some of the Company’s activities, including the Company’s ability to dispose of assets, incur additional debt, pay dividends, create liens, make investments and engage in specified transactions with affiliates.

As at March 31, 2019, Black Diamond was in compliance with all debt covenants.

Share Capital

At March 31, 2019, Black Diamond had 55.4 million (December 31, 2018 - 55.0 million) common shares outstanding. In addition, at March 31, 2019 Black Diamond had 4.9 million (December 31, 2018 - 3.6 million) common shares reserved for issuance pursuant to the exercise of options and restricted share units which have been granted pursuant to Black Diamond’s share option plan and restricted and performance incentive award plan.

The following table summarizes Black Diamond’s equity capitalization as at May 2, 2019 (in thousands):

Common shares	55,432
Stock options	3,801
Restricted and performance share units	1,122

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 or capital expenses.

Contingent Liabilities

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

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at March 31, 2019 relate to standard working capital accounts and credit facility items.

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 IFRS. Certain supplementary information and measures not recognized under IFRS are provided where the Company believes they assist the reader in understanding Black Diamond's results. Non-GAAP financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers for these non-GAAP measures. These measures include:

Adjusted EBITDA is not a measure recognized under IFRS and does not have standardized meanings prescribed by IFRS. Adjusted EBITDA refers to consolidated earnings before finance costs, tax expense, depreciation, amortization, accretion, foreign exchange, stock-based compensation, acquisition costs, non-controlling interests, share of gains or losses of an associate, write-down of property and equipment, impairment of goodwill, restructuring costs, and gains or losses on the sale of non-fleet assets in the normal course of business.

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

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

- Adjusted EBITDA excludes certain income tax payments that may represent a reduction in cash available to the Company;
- Adjusted EBITDA does not reflect the Company's cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, the Company's working capital needs;
- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest payments on the Company's debt;
- depreciation and amortization are non-cash charges, thus the assets being depreciated and amortized will often have to be replaced in the future and Adjusted EBITDA does not reflect any cash requirements for such replacements; and
- other companies in the industry may calculate Adjusted EBITDA differently from how the Company does, limiting its usefulness as a comparative measure.

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

Reconciliation of Consolidated Profit to Adjusted EBITDA:

($ millions, except as noted)	Three months ended March 31,		
	2019 (1)	**2018**	**Change %**
Loss	**(2.7)**	(1.9)	(42)%
Add (deduct):			
Share-based compensation	**0.6**	0.5	20%
Depreciation and amortization	**9.5**	9.2	3%
Finance costs	**1.9**	1.4	36%
Deferred income taxes	**(1.3)**	(0.7)	(86)%
Non-controlling interest	**0.1**	—	—%
Adjusted EBITDA	**8.1**	8.6	(6)%

(1) Amount includes the positive impact of IFRS 16 of $1.0 million for the Quarter.

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

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

Funds from Operations is calculated as the cash flow from operating activities excluding the changes in non-cash working capital. We believe that Funds from Operations is a useful measure as it provides an indication of the funds generated by the operations before working capital adjustments. Changes in non-cash working capital items have been excluded as such changes are financed using the operating line of Black Diamond’s credit facilities.

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

($ millions, except as noted)	Three months ended March 31,		
	2019	**2018**	**Change %**
Cash Flow from Operating Activities	**12.0**	16.0	(25)%
Add/(Deduct):			
Change in long-term accounts receivable	**(0.3)**	(0.3)	—%
Change in non-current deferred revenue	**—**	0.5	(100)%
Changes in non-cash working capital	**(2.8)**	(5.3)	47%
Funds from Operations	**8.8**	10.9	(19)%

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

Working Capital is calculated as current assets minus current liabilities.

Funded Debt is calculated as long-term debt plus financial guarantees minus cash.

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

Tangible Book Value is calculated as total shareholders' equity before non-controlling interests minus goodwill and intangible assets.

Funded Debt to Tangible Book Value is calculated as Funded Debt divided by Tangible Book Value.

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

Return on assets ("ROA") is calculated as annualized adjusted EBITDA divided by average net book value cost.

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

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 flows. Many of these risk factors and uncertainties are outlined in the annual information form of Black Diamond for the year ended December 31, 2018 available on SEDAR at www.sedar.com. Additional risks and uncertainties that management may be unaware of may become important factors which affect Black Diamond.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

Black Diamond's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have, as at March 31, 2019, designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that: (i) material information relating to Black Diamond is made known to Black Diamond's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by Black Diamond in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

Black Diamond's CEO and CFO have designed or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") for the Company to provide reasonable assurance regarding the reliability of Black Diamond's financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Black Diamond's management, under the supervision of the CEO and CFO, used the criteria and framework established in the 2013 Internal Controls - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to design Black Diamond's ICFR.

Black Diamond is required to disclose herein any change in Black Diamond's ICFR that occurred during the period beginning on January 1, 2019 and ended on March 31, 2019 that has materially affected, or is reasonably likely to materially affect, Black Diamond's ICFR. No material changes in Black Diamond's ICFR were identified during such period that have materially affected, or are reasonably likely to materially affect Black Diamond's ICFR.

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

Additional information relating to Black Diamond, including Black Diamond's annual information form for the year ended December 31, 2018 is available on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

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

Judgments

In the process of applying the Company's accounting policies, we have made the following judgments, which have a significant effect on the amounts recognized in the consolidated financial statements:

Impairment of non-financial assets

Goodwill is reviewed annually for impairment. Property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment review requires estimates in a variety of areas including the determination of fair value, selling costs, timing and size of forecasted cash flows, long-term growth rates, anticipated gross margin, discount rates, and other valuation variables; the application of these variables in valuation models requires judgment.

Determination of a Cash Generating Unit ("CGU")

Management's judgment is required in determining the Company's CGUs for the impairment assessment of its indefinite-life intangible assets. The CGUs have been determined considering level of operating activities and independent cash flows generated from groups of assets. Management determined the smallest identifiable group of assets that independently generates cash inflows and whose cash flow is largely independent of the cash inflows from other assets or groups of assets as follows: Camps & Lodging, BOXX Modular East, BOXX Modular West, BOXX Modular U.S., Energy Services, and International.

Operating lease commitments – Company as lessor

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

Fair value measurement of financial instruments

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

Determination of control and significant influence

Management has used judgment in assessing whether the Company exerts control and significant influence over its subsidiaries and investments, respectively. In general, significant influence is presumed to exist when the Company has between 20% and 50% of voting power. Significant influence may also be evidenced by other qualitative factors, including but not limited to the Company's representation on the board of directors.

Income Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. As a multinational group of legal entities and businesses, the Company has undertaken various cross border transactions. These transactions are subject to the review and audit of various tax authorities. The judgment used when developing and entering into these transactions is based on existing tax policies in each jurisdiction. Future changes in tax policies may necessitate associated adjustments to tax recoveries and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Company's legal entities.

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

Revenue from certain types of contracts is recognized over time, using an input method to measure progress towards complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by the Company. In determining the progress towards complete satisfaction, 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 of disposal ("FVLCD") and its value-in-use ("VIU"). The FVLCD calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on estimated future cash flows. The FVLCD calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the Company's forecast for the next year and does not include significant future investments that could enhance the asset’s performance of the CGU being tested. Estimates for revenue growth and EBITDA margins are based on a review of historical information for each CGU, consideration of achievable rates and utilizations during the forecast period, and consideration of future prospects given management's understanding of the operating environment. The discount rates used for each CGU are estimated based on the assumed weighted average cost of capital for a notional purchaser of each CGU. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows, margins, and the growth rate used for extrapolation purposes.

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

Asset Retirement Obligations

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

Additional estimates

Other estimates that the Company is required to make to conform with IFRS and prepare timely consolidated financial statements include accrual of unsettled transactions, collectability of accounts receivable, recognition of provisions and contingent obligations, the estimated useful lives of property and equipment, and useful lives of intangible assets. Accordingly, actual results may differ from estimated amounts. The Company has also used judgment in the estimates used in pricing its options and long-term share based compensation plans, assessing the effectiveness of hedging relationships and the determination of functional currency.

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

Changes in Accounting Policies and Disclosure

IFRS 16 Leases

IFRS 16 specifies how to recognize, measure, present and disclose leases. Lessees are required to recognize right-of-use ("ROU") assets and lease liabilities while lessors continue to classify each lease as either an operating lease or a finance lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company adopted IFRS 16 using the modified retrospective transition approach and has not restated prior periods for the impact of IFRS 16.

On initial adoption, the Company applied the following practical expedients permitted under the standard. Some expedients are available on a lease-by-lease basis, while others are applicable by class of underlying asset.

- Certain short-term leases and leases of low value assets (<$5,000) that have been identified at January 1, 2019 are not recognized on the Consolidated Statement of Financial Position.
- Leases with terms ending within 12 months of January 1, 2019 are treated as short-term leases and not recognized on the Consolidated Statement of Financial Position.
- In their initial measurement upon transition, some leases having similar characteristics are measured as a portfolio by applying a single discount rate.
- Initial direct costs were excluded from the measurement of ROU assets for the purpose of initial measurement on transition.
- At January 1, 2019, the previously recognized onerous contract provision was applied to the associated ROU asset. There was no impairment assessment made under IAS 36 *Impairment of assets* ("IAS 36").

The Company identified all contracts that contain leases as defined by IFRS 16 as at the transition date of January 1, 2019 and quantified the impact of IFRS 16 adoption on the 2019 opening statement of financial position. IFRS 16 increased the Company's total assets and liabilities, and impacted net income. Net income is impacted as the aggregate of depreciation of ROU assets and interest expense on lease liabilities does not correspond to the amount of lease payments in any given period. The weighted-average incremental borrowing rate for lease liabilities initially recognized as of January 1, 2019 was 5% per annum.

The Company's leases recognized on the Statement of Financial Position as at January 1, 2019 include leases of real estate, equipment and vehicles. The Company quantified the impact of IFRS 16 on its opening balance sheet as at January 1, 2019 as follows:

	$
ROU asset	21,590
Increase to total assets, January 1, 2019	21,590
Lease liability	25,006
Other long-term liabilities (1)	(2,403)
Onerous contract provision	(1,013)
Deferred taxes	(922)
Retained deficit	922
Increase to total liabilities and shareholders' equity, January 1, 2019	21,590

(1) Amount relates to deferred lease incentives on office space.

The following table presents a reconciliation of commitments as at December 31, 2018 to lease liabilities as at January 1, 2019:

	$
Off balance sheet lease obligation, December 31, 2018	41,594
Leases with a lease term of 12 months or less (short-term leases)	(790)
Non-lease components	(11,429)
Operating lease obligations, January 1, 2019 (undiscounted)	29,375
Effect of discounting cash flows	(4,369)
Total lease liabilities, January 1, 2019	25,006

The quantified impacts of IFRS 16 disclosed herein are subject to change in future periods pending updates to individual contract terms, assumptions, and other facts and circumstances arising subsequent to the date of these financial statements.

The Company assesses whether a contract contains a lease at inception by exercising judgment about whether a contract pertains to a specified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset. Certain classes of lease arrangements that contain both lease and non-lease components within the same contract are recognized as a single lease component.

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments (discounted at the interest rate implicit in the lease, if applicable, or the Company's incremental borrowing rate), plus initial direct costs and costs of obligations to retire the asset, less any incentives received. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if indicators of impairment are present.

When a lease contains an extension or purchase option that the Company is reasonably certain to exercise, the extension and/or cost of the option is included in the lease payments.

The Company has elected not to recognize ROU assets and lease liabilities for leases where the lease term is less than or equal to 12 months, or for leases of low value assets (<$5,000). Payments for these leases are recognized in the Statement of Net Income (Loss) on a straight-line basis over the lease term.

The financial statement impact of IFRS 16 is subject to certain management judgments and estimates. Most notably, extension and termination provisions are included in certain lease contracts. In determining the lease term to be recognized, the Company considers all factors that create an economic incentive to exercise an extension option, or not to exercise a termination option.