MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six month periods ended June 30, 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 June 30, 2019 (the "Quarter") with the three months ended June 30, 2018 (the "Comparative Quarter") and the six months ended June 30, 2019 (the "YTD") with the six months ended June 30, 2019 (the "Prior YTD"). This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three and six month periods ended June 30, 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 August 8, 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 recorded stronger second quarter revenue, up 11% from the Comparative Quarter to $47.3 million. In the Quarter, approximately 66% of consolidated revenue was generated from outside of the western Canadian energy resource sector, compared to approximately, 58% in the Comparative Quarter. Adjusted EBITDA increased to $10.0 million, up 5% from last year. Adjusted EBITDA in the Quarter includes a $1.0 million impact from IFRS16 lease standard.

Key Highlights from the Second Quarter of 2019:

- The Modular Space Solutions ("MSS") fleet increased to 6,126 units in the Quarter, up over 5% from 5,813 units at December 31, 2018.
- Increased consolidated rental revenue to $15.9 million, up 30% from the Comparative Quarter.
- Workforce Solutions ("WFS") rental revenue increased 57% from the Comparative Quarter, to $7.7 million.
- The Company's previously announced $20 million rental project in California was fully installed in late April.
- Subsequent to the Quarter, Black Diamond began mobilization and installation of the Sukunka River Lodge, a $42 million full turnkey project to service the construction of the Coastal GasLink Pipeline.
- LodgeLink bookings grew to ~16,500 room nights in the Quarter, more than a two-fold increase from prior year.

Revenue in the MSS business segment increased 2% to $20.6 million, compared to $20.1 million in the Comparative Quarter. MSS Adjusted EBITDA for the Quarter increased to $6.0 million, up 13% from the Comparative Quarter. Increased activity and average rental rates in Canada and increased non-rental revenue in the U.S. contributed to the increase in revenue. Adjusted EBITDA increased in the Quarter due to continued growth in rental revenue and an IFRS 16 impact of $0.6 million, partially offset by lower Adjusted EBITDA margins.

In the WFS segment, revenue increased by 19% from the Comparative Quarter to $26.8 million, and rental revenue grew to $7.7 million, up 57%. For the Quarter, WFS Adjusted EBITDA was $6.6 million, lower than the Comparative Quarter, primarily due to a larger project positively impacting the Comparative Quarter results, and a decrease in lodging activity in the Quarter. The impact from IFRS 16 in the WFS segment amounted to $0.4 million in the Quarter.

Net Debt at the end of the Quarter increased from $88.0 million as at March 31, 2019 to $93.5 million, primarily due to a $4.2 million build in working capital during the Quarter. The Company expended $10.0 million of gross capital expenditures during the Quarter, and $18.2 million YTD. The Company's 2019 gross capital plan of $35 million is unchanged and is expected to continue to be funded from internally generated cash flow.

OUTLOOK

Management's continuing long-term business objectives are to grow the MSS fleet by 10% per year while maintaining target rates of return, unlock operating leverage in the WFS asset base, and drive continued growth and awareness of our online digital marketplace, LodgeLink. Year-to-date results, and our current outlook for the remainder of the year, leads us to believe that the Company is on track to achieve these objectives while improving balance sheet metrics.

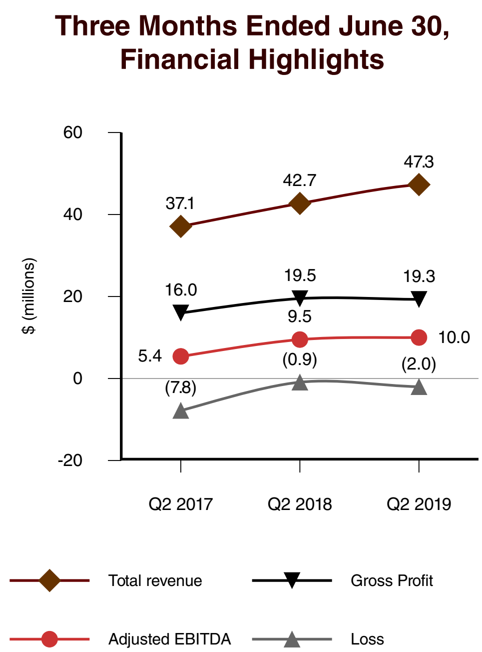
The Company expects to see ongoing growth in its MSS business, supported by continued pull through of organic capital investment throughout our North American footprint. Year to date, MSS has added 313 net units to the fleet and is on track to meet or exceed the segment's goal of growing the fleet by 10% per annum. Over time, management expects Adjusted EBITDA growth within the segment to outpace fleet growth as certain regions benefit from added scale, and project teams continue to focus on driving additional rental revenue streams through Value Added Products and Services (VAPS).

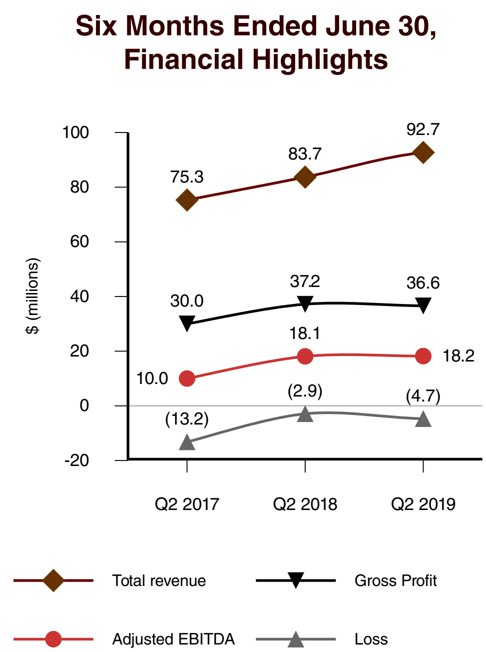
The WFS segment is also expected to show improvement in the second half of the year as installation on the previously announced Sukunka camp (to service construction of the Coastal GasLink pipeline) began early in the third quarter. This coupled with the full impact of rental contribution from the previously announced California contract should result in continued sequential increases in WFS asset utilization levels. Management believes there is a strengthening in momentum and bidding activity within its Canadian WFS business and expects this to translate into additional improvement in asset utilization into next year. Lodging activity, however, is expected to remain fairly soft throughout the third quarter, but improve in the fourth quarter due to customer contract commitments. Utilization rates throughout our U.S. business remains healthy, with the Company seeing no deleterious effects on utilization from the slight softening in U.S. rig counts. In Australia, our business has seen meaningful strength YTD and the Company anticipates positive market conditions to persist in the region.

The Company's online digital marketplace, LodgeLink continues to gain traction. Total room nights booked grew to roughly 16,500 throughout the Quarter, more than a two-fold increase to the Comparative Quarter. With the recent launch of an enhanced version of the digital marketplace, the Company expects ongoing momentum on the platform through supplier base growth and signing up new customers.

FINANCIAL REVIEW

- Revenue for the Quarter was $47.3 million, up 11% or $4.6 million from the Comparative Quarter, of which MSS revenue increased to $20.6 million, a 2% increase from the Comparative Quarter.
- Revenue generated outside of Canada accounts for 52% of total revenue in the Quarter (45% YTD).
- Adjusted EBITDA for the Quarter was $10.0 million, an increase of 5% or $0.5 million from the Comparative Quarter, primarily due to the adoption of the IFRS 16 accounting standard, which had a positive impact on Adjusted EBITDA of $1.0 million.
- The Company exited the Quarter with a Funded Debt to Adjusted EBITDA ratio of 3.11 (December 31, 2018 - 2.95) and a Funded Debt to Tangible Book Value ratio of 0.48 (December 31, 2018 - 0.44).





Geographic Revenue Segmentation

($ millions)	Three months ended June 30, 2019 $	2018 $	Change %	Six months ended June 30, 2019 $	2018 $	Change %
Revenue						
Canada	**22.9**	32.0	(28)%	**50.7**	63.6	(20)%
United States	**21.5**	8.4	156 %	**35.8**	15.6	129 %
Australia	**2.9**	2.3	26 %	**6.2**	4.5	38 %
Total	**47.3**	42.7	11 %	**92.7**	83.7	11 %

Percentage of total revenue	Three months ended June 30, 2019 %	2018 %	Change	Six months ended June 30, 2019 %	2018 %	Change
Revenue						
Canada	**48%**	75%	(27)	**55%**	76%	(21)
United States	**45%**	20%	25	**39%**	19%	20
Australia	**7%**	5%	2	**6%**	5%	1
Total	**100%**	100%	—	**100%**	100%	—

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 $10.0 million and capital commitments were $4.4 million as at June 30, 2019. This is compared with capital expenditures of $3.6 million and capital commitments of $2.4 million in the Comparative Quarter. Capital expenditures for the YTD were $18.2 million compared with capital expenditures of $5.0 million in the Prior YTD. Capital expenditures for the Quarter included maintenance capital of $2.3 million, compared to $0.1 million in the Comparative Quarter.

Proceeds from used fleet asset sales in the Quarter were $2.2 million compared with $4.9 million in the Comparative Quarter. Proceeds from used fleet asset sales in the YTD were $4.1 million compared with $8.1 million in the Prior YTD.

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 in 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. Certain prior period financial information has been reclassified to reflect the new structure of the business.

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;
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; and
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. Management is focused on selling underutilized assets to fund growth in diversified businesses.

Capital Allocation

We are focused on achieving industry leading returns on the capital we deploy. Our approach is to own quality rental assets and, through strategic 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 enhancing the financial performance of Black Diamond.

Risk Management

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

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 and six month periods ended June 30, 2019 and 2018.

	Three months ended June 30,			Six months ended June 30,		
(in millions, except as noted)	2019	2018	Change	2019	2018	Change
Financial Highlights	$	$		$	$	
Total revenue	47.3	42.7	11%	92.7	83.7	11%
Gross profit	19.3	19.5	(1)%	36.6	37.2	(2)%
Administrative expenses	9.2	10.0	(8)%	18.5	19.1	(3)%
Adjusted EBITDA (1)	10.0	9.5	5%	18.2	18.1	1%
Funds from Operations (1)	11.7	12.3	(5)%	20.6	23.2	(11)%
Per share ($)	0.21	0.22	(5)%	0.37	0.42	(12)%
Loss before taxes	(2.3)	(1.4)	64%	(6.1)	(4.0)	53%
Loss	(2.0)	(0.9)	122%	(4.7)	(2.9)	62%
Loss per share - Basic and diluted	(0.04)	(0.02)	100%	(0.09)	(0.05)	80%
Capital expenditures	10.0	3.6	178%	18.2	5.0	264%
Property & equipment (NBV)	334.1	352.1	(5)%	334.1	352.1	(5)%
Total assets	419.1	402.4	4%	419.1	402.4	4%
Long-term debt	94.0	86.5	9%	94.0	86.5	9%

(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 June 30,			Six months ended June 30,		
(Percent of revenue)	2019	2018	Change (1)	2019	2018	Change (1)
Gross profit	41%	46%	(5)	39%	44%	(5)
Administrative expenses	19%	23%	(4)	20%	23%	(3)
Adjusted EBITDA	21%	22%	(1)	20%	22%	(2)

(1) Percentage point basis.

Seasonality of Operations

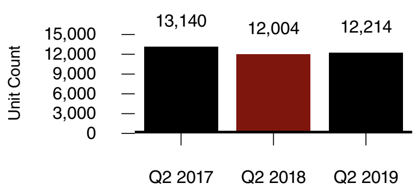
The Company's western Canadian operations, which form part of its MSS and WFS business units, are exposed to a variable degree of seasonality. Drilling accommodations and surface rental assets of the WFS business unit have higher utilization rates during the fall and winter months when drilling activity 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

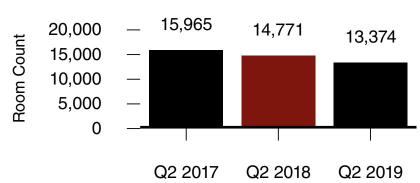
Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet increased to 12,214 units at the end of the Quarter compared with 12,004 in the Comparative Quarter primarily due to organic growth of the space rentals fleet, partially offset by used fleet sales. The increase in units is part of the Company's strategy to reallocate invested capital from underutilized assets to asset types that are in higher demand in the current environment. 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 13,374 rooms in the Quarter compared with 14,771 rooms in the Comparative Quarter primarily due to used fleet sales in WFS.

Consolidated Unit Count



Consolidated Room Count



Fleet Utilization Rates

	Three months ended June 30,			Six months ended June 30,		
	2019	2018	Change (1)	2019	2018	Change (1)
Modular Space Solutions	75%	69%	6	74%	68%	6
Workforce Solutions:						
Workforce Housing Accommodations: Rental Fleet	31%	25%	6	30%	26%	4
Wellsite Accommodations	74%	68%	6	76%	67%	9
Surface Equipment	28%	16%	12	24%	20%	4
Consolidated	61%	52%	9	60%	50%	10

(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.

Q2 2019 vs Q2 2018

The increase in utilization in MSS is primarily due to increased activity in Canada. The increases in wellsite accommodations and surface equipment utilization in WFS are due to increased market share in the U.S. and western Canada, and a decrease in unit count in western Canada as a result of used fleet sales. The increase in workforce housing accommodations rental fleet utilization is due to a recently awarded contract in California.

Year to Date 2019 vs 2018

The increase in utilization in MSS is primarily due to increased activity in Canada. The increases in wellsite accommodations and surface equipment utilization in WFS are due to increased market share in the U.S. and western Canada and a decrease in unit count in western Canada as a result of used fleet sales. The increase in workforce housing accommodations rental fleet utilization is due to increased activity in Australia.

Revenue

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

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

Lodging Revenues are 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.

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

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 June 30,			Six months ended June 30,		
($ millions, except as noted)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Rental Revenue	15.9	12.2	30%	30.5	26.4	16%
Lodging Revenue	5.3	8.8	(40)%	15.4	18.5	(17)%
Sales Revenue	6.2	7.3	(15)%	12.8	11.7	9%
Non-Rental Revenue	19.9	14.4	38%	34.0	27.1	25%
Revenue	47.3	42.7	11%	92.7	83.7	11%

	Three months ended June 30,			Six months ended June 30,		
Percentage of consolidated revenue	**2019**	**2018**	**Change (1)**	**2019**	**2018**	**Change (1)**
Rental Revenue	34%	29%	5	33%	32%	1
Lodging Revenue	11%	21%	(10)	17%	22%	(5)
Sales Revenue	13%	17%	(4)	14%	14%	—
Non-Rental Revenue	42%	34%	8	36%	32%	4

(1) Percentage point basis.

Q2 2019 vs Q2 2018

Rental revenue for the Quarter was $15.9 million, up 30% or $3.7 million from the Comparative Quarter primarily due to a $2.8 million increase in WFS rental revenue. This is attributed to an increase in utilization and rates in the workforce housing accommodation rental fleet in Canada and the U.S. supported by a recently awarded contract in California and a $0.9 million increase in MSS rental revenue due to increased activity and average rental rates in Canada.

Lodging revenue for the Quarter was $5.3 million, down 40% or $3.5 million from the Comparative Quarter due to a decrease in occupancy at all lodges except Horn River Lodge. As a result of lower occupancy in certain lodges, the

Company reduced the number of rooms available to lower fixed costs. Average rates increased overall primarily because lodges where we charge higher rates experienced proportionately higher occupancy.

Sales revenue for the Quarter was $6.2 million, down 15% or $1.1 million from the Comparative Quarter primarily driven by a $3.1 million decrease in MSS sales revenue with fewer used fleet sales. The decrease in MSS sales revenue was partially offset by a $2.0 million increase in WFS attributed to a custom sale completed in the Quarter.

Non-rental revenue for the Quarter was $19.9 million, up 38% or $5.5 million from the Comparative Quarter primarily due to a $2.9 million increase in non-rental revenue in WFS attributed to the transportation of assets to California for a rental contract, combined with a $2.7 million increase in non-rental revenue in MSS due to an increase in U.S. installation and dismantle activity.

Year to Date 2019 vs 2018

Rental revenue for the YTD was $30.5 million, up 16% or $4.1 million from the Prior YTD primarily due to a $2.7 million increase in WFS rental revenue attributed to the same factors as discussed above and a $1.5 million increase in MSS rental revenue due to increased activity and average rates in Canada.

Lodging revenue for the YTD was $15.4 million, down 17% or $3.1 million from the Prior YTD due to a decrease in occupancy at all lodges except Horn River Lodge. Average rates increased overall primarily because lodges where we charge higher rates experienced proportionately higher occupancy.

Sales revenue for the YTD was $12.8 million, up 9% or $1.1 million from the Prior YTD primarily due to a $1.0 million increase in WFS attributed to a custom sale completed in the Quarter offset by a reduction in used fleet sales.

Non-rental revenue for the YTD was $34.0 million, up 25% or $6.9 million from the Prior YTD primarily due to a $7.2 million increase in non-rental revenue in MSS with increased U.S. transportation, installation and dismantle activity.

Direct Costs and Gross Profit

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	2019	2018	Change	2019	2018	Change
Direct costs	28.1	23.2	21%	56.1	46.5	21%
Gross profit	19.3	19.5	(1)%	36.6	37.2	(2)%

	Three months ended June 30,			Six months ended June 30,		
Percentage of consolidated revenue	2019	2018	Change (1)	2019	2018	Change (1)
Direct costs	59%	54%	5	61%	56%	5
Gross profit	41%	46%	(5)	39%	44%	(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 turnkey lodging services. From time to time, Black Diamond will sell used units from its fleet, rent equipment from third parties and re-rent the equipment, provide installation and render other services to customers. These activities are captured in 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 June 30,			Six months ended June 30,		
	2019	2018	Change	2019	2018	Change
($ millions, except as noted)	$	$		$	$	
Construction and transportation services	**13.5**	5.8	133%	**22.9**	10.6	116%
Catering, utilities and other consumable costs	**3.4**	5.8	(41)%	**9.4**	12.8	(27)%
New sales	**3.3**	1.9	74%	**7.6**	2.9	162%
Repairs and maintenance	**3.2**	2.4	33%	**6.3**	4.7	34%
Personnel costs	**1.6**	1.4	14%	**3.4**	3.0	13%
Used fleet sales	**1.7**	3.1	(45)%	**3.1**	5.5	(44)%
Subleased equipment	**1.2**	1.9	(37)%	**2.7**	5.7	(53)%
Other direct costs	**0.2**	0.9	(78)%	**0.7**	1.5	(53)%
Total direct costs	**28.1**	23.2	21%	**56.1**	46.5	21%

Q2 2019 vs Q2 2018

Direct costs for the Quarter were $28.1 million, up 21% or $4.9 million from the Comparative Quarter primarily due to an increase in construction and transportation costs.

Gross profit for the Quarter was $19.3 million, down 1% or $0.2 million from the Comparative Quarter primarily due to a decrease in lodging and non-rental margins in WFS and sales margins in MSS. This is offset by an increase in rental and sales margins in WFS and non-rental margins in MSS.

Year to Date 2019 vs 2018

Direct costs for the YTD were $56.1 million, up 21% or $9.6 million from the Prior YTD primarily due to an increase in construction and transportation services.

Gross profit for the YTD was $36.6 million, down 2% or $0.6 million from the Prior YTD primarily due to a decrease in lodging and non-rental margins in WFS. This is offset by an increase in rental margins in WFS and non-rental margins in MSS.

Administrative Expenses

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	2019	2018	Change	2019	2018	Change
Personnel costs	5.9	5.0	18%	11.3	9.9	14%
Other administrative expenses	1.9	2.5	(24)%	4.2	4.5	(7)%
Occupancy and insurance	1.4	2.5	(44)%	3.0	4.7	(36)%
Total Administrative expenses	**9.2**	10.0	(8)%	**18.5**	19.1	(3)%
% of Consolidated Revenue	19%	23%	(4)	20%	23%	(3)

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

Q2 2019 vs Q2 2018

Total administrative expenses for the Quarter were $9.2 million, down 8% or $0.8 million from the Comparative Quarter primarily due to IFRS 16 adjustments and a decrease in other administrative expenses offset by an increase in personnel costs.

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

- Personnel costs for the Quarter were $5.9 million, up 18% or $0.9 million from the Comparative Quarter primarily due to an increase in headcount.
- Other administrative expenses for the Quarter were $1.9 million, down 24% or $0.6 million from the Comparative Quarter primarily due to a decrease in consultancy fees and foreign exchange fluctuations.
- Occupancy and insurance costs for the Quarter were $1.4 million, down 44% or $1.1 million from the Comparative Quarter primarily due to IFRS 16 adjustments.

Year to Date 2019 vs 2018

Total administrative expenses for the YTD were $18.5 million, down 3% or $0.6 million from the Prior YTD primarily due to IFRS 16 adjustments offset by an increase in personnel costs.

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

- Personnel costs for the YTD were $11.3 million, up 14% or $1.4 million from the Prior YTD primarily due to an increase in headcount.
- Other administrative expenses for the YTD were $4.2 million, down 7% or $0.3 million from the Prior YTD mainly due to a decrease in professional fees.
- Occupancy and insurance costs for the YTD were $3.0 million, down 36% or $1.7 million from the Prior YTD primarily due to IFRS 16 adjustments.

Adjusted EBITDA

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Adjusted EBITDA (1)	10.0	9.5	5%	18.2	18.1	1%
% of Consolidated Revenue	21%	22%	(1)	20%	22%	(2)

(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.

Q2 2019 vs Q2 2018

Adjusted EBITDA for the Quarter was $10.0 million, up 5% 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 YTD was one percentage point lower than the Comparative Quarter due to a decrease in gross margin and the result of changes in the mix of the various revenue streams.

Year to Date 2019 vs 2018

Adjusted EBITDA for the YTD was $18.2 million, up 1% or $0.1 million from the Prior YTD primarily due to a change in revenue mix. Furthermore, the adoption of IFRS 16 had a positive impact on Adjusted EBITDA for the YTD of $2.1 million. Adjusted EBITDA as a percentage of revenue for the YTD was 2 percentage points lower than the Prior YTD due to a decrease in gross margin and the result of changes in the mix of the various revenue streams.

Depreciation and Amortization

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	2019	2018	Change	2019	2018	Change
Depreciation and amortization, net of depreciation of right-of-use assets	8.4	8.9	(6)%	16.7	18.1	(8)%
% of Property and equipment	3%	3%		5%	5%	
Depreciation of right-of-use assets	1.3	—	—	2.5	—	—

Q2 2019 vs Q2 2018

Depreciation and amortization of Property and Equipment for the Quarter was $8.4 million, down 6% or $0.5 million from the Comparative Quarter primarily due to lower net book value of equipment for the Quarter. Depreciation of right-of-use assets is a new expense in 2019 due to the adoption of IFRS 16.

Year to Date 2019 vs 2018

Depreciation and amortization of Property and Equipment for the YTD was $16.7 million, down 8% or $1.4 million from the Prior YTD primarily due to lower net book value of equipment for the YTD. Depreciation of right-of-use assets is a new expense in 2019 due to the adoption of IFRS 16.

Finance Costs

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	2019	2018	Change	2019	2018	Change
Finance costs	1.8	1.7	6%	3.7	3.2	16%
Long-term debt	94.0	86.5	9%	94.0	86.5	9%
Average interest rate	5.32%	4.78%	54 bps	5.19%	4.72%	47 bps

Q2 2019 vs Q2 2018

Finance costs for the Quarter were $1.8 million, up 6% or $0.1 million from the Comparative Quarter primarily due to the adoption of IFRS 16.

Year to Date 2019 vs 2018

Finance costs for the YTD were $3.7 million, up 16% or $0.5 million from the Prior YTD primarily due to the adoption of IFRS 16.

Income Tax

($ millions, except as noted)	Three months ended June 30, 2019	2018	Change	Six months ended June 30, 2019	2018	Change
Current tax	—	0.2	(100)%	—	0.2	(100)%
Deferred tax	(0.4)	(0.5)	(20)%	(1.7)	(1.3)	31%
Total tax	(0.4)	(0.3)	33%	(1.7)	(1.1)	55%

Q2 2019 vs Q2 2018

For the Quarter, Black Diamond recognized a current income tax payable of $nil, a change of $0.2 million from the Comparative Quarter current tax recovery. The Company also recognized a deferred income tax recovery of $0.4 million, a change of $0.1 million from the Comparative Quarter. The tax provision has been calculated at the enacted tax rate of 27% in Canada, 27% in the U.S., and 30% in Australia.

Year to Date 2019 vs 2018

For the YTD, Black Diamond recognized a current income tax payable of $nil, a change of $0.2 million from the Prior YTD current tax recovery. The Company also recognized a deferred income tax recovery of $1.7 million, a change of $0.4 million from the Prior YTD.

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.

($ millions, except as noted)	Three months ended June 30, 2019	2018	Change	Six months ended June 30, 2019	2018	Change
Non-controlling interest	0.1	(0.1)	200%	0.2	(0.1)	300%

Q2 2019 vs Q2 2018

The NCI for the Quarter was $0.1 million, up 200% from a loss of $0.1 million from the Comparative Quarter due to increased lodging revenues earned through the limited partnerships.

Year to Date 2019 vs 2018

The NCI for the YTD was $0.2 million, up 300% from a loss of $0.1 million from the Prior YTD due to increased lodging revenues earned through the limited partnerships.

Net Loss

($ millions, except as noted)	Three months ended June 30, 2019	2018	Change	Six months ended June 30, 2019	2018	Change
Net loss	(2.0)	(0.9)	122%	(4.7)	(2.9)	62%

Q2 2019 vs Q2 2018

Net loss for the Quarter was $2.0 million, up 122% or $1.1 million from the Comparative Quarter primarily due to a decrease in gross margin.

Year to Date 2019 vs 2018

Net loss for the YTD was $4.7 million, up 62% or $1.8 million from the Prior YTD primarily due to a decrease in gross margin.

SEGMENTED REVIEW OF FINANCIAL PERFORMANCE

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

The following is a summary of the Company's segmented results for the three and six month periods ended June 30, 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 June 30,			Six months ended June 30,		
	2019	**2018**	**Change**	**2019**	**2018**	**Change**
(in millions, except where noted)	**$**	**$**	**%**	**$**	**$**	**%**
Revenue						
Modular Space Solutions	20.6	20.1	2%	43.1	34.3	26%
Workforce Solutions	26.8	22.6	19%	49.6	49.4	—%
Total Revenue	47.3	42.7	11 %	92.7	83.7	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 June 30,			Six months ended June 30,		
	2019	**2018**	**Change**	**2019**	**2018**	**Change**
(in millions, except where noted)	**$**	**$**	**%**	**$**	**$**	**%**
Adjusted EBITDA (1)						
Modular Space Solutions	6.0	5.3	13 %	10.9	9.1	20 %
Workforce Solutions	6.6	7.5	(12)%	12.6	14.6	(14)%
Corporate and Other	(2.6)	(3.3)	21 %	(5.3)	(5.6)	5 %
Total Adjusted EBITDA	10.0	9.5	5 %	18.2	18.1	1 %

(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 programs, 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. **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.

3. **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.

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.

	Three months ended June 30,			Six months ended June 30,		
Revenue by Stream ($ millions, except as noted)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Rental Revenue	8.2	7.3	12%	15.8	14.4	10%
Sales Revenue	3.8	6.9	(45)%	9.4	9.3	1%
Non-rental Revenue	8.5	5.9	44%	17.8	10.6	68%
Total revenue	20.6	20.1	2%	43.1	34.3	26%
Adjusted EBITDA	6.0	5.3	13%	10.9	9.1	20%
Adjusted EBITDA as a % of revenue	29%	26%	3	25%	27%	(2)
Return on Assets (1)	13%	13%	0	12%	11%	1

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

	Three months ended June 30,			Six months ended June 30,		
Value Added Products & Services	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
VAPS as a % of Total Rental Revenue	15%	13%	2	14%	12%	2

	Three months ended June 30,			Six months ended June 30,		
Revenue by Geography ($ millions, except as noted)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Canada	11.1	14.9	(26)%	22.3	24.2	(8)%
United States	9.4	5.2	81%	20.8	10.1	106%
Total revenue	20.6	20.1	2%	43.1	34.3	26%

Q2 2019 vs Q2 2018

MSS business unit's total revenue for the Quarter was $20.6 million, up 2% or $0.5 million from the Comparative Quarter.

- **Rental revenue** during the Quarter was $8.2 million, up 12% or $0.9 million from the Comparative Quarter due to increased activity and average rental rates in Canada.
- **Sales revenue** during the Quarter was $3.8 million, down 45% or $3.1 million from the Comparative Quarter due to decreased sales in Canada, slightly offset by increased U.S. sales.
- **Non-rental** revenue during the Quarter was $8.5 million, up 44% or $2.6 million from the Comparative Quarter due to an increase in U.S. installation and dismantle activity.

Adjusted EBITDA for the Quarter was $6.0 million, up 13% or $0.7 million from the Comparative Quarter due to a continued growth in rental revenue and the impact of IFRS 16. Adjusted EBITDA as a percentage of revenue was up

3% to 29% as compared to the Comparative Quarter due to revenue mix and the impact of IFRS 16, partially offset by elevated expenses related to both fleet optimization and ongoing U.S. yard consolidation.

Year to Date 2019 vs 2018

MSS business unit's total revenue for the YTD was $43.1 million, up 26% or $8.8 million from the Prior YTD.

- **Rental revenue** for the YTD was $15.8 million, up 10% or $1.5 million, due to increased activity and average rates in Canada.
- **Sales revenue** for the YTD was $9.4 million, which is consistent with the Prior YTD.
- **Non-rental revenue** for the YTD was $17.8 million, up 68% or $7.2 million from the Prior YTD due to increased U.S. transportation, installation and dismantle activity.

Adjusted EBITDA for the YTD was $10.9 million, up 20% or $1.8 million from the Prior YTD primarily due to a continued growth in rental revenue and the impact of IFRS 16. Adjusted EBITDA as a percentage of revenue was down 2% to 25% as compared to the Prior YTD due to revenue mix, and elevated expenses related to both fleet optimization and ongoing U.S. yard consolidation.

Rental Term

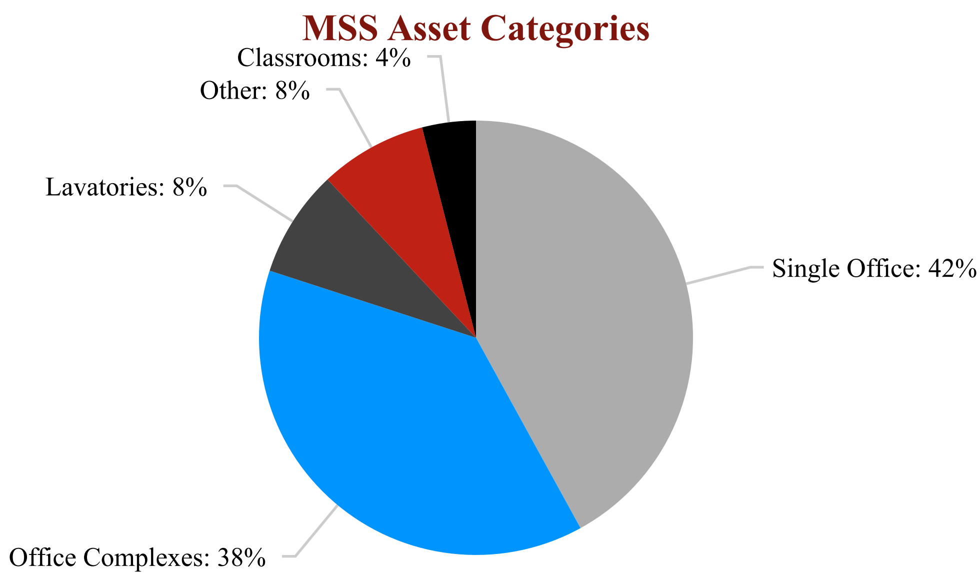
Rental durations typically exceed the initial contract terms and are renewable on a month to month basis. The average duration of the MSS lease portfolio as at June 30, 2019 was 26.2 months consistent with 26.5 months as at June 30, 2018.

Space Rental Assets and Average Utilization

The MSS fleet consisted of 6,126 units as at June 30, 2019, which increased 310 units or 5% from 5,816 units as at June 30, 2018. For the YTD, fleet additions of 405 units were partially offset by the sales or disposal of 92 units.

Fleet Composition

As at June 30, 2019, the MSS Property, Plant and Equipment Net Book Value was comprised of the following asset categories:

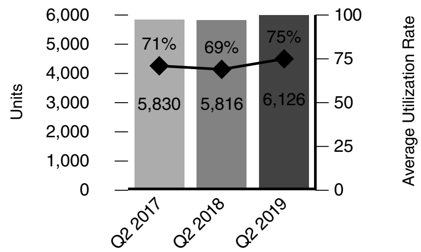


MSS Consolidated

	Three months ended June 30,			Six months ended June 30,		
MSS Assets, Utilizations, and Rates	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Property and Equipment Net Book Value ($ millions)	147.9	146.4	1%	147.9	146.4	1%
Modular Space Assets	6,126	5,816	5%	6,126	5,816	5%
Average Utilization (1)	75%	69%	6	74%	68%	6
Average Rental Rate	$591	$567	4%	$587	$575	2%

(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



Q2 2019 vs Q2 2018

Utilization for the Quarter was 75%, a six percentage point increase from 69% in the Comparative Quarter, mainly due to increased activity in Canada.

The average rental rate has increased as compared to the Comparative Quarter by 4%, primarily due to higher rental rate contracts in Canada.

Year to Date 2019 vs 2018

Utilization for the YTD has increased by six percentage points to 74%, due to increased activity in Canada.

The average YTD rental rate has increased as compared to the Prior YTD by 2%, due to increased rental rates in Canada.

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 June 30,			Six months ended June 30,		
Revenue by Stream ($ millions, except as noted)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Lodging Revenue	5.3	8.8	(40)%	15.4	18.5	(17)%
Rental Revenue	7.7	4.9	57%	14.7	12.0	23%
Sales Revenue	2.4	0.4	500%	3.4	2.4	42%
Non-rental Revenue	11.4	8.5	34%	16.2	16.5	(2)%
Total revenue	26.8	22.6	19%	49.7	49.4	1%

	Three months ended June 30,			Six months ended June 30,		
Revenue by Geography ($ millions, except as noted)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Canada	11.9	18.0	(34)%	28.7	40.5	(29)%
United States	12.0	2.3	422%	14.8	4.4	236%
Australia	2.9	2.3	26%	6.2	4.5	38%
Total revenue	26.8	22.6	19%	49.7	49.4	1%

Adjusted EBITDA	6.6	7.5	(12)%	12.6	14.6	(14)%
Adjusted EBITDA as a % of revenue	25%	33%	(8)	25%	29%	(4)
Return on Assets (1)	15%	16%	(1)	14%	15%	(1)

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

Q2 2019 vs Q2 2018

Adjusted EBITDA as a percentage of revenue decreased in the Quarter to 25% compared with 33% in the Comparative Quarter due to reductions in non-rental margins. These margins were principally driven by the future dismantle associated with the conversion of Sunset Prairie Lodge to an open camp from a rental only camp recognized in the Comparative Quarter, partially offset by the positive impact of IFRS 16.

Year to Date 2019 vs 2018

Adjusted EBITDA as a percentage of revenue decreased for the YTD to 25% compared with 29% in the Prior YTD due to decreased lodging, rental and non-rental margins as stated above, partially offset by the 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. Total rooms managed by Black Diamond, including those in closed portions of open camps, were 2,870 at June 30, 2019 (June 30, 2018 - 3,339 rooms). Average lodging rates per day are calculated as lodging revenue divided by the total man days paid for in the period.

	Three months ended June 30,			Six months ended June 30,		
	2019	**2018**	**Change**	**2019**	**2018**	**Change**
Average Lodging Occupancy	29%	35%	(6)	32%	34%	(2)
Average Rooms Available	1,064	1,809	(41)%	1,437	1,781	(19)%
Average Lodging Rates per Day	$173	$150	15%	$175	$160	9%

Q2 2019 vs Q2 2018

Lodging revenue during the Quarter was $5.3 million, down 40% or $3.5 million from the Comparative Quarter due to a decrease in occupancy at all lodges except Horn River Lodge. As a result of lower occupancy in certain lodges, the Company reduced the number of rooms available to lower fixed costs. Average rates increased overall primarily because lodges where we charge higher rates experienced proportionately higher occupancy.

Year to Date 2019 vs 2018

Lodging revenue for the YTD was $15.4 million, down 17% or $3.1 million from the Prior YTD due to a decrease in occupancy at all lodges except Horn River Lodge. Average rates increased overall primarily because lodges where we charge higher rates experienced proportionately higher occupancy.

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 June 30,			Six months ended June 30,		
Average Asset Utilization	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Workforce Housing Accommodations: Rental Fleet	31%	25%	6	30%	26%	4
Wellsite Accommodations	74%	68%	6	76%	67%	9
Surface Equipment	28%	16%	12	24%	20%	4
Fleet Count (Units)						
Workforce Housing Accommodations: Rental Fleet	3,032	3,315	(9)%	3,032	3,315	(9)%
Wellsite Accommodations	652	684	(5)%	652	684	(5)%
Surface Equipment	2,404	2,189	10%	2,404	2,189	10%

Room Count by Geography						
Canada	9,964	12,610	(21)%	9,964	12,610	(21)%
United States	2,376	851	179%	2,376	851	179%
Australia	1,034	1,310	(21)%	1,034	1,310	(21)%
	13,374	14,771	(9)%	13,374	14,771	(9)%

Net Book Value by Geography ($ millions)						
Canada	114.8	137.2	(16)%	114.8	137.2	(16)%
United States	42.4	38.7	10%	42.4	38.7	10%
Australia	12.9	12.6	2%	12.9	12.6	2%
	170.1	188.5	(10)%	170.1	188.5	(10)%

Q2 2019 vs Q2 2018

Rental revenue during the Quarter was $7.7 million, up 57% or $2.8 million from the Comparative Quarter due to an increase in utilization and rates in the workforce housing accommodation rental fleet in Canada and the U.S. supported by a recently awarded contract in California. Stronger utilization and rates from our wellsite accommodations and Australian business also contributed to the improved rental revenue.

Year to Date 2019 vs 2018

Rental revenue for the YTD was $14.7 million, up 23% or $2.7 million from the Prior YTD due to the same factors as discussed above.

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 (revenue from bookings at Black Diamond owned lodges is categorized as lodging revenue).

	Three months ended June 30,			Six months ended June 30,		
LodgeLink (1)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Total gross bookings ($ millions)	2.7	1.6	69%	7.5	7.9	(5)%
Total room nights booked	16,474	7,963	107%	44,569	33,641	32%

	As at June 30,		
	2019	**2018**	**Change**
Unique customers	380	167	128%
Total properties listed	691	112	517%
Total rooms listed	72,555	22,170	227%

(1) Total gross bookings, total room nights booked, total properties listed and total rooms listed include both Black Diamond owned assets and third party properties.

Q2 2019 vs Q2 2018

Sales revenue during the Quarter was $2.4 million, up 500% or $2.0 million from the Comparative Quarter primarily due to a custom sale in the Quarter.

Non-rental revenue during the Quarter was $11.4 million, up 34% or $2.9 million from the Comparative Quarter due to the transportation of assets to California for a rental contract.

Year to Date 2019 vs 2018

Sales revenue for the YTD was $3.4 million, up 42% or $1.0 million from the Prior YTD due to the same factors as discussed above.

Non-rental revenue for the YTD was $16.2 million, down 2% or $0.3 million from the Prior YTD due to the future dismantlement of Sunset Prairie Lodge associated with the conversion from a rental only camp to an open camp in the Comparative Quarter, mostly offset by an increase in non-rental revenue in the Quarter as described above. In the Prior YTD, 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 June 30,			Six months ended June 30,		
($ millions, except as noted)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Property and Equipment Net Book Value	16.0	17.2	(7)%	16.0	17.2	(7)%
Adjusted EBITDA	(2.6)	(3.3)	21%	(5.3)	(5.6)	5%

Q2 2019 vs Q2 2018

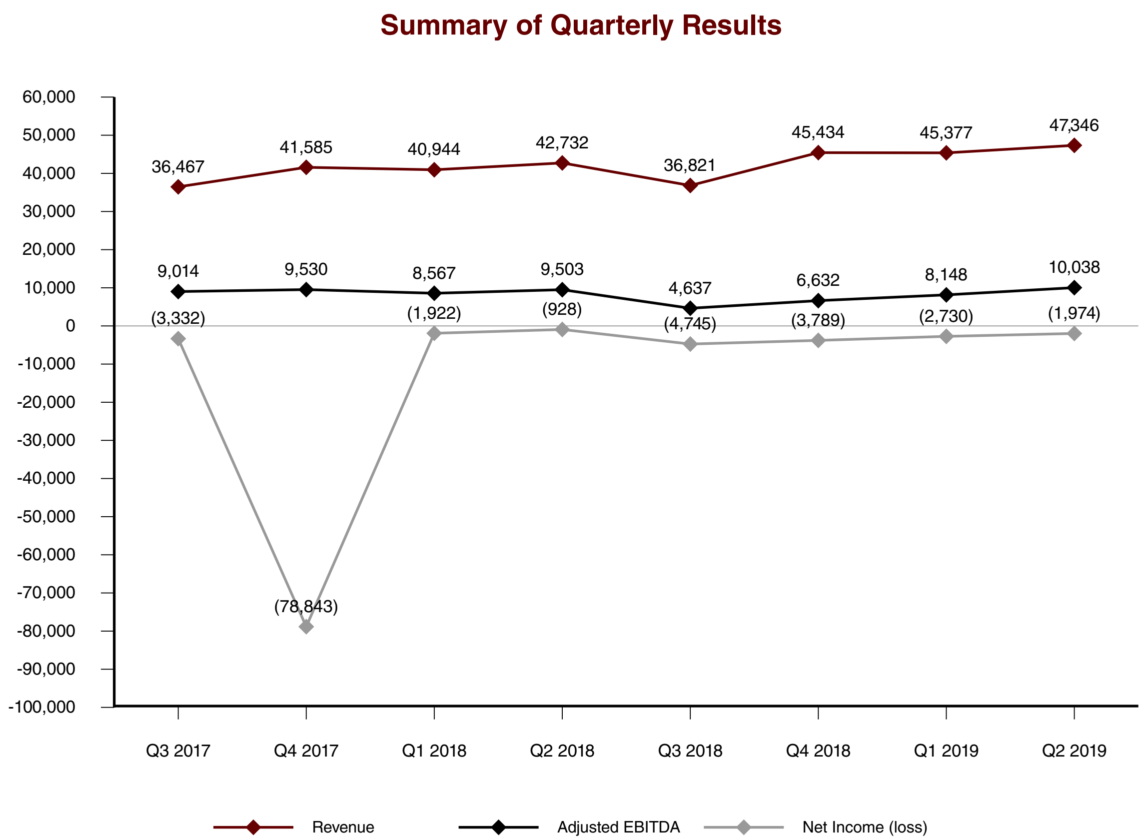
Adjusted EBITDA for the Quarter was a loss of $2.6 million, down 21% or $0.7 million from a loss of $3.3 million in the Comparative Quarter primarily due to a decrease in professional fees.

Year to Date 2019 vs 2018

Adjusted EBITDA for the YTD was a loss of $5.3 million, down 5% or $0.3 million from a loss of $5.6 million in the Prior YTD primarily due to a decrease in professional fees, partially offset by an increase in personnel costs.

SUMMARY OF QUARTERLY RESULTS

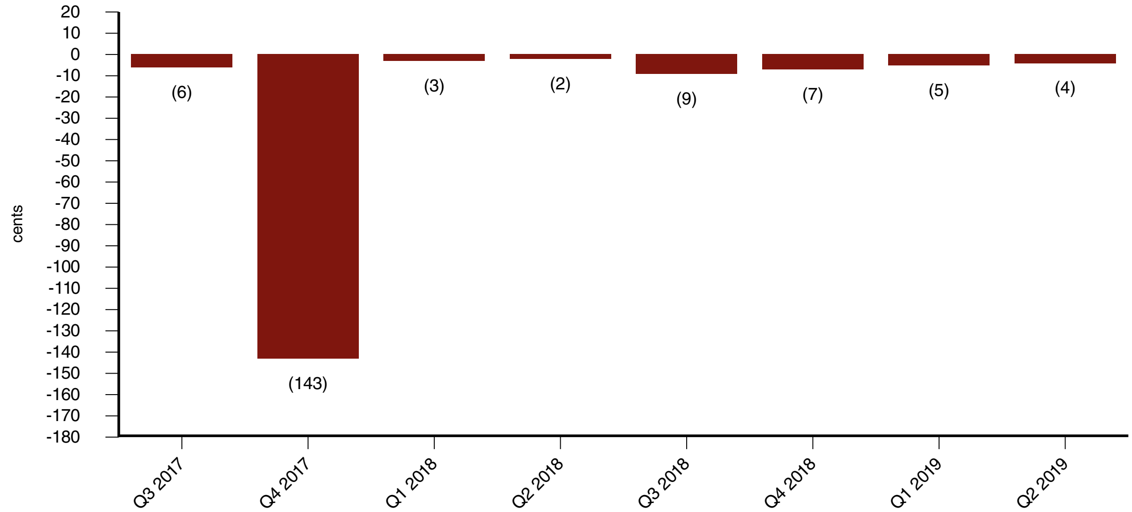
The following is a summary of the previous eight quarters:



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

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. In Q1 2019, Adjusted EBITDA decreased from Q1 2018 due to lower WFS earnings partially offset by the adoption of IFRS 16.
8. In Q2 2019, Adjusted EBITDA increased from Q2 2018 due to a change in revenue mix and the positive impact of IFRS 16.

Basic and Diluted Earnings (Loss) Per Share



LIQUIDITY AND CAPITAL RESOURCES

Cash Requirements

Contractual Obligations and Other Commitments

At June 30, 2019, Black Diamond had capital expenditure commitments in the amount of $4.4 million. Additionally, Black Diamond has a commitment of $38.9 million related to the Company's office and yard leases, which have varying terms over the next nine years. It is management's intention to meet the funding requirements for these commitments through internally generated cash flow.

Capital Expenditures

Black Diamond's capital expenditures relate primarily to:

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

For the Quarter, Black Diamond expended $10.0 million (Comparative Quarter – $3.6 million) on additions to property and equipment. The additions are set out in the table below.

($ millions, except as noted)	Three months ended June 30, 2019	2018	Change %	Six months ended June 30, 2019	2018	Change %
Modular Space Solutions	6.4	1.4	357%	11.2	2.5	348%
Workforce Solutions	3.6	2.1	71%	6.9	2.2	214%
Corporate	—	0.1	(100)%	0.1	0.2	(50)%
	10.0	3.6	178%	18.2	5.0	264%

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 June 30, 2019	2018	Change %	Six months ended June 30, 2019	2018	Change %
Cash from operating activities	7.9	7.5	5%	19.9	23.5	(15)%
Cash from (used in) investing activities	(10.5)	2.3	(557)%	(20.6)	(1.5)	1,273%
Cash from (used in) financing activities	3.0	(12.2)	(125)%	(1.8)	(22.4)	(92)%
Total cash (decrease) increase	0.4	(2.3)	(117)%	(2.6)	(0.4)	550%

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 $0.4 million higher in the Quarter than in the Comparative Quarter primarily due to an increase in non-cash working capital offset by a decrease in lodging and non-rental margins in WFS and sales margins in MSS.

Cash used in investing activities was $12.8 million higher in the Quarter than in the Comparative Quarter primarily due to higher capital expenditures in the Quarter offset by proceeds received from the sale of real estate assets in the Comparative Quarter.

Cash provided by financing activities was $15.2 million higher in the Quarter than in the Comparative Quarter primarily due to net proceeds on long-term debt in the Quarter, as compared to net repayments in the Comparative Quarter.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	June 30, 2019	December 31, 2018	Change %
Current assets	46.5	43.7	6%
Current liabilities	41.5	35.5	17%
Working capital	5.0	8.2	(39)%

The increase in current assets of $2.8 million from December 31, 2018 was due to an increase in accounts receivable of $6.4 million, partially offset by a $2.6 million decrease in cash and a $1.0 million decrease in other current assets.

The increase in current liabilities of $6.0 million from December 31, 2018 was largely due to an increase in accounts payable and accrued liabilities of $4.2 million. Furthermore, the Company recognized a $4.4 million current lease liability as a result of the adoption of IFRS 16, which was partially offset by a $2.7 million decrease in deferred revenue.

Principal Debt Instruments

As at June 30, 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 $50.6 million is drawn;
- $3.5 million principal amount of senior secured notes which were repaid in full on July 8, 2019, and which ranked 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 June 30, 2019, the Company's draws under the committed extendible revolving operating facility were comprised of $5.7 million related to an overdraft balance (December 31, 2018 - $9.5 million), and $44.9 million of Canadian dollar and U.S. dollar advances (December 31, 2018 - $30.1 million).

For the three and six month periods ended June 30, 2019, the average interest rates applied to amounts drawn on the committed extendible revolving operating facility were 4.93% and 4.63%, respectively (2018 - 4.85% and 4.75%, respectively).

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

Management believes that the ongoing cash generated from operations will be sufficient to allow it to meet ongoing requirements for working capital, maintenance costs, administrative expenses, and interest costs. Black Diamond's cash generated from operations will be dependent upon future financial performance, which in turn will be subject to financial, business and other risk factors, including factors beyond Black Diamond's control. Management also believes that, dependent on capital market conditions, Black Diamond has room under its existing credit facilities and 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 June 30, 2019	Required	Actual
Funded Debt to Bank EBITDA Ratio	≤ 4.00:1	3.11
Interest Coverage Ratio	≥ 3.00:1	4.86

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

Covenant as at June 30, 2019	Required	Actual
Current Ratio	≥ 1.25:1	2.22
Interest Coverage Ratio	≥ 3.00:1	66.18

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 management uses to assist in the evaluation of Black Diamond's liquidity and is used by Black Diamond's lenders to calculate compliance with certain financial covenants. See "Non-GAAP 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 June 30, 2019, Black Diamond was in compliance with all debt covenants.

Share Capital

At June 30, 2019, Black Diamond had 55.4 million (December 31, 2018 - 55.0 million) common shares outstanding. In addition, at June 30, 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 August 8, 2019 (in thousands):

Common shares	55,432
Stock options	3,801
Restricted 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 June 30, 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 management believes they assist the reader in understanding Black Diamond's results. Non-GAAP financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers for these non-GAAP measures. These measures include:

Adjusted EBITDA is not a measure recognized under IFRS and does not have standardized meanings prescribed by IFRS. Adjusted EBITDA refers to consolidated earnings before finance costs, tax expense, depreciation, amortization, accretion, foreign exchange, stock-based compensation, acquisition costs, non-controlling interests, share of gains or losses of an associate, write-down of property and equipment, impairment 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. Management believes that operating performance, as determined by Adjusted EBITDA, is meaningful because it presents the performance of the Company's operations on a basis which excludes the impact of certain non-cash items as well as how the operations have been financed. In addition, management presents Adjusted EBITDA because it considers it to be an important supplemental measure of the Company's performance and believes this measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures.

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

- Adjusted EBITDA excludes certain income tax payments 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 June 30, 2019 (1)	2018	Change %	Six months ended June 30, 2019 (2)	2018	Change %
Loss	**(2.0)**	(0.9)	122 %	**(4.7)**	(2.9)	62 %
Add (deduct):						
Share-based compensation	**0.8**	0.7	14 %	**1.4**	1.2	17 %
Depreciation and amortization	**9.7**	8.9	9 %	**19.2**	18.1	6 %
Finance costs	**1.8**	1.7	6 %	**3.7**	3.2	16 %
Current income taxes	**—**	0.2	(100)%	**—**	0.2	(100)%
Deferred income taxes	**(0.4)**	(0.5)	(20)%	**(1.7)**	(1.3)	31 %
Gain on sale of real estate	**—**	(0.4)	(100)%	**—**	(0.4)	(100)%
Non-controlling interest	**0.1**	(0.1)	(200)%	**0.2**	(0.1)	(300)%
Adjusted EBITDA	**10.0**	9.5	5 %	**18.2**	18.1	1 %

(1) Amount includes the positive impact of IFRS 16 of $1.0 million for the Quarter.
(2) Amount includes the positive impact of IFRS 16 of $2.0 million for the YTD.

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

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

($ millions, except as noted)	Three months ended June 30, 2019	2018	Change %	Six months ended June 30, 2019	2018	Change %
Cash Flow from Operating Activities	**7.9**	7.5	5 %	**19.9**	23.5	(15)%
Add/(Deduct):						
Change in long-term accounts receivable	**(0.3)**	(0.5)	(40)%	**(0.6)**	(0.8)	(25)%
Change in non-current deferred revenue	**0.1**	0.3	(67)%	**0.1**	0.8	(88)%
Changes in non-cash working capital	**4.0**	5.0	(20)%	**1.2**	(0.3)	(500)%
Funds from Operations	**11.7**	12.3	(5)%	**20.6**	23.2	(11)%

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.

RELATED PARTY TRANSACTIONS

The amounts due to limited partners include distributions and royalties payable to the non-controlling interests. They are non-interest bearing and due on demand. The amounts due to other related parties are unsecured and are repayable in cash.

The following table provides the total amount of transactions that have been entered into with related parties during the three and six month periods ended June 30, 2019 and 2018, as well as balances with related parties as at June 30, 2019 and December 31, 2018.

	For the three months ended June 30,		For the six months ended June 30,		Due to related parties as at	
	2019	2018	**2019**	2018	**June 30, 2019**	December 31, 2018
	$	$	**$**	$	**$**	$
Non-controlling interests						
Limited partners						
Royalties and distributions declared	**216**	285	**560**	507	**274**	256
Other related parties						
Entity controlled by a member of the board of directors						
Purchases of goods and services	**336**	—	**475**	—	**538**	—

Services purchased from the entity controlled by a member of the board of directors include water handling and wastewater treatment services.

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 June 30, 2019, 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 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 June 30, 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 management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

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

Impairment of non-financial assets

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

Determination of a Cash Generating Unit ("CGU")

Management's judgment is required in determining the Company's CGUs for the impairment assessment of its 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 Adjusted 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 three 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 management 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. Management 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.