CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

BLACK DIAMOND GROUP

To the Shareholders of Black Diamond Group Limited:

Opinion

We have audited the consolidated financial statements of Black Diamond Group Limited and its subsidiaries (collectively, the "Company"), which comprise the consolidated statement of financial position as at December 31, 2019 and 2018, and the consolidated statement of net income (loss), consolidated statement of comprehensive income (loss), consolidated statement of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Robert Jubenvill.

Ernst + Young LLP

Chartered Professional Accountants
Calgary, Canada
March 5, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at December 31,

(Expressed in thousands)	2019	2018
	$	$
ASSETS		
Current		
Cash and cash equivalents	**4,291**	3,175
Accounts receivable (note 5)	**45,775**	34,464
Prepaid expenses and other current assets (note 13)	**6,980**	6,041
Total Current Assets	**57,046**	43,680
Non-Current		
Other long-term assets	**185**	813
Property and equipment (notes 6 and 9)	**327,493**	339,894
Right-of-use assets (note 7)	**19,736**	—
Goodwill and intangible assets (notes 8 and 9)	**18,103**	18,882
Total Non-Current Assets	**365,517**	359,589
Total Assets	**422,563**	403,269
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (notes 10, 11 and 26)	**35,212**	28,734
Deferred revenue	**4,021**	6,796
Current portion of lease liabilities (note 12)	**5,203**	—
Total Current Liabilities	**44,436**	35,530
Non-Current		
Long-term debt (note 14)	**102,422**	90,084
Asset retirement obligations (note 17 and 22)	**17,731**	18,878
Long-term lease liabilities (note 12)	**18,719**	—
Other long-term liabilities	**—**	2,599
Deferred income taxes (note 13)	**24,058**	31,404
Total Non-Current Liabilities	**162,930**	142,965
Total Liabilities	**207,366**	178,495
Shareholders' Equity		
Share capital (note 18)	**378,823**	377,567
Contributed surplus	**17,657**	16,436
Accumulated other comprehensive income	**11,779**	17,317
Retained deficit	**(194,471)**	(187,908)
Total Shareholders' Equity	**213,788**	223,412
Non-controlling interests (note 19)	**1,409**	1,362
Total Equity	**215,197**	224,774
Total Liabilities and Equity	**422,563**	403,269

See accompanying notes to the consolidated financial statements

Refer to Commitments and Contingencies in Note 27

On behalf of the Board of Directors

Signed “Robert Herdman” Signed “Robert Wagemakers”

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BLACK DIAMOND GROUP

CONSOLIDATED STATEMENT OF NET INCOME (LOSS)
for the years ended December 31,

(Expressed in thousands, except per share amounts)	2019 $	2018 $
Revenue (notes 20 and 25)	**185,936**	165,931
Direct costs (note 20)	**108,951**	98,001
Gross profit	**76,985**	67,930
Expenses		
Administrative expenses (note 21)	**37,864**	38,613
Depreciation and amortization (notes 6, 7, 8 and 25)	**39,301**	36,872
Share-based compensation (note 18)	**3,056**	1,857
Finance costs (note 22)	**7,562**	6,313
Debt retirement costs (note 22)	**2,359**	—
Gain on sale of real estate assets (note 6)	**—**	(378)
Loss before income taxes	**(13,157)**	**(15,347)**
Income tax expense (recovery) (note 13)		
Current	**49**	(80)
Deferred	**(6,164)**	(3,646)
Total income tax recovery	**(6,115)**	(3,726)
Loss before non-controlling interest	**(7,042)**	(11,621)
Profit (loss) attributable to non-controlling interest (note 19)	**443**	(237)
Loss for the year	**(7,485)**	(11,384)
Earnings (loss) per share (note 23)		
Basic	**(0.14)**	(0.21)
Diluted	**(0.14)**	(0.21)

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
for the years ended December 31,

(Expressed in thousands)	**2019**	2018
	$	$
Loss for the year	**(7,485)**	(11,384)
Other comprehensive income (loss) to be re-classified to Consolidated Statement of Net Income in subsequent period:		
Translation adjustments	**(5,538)**	7,441
Net other comprehensive income (loss) to be re-classified to Consolidated Statement of Net Income in subsequent period	**(5,538)**	7,441
Total comprehensive loss	**(13,023)**	(3,943)

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the years ended December 31, 2019 and 2018

(Expressed in thousands)	Issued Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Shareholders' Equity	Non-Controlling interest	Total Equity
	$	$	$	$	$	$	$
As at January 1, 2018	377,814	14,907	9,876	(176,524)	226,073	2,043	228,116
Profit (loss) for the year	—	—	—	(11,384)	(11,384)	(237)	(11,621)
Translation adjustment	—	—	7,441	—	7,441	—	7,441
Distributions declared to partners, net of contributions	—	—	—	—	—	(444)	(444)
Purchase of shares in trust (note 18)	(953)	—	—	—	(953)	—	(953)
Vesting of shares in trust (note 18)	706	(706)	—	—	—	—	—
Share-based compensation (note 18)	—	2,235	—	—	2,235	—	2,235
As at December 31, 2018	377,567	16,436	17,317	(187,908)	223,412	1,362	224,774
IFRS 16 transition adjustments (note 2)	**—**	**—**	**—**	**922**	**922**		**922**
Profit (loss) for the year	**—**	**—**	**—**	**(7,485)**	**(7,485)**	**443**	**(7,042)**
Translation adjustments	**—**	**—**	**(5,538)**	**—**	**(5,538)**	**—**	**(5,538)**
Distributions declared to partners, net of contributions (note 26)	**—**	**—**	**—**	**—**	**—**	**(396)**	**(396)**
Purchase of shares in trust (note 18)	**(530)**	**—**	**—**	**—**	**(530)**	**—**	**(530)**
Vesting of shares in trust (note 18)	**1,786**	**(1,786)**	**—**	**—**	**—**	**—**	**—**
Share-based compensation (note 18)	**—**	**3,007**	**—**	**—**	**3,007**	**—**	**3,007**
As at December 31, 2019	**378,823**	**17,657**	**11,779**	**(194,471)**	**213,788**	**1,409**	**215,197**

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
for the years ended December 31,

(Expressed in thousands)	2019 $	2018 $
Operating activities		
Profit (loss) for the year	**(7,485)**	(11,384)
Add (deduct) non-cash / non-operating activities:		
Share-based compensation (note 18)	**3,007**	2,235
Depreciation and amortization (notes 6, 7, 8 and 25)	**39,301**	36,872
Finance costs (note 22)	**7,562**	6,313
Debt retirement costs (note 14 and 22)	**2,359**	—
Gain on sale of real estate assets (note 6)	**—**	(378)
Deferred income taxes (note 13)	**(6,164)**	(3,646)
Settlement of ARO liability (note 17)	**(1,501)**	(613)
Profit (loss) attributable to non-controlling interest (note 19)	**443**	(237)
Book value of used fleet sales (note 6)	**7,785**	13,528
	45,307	42,690
Change in other long-term assets	**629**	884
Change in non-current deferred revenue	**(196)**	(1,253)
Change in non-cash working capital related to operating activities (note 24)	**(9,069)**	(3,166)
Net cash flows from operating activities	**36,671**	39,155
Investing activities		
Purchase of property and equipment (notes 6 and 25)	**(32,006)**	(14,988)
Additions to intangible assets (note 8 and 25)	**(1,518)**	(2,422)
Proceeds from sale of real estate assets	**—**	4,381
Change in non-cash working capital related to investing activities (note 24)	**728**	(1,991)
Net cash flows used in investing activities	**(32,796)**	(15,020)
Financing activities		
Proceeds from long-term debt (note 14)	**113,908**	40,977
Repayment of long-term debt (note 14)	**(101,762)**	(66,117)
Net interest paid, including lease liability interest (note 22)	**(7,092)**	(5,768)
Debt retirement costs (note 22)	**(2,359)**	—
Payment of lease liabilities	**(4,560)**	—
Consideration on assumption of ARO Liability (note 17)	**—**	9,339
Distributions declared to non-controlling interest (note 26)	**(396)**	(444)
Net purchase of shares in trust (note 18)	**(530)**	(953)
Change in non-cash working capital related to financing activities (note 24)	**37**	94
Net cash flows from (used in) financing activities	**(2,754)**	(22,872)
Increase (decrease) in cash and cash equivalents	**1,121**	1,264
Cash and cash equivalents, beginning of the year	**3,175**	2,497
Effect of foreign currency rate changes on cash and cash equivalents	**(5)**	(586)
Cash and cash equivalents, end of the year	**4,291**	3,175

See accompanying notes to the consolidated financial statements

1. GENERAL INFORMATION

The consolidated financial statements of Black Diamond Group Limited, its subsidiaries and its controlled limited partnerships (collectively “Black Diamond” or the “Company”) for the years ended December 31, 2019 and 2018 were authorized for issuance in accordance with a resolution of the Board of Directors on March 5, 2020. Black Diamond is headquartered in Calgary, Alberta. The Company was incorporated in Alberta on October 7, 2009. The address of the Company’s registered office is Suite 4600, 525 – 8th Avenue S.W., Calgary, Alberta, Canada.

The common shares of the Company are listed on the Toronto Stock Exchange (TSX: BDI).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared on a going concern basis and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Except as otherwise disclosed, the same accounting policies and methods of computation were followed in the preparation of these consolidated financial statements as at and for the year ended December 31, 2018.

The consolidated financial statements are presented in Canadian dollars and all amounts are rounded to the nearest thousand ($’000), except per share amounts or as otherwise noted.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Black Diamond Group Limited, its subsidiaries and its controlled limited partnerships as at December 31, 2019. Control is achieved when Black Diamond Group Limited is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When Black Diamond Group Limited has less than a majority of the voting or similar rights of an investee, Black Diamond Group Limited considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- Black Diamond Group Limited's voting rights and potential voting rights.

Black Diamond Group Limited re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when Black Diamond Group Limited obtains control over the subsidiary and ceases when Black Diamond Group Limited loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Financial Position and the Consolidated Statement of Net Income (Loss) from the date Black Diamond Group Limited gains control until the date Black Diamond Group Limited ceases to control the subsidiary.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Consolidated Statement of Net Income (Loss) and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If Black Diamond Group Limited loses control over a subsidiary, it:

- De-recognizes the assets (including goodwill) and liabilities of the subsidiary;
- De-recognizes the carrying amount of any non-controlling interests;
- De-recognizes the translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes any surplus or deficit in the Consolidated Statement of Net Income (Loss);
- Reclassifies the parent's share of components previously recognized in OCI to the Consolidated Statement of Net Income (Loss) or retained deficit, as appropriate, as would be required if Black Diamond Group Limited had directly disposed of the related assets or liabilities; and
- Recognizes the fair value of the remaining investment.

The consolidated financial statements of Black Diamond Group Limited include the following significant operational entities listed below. The ultimate holding entity of the companies listed below is Black Diamond Group Limited.

		Equity Interest	
Name	**Country of formation**	**2019**	2018
Black Diamond Limited Partnership	Canada	**100%**	100%
LodgeLink Inc.	Canada	**100%**	100%
Britco BOXX Limited Partnership	Canada	**100%**	100%
Black Diamond Dene Limited Partnership	Canada	**50%**	50%
Black Diamond West Moberly Limited Partnership	Canada	**50%**	50%
Black Diamond Nehiyawak Limited Partnership	Canada	**50%**	50%
Whitecap Black Diamond Limited Partnership	Canada	**49%**	49%
Black Diamond Energy Services Inc.	United States	**100%**	100%
BOXX Modular Holdings Inc.	United States	**100%**	100%
Nortex Modular Leasing and Construction Company	United States	**100%**	100%
MPA Systems, LLC	United States	**100%**	100%
Black Diamond Modular Buildings Pty Ltd.	Australia	**100%**	100%

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business acquisitions

The acquisition method of accounting is used to account for the purchase of subsidiaries by the Company. The cost of the acquisition is the aggregate of the consideration transferred, measured at the acquisition date, and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects to measure any non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets on a historical cost basis. Acquisition costs incurred are expensed and included in administrative expenses in the Consolidated Statement of Net Income (Loss).

When determining the nature of an acquisition as either a business combination or an asset acquisition, management defines a business as an integrated set of activities and assets that is capable of being conducted and managed for the purposes of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. The primary focus in management's determination is the presence of processes capable of converting the inputs purchased into outputs, evidencing a business is purchased. If these processes are not present then this suggests an asset purchase and not a business combination.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the combination date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the combination date fair value of the Company's previously held equity interest in the acquiree is remeasured to fair value at the combination date through the Consolidated Statement of Net Income (Loss). Any contingent consideration to be transferred by the Company is recognized at fair value at the combination date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognized in accordance with IFRS 9, *Financial instruments* ("IFRS 9") either in Consolidated Statement of Net Income (Loss) or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of combination is less than the fair value of the Company's share of the net assets of the subsidiary acquired, the difference is recognized directly in the Consolidated Statement of Net Income (Loss).

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks, short term investments with maturity at the time of purchase of less than 90 days, other short-term highly liquid investments, and bank overdrafts. Bank overdrafts outside of the committed extendible revolving facility are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position to the extent that there is no right of offset and no practice of net settlement with cash balances.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost is the fair value of the consideration given to acquire the asset at the time of acquisition and includes the direct cost of bringing the asset to the location and condition necessary for operation. Property and equipment are depreciated over their estimated useful lives using the following rates and methods:

Computers, furniture and service equipment	30% declining balance
Space rentals fleet equipment	6% declining balance
Workforce accommodation rental	10% declining balance
Surface rental equipment	10% - 50% declining balance
Buildings	5% declining balance
Carry-on options	Straight-line over two years
Leasehold improvements	Straight-line over term of lease
Asset retirement obligation	Straight-line over four to ten years

Land and deposits on equipment are not subject to depreciation.

The residual values and useful lives of property and equipment are reviewed and adjusted if appropriate at each Consolidated Statement of Financial Position date. Black Diamond uses estimates in determining appropriate useful lives and residual values.

Intangible assets

Separately acquired intangible assets with finite lives are recorded at cost, net of accumulated amortization and accumulated impairment. The cost of intangible assets acquired in business combinations is their fair value on acquisition date. Intangible assets are amortized over their estimated useful lives on a straight-line basis over 1 to 3 years.

Goodwill

Goodwill arises when the acquisition cost of an acquired business exceeds the sum of the amounts allocated to the net assets acquired on a fair value basis. Goodwill is allocated as at the acquisition date to the cash-generating units ("CGUs") of Black Diamond's operations that are expected to benefit from the business combination.

Goodwill is not amortized, but is evaluated on an annual basis for impairment, or when an event occurs that more likely than not reduces the expected recoverable value of a CGU below its carrying value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill is allocated to CGUs (or groups of CGUs) for the purpose of impairment testing. Each of those CGUs (or groups of CGUs) represents the lowest level within the Company at which the associated goodwill is monitored for management purposes based on shared infrastructure, geographical proximity, exposure to market risk and product offering and is not larger than the operating segments determined in accordance with IFRS 8, *Operating segments*. Goodwill impairments are not reversed.

Impairment of long-lived assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or CGUs recoverable amount. The recoverable amount is the higher of an asset's or CGUs fair value less costs of disposal (FVLCD) and its value in use (VIU). Impairment losses are recognized to the extent that the carrying amount of an asset or CGU exceeds its recoverable amount.

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining FVLCD, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on estimated five-year after tax discounted cash flow approach, cross-checked to comparable market transactions and public company trading multiples. Where available, these calculations are corroborated by implied valuation multiples for comparable industry participants or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Company estimates the asset's or CGUs recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Classification and Measurement of Financial Assets

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. Financial assets are recognized by the Company under IFRS 9. There are three measurement categories into which the Company classified its financial assets:

- Amortized Cost: Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest;
- Fair Value Through Other Comprehensive Income ("FVOCI"): Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest; or

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Fair Value Through Profit or Loss ("FVTPL"): Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that meets the amortized cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

At initial recognition, the Company measures a financial asset at its fair value and, in the case of a financial asset not at FVTPL, including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are recorded as an expense in net earnings.

Financial assets are reclassified subsequent to their initial recognition only if the business model for managing those financial assets changes. The affected financial assets will be reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Impairment of Financial Assets

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset.

Classification and Measurement of Financial Liabilities

A financial liability is initially classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. The classification of a financial liability is irrevocable. Financial liabilities at FVTPL are measured at fair value with changes in fair value, along with any interest expense, recognized in net earnings. Other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in net earnings. Any gain or loss on derecognition is also recognized in net earnings.

A financial liability is derecognized when the obligation is discharged, cancelled or expired.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

The following table shows the measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities:

Financial Instrument	Measurement Category
Cash and cash equivalents	**FVTPL**
Current accounts receivable	**Amortized cost**
Other long-term assets	**Amortized cost**
Accounts payable and accrued liabilities	**Amortized cost**
Long-term debt	**Amortized cost**

Lease obligations

Where the Company is the lessee, leases are classified as finance or operating. A lease which transfers substantially all the risks and rewards of ownership of the asset is classified as a finance lease. Factors reviewed in this determination include, but are not limited to, the term of the lease, whether ownership is transferred at the end of the term, bargain purchase arrangements and a comparison of the present value of the minimum lease payments versus the fair value of the asset. This policy is effective for periods prior to January 1, 2019. On January 1, 2019, the Company adopted IFRS 16, *Leases* ("IFRS 16"). The Company's transition to IFRS 16, along with its revised policy, is described in this note under *Changes in accounting policy and disclosure*.

At the inception of the finance lease, an asset is capitalized in the Consolidated Statement of Financial Position and depreciated over the shorter of the lease term or the asset's useful life. The asset is recorded at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease. The capital elements of future obligations under finance leases are included in liabilities in the Consolidated Statement of Financial Position and classified between current and non-current amounts. The interest elements of future obligations under finance leases are charged to the Consolidated Statement of Net Income (Loss) over the periods of the lease and represent a constant proportion of the balance of capital repayments outstanding in accordance with the effective interest rate method.

All other leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases and are not recognized on the Company's Consolidated Statement of Financial Position. The cost of operating leases is charged to the Consolidated Statement of Net Income (Loss) on a straight line basis over the periods of the leases.

Tenant inducements are recorded as a long-term liability and amortized over the lease term as a reduction of rent expense.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. In establishing such provisions the Company takes into account the relevant facts and circumstances of each matter and considers advice of professional advisors when needed. The ultimate liability may vary from the amounts currently provided and may be dependent upon the discovery of facts that are currently uncertain.

Black Diamond recognizes asset retirement obligations ("ARO") associated with its operations as required. The present value of the ARO is recognized in the period in which the obligations are incurred. The estimated present value of the ARO is the discounted expected future cash flows to settle the ARO at a pre-tax risk free interest rate that reflects current market assessments of the time value of money. The present value of the ARO is sensitive to estimates of the future obligations and interest rate used.

Asset retirement costs are capitalized and depreciated over the asset's estimated remaining useful life. In subsequent periods, the ARO is adjusted for the passage of time through accretion expense, which is recognized as a finance cost and for changes in the amount or timing of the underlying future cash flows. Changes in the estimated future costs or in the discount rate applied are added to, or deducted from, the cost of the asset. Actual expenditures are charged against the provision when incurred with any differences between actual costs and estimated costs recorded in net income.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is determined by estimating the present value of payments in excess of the expected benefits.

Share capital

The Company currently has one class of outstanding voting common shares, which is classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a reduction, net of tax, from the proceeds.

Revenue recognition

Black Diamond is in the business of providing rental of specialized equipment, plus the support services for these assets including transportation, installation, catering, utilities, security and sub-contracting third party service providers for other specific requirements of our customers. Revenue is recognized by Black Diamond under both IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") and IFRS 16, *Leases* ("IFRS 16").

IFRS 15 applies to all revenue arising from contracts with customers, unless those contracts are within the scope of other standards. A five step model is used to account for revenue arising from contracts with customers. Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 requires management

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

(a) Rental
Rental revenue is associated with the rental of Black Diamond's owned assets to customers and is recognized in the period the equipment is used by the customer on a straight-line basis over the term of the related rental agreement.

(b) Sales
Revenue from the sale of new units, custom manufactured equipment and used rental equipment generally include one performance obligation. Revenue from the sale of equipment is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment.

(c) Non-Rental
Non-rental revenue includes delivery, pickup, installation, transportation, maintenance (together, "Operations"), dismantlement of assets, catering services, subleased equipment, stand-by fees on disaster recovery contracts and revenue earned on bookings at third party lodges through LodgeLink. Non-rental revenue services are usually bundled together with sales or rental contracts. Black Diamond reviews and assesses bundled contracts to determine that performance obligations related to various services or goods provided within the same contract are distinct and clearly identifiable. The amount of revenue is based on the prices outlined in the contracts and is recognized at the time when
the distinct performance obligation is satisfied and the customer receives and consumes the benefits of the services or goods provided by the Company. When a price or multiple prices outlined within a contract are not reasonably comparable to stand-alone pricing for the various performance obligations, the Company reallocates the total contract consideration based on the relative stand-alone selling prices.

Revenue from catering services, subleased equipment and stand-by fees on disaster recovery are recognized over the time the service is provided to the customer on a straight-line basis.

Revenue from delivery, pickup, installation, transportation, maintenance and dismantlement of assets will continue to be 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.

(d) Lodging
Lodging revenue is generated from provision of full turnkey lodging services provided to customers. Revenue is recognized in the period the service is provided to the customer.

Share-based compensation

Black Diamond maintains share-based compensation plans, consisting of a share option plan and other share-based plans. Options granted pursuant to the share option plan to employees, officers and directors are accounted for using the fair value method. Share-based compensation expense is recorded along with a corresponding increase in contributed surplus, based on the fair values determined through the use of an option pricing model when the options are granted. The calculation of the fair value of option grants is

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

sensitive to the expected forfeiture rate, volatility, dividend yield and expected life of the option. Any consideration paid to Black Diamond on the exercise of the options plus the attributed contributed surplus is recorded to share capital at the time of exercise. The fair value of awards granted under the other share-based plans is equal to the weighted average trading price of the Company's shares for the five trading days immediately preceding the date of grant.

Share-based compensation cost is recognized on a graded amortization basis over the vesting period. Forfeitures are estimated at the date of grant, with adjustments being made over the vesting period for changes in expectations due to actual forfeitures through failure to satisfy vesting conditions. Costs related to surrendered or canceled options are recognized immediately for the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

The Company has directed an independent trustee to purchase and hold common shares in trust for the participants of the other share-based plans until the applicable vesting date. The cost of the purchase of common shares held in trust is accounted for as a reduction in outstanding common shares and the trust is consolidated as a special purpose entity. Compensation expense for equity-settled share-based plans, based on the fair value of the common shares underlying the rights granted, is recognized on a graded amortization basis over the vesting period with a corresponding increase to contributed surplus. Upon vesting, share capital is increased and contributed surplus is decreased.

The cost of cash-settled share-based payments is measured at fair value and recognized as an expense over the vesting period, with a corresponding liability recognized on the Consolidated Statement of Financial Position. Each subsequent period the liability is remeasured to reflect the passage of time, changes in the Company's share price, and the actual number of units for which the related service and non-market vesting conditions are met. Changes in the fair value of the liability are recognized through profit or loss until the liability is ultimately settled.

Income Taxes

The Company accounts for income taxes using the liability method, whereby deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities measured using enacted or substantively enacted tax rates and laws that are expected to be in effect when the deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset and they relate to income taxes levied by the same tax authority on the same taxable entity. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries and investments subject to significant influence, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized to the extent that future realization of the tax benefit is probable.

Current income taxes are amounts expected to be payable or recoverable as a result of operations in the current year and any adjustments to tax payable in respect of previous years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

The operating results of the Company's United States and Australian operations, which have a functional currency of United States Dollars ("USD") and Australian Dollars ("AUD"), respectively, are translated into Canadian Dollars using the rate of exchange on the date of the transaction. The Company determines the functional currency to be that of the primary economic environment in which the undertaking operates. The Statement of Financial Position of the United States and Australian operations are translated into Canadian Dollars at the rates of exchange at the period end. Exchange differences arising between the translation into Canadian Dollars of the net assets of these operations at rates at the beginning and end of the period are recognized in other comprehensive income.

In the event that a foreign subsidiary is sold, the gain or loss on disposal recognized in the Consolidated Statement of Net Income (Loss) is determined after taking into account the cumulative currency translation differences that are attributed to the subsidiary concerned.

Foreign currency transactions entered into by the Company during the year through the Canadian operations are translated into Canadian Dollars at the rates of exchange on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the Consolidated Statement of Financial Position date. Non-monetary assets denominated in foreign currencies are translated at historical exchange rates. All foreign currency transaction translation differences relating to the Canadian operations are recorded in the Consolidated Statement of Net Income (Loss).

Per share amounts

Basic net income per share is computed by dividing net income attributable to Black Diamond by the weighted average number of shares outstanding during the period.

The treasury stock method is used to determine the diluted per share amounts. Under this method, the diluted weighted average number of shares is calculated assuming the proceeds that arise from the exercise of outstanding, in-the-money options are used to purchase shares of Black Diamond at their estimated average market price during the period, and the difference between Black Diamond shares issued upon the exercise of the options and the number of options exercisable under this method, on a weighted average basis, is added to the number of shares outstanding. Anti-dilutive options are not considered in computing diluted earnings per share.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers, determined to be the Board of Directors and the senior executives, as these are the individuals that make strategic decisions and resource allocations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosure

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 will 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.
- 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 its 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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 CGU

Management's judgment is required in determining the Company's CGUs for the impairment assessment of its property, plant and equipment, goodwill and 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: Modular Space Solutions East ("MSS East"), Modular Space Solutions West ("MSS West"), Modular Space Solutions US ("MSS US"), Camps & Lodging, Energy Services, and Australia.

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

Financial assets and financial liabilities that are measured at fair value are classified into levels reflecting the method used to make the measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant inputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The inputs to these valuations 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

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

in assumptions about these factors could affect the reported fair value of financial instruments. See Note 15 for further disclosures.

Determination of control and significant influence

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

Aggregation of interest in subsidiaries

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

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.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

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 FVLCD and its 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 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 performance of the CGU being tested. Estimates for revenue growth and EBITDA margins were 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 were estimated based on the assumed weighted average cost of capital for a notional purchaser of each CGU. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows, margins, and the growth rate used for extrapolation purposes.

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

Asset Retirement Obligations

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

Onerous Contracts

The Company had recognized a provision relating to an onerous contract for a portion of a head office lease held by the Company. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates and the economic benefits expected to be received under the contract. The provision pertains to the 2018 fiscal period and was derecognized upon the adoption of IFRS 16 on January 1, 2019 (Note 2).

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Additional estimates

Other estimates that management is required to make to conform with IFRS and prepare timely consolidated financial statements includes accrual of unsettled transactions, 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 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.

4. CAPITAL MANAGEMENT

Black Diamond's primary objectives when managing capital are:

- to maintain the strength of its statement of financial position, ensuring Black Diamond's strategic objectives are met, while retaining an appropriate amount of leverage; and
- to provide an appropriate return to shareholders relative to the risk of Black Diamond's underlying assets.

Black Diamond manages its capital structure within guidelines approved by the Board of Directors of the Company, and makes adjustments in light of changes in economic conditions, planned requirements, and the requirements of financial covenants. Black Diamond considers its capital structure to include shareholders' equity, short and long term credit facilities, and working capital. Black Diamond has the ability to adjust its capital structure by issuing or repurchasing equity or issuing or repaying debt, selling assets to reduce debt, controlling the amount it returns to shareholders through dividends or share buybacks and making adjustments to its capital expenditure program. The only restriction Black Diamond has on its capital is in respect of certain financial covenants contained in its asset-based revolving credit facility disclosed in Note 14. Breaches in meeting the financial covenants would permit its lenders to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current or past periods.

Black Diamond monitors its capital structure using the Net Debt to Adjusted EBITDA(1) ratio. Net Debt is a non-GAAP measure calculated as long-term debt minus cash. Black Diamond considers the Net Debt to Adjusted EBITDA ratio to be a key measure of operating performance as it demonstrates the Company's ability to generate the necessary funds for capital investment and to service and repay debt. At December 31, 2019, the Net Debt to Adjusted EBITDA(1) ratio is 2.50 (December 31, 2018 - 2.96). Adjusted EBITDA, a non-GAAP measure, is defined as follows:

	December 31, 2019	December 31, 2018
	$	$
Loss for the year	**(7,485)**	(11,384)
Add (Deduct):		
Share-based compensation (note 18)	**3,056**	1,857
Depreciation (note 6) and amortization (note 8)	**39,301**	36,872
Finance costs (note 22)	**7,562**	6,313
Debt retirement costs (note 22)	**2,359**	—
Gain on sale of real estate assets	**—**	(378)
Current income taxes (note 13)	**49**	(80)
Deferred income taxes (note 13)	**(6,164)**	(3,646)
Acquisition costs	**177**	22
(Profit) / Loss from excluded subsidiaries	**443**	(237)
Adjusted EBITDA (1)	**39,298**	29,339

(1) Net Debt and Adjusted EBITDA are not recognized measures under IFRS. The Company's method of calculating Net Debt and Adjusted EBITDA may differ from other entities and accordingly, may not be comparable to measures used by other entities.

5. ACCOUNTS RECEIVABLE

	December 31, 2019 $	December 31, 2018 $
Current		
Trade and accrued receivables	**45,999**	34,599
Provision for doubtful accounts	**(224)**	(135)
Total current accounts receivable	**45,775**	34,464

a) Trade and accrued receivables

Trade receivables are aged from the date of invoicing, with normal payment terms being 30 - 60 days.

The aging of the trade and accrued receivables is as follows:

Current accounts receivable, net of provision for doubtful accounts	December 31, 2019 $	December 31, 2018 $
Amounts not yet due	**28,114**	17,456
Past due not more than 30 days, but not impaired	**6,170**	10,944
Past due not more than 60 days, but not impaired	**1,406**	1,853
Past due not more than 90 days, but not impaired	**3,325**	1,388
Past due greater than 90 days, but not impaired	**6,760**	2,823
Total current accounts receivable, net of provision for doubtful accounts	**45,775**	34,464

Credit risk is the risk that Black Diamond will experience financial loss if a customer does not fulfill its contractual obligations to the Company. Refer to Note 15 Financial Instruments for further analysis and discussion of credit risk.

b) Provision for doubtful accounts

Management expects full collection on accounts receivable that are not impaired. The Company recognizes loss allowances for ECLs on its accounts receivable, which are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Movement in provision for doubtful accounts	2019 $	2018 $
As at January 1,	**135**	349
Amount provided in year	**147**	124
Written off in year	**(58)**	(338)
As at December 31,	**224**	135

6. PROPERTY AND EQUIPMENT

	Land and improvements	Building	Leasehold improvements	Computers, furniture and service equipment	Space rental fleet	Workforce accommodation rental fleet	Surface rental fleet	Carry-on options	Deposits on equipment	ARO	Total
	$	$	$	$	$	$	$	$	$	$	$
Cost											
January 1, 2019	11,402	3,629	29,979	16,207	212,954	443,897	36,710	12,921	369	9,340	777,408
Additions	117	—	657	435	20,939	7,181	513	2,009	146	84	32,081
Disposals	—	(361)	(8)	(257)	(6,283)	(16,608)	(881)	(211)	—	(8)	(24,617)
Transfers	10	—	28	297	(170)	(285)	—	120	—	—	—
Translation and other adjustments	(233)	(38)	(12)	(140)	(3,750)	(4,243)	—	(75)	(10)	—	(8,501)
December 31, 2019	11,296	3,230	30,644	16,542	223,690	429,942	36,342	14,764	505	9,416	776,371
Accumulated Depreciation											
January 1, 2019	351	1,343	22,206	13,931	64,460	286,770	30,371	11,047	—	7,035	437,514
Charge for the year	72	131	2,116	938	9,563	15,651	807	1,299	—	1,397	31,974
Disposals	—	(361)	(8)	(247)	(1,261)	(14,004)	(762)	(189)	—	—	(16,832)
Transfers	9	—	14	131	(90)	(184)	—	120	—	—	—
Translation and other adjustments	(3)	(3)	(10)	(143)	(1,316)	(2,236)	—	(67)	—	—	(3,778)
December 31, 2019	429	1,110	24,318	14,610	71,356	285,997	30,416	12,210	—	8,432	448,878
Net Book Value											
December 31, 2019	10,867	2,120	6,326	1,932	152,334	143,945	5,926	2,554	505	984	327,493

Transfers include reclassifications between asset categories to reflect the re-purposing of assets and the application of deposits.

6. PROPERTY AND EQUIPMENT (continued)

	Land and improvements	Building	Leasehold improvements	Computers, furniture and service equipment	Space rentals fleet equipment	Workforce accommodation rental fleet	Surface rental equipment	Carry-on options	Deposits on equipment	ARO	Total
	$	$	$	$	$	$		$	$	$	$
Cost											
January 1, 2018	15,109	4,091	27,593	16,225	209,361	467,864	37,156	12,026	333	9,487	799,245
Additions	272	—	2,754	143	8,644	1,658	674	807	36	—	14,988
Disposals	(4,490)	(190)	(374)	(399)	(11,343)	(29,591)	(1,118)	(250)	—	—	(47,755)
Transfers	—	(342)	—	168	(317)	171	(2)	322	—	—	—
Translation adjustment	511	70	6	70	6,609	3,795	—	16	—	(147)	10,930
December 31, 2018	11,402	3,629	29,979	16,207	212,954	443,897	36,710	12,921	369	9,340	777,408
Accumulated Depreciation											
January 1, 2018	606	1,673	20,559	12,995	55,871	292,926	30,530	9,542	—	5,258	429,960
Charge for the period	119	181	2,014	1,062	9,605	17,597	798	1,408	—	1,777	34,561
Disposals	(389)	(190)	(373)	(216)	(3,509)	(24,419)	(958)	(236)	—	—	(30,290)
Transfers	—	(330)	—	39	(91)	59	1	322	—	—	—
Translation adjustment	15	9	6	51	2,584	607	—	11	—	—	3,283
December 31, 2018	351	1,343	22,206	13,931	64,460	286,770	30,371	11,047	—	7,035	437,514
Net Book Value											
December 31, 2018	**11,051**	**2,286**	**7,773**	**2,276**	**148,494**	**157,127**	**6,339**	**1,874**	**369**	**2,305**	**339,894**

7. RIGHT-OF-USE-ASSETS

	Real Estate	Vehicles & Equipment	Total
	$	$	$
Cost			
January 1, 2019	20,624	966	21,590
Additions	3,400	912	4,312
Disposals	(722)	—	(722)
Exchange rate adjustment	(102)	(20)	(122)
December 31, 2019	**23,200**	**1,858**	**25,058**
Accumulated Depreciation			
January 1, 2019	—	—	—
Charge for the period	4,880	442	5,322
December 31, 2019	**4,880**	**442**	**5,322**
Net Book Value			
January 1, 2019	20,624	966	21,590
December 31, 2019	**18,320**	**1,416**	**19,736**

8. GOODWILL AND INTANGIBLE ASSETS

Goodwill	**2019** $	2018 $
As at January 1,	**10,172**	9,745
Translation adjustment	**(226)**	427
As at December 31,	**9,946**	10,172

Goodwill is allocated to the reportable segments as reflected in the segmented information (Note 25).

Intangible Assets	**2019** $	2018 $
Cost		
January 1,	**27,211**	24,262
Additions	**1,518**	2,422
Translation adjustment	**(280)**	527
December 31,	**28,449**	27,211
Accumulated amortization		
January 1,	**18,501**	15,840
Charge for the year	**1,997**	2,311
Translation adjustment	**(206)**	350
December 31,	**20,292**	18,501
Net Book Value		
December 31,	**8,157**	8,710

Intangible assets consists mainly of customer relationships, LodgeLink website development costs, non-compete agreements and trademarks. Intangible assets belong to the reportable segments as reflected in the segmented information (Note 25).

9. IMPAIRMENT

In accordance with the requirements of IAS 36, all CGUs with goodwill were tested for impairment. This included the Modular Space Solutions CGUs of MSS West, MSS East, and MSS US. The Modular Space Solutions CGUs were tested for impairment at the aggregated MSS North America level because together they meet the aggregation criteria, specifically that the group of CGUs are expected to benefit together from the synergies created by the acquisitions on which the goodwill arose.

This resulted in no impairment charge to the Modular Space Solutions CGUs in 2019 or 2018.

The Company calculated FVLCD using a discounted cash flow method that projects future cash flows over a 5-year period. Revenue and cash flow assumptions were based on a combination of past results and expectations of future growth throughout a business cycle. These cash flows are estimated with reference to assumptions about rates and utilization levels, the Company's cost of capital, capital expenditures, anticipated capital spending by customers, anticipated government infrastructure spending, and industry and local market conditions that might directly impact the individual CGUs' operations in the future. The methodology applied in estimating these cash flows was consistent in 2019 and 2018. These fair value measurements are categorized as Level 3 in the fair value hierarchy as certain significant inputs are not observable. In addition, a terminal value is estimated, using a capitalized cash flow approach with a long-term growth rate of 1.5% to 2%. These cash flows are then discounted using a long-term weighted average cost of capital based on an estimate of investment returns that would be required by a market participant.

The following table summarizes the key values and assumptions for the impairment test for each CGU as at December 31, 2019:

CGU	Recoverable Amount	Terminal Growth Rate	Discount Rate
MSS West	94,000	2.0%	11.0 %
MSS East	52,500	2.0%	11.0 %
MSS US	89,900	1.5 %	11.0 %

The estimation of FVLCD involves significant judgment in the determination of inputs to the discounted cash flow model and is most sensitive to changes in terminal growth rate and discount rates. These key assumptions were tested for sensitivity by applying a reasonably possible change to those assumptions. Future terminal growth rates were reduced by 0.5% and discount rates were increased by 0.5%. The recoverable amounts of the CGUs tested remained greater than the total carrying values of the CGUs after adjusting these assumptions.

At December 31, 2019, the Company evaluated its Camps & Lodging, Energy Services, Modular Space Solutions and International CGUs for indicators of any potential impairment of long lived assets. As a result of these assessments, no indicators were identified and no impairment was recorded on these CGUs.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2019	December 31, 2018
	$	$
Trade payables	**15,674**	11,293
Accruals	**15,582**	12,234
Onerous contract provision (note 11)	**—**	1,013
Interest payable	**—**	618
Provision for guarantee of debt of an investee	**—**	791
Due to related parties (note 26)	**365**	256
Other payables	**3,591**	2,529
Total accounts payable and accrued liabilities	**35,212**	28,734

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled within 30-60 days.
- Accrued liabilities are estimates of amounts due for goods and services that have been received but not yet invoiced.
- Provision for guarantee of debt of an investee is payable on demand.

11. ONEROUS CONTRACT

In 2016, the Company recognized $3,316 relating to an onerous contract provision for a portion of a head office lease. The provision represented management's estimate of the minimum unavoidable future lease obligations relating to space to be unoccupied. This estimate may vary as a result of changes in the estimated economic benefits expected to be received under the contract. There were no changes to the provision estimate for 2018. With the adoption of IFRS 16 on January 1, 2019, the onerous contract provision was removed from the balance sheet (December 31, 2018 - $1,013).

12. LEASE LIABILITIES

	$
Lease liabilities, January 1, 2019	**25,006**
Additions	**4,312**
Disposals	**(731)**
Interest expense	**1,245**
Lease payments	**(5,805)**
Effect of movement in foreign exchange rates	**(105)**
Lease liabilities, December 31, 2019	**23,922**
Less: current portion	**5,203**
Long-term lease liabilities, December 31, 2019	**18,719**

Lease liabilities mature over the next five fiscal years and thereafter as follows:

	December 31, 2019
	$
Due within one year	**5,203**
Due later than one year and less than five years	**13,358**
Due after five years	**5,361**
	23,922

Short-term lease payments were $84 and sub-lease income was $59 for the three month period ended December 31, 2019. Short-term lease payments were $604 and sub-lease income was $192 for the twelve month period ended December 31, 2019. Variable and low value leases are immaterial.

13. INCOME TAXES

Deferred Tax Liabilities and Assets

The following are the major deferred tax liabilities and assets recognized by the Company and movements thereon during the year:

	Property & Equipment	Goodwill and intangible assets	Finance fees	Tax loss carry forward	Lease liability	Other	Total
	$	$	$	$	$	$	$
January 1, 2018	52,489	1,215	(798)	(17,542)	—	(544)	34,820
Recognized in loss for the year	164	1,512	396	(6,031)	—	313	(3,646)
Recognized in equity	—	—	(234)	—	—	—	(234)
Recognized in OCI	1,650	24	—	(1,207)	—	(3)	464
December 31, 2018	54,303	2,751	(636)	(24,780)	—	(234)	31,404
Recognized in loss for the year	**3,281**	**(315)**	**406**	**(4,282)**	**(4,542)**	**(712)**	**(6,164)**
Recognized in equity	**—**	**—**	**—**	**—**	**(922)**	**—**	**(922)**
Recognized in OCI	**193**	**4**	**—**	**(262)**	**7**	**(202)**	**(260)**
December 31, 2019	**57,777**	**2,440**	**(230)**	**(29,324)**	**(5,457)**	**(1,148)**	**24,058**

No deferred tax liability has been recognized for temporary differences associated with investments in subsidiaries and joint ventures as the Company is in a position to control the entities and it is considered probable that these timing differences will not reverse in the foreseeable future.

Unrecognized Tax Assets

Deferred tax assets were not recognized on the following deductible temporary differences:

	2019	2018
	$	$
Canadian net capital losses	**65**	370
International non-capital losses and property and equipment	**27,922**	31,148
Total	**27,987**	31,518

Effective Tax Rate

The following is a reconciliation of income tax recovery calculated at the statutory Canadian income tax rate to the income tax provision included in the Consolidated Statement of Net Income (Loss).

13. INCOME TAXES (continued)

	2019 **$**	2018 $
Loss before income taxes	**(13,157)**	(15,347)
Provision for income taxes at statutory rate of 26.58% (2018 - 26.96%)	**(3,497)**	(4,138)
Increase (decrease) in income taxes due to:		
Non-deductible items	**298**	669
Non-controlling interests	**(118)**	64
Changes in tax rates impacting deferred taxes	**(3,153)**	(316)
Impact of differential between deferred tax and current tax rate	**949**	—
Foreign jurisdiction rate difference	**(94)**	102
Change in unrecognized tax benefits	**(1,108)**	(1,000)
Adjustment on adoption of IFRS 16	**922**	—
2018 True up	**(451)**	—
US state tax	**70**	—
Other	**67**	893
Income tax recovery for the year	**(6,115)**	(3,726)

The statutory rate decreased from 26.96% in 2018 to 26.58% in 2019 due to change in Alberta corporate tax. The Alberta corporate tax will decrease by one percentage point on January 1 of each year until it reaches 8% on January 1, 2022. When combined with federal and other provincial rates, the applicable tax rate in Canada for deferred tax liability is 23.81%. Black Diamond reduced its deferred tax liability by $3,157 as a result of this tax rate change.

There is a current income tax receivable balance of $562 (2018 - $562) recorded in prepaid expenses and other current assets on the Consolidated Statement of Financial Position related to 2016 non–capital loss carryback to CRA.

14. LONG-TERM DEBT

	December 31, 2019	December 31, 2018
	$	$
Asset-based revolving credit facility	**103,228**	—
Committed extendible revolving operating facility	**—**	39,648
Senior secured notes	**—**	50,629
Costs associated with issue and restructuring of facilities	**(806)**	(193)
Total long-term debt	**102,422**	90,084

The weighted average interest rate on outstanding debt for the year ended December 31, 2019 was 4.6% (2018 – 5.4%).

Asset-based revolving credit facility

On October 31, 2019, Black Diamond entered into a four-year secured asset-based revolving credit facility ("ABL Facility") of $200,000. The ABL Facility consists of a maximum $200 million revolving line, plus an uncommitted $50 million accordion. The ABL Facility replaced the Company's debt that existed as at September 30, 2019, which is described below. The borrowing base, or available amount at any given time under the ABL Facility is based on 85 - 90% of the Net Orderly Liquidation Value of eligible rental fleet and qualified receivables, up to $200 million. The Company will be required to maintain a Fixed Charge Coverage Ratio ("FCCR") of 1.1 to 1; however, this covenant is only tested in certain instances, principally when draws under the ABL Facility exceed 90% of the borrowing base. As at December 31, 2019, the Company's draws under the ABL Facility amounted to 57% of a borrowing base of $179,624, therefore the FCCR covenant was not applicable.

For the period that the ABL Facility was in place (October 31, 2019 to December 31, 2019), the average interest rate applied to amounts drawn on the ABL Facility was 3.8%.

Committed Extendible Revolving Operating Facility

On October 31, 2019, the committed extendible revolving operating facility ("Operating Facility") was formally terminated. The Operating Facility had a maximum principal amount of $100,000 (December 31, 2018 - $100,000) with a maturity on April 30, 2021. The Operating Facility had an accordion feature that allowed for the expansion of the Operating Facility up to an aggregate of $175,000 (December 31, 2018 - $175,000), upon lender commitment. As at December 31, 2018, the Company's draws under the Operating Facility were comprised of $9,511 related to an overdraft balance, and $30,137 of bankers' acceptance and LIBOR draws.

14. LONG-TERM DEBT (continued)

Senior Secured Notes

On July 7, 2011, Black Diamond Limited Partnership completed a private placement of senior secured notes ("the 2011 Notes"). On October 31, 2019, the 2011 Notes were repaid and replaced with debt drawn under the ABL Facility. As at December 31, 2018, these notes, which ranked pari passu with the senior secured credit facility, had a principal amount of $10,629.

On July 3, 2013, Black Diamond Limited Partnership completed a private placement of senior secured notes ("the 2013 Notes"). On October 31, 2019, the 2013 Notes were repaid and replaced with debt drawn under the ABL Facility. As at December 31, 2018, these notes, which ranked pari passu with the senior secured credit facility, had a principal amount of $40,000.

15. FINANCIAL INSTRUMENTS

Analysis of financial assets and liabilities

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost
	$	$	$
Cash and cash equivalents	**4,291**	**—**	**—**
Current accounts receivable	**—**	**45,775**	**—**
Other long-term assets	**—**	**185**	**—**
Accounts payable and accrued liabilities	**—**	**—**	**35,212**
Long-term debt (1)	**—**	**—**	**103,228**
December 31, 2019	**4,291**	**45,960**	**138,440**
Cash and cash equivalents	3,175	—	—
Current accounts receivable	—	34,464	—
Long-term accounts receivable	—	813	—
Accounts payable and accrued liabilities	—	—	28,734
Long-term debt (1)	—	—	90,277
December 31, 2018	3,175	35,277	119,011

(1) The amounts in the table above exclude deferred financing costs (note 14) as they are not considered financial assets.

Fair value of financial instruments

There are no material differences in the carrying amounts of those instruments classified as financial assets at fair value through profit or loss, financial assets measured at amortized cost or financial liabilities measured at amortized cost and their estimated fair values.

Financial risk management objectives and policies

The Company's principal financial liabilities are comprised of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables and cash that derive directly from its operations.

The Company is exposed to interest rate risk, liquidity risk and credit risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk and treasury department that advises on financial risks and the appropriate financial risk governance and cash management strategies for the Company.

a) Interest rate risk

Interest rate risk arises from the possibility of the future cash flows of a financial instrument fluctuating as a result of changes in the market rates of interest. Black Diamond is subject to cash flow interest rate risk on its long-term debt. The required cash flow to service certain credit facilities will fluctuate as a result of changes in market rates.

15. FINANCIAL INSTRUMENTS (continued)

A 1% increase in interest rates in the year, assuming debt patterns consistent with those that actually occurred in 2019, when annualized, would have resulted in a 2019 net income sensitivity of approximately $625 (2018 - $433).

b) Liquidity risk

Black Diamond is exposed to liquidity risk, which is the risk that the Company may be unable to generate or obtain sufficient cash resources to meet its commitments as they come due. Black Diamond mitigates this risk through its management of cash, debt, and capital expenditures.

The table below summarizes the maturity profile of the Company's financial liabilities and commitments based on contractual undiscounted payments.

	Less than 3 months	3-12 months	1-5 years	Greater than 5 years	Total
	$	$	$	$	$
Accounts payable and accrued liabilities	**35,212**	**—**	**—**	**—**	**35,212**
Long-term debt	**—**	**—**	**103,228**	**—**	**103,228**
Commitments (note 27)	**1,314**	**6,572**	**21,562**	**8,456**	**37,904**
December 31, 2019	**36,526**	**6,572**	**124,790**	**8,456**	**176,344**
Accounts payable and accrued liabilities	28,734	—	—	—	28,734
Long-term debt	4,209	8,768	82,188	—	95,165
Commitments	1,182	5,910	21,654	12,848	41,594
December 31, 2018	34,125	14,678	103,842	12,848	165,493

Black Diamond maintains sufficient unused capacity in its ABL Facility to meet short-term working capital requirements. Black Diamond manages its liquidity requirements through the use of short and long-term cash forecasts maintaining conservative working capital balances.

On a regular basis, management monitors its ability to meet its obligations as well as the commitments as disclosed in Note 27. Management believes the Company has adequate liquidity to meet these obligations, due to the unused capacity of the ABL Facility as well as the Company's incremental borrowing capacity.

c) Credit risk

Credit risk arises from the possibility that the counterparties for which Black Diamond provides rentals and/or services are unable to meet their payment obligations, leading to financial loss. Black Diamond manages customer credit risk by assessing the creditworthiness of its customers on an ongoing basis subject to the Company's established policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on credit review and individual credit limits are defined in accordance

15. FINANCIAL INSTRUMENTS (continued)

with this assessment. Outstanding customer receivables are monitored by management on a weekly basis. The Company recognizes loss allowances for ECLs on its accounts receivable, which are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

The maximum exposure to credit risk at the reporting date relating to the counterparties to which Black Diamond provides rentals and/or services, is the carrying value of the Company's accounts receivables as disclosed in Note 5. Management assesses impairment after taking into consideration the customer's payment history, their credit worthiness, the current economic environment in which the customer operates and their establishment within their respective industries. To date, Black Diamond's bad debts have not been significant and are limited to specific customer circumstances.

The Company had concentration of credit risk as at December 31, 2019 as one individual customer represented 14% of total trade accounts receivable (December 31, 2018 - no individual customers represented a significant portion of total trade accounts receivable).

d) Foreign currency sensitivity

The impact on the Company's profit before tax due to changes in the fair value of the monetary assets and liabilities denominated in U.S. dollars ("USD") and Australian dollars ("AUD") as a result of fluctuations in exchange rates is not material. The impact on the Company's other comprehensive income of a 10% change in the USD and AUD exchange rates at the reporting date for the year ended December 31, 2019 is $12,185 (December 31, 2018 - $11,017).

16. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of assets and liabilities measured at fair value:

		Fair value measurement using		
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$	$	$	$
December 31, 2019				
Assets measured at fair value:				
Cash and cash equivalents	4,291	4,291	—	—
December 31, 2018				
Assets measured at fair value:				
Cash and cash equivalents	3,175	3,175	—	—

17. ASSET RETIREMENT OBLIGATIONS

Black Diamond's asset retirement obligations relate to closure and post-closure costs related to camps where the Company has assumed the land lease obligations. Black Diamond estimates the undiscounted, inflation-adjusted cash flows required to settle these obligations at December 31, 2019 to be $18,620 (December 31, 2018 - $20,051). Management has estimated the present value of this obligation at December 31, 2019 to be $17,731 (December 31, 2018 - $18,878) using an inflation rate of 2.0% (December 31, 2018 - 2.0%) and pre-tax weighted average risk-free interest rate of 1.9% (December 31, 2018 - 2.0%) that reflects current market assessments of the time value of money. These obligations are expected to be incurred over an estimated period from 2020 to 2026.

These estimates are based upon current and proposed reclamation and closure techniques in view of current contractual obligations, environmental laws and regulations. Therefore, it is possible the costs could change in the future and changes to these estimates could have a significant effect on Black Diamond's consolidated financial statements. Black Diamond recorded the following asset retirement obligation activity during the year:

	2019	2018
	$	$
As at January 1,	**18,878**	9,923
Additions	**—**	9,339
Accretion in year (note 22)	**279**	376
Revisions	**75**	(147)
Settlements	**(1,501)**	(613)
As at December 31,	**17,731**	18,878

18. SHARE CAPITAL

a) Share capital

Authorized: An unlimited number of voting common shares with no par value and an unlimited number of preferred shares, issuable in series.

	2019		2018	
	Number	**Amount**	Number	Amount
Issued - Common shares		**$**		$
As at January 1,	**54,956**	**377,567**	55,043	377,814
Net purchase of shares in trust (note 18 (b))	**(299)**	**(530)**	(300)	(953)
Vesting of share awards (note 18 (b))	**554**	**1,786**	213	706
As at December 31,	**55,211**	**378,823**	54,956	377,567

b) Share-Based Compensation Plans

(i) Share option plan

Black Diamond has a share option plan (the "Option Plan") pursuant to which options to purchase common shares may be granted to directors, officers, employees and consultants of Black Diamond in order to provide an opportunity for these individuals to obtain a proprietary interest in Black Diamond's long-term success.

The aggregate number of common shares of the Company that may be issued pursuant to the exercise of options granted under the Option Plan and all other share compensation arrangements of Black Diamond shall not exceed 10% of the outstanding common shares of Black Diamond from time to time. At December 31, 2019, there were 3,911 common shares (December 31, 2018 - 2,722) reserved for issuance upon the exercise of options granted pursuant to the Option Plan, and 1,097 common shares (December 31, 2018 - 879) reserved for issuance under the Share Award Plan. The aggregate number of common shares of the Company reserved for issuance under the Option Plan and the Share Award Plan represents 9.1% of the outstanding common shares of Black Diamond at December 31, 2019 (December 31, 2018 - 6.6%). The exercise price of each option equals the weighted average trading price of the common shares for the five trading days preceding the date of the grant. Outstanding options granted under the Option Plan generally vest on a straight line basis over three years and the option term is five years from the date of grant.

18. SHARE CAPITAL (continued)

(expressed in thousands except per share amounts and years)

Grant date	Number of options outstanding	Exercise price per share	Remaining contractual life (years)	Number exercisable	Fair value at grant date
		$			$
January 9, 2015	445	12.35	0.02	445	1.46
March 11, 2016	339	4.72	1.19	339	1.03
March 21, 2017	638	3.60	2.22	425	0.81
August 14, 2017	411	1.74	2.62	274	0.74
September 12, 2017	120	1.91	2.70	80	0.83
September 22, 2017	60	1.86	2.73	40	1.00
March 15, 2018	699	2.53	3.20	233	0.86
March 14, 2019	1,079	1.96	4.20	—	0.86
October 1, 2019	120	1.77	4.75	—	0.89
Balance December 31, 2019	3,911			1,836	
Weighted average		3.72	2.75	5.40 (1)	

(1) Amount refers to the weighted average exercise price of the exercisable options as at December 31, 2019.

Black Diamond recorded the following share option activity during 2019 and 2018:

	2019		2018	
	Number of options outstanding	**Weighted average exercise price per share**	Number of options outstanding	Weighted average exercise price per share
		$		$
As at January 1,	**2,722**	**4.53**	2,481	8.33
Granted	**1,199**	**1.96**	699	2.53
Expired	**—**	**—**	(458)	22.20
Forfeited	**(10)**	**(12.35)**	—	—
As at December 31,	**3,911**	**3.72**	2,722	4.53

The Black-Scholes option pricing model was used in determining the fair values of these options using a forfeiture rate of 5%, based on historical experience and future expectations, and the following assumptions:

18. SHARE CAPITAL (continued)

Date of grant	Dividend yield	Expected average volatility	Average risk-free rate
	%	%	%
January 9, 2015	8.00	34	1.00
March 11, 2016	11.61	52	0.49
March 21, 2017	8.33	51	1.02
August 14, 2017	—	54	1.52
September 12, 2017	—	54	1.76
September 22, 2017	—	54	1.81
March 15, 2018	—	61	1.78
March 14, 2019	—	60	1.65
October 1, 2019	—	60	1.38

The expected life of the options is three years and is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the expected life of the options is indicative of future trends, which may not occur.

Included in share-based compensation expense for the year ended December 31, 2019 was $739 (2018 – $370) for the costs related to the Share Option Plan.

(ii) Other share-based plans

Restricted and Performance Award Incentive Plan ("Share Award Plan")

The Company has a Share Award Plan which provides for the grant of restricted awards and performance awards (collectively, the "SAs"). The outstanding SAs generally entitle the holders to a sum (the "Award Value") to be paid on each of the first, second and third anniversaries of the date of grant (the "Payment Date"). The Award Value is calculated at the Payment Date by multiplying the number of SAs vesting by the fair market value of the common shares of the Company plus accrued dividends. On the Payment Date, the Company has the option of settling the Award Value to which a holder of SAs is entitled in the form of either cash or in common shares which may either be acquired by the Company on the stock exchange or issued from the treasury of the Company, or some combination thereof. The Company's intention is to settle the Award Value in common shares and it has therefore accounted for the SAs as equity-settled. Provided the Company maintains this intention and settles the Award Value through the issuance or purchase of common shares, it will continue to account for the SAs as equity-settled throughout their vesting period.

18. SHARE CAPITAL (continued)

Deferred Share Unit Plan ("DSU Plan")

The Company has a DSU Plan pursuant to which it may make an annual grant of Deferred Share Units ("DSUs") to non-employee directors and non-employee directors may make an election to receive all or part of, in increments of 25%, their total annual remuneration in the form of DSUs. Pursuant to the DSU Plan, DSUs awarded as part of an annual grant typically vest on the first anniversary of the date of grant and DSUs granted in lieu of total annual remuneration vest on the date of grant; however, in each instance, such DSUs will not be released until the non-employee director has ceased to be a member of the board of directors of the Company. The Award Value is calculated at the Payment Date by multiplying the number of DSUs by the fair market value of the common shares of the Company plus accrued dividends. DSUs are settled at the Company's option in cash and/or common shares acquired by the Company on the stock exchange. The Company's intention is to settle the DSU Plan in common shares and it has therefore accounted for the DSU awards as equity-settled.

Incentive Award Plan ("IA Plan")

The Company has an IA Plan which provides for the grant of incentive awards ("IAs"). Subject to the terms and conditions of the IA Plan, the outstanding IAs either entitle the holder to a sum (the "IA Value") to be paid in equal tranches on the first, second and third anniversaries of the date of grant. The IA Value is calculated at the payment date(s) by multiplying the number of IAs by the fair market value of the common shares of the Company plus accrued dividends. On the applicable payment date, the Company has the option of settling the IA Value to which a holder of IAs is entitled in the form of either cash or in common shares which are acquired by the Company on the stock exchange or some combination thereof. The awards granted to employees outside Canada are settled in cash and are accounted for as a liability and the awards granted to employees in Canada are settled in common shares and are accounted for as equity-settled.

18. SHARE CAPITAL (continued)

Changes in the number of units, with their weighted average fair value, are summarized below:

	Share Award Plan		DSU Plan		IA Plan	
	Number of units	Weighted fair value per unit $	Number of units	Weighted fair value per unit $	Number of units	Weighted fair value per unit $
January 1, 2018	546	3.13	94	3.91	369	4.19
Granted	473	2.53	79	2.57	231	2.58
Forfeited	—	—	—	—	(123)	3.61
Settled	(140)	2.71	—	—	(91)	5.19
December 31, 2018	879	2.87	173	3.30	386	3.18
Granted	**642**	**1.95**	**60**	**1.95**	**902**	**2.00**
Forfeited	**(60)**	**2.53**	**(15)**	**2.24**	**(105)**	**2.33**
Settled	**(364)**	**3.36**	**(22)**	**4.18**	**(190)**	**3.81**
December 31, 2019	**1,097**	**2.19**	**196**	**2.87**	**993**	**2.08**

The fair value of awards granted under these share-based plans is equal to the weighted average trading price of the Company's shares for the five trading days immediately preceding the date of grant.

As at December 31, 2019, these share-based plans include 59 units (December 31, 2018 - 49) that will be settled in cash. A liability is included in accounts payable and accrued liabilities in the amount of $71 (December 31, 2018 - $66).

Included in share-based compensation expense for the year ended December 31, 2019 was $2,267 related to the IA Plan, Share Award Plan and DSU Plan (December 31, 2018 - $1,487), which included an expense of $49 on cash settled awards.

The Company established the Incentive Award Plan Trust and the Deferred Share Unit Plan Trust (collectively the "Trusts") for the purpose of meeting future obligations under the IA and DSU Plans, which are consolidated in the Company's financial statements. Any shares held in the Trusts are accounted for as a reduction of share capital. As at December 31, 2019 there are 697 shares held in the Trusts (December 31, 2018 - 585).

19. NON-CONTROLLING INTERESTS

The non-controlling interests represent earnings attributable to the Fort Nelson First Nation's interest in the Black Diamond Dene Limited Partnership ("BDDLP"), the West Moberly First Nation's interest in the Black Diamond West Moberly Limited Partnership ("BDWMLP"), the Beaver Lake Cree Nation's interest in the Black Diamond Nehiyawak Limited Partnership ("BDNLP") and the Whitecap Dakota First Nation's interest in Whitecap Black Diamond Limited Partnership ("WCBDLP"). Management determines that the Company has control of all of these limited partnerships as it controls the general partner in all cases.

On September 28, 2009, Black Diamond Group Inc., as general partner, Black Diamond Limited Partnership and the Fort Nelson First Nation, as limited partners, formed Black Diamond Dene Limited Partnership through which Black Diamond and the Fort Nelson First Nation work together to provide services to resource development companies as well as other commercial and industrial activity in the Fort Nelson First Nation territory in northeastern British Columbia.

On October 1, 2010, Black Diamond Group Inc., as general partner, Black Diamond Limited Partnership and West Moberly First Nations, as limited partners, formed Black Diamond West Moberly Limited Partnership through which Black Diamond and the West Moberly First Nations work together to provide services to resource development companies as well as other commercial and industrial activity in the West Moberly First Nations territory in northeastern British Columbia.

On June 14, 2012, Black Diamond Group Inc., as general partner, Black Diamond Limited Partnership and the Beaver Lake Cree Nation, as limited partners, formed Black Diamond Nehiyawak Limited Partnership through which Black Diamond and the Beaver Lake Cree Nation work together to provide services to resource development companies as well as other commercial and industrial activity in the Beaver Lake Cree Nation territory in northeastern Alberta.

On December 2, 2014, Black Diamond Group Inc., as general partner, Black Diamond Limited Partnership and the Whitecap Dakota First Nation, as limited partners, formed Whitecap Black Diamond Limited Partnership through which Black Diamond and Whitecap Dakota First Nation work together to provide services to resource development companies as well as other commercial and industrial activity in the Whitecap Dakota Nation territory in central Saskatchewan.

The summarized aggregate financial information of these subsidiaries is provided below. Aggregate financial information is provided as the Company's subsidiaries are involved in a similar course of business in the same industry, as well as operating in western Canada. The information below is based on amounts before inter-company eliminations.

	2019	2018
Extract of Statement of Net Income:	**$**	$
Revenue	**28,335**	12,926
Direct costs	**26,669**	12,546
Gross profit	**1,666**	380
Profit (loss) for the year	**885**	(473)

19. NON-CONTROLLING INTERESTS (continued)

	December 31, 2019	December 31, 2018
Summarized Statement of Financial Position:	**$**	$
Total current assets	**10,614**	3,032
Property and equipment and other non-current assets	**1,671**	2,376
Trade and other payables	**(8,971)**	(2,266)
Asset retirement obligation	**(751)**	(736)
Other long-term liabilities	**(80)**	—
Total net assets	**2,483**	2,406

20. REVENUE AND DIRECT COSTS

	2019	2018
Workforce Solutions	**$**	$
Rental revenue	**32,251**	23,551
Lodging revenue	**23,924**	28,307
Sales revenue	**6,829**	11,787
Non-rental revenue	**36,225**	29,181
Total revenue	**99,229**	92,826
Modular Space Solutions		
Rental revenue	**33,270**	29,354
Sales revenue	**20,683**	21,315
Non-rental revenue	**32,754**	22,436
Total revenue	**86,707**	73,105

During the year ended December 31, 2019, the Company had two significant customers (December 31, 2018 - one customer) that contributed greater than 5% of the Company's consolidated revenue, for a total of 14% (December 31, 2018 - 11%).

Customer deposits relating to non-rental revenue are included in deferred revenue in the Consolidated Statement of Financial Position. These amounts are expected to be recognized within the next twelve months.

	2019	2018
Direct Costs	**$**	$
Construction and transportation services	**44,298**	25,108
Catering, utilities and other consumable costs	**18,209**	22,578
New sales	**13,452**	8,914
Repairs and maintenance	**10,875**	10,386
Used fleet sales	**7,785**	13,528
Personnel costs	**6,567**	5,493
Subleased equipment	**5,693**	8,660
Other direct costs	**2,072**	3,334
Total direct costs	**108,951**	98,001

20. REVENUE AND DIRECT COSTS (continued)

Operating lease commitments as lessor

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	December 31, 2019	December 31, 2018
	$	$
Due within one year	**17,376**	18,162
Due later than one year and less than five	**7,819**	7,956
	25,195	26,118

21. ADMINISTRATIVE EXPENSES

	2019	2018
	$	$
Personnel costs	**23,643**	20,668
General administrative expenses	**8,495**	8,451
Occupancy and insurance	**5,549**	9,494
Acquisition costs	**177**	—
Total administrative expenses	**37,864**	38,613

22. FINANCE COSTS

	2019	2018
	$	$
Interest expense - net	**5,162**	5,539
Lease interest	**1,245**	—
Debt renewal and other lending fees	**685**	229
Accretion of asset retirement obligation (note 17)	**279**	376
Amortization of long-term debt set-up costs	**191**	169
Total finance costs	**7,562**	6,313

On October 31, 2019, Black Diamond entered into a four-year secured asset-based revolving credit facility. In the fourth quarter of 2019, the Company expensed costs in the amount of $2,359 associated with the early termination of its former debt facilities.

23. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share are calculated on the profit attributable to Black Diamond per the Consolidated Statement of Net Income (Loss) for the period.

	2019	2018
Weighted average common shares outstanding - basic and diluted	**55,349**	55,078

Excluded from diluted weighted average number of shares are 3,911 anti-dilutive options for the year ended December 31, 2019 (2018 - 2,722). Also excluded from diluted weighted average number of shares are 1,097 anti-dilutive Share Award Plan units for the year ended December 31, 2019 (2018 - 879).

24. SUPPLEMENTAL CASH FLOW INFORMATION

	December 31, 2019	December 31, 2018
	$	$
Decrease (increase) in accounts receivable	**(11,311)**	(5,535)
Decrease (increase) in prepaid expenses and other current assets	**(939)**	4,279
Increase (decrease) in accounts payable and accrued liabilities and other current liabilities	**3,946**	(3,807)
Change in non-cash working capital	**(8,304)**	(5,063)
Attributable to operating activities	**(9,069)**	(3,166)
Attributable to investing activities	**728**	(1,991)
Attributable to financing activities	**37**	94

The amounts disclosed above differ from the changes in balances per the Consolidated Statement of Financial Position due to foreign currency translation adjustments.

Total tax received in cash for the year ended December 31, 2019 was nil (December 31, 2018 - $7,334).

25. SEGMENTED INFORMATION

Black Diamond has two operating segments: Modular Space Solutions and Workforce Solutions.

The Modular Space Solutions business unit provides high quality, cost effective, modular space rentals to customers throughout North America. These customers operate in the construction, real estate development, manufacturing, education and resource industries, and also include government agencies. Products include office units, lavatories, storage units, large multi-unit office complexes, classroom facilities, custom manufactured modular facilities and blast resistant structures. Modular Space Solutions sells both new and used space rentals units which helps the Company replenish its fleet with newer assets to maintain a relatively newer average age of the fleet. Modular Space Solutions also provides delivery, installation, project management and ancillary products and services.

The Workforce Solutions 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 the Company's online digital marketplace, LodgeLink. Workforce Solutions operates in Canada, the United States and Australia. The primary service offerings in Workforce Solutions are asset rental, lodging and travel management logistics. To support the core rental business, Workforce Solutions also offers associated services such as installation, transportation and dismantlement and at times, management will sell used fleet to maintain a relatively newer average age of the fleet.

The Corporate and Other business unit includes costs related to administrative activities that support all segments. Included in Corporate and Other are revenues generated from subleasing of real estate properties.

25. SEGMENTED INFORMATION (continued)

	2019 $	2018 $
Revenue		
Modular Space Solutions	**86,707**	73,105
Workforce Solutions	**99,229**	92,826
Total Revenue	**185,936**	165,931
Depreciation of Property and Equipment		
Modular Space Solutions	**10,328**	10,472
Workforce Solutions	**20,664**	22,771
Corporate and Other	**982**	1,318
Total Depreciation	**31,974**	34,561
Profit (Loss)		
Modular Space Solutions	**10,078**	6,142
Workforce Solutions	**1,819**	(1,184)
Corporate and Other	**(19,382)**	(16,342)
Total Profit (Loss)	**(7,485)**	(11,384)
Capital Expenditures (Additions)		
Modular Space Solutions	**21,273**	8,575
Workforce Solutions (1)	**11,774**	8,536
Corporate and Other	**477**	299
Total Capital Expenditures	**33,524**	17,410

(1) Amount includes intangible asset additions.

25. SEGMENTED INFORMATION (continued)

	December 31, 2019	December 31, 2018
	$	$
Property and Equipment		
Modular Space Solutions	**148,527**	145,274
Workforce Solutions	**163,060**	178,005
Corporate and Other	**15,906**	16,615
Total Property and Equipment	**327,493**	339,894
Intangible Assets		
Modular Space Solutions	**5,271**	6,837
Workforce Solutions	**2,886**	1,873
Total Intangible Assets	**8,157**	8,710
Goodwill		
Modular Space Solutions	**9,946**	10,172
Total Goodwill	**9,946**	10,172
Total Assets		
Modular Space Solutions	**196,541**	174,890
Workforce Solutions	**199,125**	203,688
Corporate and Other	**26,897**	24,691
Total Assets	**422,563**	403,269

25. SEGMENTED INFORMATION (continued)

Geographic and customer information

	2019	2018
	$	$
Revenue		
Canada	**107,080**	112,296
United States	**65,534**	39,508
Australia	**13,322**	14,127
Total Revenue	**185,936**	165,931

The allocation of sales to the geographic segments is based upon the customer location where the product is utilized or service is delivered.

	December 31, 2019	December 31, 2018
	$	$
Property and Equipment, Intangibles and Goodwill		
Canada	**230,674**	244,672
United States	**101,603**	102,016
Australia	**13,319**	12,088
Total Property and Equipment, Intangibles and Goodwill	**345,596**	358,776

26. 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 year, as well as balances with related parties as at December 31, 2019 and 2018.

	For the years ended December 31,		**Due to related party as at December 31,**	
	2019	2018	**2019**	2018
	$	$	**$**	$
Non-controlling interests				
Limited partners				
Royalties and distributions declared	**911**	988	**365**	256
Other related parties				
Entity controlled by a member of the board of directors				
Purchases of goods and services	**536**	—	**—**	—

Services purchased from the entity controlled by a member of the board of directors include water handling and wastewater treatment services. The entity ceased to be controlled by a Black Diamond board member on August 26, 2019, and is no longer a related party.

Key Management Personnel Compensation

The Company has defined key management personnel as senior executive officers and all members of the board of directors, as they have the collective authority and responsibility for planning, directing and controlling the activities of the Company. The amounts disclosed in the table below are the amounts recognized as an expense during the reporting period related to key management personnel.

	2019	2018
	$	$
Salaries, bonuses, fees and other short-term employee benefits	**2,318**	2,460
Share-based compensation	**1,500**	1,538
Total Compensation	**3,818**	3,998

27. COMMITMENTS AND CONTINGENCIES

As Lessee

Black Diamond rents head office space, workforce accommodation and space rental premises, surface rental equipment, office equipment and vehicles under multiple operating leases with varying expiration dates. No arrangements have been entered into for contingent rental payments. The minimum lease payments over the next five fiscal years and thereafter, including lease payments on lease liabilities, are as follows:

	December 31, 2019	December 31, 2018
	$	$
Due within one year	**7,886**	7,092
Due later than one year and less than five	**21,562**	21,654
Due after five years	**8,456**	12,848
	37,904	41,594

Capital Commitments

At December 31, 2019, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the amount of $10,664 (December 31, 2018 - $10,921).

Contingent Liabilities

The Company indemnifies its directors and officers from all personal liability and loss that may arise in service to the Company.

28. SUBSEQUENT EVENTS

Acquisition

Subsequent to December 31, 2019, the Company acquired 100% of Spectrum Building Systems, Inc. and Spectrum Leasing, LLC (combined “Spectrum”) for a total purchase price of US$5 million. Black Diamond, through its U.S. subsidiary doing business as BOXX Modular, acquired Spectrum, a privately-owned supplier of modular buildings and turnkey modular solutions headquartered in Gainesville, Georgia. Spectrum’s fleet of 202 space rentals assets qualify as leverageable collateral under Black Diamond’s ABL credit facility and are expected to add to the borrowing base and resulting available liquidity under that facility in 2020.

Normal Course Issuer Bid

On January 13, 2020, the Company announced the commencement of a Normal Course Issuer Bid ("NCIB"). Commencing on January 15, over a 12-month period, the Company may, in normal course, purchase up to 4,180,249 common shares (10% of the public float of common shares). The NCIB terminates on the earlier of January 14, 2021, or once the Company has purchased the maximum number of Common Shares permitted under the NCIB.