MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine month periods ended September 30, 2020 and 2019

BLACK DIAMOND GROUP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") compares the financial performance of Black Diamond Group Limited ("Black Diamond", the "Company", "our" and "we") for the three months ended September 30, 2020 (the "Quarter") with the three months ended September 30, 2019 (the "Comparative Quarter") and the nine months ended September 30, 2020 (the "YTD") with the nine months ended September 30, 2019 (the "Prior YTD"). This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three and nine month periods ended September 30, 2020 and 2019 and the audited consolidated financial statements of the Company for the years ended December 31, 2019 and 2018. The accompanying unaudited interim condensed consolidated financial statements of Black Diamond are prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A was prepared as of November 3, 2020 and, unless otherwise indicated, all amounts are stated in Canadian dollars. Black Diamond's Common Shares are listed on the Toronto Stock Exchange under the symbol "BDI".

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

Certain information set forth in this MD&A contains forward-looking statements including, but not limited to, the amount of funds that will be expended on the 2020 capital plan, how such capital will be expended, expectations for asset sales, management's assessment of Black Diamond's future operations and what may have an impact on them, financial performance, business prospects and opportunities, changing operating environment including changing activity levels, particularly in the face of COVID-19 restrictions, expectations regarding project delays and uncertainty caused by the COVID-19 pandemic, effects on demand and performance based on the changing operating environment, amount of revenue anticipated to be derived from current contracts, anticipated debt levels, economic life of the Company's assets, future growth and profitability of the Company and realization of the anticipated benefits of acquisitions and sales. With respect to the forward-looking statements in the MD&A, Black Diamond has made assumptions regarding, among other things: future commodity prices, that Black Diamond will continue to raise sufficient capital to fund its business plans in a manner consistent with past operations, that counter-parties to contracts will perform the contracts as written and that there will be no unforeseen material delays in contracted projects. Although Black Diamond believes that the expectations reflected in the forward-looking statements contained in this MD&A, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurances that such expectations or assumptions will prove to be correct. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of Black Diamond. These risks include, but are not limited to: the impact of general economic conditions, industry conditions, fluctuation of commodity prices, the impact of the COVID-19 pandemic, the Company's ability to attract new customers, failure of counterparties to perform on contracts, industry competition, availability of qualified personnel and management, timely and cost effective access to sufficient capital from internal and external sources, political conditions, dependence on suppliers and stock market volatility. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in Black Diamond's annual information form for the year ended December 31, 2019 and other reports on file with the Canadian Securities Regulatory Authorities which can be accessed on SEDAR. Readers are cautioned not to place undue reliance on these forward-looking statements. Furthermore, the forward-looking statements contained in this MD&A are made as at the date of this MD&A and Black Diamond does not undertake any obligation to update or revise any of the forward-looking statements, except as may be required by applicable securities laws.

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EXECUTIVE SUMMARY

Key Highlights from the Third Quarter of 2020

- Subsequent to the end of the Quarter, Workforce Solutions ("WFS") received a $720 million conditional Letter of Award to support construction of the Goldboro LNG project in Nova Scotia.
- Subsequent to the end of the Quarter, won a new rental-only contract in WFS associated with a pipeline project for $6.4 million over a 30 month term, with rent beginning in mid-November.
- Generated consolidated Adjusted EBITDA of $9.8 million in the Quarter.
- Modular Space Solutions ("MSS") rental revenue of $9.9 million was another quarterly record and grew 13% from the Comparative Quarter.
- MSS rental fleet grew to 6,660 units, or 9% from the Comparative Quarter while utilization held steady and average rental rates increased 8%.
- LodgeLink room bookings set a quarterly record and grew 129% to ~32,000 room nights.

The MSS segment has continued to grow its recurring, rental-revenue due to ongoing fleet growth, strengthening rental rates, stable utilization and increased ancillary rentals through Value Added Products and Services ("VAPS"). Rental revenue in the Quarter grew to a quarterly record of $9.9 million, up 13% versus the Comparative Quarter. MSS revenue of $23.9 million was up 8% versus the Comparative Quarter as a Sales revenue decline of 29% from the Comparative Quarter was offset by Non-rental revenue growth of 30% from the Comparative Quarter. Adjusted EBITDA of $7.8 million was a quarterly record and increased 7% from the Comparative Quarter, while Adjusted EBITDA margin of 33% from the Comparative Quarter was unchanged.

The Company's WFS business unit generated Adjusted EBITDA of $4.5 million, a 26% decrease versus the Comparative Quarter. WFS revenue of $17.3 million was down 27% from the Comparative Quarter primarily due to lower occupancy and utilization in the Company's Lodging and Energy Services businesses respectively. Australian operations remained strong, with revenue up 6% from the Comparative Quarter, providing a modest offset to the decrease in consolidated revenue.

On January 15, 2020 Black Diamond announced TSX approval of a Normal Course Issuer Bid ("NCIB"). Over a 12-month period, the Company may, in the normal course, purchase up to 4,180,249 Common Shares (10% of the public float of common shares) in the capital of the Company ("Common Shares"). Since the implementation of the NCIB, the Company has purchased 328,600 shares at an average price of $1.26.

At the end of the Quarter, Net Debt of $111.3 million was up modestly from $108.9 million in Q2 2020.

Outlook

Throughout the first three quarters of 2020, consolidated EBITDA has been essentially flat and has been muted by ongoing macro-economic factors including the COVID-19 pandemic and consistently weak activity levels in certain of the Company's WFS business lines. However, Black Diamond has continued to grow its recurring rental-revenue stream, particularly in the MSS business, and is encouraged both by the relative health of this business unit throughout the pandemic as well as its future growth prospects. The WFS segment, despite a challenged market in certain sectors has continued to hold in reasonably well and continues to present meaningful operating leverage through one of the largest mobile workforce accommodation fleets in North America. The Company is pleased with the MSS fleet and rental revenue growth over the past year. Having invested close to $31 million over the first nine months of the year, the Company expects sequentially lower capital investment in Q4 2020, as the 2020 $35 million capital budget remains unchanged. The Company remains focused on maximizing free cash flow while executing on its long-term strategic growth plans.

The Company continues to execute on its diversification strategy, a result of which is the setting of a third, consecutive, quarterly rental revenue record within the MSS segment. Management expects ongoing rental revenue growth within this segment to be driven by fleet growth across the Company's North American footprint. Utilization within the MSS business has remained steady, despite broader macro-economic headwinds caused by COVID-19. The current expectation is for utilization levels to remain relatively consistent, notwithstanding a slight seasonal slow-down through the holiday period at the end of the Q4 2020. Management anticipates that Sales revenue for customer major projects within MSS will continue to be lower than normal given project delays and uncertainty caused by the COVID-19 pandemic.

The WFS Segment performance has on balance been flat, with continued strength in Australia and modest improvement in camps rental utilization offset by weakness in the lodging and energy services business lines as drilling and completion activity remain at multi-year lows. The Company continues to execute on diversifying its existing WFS business and expects approximately 1,000 beds to be on rent in Eastern Canada by year-end on several mining projects. The Company expects slightly lower Q4 2020 performance from the lodging business as seasonal holidays impact occupancy. Camp rental revenue should improve modestly into 2021 on the back of newly awarded contracts, while Australia remains robust with a constructive outlook.

On October 1, 2020, the Company announced that, in partnership with the Nova Scotia Mi'kmaq Communities, it had received a conditional Letter of Award from the proponents of the Goldboro LNG Facility for approximately $720 million to provide a workforce lodge in support of the Goldboro LNG Project. Currently, the contract is expected to begin on or before June 30, 2021, which is the anticipated date for a final investment decision by the project proponent. Black Diamond expects a significant increase to existing camp rental utilization levels over the term of the contract, which is currently anticipated to be in the range of four years.

LodgeLink, Black Diamond's digital marketplace platform for workforce travel and accommodation has seen a healthy recovery in booking volumes as certain regions have begun to open back up following COVID-19 travel restrictions that were put in place throughout the second quarter. During the Quarter, LodgeLink set a record high for room nights booked in a single month, while continuing to grow unique customers and suppliers on the platform. At the end of the Quarter, LodgeLink had 545 unique customers signed onto the platform with 1,900 properties listed representing approximately 191,000 rooms.

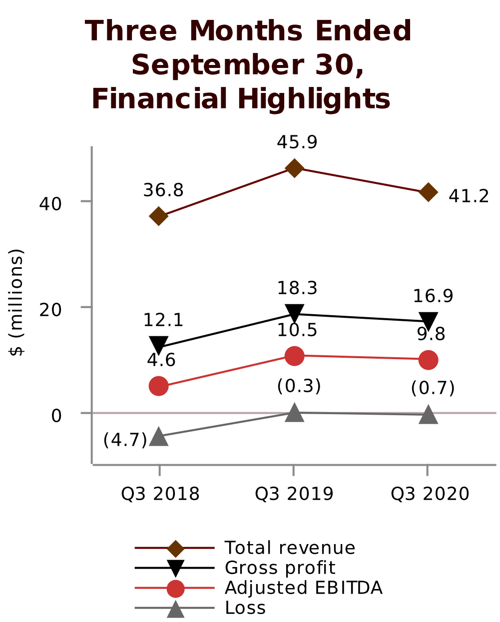
FINANCIAL REVIEW

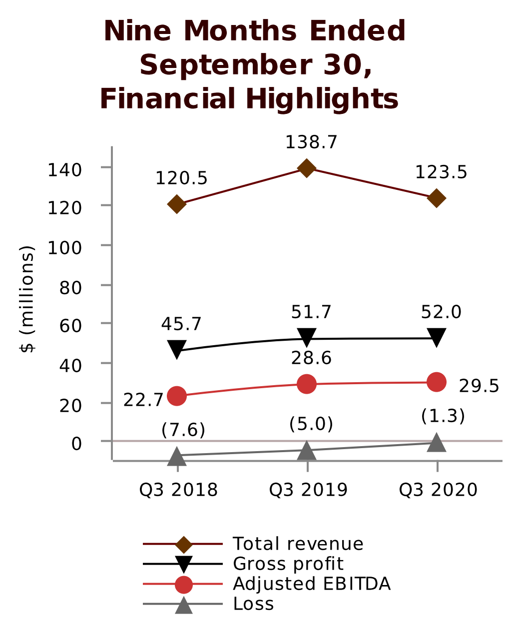
- Revenue for the Quarter was $41.2 million, down 10% or $4.7 million from the Comparative Quarter, despite MSS revenue increasing to $23.9 million, an 8% increase from the Comparative Quarter.

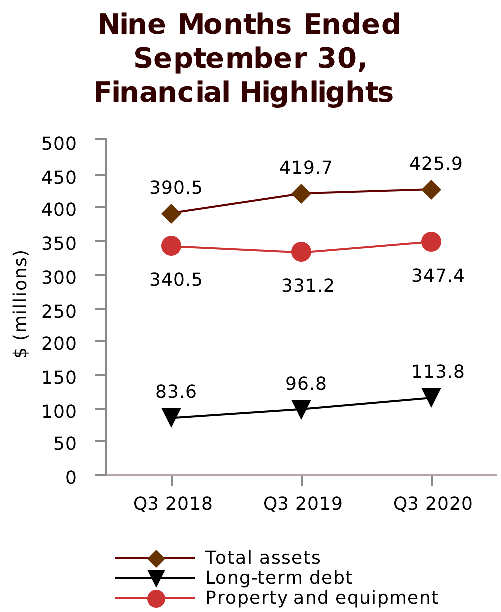
- Adjusted EBITDA for the Quarter was $9.8 million, a decrease of 7% or $0.7 million from the Comparative Quarter.

- The Company exited the Quarter with a Net Debt to Adjusted EBITDA ratio of 2.77 (September 30, 2019 - 2.66) and a Net Debt to Tangible Book Value ratio of 0.57 (September 30, 2019 - 0.47).

- Approximately $1.6 million is included in consolidated Adjusted EBITDA as a result of the Canadian Emergency Wage Subsidy program ("CEWS" Program).



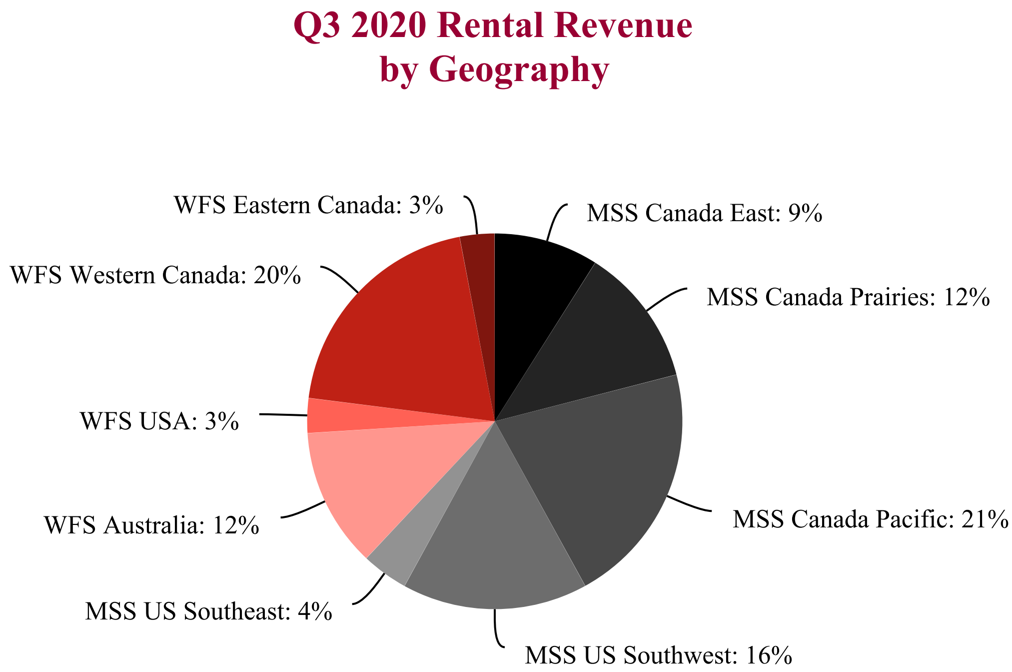


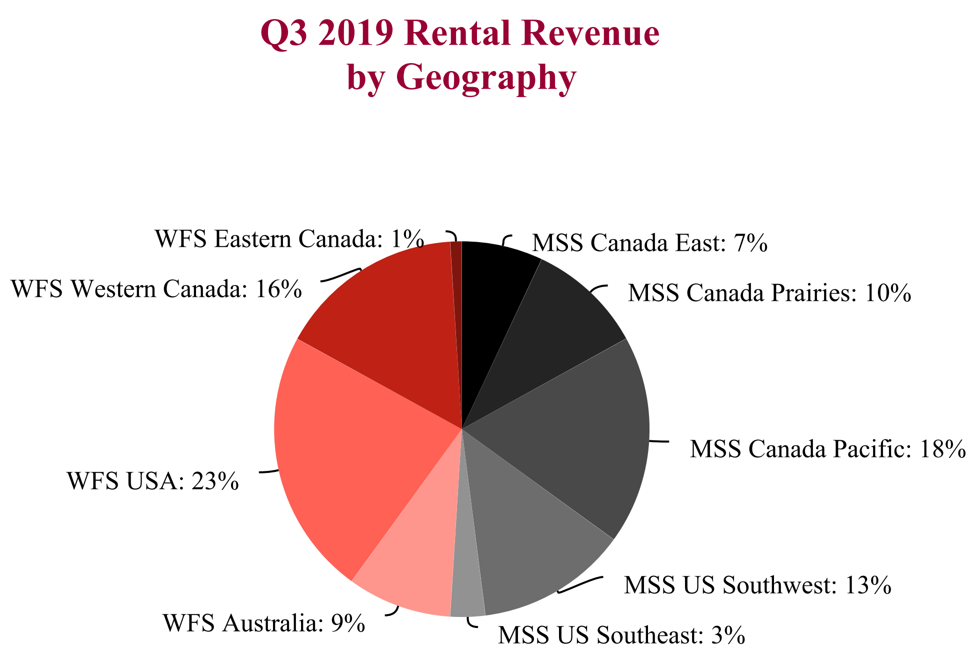


Geographic Revenue Segmentation

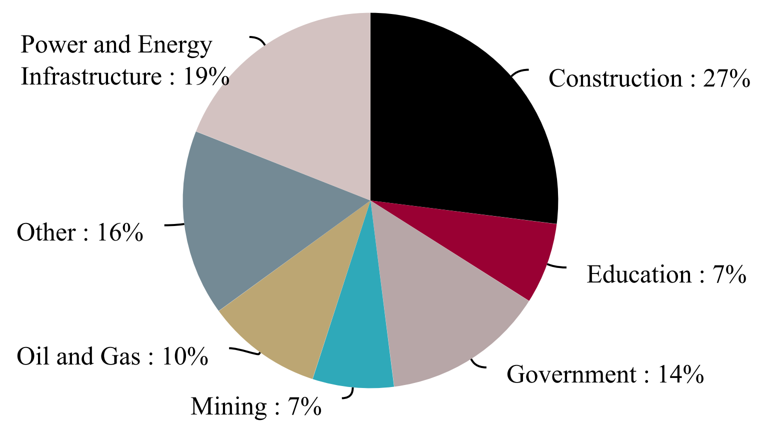
	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	Change	2020	2019	Change
($ millions)	$	$	%	$	$	%
Revenue						
Canada	**25.6**	26.8	(4)%	**71.3**	77.6	(8)%
United States	**12.2**	15.9	(23)%	**41.8**	51.7	(19)%
Australia	**3.4**	3.2	6 %	**10.4**	9.4	11 %
Total	**41.2**	45.9	(10)%	**123.5**	138.7	(11)%

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	Change	2020	2019	Change
Percentage of total revenue	%	%		%	%	
Revenue						
Canada	**62 %**	58 %	4	**58 %**	56 %	2
United States	**30 %**	35 %	(5)	**34 %**	37 %	(3)
Australia	**8 %**	7 %	1	**8 %**	7 %	1
Total	**100 %**	100 %	—	**100 %**	100 %	—

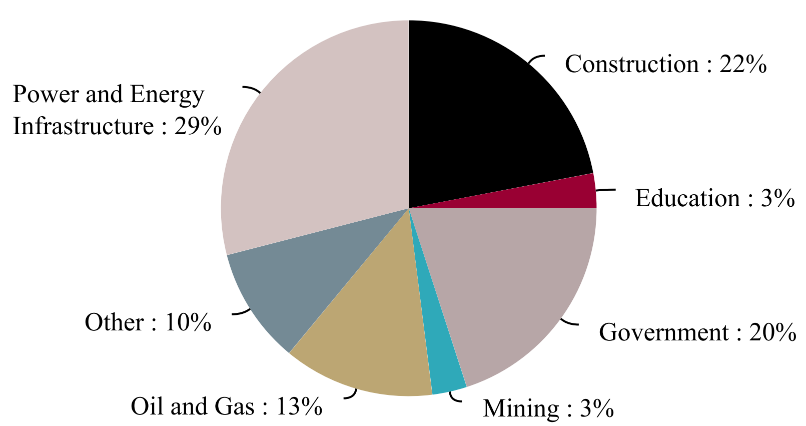

Q3 2020 Rental Revenue
by Geography
WFS Eastern Canada: 3%
MSS Canada East: 9%
WFS Western Canada: 20%
MSS Canada Prairies: 12%
WFS USA: 3%
WFS Australia: 12%
MSS Canada Pacific: 21%
MSS US Southeast: 4%
MSS US Southwest: 16%


Q3 2019 Rental Revenue
by Geography
WFS Eastern Canada: 1%
MSS Canada East: 7%
WFS Western Canada: 16%
MSS Canada Prairies: 10%
MSS Canada Pacific: 18%
WFS USA: 23%
MSS US Southwest: 13%
WFS Australia: 9%
MSS US Southeast: 3%

Q3 2020 Total Revenue by Industry



Q3 2019 Total Revenue by Industry



2020 Capital Plan

Capital expenditures for the Quarter were $8.7 million and capital commitments were $2.9 million, compared with capital expenditures of $7.5 million and capital commitments of $4.5 million in the Comparative Quarter. MSS acquired space rental assets, the Spectrum brand name, customer relationships and working capital in the course of the acquisition of Spectrum Building Systems, Inc and Spectrum Leasing LLC for total cash consideration of $6.6 million ("Spectrum Acquisition"). Capital expenditures for the YTD were $30.9 million (excluding Spectrum acquisition) compared with capital expenditures of $25.8 million in the Prior YTD. The Company's 2020 gross capital plan of $35 million was targeted to support our overarching strategy of diversifying the Company's asset base and cash flows.

The Company's net capital expenditures for the Quarter were $7.8 million compared with net capital expenditures of $2.7 million in the Comparative Quarter. The Company's net capital expenditures for the YTD were $26.5 million compared with net capital expenditures of $16.9 million in the Prior YTD.

Capital expenditures for the Quarter included maintenance capital of $3.1 million, compared to $1.8 million in the Comparative Quarter.

Black Diamond markets its fleet of assets to customers primarily on a rental basis. However, occasionally the customer has preference for ownership when they have a longer-term need for the asset. In these circumstances, Black Diamond sells assets out of its fleet in the ordinary course of servicing its customers. This is a profitable business line for the Company and also helps replenish the fleet with newer assets to maintain a relatively newer average age of the fleet. Proceeds from used fleet asset sales in the Quarter were $0.9 million compared with $4.8 million in the Comparative Quarter. Proceeds from used fleet asset sales in the YTD were $4.4 million compared with $8.9 million in the Prior YTD.

SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial and operating information that has been derived from, and should be read in conjunction with the unaudited condensed interim consolidated financial statements of Black Diamond for the three and nine month periods ended September 30, 2020 and 2019.

	Three months ended September 30,			Nine months ended September 30,		
(in millions, except as noted)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Financial Highlights	**$**	**$**		**$**	**$**	
Total revenue	**41.2**	45.9	(10)%	**123.5**	138.7	(11)%
Gross profit	**16.9**	18.3	(8)%	**52.0**	51.7	1%
Administrative expenses	**7.2**	7.8	(8)%	**22.5**	23.1	(3)%
Adjusted EBITDA [(1)]	**9.8**	10.5	(7)%	**29.5**	28.6	3%
Funds from Operations [(1)]	**8.6**	13.3	(35)%	**30.4**	33.9	(10)%
Per share ($)	**0.16**	0.24	(35)%	**0.55**	0.61	(10)%
Profit/(loss) before taxes	**(0.6)**	(2.4)	75%	**(0.6)**	(8.5)	93%
Profit/(loss)	**(0.7)**	(0.3)	(133)%	**(1.3)**	(5.0)	74%
Loss per share - basic and diluted	**(0.01)**	—	—%	**(0.02)**	(0.09)	78%
Capital expenditures	**8.7**	7.5	16%	**30.9**	25.8	20%
Business acquisitions	**—**	—	—%	**6.6**	—	—%
Property & equipment (NBV)	**347.4**	331.2	5%	**347.4**	331.2	5%
Total assets	**425.9**	419.7	1%	**425.9**	419.7	1%
Long-term debt	**113.8**	96.8	18%	**113.8**	96.8	18%
Cash and cash equivalents	**2.5**	3.0	(17)%	**2.5**	3.0	(17)%

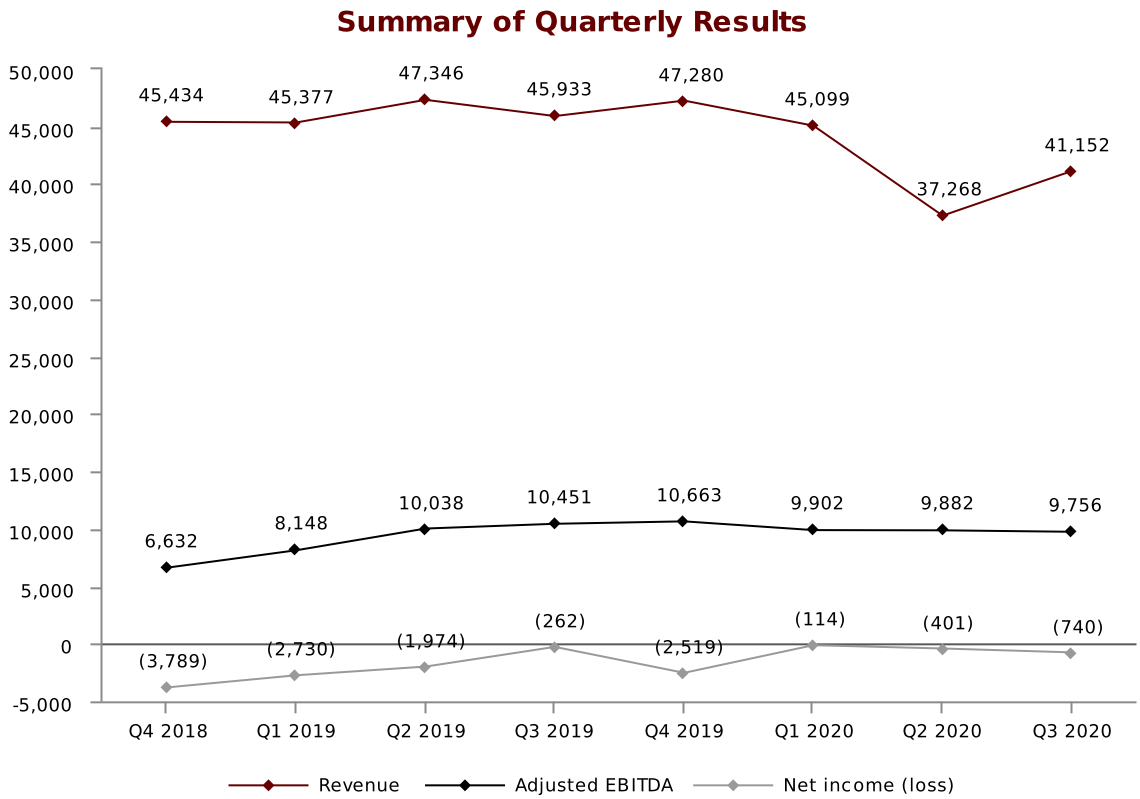
(1) Adjusted EBITDA and Funds from Operations are supplemental non-GAAP measures and do not have a standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA and Funds from Operations may not be comparable to similar measures presented by other issuers. See "Non-GAAP Measures" for further details.

Margin Summary	Three months ended September 30,			Nine months ended September 30,		
(Percent of revenue)	**2020**	**2019**	**Change [(1)]**	**2020**	**2019**	**Change [(1)]**
Gross profit	**41%**	40%	1	**42%**	37%	5
Administrative expenses	**17%**	17%	0	**18%**	17%	1
Adjusted EBITDA	**24%**	23%	1	**24%**	21%	3

(1) Percentage point basis.

SUMMARY OF QUARTERLY RESULTS

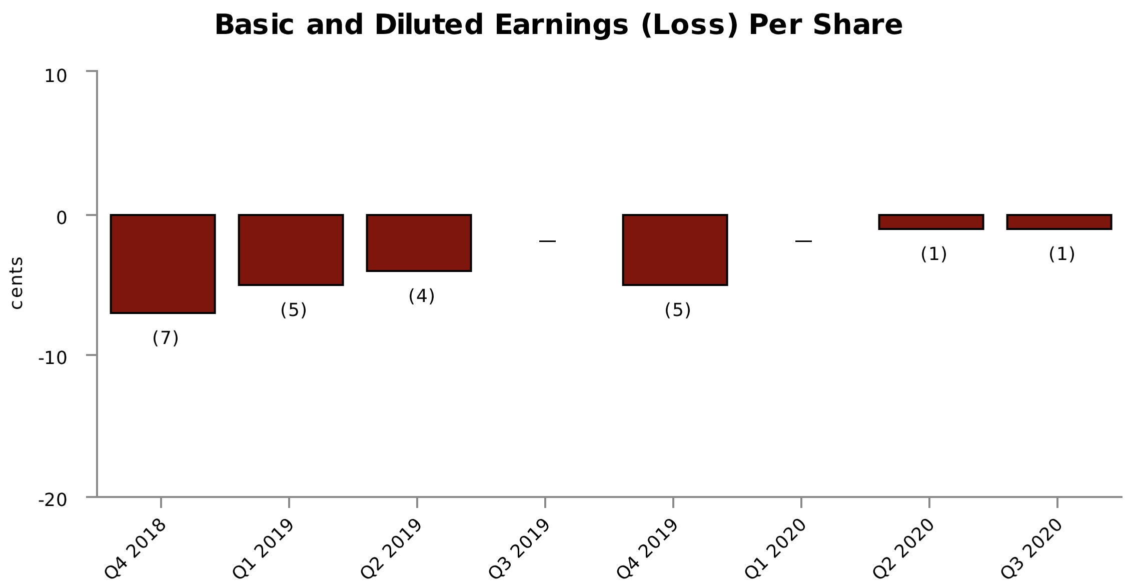
The following is a summary of the previous eight quarters:



Revenue in Q4 2018 was relatively low due to the continuing impacts of significant projects coming off contract in Alberta in early 2018. Revenue then trended up and remained relatively flat for the next six quarters with a general recovery in operations over that period, followed by a fall in revenue in Q2 2020 due to the negative effects of COVID-19 on business operations, especially in WFS.

The Net Loss and Adjusted EBITDA over the last eight quarters generally trended positively with increasing higher margin rental revenue over the same period. The Net Loss in Q4 2019 fell somewhat below this trend with $3.2 million of costs related to the early extinguishment of debt and ABL Facility set-up costs. The Loss Per Share followed the same trend as the Net Loss as there were no significant changes in shares outstanding over the eight quarter period.

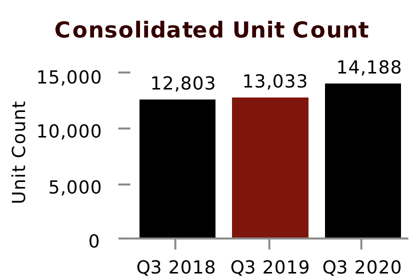
Q3 2020 Revenue and Net Income are beginning to resemble more typical amounts experienced prior to the COVID-19 pandemic.

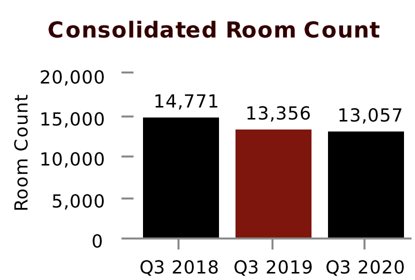


CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet increased to 14,188 units at the end of the Quarter compared with 13,033 in the Comparative Quarter primarily due to organic growth of the space rentals fleet and the acquisition of the Spectrum fleet assets. The increase in units is part of the Company's strategy to expand the geographic diversification of its asset portfolio and grow its MSS business. Consolidated unit count includes accommodation units, modular space rental units and surface rental units. Consolidated room count in Black Diamond's global fleet decreased to 13,057 rooms in the Quarter compared with 13,356 rooms in the Comparative Quarter primarily due to used fleet sales in WFS.





Fleet Utilization Rates

	Three months ended September 30,			Nine months ended September 30,		
	2020	**2019**	**Change (1)**	**2020**	**2019**	**Change (1)**
Modular Space Solutions	**76%**	76%	—	**74%**	75%	(1)
Workforce Solutions:						
Workforce housing accommodations: rental fleet	**34%**	36%	(2)	**34%**	32%	2
Wellsite accommodations	**23%**	76%	(53)	**40%**	76%	(36)
Surface equipment	**34%**	25%	9	**36%**	24%	12
Consolidated	**56%**	63%	(7)	**57%**	61%	(4)

(1) Percentage point basis.

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

Q3 2020 vs Q3 2019

For MSS, utilization for the Quarter was 76%, flat with the Comparative Quarter. Utilization in MSS has held steady and average rental rates have improved despite the growth in fleet size. For WFS, there were decreases in utilization for rental fleet and wellsite accommodations, offset with an increase in surface equipment.

Year to Date 2020 vs 2019

For MSS, utilization for the YTD decreased by one percentage point to 74%, due to the Spectrum acquisition and some U.S. major projects coming off rent. For WFS, there were decreases in wellsite accommodations and surface equipment, offset with increases in rental fleet.

Revenue

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

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

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

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

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

($ millions, except as noted)	Three months ended September 30, 2020	2019	Change	Nine months ended September 30, 2020	2019	Change
Rental revenue	**15.9**	17.4	(9)%	**47.4**	47.9	(1)%
Lodging revenue	**3.9**	3.0	30%	**10.2**	18.5	(45)%
Sales revenue	**4.9**	6.9	(29)%	**15.7**	19.8	(21)%
Non-rental revenue	**16.5**	18.6	(11)%	**50.2**	52.5	(4)%
Revenue	**41.2**	45.9	(10)%	**123.5**	138.7	(11)%

Percentage of consolidated revenue	Three months ended September 30, 2020	2019	Change (1)	Nine months ended September 30, 2020	2019	Change (1)
Rental revenue	**39%**	38%	1	**38%**	35%	3
Lodging revenue	**9%**	7%	2	**8%**	13%	(5)
Sales revenue	**12%**	15%	(3)	**13%**	14%	(1)
Non-rental revenue	**40%**	40%	—	**41%**	38%	3

(1) Percentage point basis.

Q3 2020 vs Q3 2019

Rental revenue for the Quarter was $15.9 million, down 9% or $1.5 million from the Comparative Quarter. Workforce Solutions was down $2.6 million due to a decrease in utilization in wellsite accommodations. This was offset with Modular Space Solutions being up $1.1 million due to increased activity and average rental rates.

Lodging revenue for the Quarter was $3.9 million, up 30% or $0.9 million from the Comparative Quarter due to increased occupancy at Sunset Prairie Lodge and Sukunka River Lodge, partially offset by Sunday Creek Lodge and Horn River Lodge being closed in the Quarter.

Sales revenue for the Quarter was $4.9 million, down 29% or $2.0 million from the Comparative Quarter. Modular Space Solutions was down $1.7 million from the Comparative Quarter due to decreased sales in both the U.S. and Canada, partly due to the negative impact of COVID-19. This was combined with Workforce Solutions being down $0.3 million from the Comparative Quarter primarily due to a large used asset sale in the Comparative Quarter.

Non-rental revenue for the Quarter was $16.5 million, down 11% or $2.1 million from the Comparative Quarter. Workforce Solutions was down $4.4 million from the Comparative Quarter. In the Comparative Quarter, the Company received a significant contribution to non-rental revenue due to the installation of Sukunka River Lodge and catering in California for a rental contract, partially offset by the margin recognized on the revised future dismantlement of Sunset Prairie Lodge. This was offset with Modular Space Solutions being up $2.3 million from the Comparative Quarter due to an increase in U.S. installation activity.

Year to Date 2020 vs 2019

Rental revenue for the YTD was $47.4 million, down 1% or $0.5 million from the Prior YTD. Modular Space Solutions was up $3.3 million due to increased activity and average rental rates. This was partially offset by Workforce Solutions being down $3.7 million due to reduced activity in the U.S.

Lodging revenue for the YTD was $10.2 million, down 45% or $8.3 million from the Prior YTD due to a decrease in occupancy at all lodges except Sukunka River Lodge.

Sales revenue for the YTD was $15.7 million, down 21% or $4.1 million from the Prior YTD. Modular Space Solutions was down $4.7 million due to the same factors for quarterly sales as discussed above. Workforce

Solutions was up $0.5 million due to the same factors as discussed above in addition to new asset sales to a First Nations partner.

Non-rental revenue for the YTD was $50.2 million, down 4% or $2.3 million from the Prior YTD. Modular Space Solutions was down $1.7 million from the Prior YTD due to decreased installation and transportation activity. This was combined with Workforce Solutions being down $0.6 million from the Prior YTD.

Direct Costs and Gross Profit

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2020**	2019	Change	**2020**	2019	Change
Direct costs	**24.2**	27.6	(12)%	**71.5**	87.0	(18)%
Gross profit	**16.9**	18.3	(8)%	**52.0**	51.7	1%

	Three months ended September 30,			Nine months ended September 30,		
Percentage of consolidated revenue	**2020**	2019	Change (1)	**2020**	2019	Change (1)
Direct costs	**59%**	60%	(1)	**58%**	63%	(5)
Gross profit	**41%**	40%	1	**42%**	37%	5

(1) Percentage point basis.

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

Direct costs related to rental revenue include labour, fuel, materials, freight, maintenance and servicing of rental units. Direct costs related to lodging revenue include catering services, utilities costs, consumable materials and other services required to provide turnkey lodging services. From time to time, Black Diamond will sell used units from its fleet, rent equipment from third parties and re-rent the equipment, provide installation and render other services to customers. These activities are captured in sales and non-rental revenues. Direct costs related to non-rental and sales revenues include the net book value of used units that have been sold, the cost of units sub-leased from others, and the cost of third parties in delivering some of these services.

	Three months ended September 30,			Nine months ended September 30,		
Direct Costs	**2020**	2019	Change	**2020**	2019	Change
($ millions, except as noted)	**$**	$		**$**	$	
Construction and transportation services	**10.7**	12.0	(11)%	**27.3**	34.9	(22)%
Catering, utilities and other consumable costs	**3.2**	3.7	(14)%	**10.5**	13.1	(20)%
New sales	**3.3**	1.9	74%	**9.3**	9.6	(3)%
Repairs and maintenance	**2.2**	2.4	(8)%	**7.5**	8.7	(14)%
Personnel costs	**2.0**	2.4	(17)%	**5.9**	7.6	(22)%
Subleased equipment	**1.2**	1.8	(33)%	**4.8**	4.4	9%
Used fleet sales	**0.6**	2.9	(79)%	**2.5**	5.2	(52)%
Fleet Insurance	**0.4**	0.3	33%	**1.3**	0.9	44%
Rent Expense	**0.4**	0.2	100%	**1.2**	1.1	9%
Other direct costs	**0.2**	—	—%	**1.2**	1.5	(20)%
Total Direct costs	**24.2**	27.6	(12)%	**71.5**	87.0	(18)%

Q3 2020 vs Q3 2019

Direct costs for the Quarter were $24.2 million, down 12% or $3.4 million from the Comparative Quarter primarily due to a decrease in used fleet sales and construction and transportation costs, partially offset by an increase in new sales.

Gross profit for the Quarter was $16.9 million, down 8% or $1.4 million from the Comparative Quarter primarily due to a decrease in rental margins.

Year to Date 2020 vs 2019

Direct costs for the YTD were $71.5 million, down 18% or $15.5 million from the Prior YTD primarily due to an decrease in construction and transportation costs.

Gross profit for the YTD was $52.0 million, up 1% or $0.3 million from the Prior YTD primarily due to increase in lodging margins.

Administrative Expenses

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Personnel costs	**4.7**	5.2	(10)%	**14.9**	15.1	(1)%
Other administrative expenses	**1.4**	1.9	(26)%	**5.3**	5.8	(9)%
Occupancy and insurance	**1.1**	0.7	57%	**2.3**	2.2	5%
Total Administrative expenses	**7.2**	7.8	(8)%	**22.5**	23.1	(3)%
% of Consolidated revenue	**17%**	17%	—	**18%**	17%	1

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

Q3 2020 vs Q3 2019

Total administrative expenses for the Quarter were $7.2 million, down 8% or $0.6 million from the Comparative Quarter.

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

- Personnel costs for the Quarter were $4.7 million, down 10% or $0.5 million from the Comparative Quarter. This was due to an increase in staffing levels, partially offset by the collection of the CEWS Program subsidy.
- Other administrative expenses for the Quarter were $1.4 million, down 26% or $0.5 million from the Comparative Quarter mainly due to a decrease in travel costs, partially offset by an increase in professional fees.
- Occupancy and insurance costs for the Quarter were $1.1 million, up 57% or $0.4 million from the Comparative Quarter.

Year to Date 2020 vs 2019

Total administrative expenses for the YTD were $22.5 million, down 3% or $0.6 million from the Prior YTD.

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

- Personnel costs for the YTD were $14.9 million, down 1% or $0.2 million from the Prior YTD. This was due to an increase in staffing levels, partially offset by the collection of the CEWS Program Subsidy.
- Other administrative expenses for the YTD were $5.2 million, down 9% or $0.5 million from the Prior YTD mainly due to a decrease in travel costs.
- Occupancy and insurance costs for the YTD were $2.3 million, flat with the Prior YTD.

Adjusted EBITDA

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	2020	2019	Change	2020	2019	Change
Adjusted EBITDA (1)	**9.8**	10.5	(7)%	**29.5**	28.6	3%
% of Consolidated revenue	**24%**	23%	1	**24%**	21%	3

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

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

Q3 2020 vs Q3 2019

Adjusted EBITDA for the Quarter was $9.8 million, down 7% or $0.7 million from the Comparative Quarter primarily due to a decrease in rental and sales margins partially offset by the receipt of a government subsidy received through the CEWS Program.

Year to Date 2020 vs 2019

Adjusted EBITDA for the YTD was $29.5 million, up 3% or $0.9 million from the Prior YTD primarily due to a decrease in lodging margins and the receipt of a government subsidy received through the CEWS Program.

Depreciation and Amortization

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	2020	2019	Change	2020	2019	Change
Depreciation and amortization, net of depreciation of right-of-use assets	**7.0**	8.7	(20)%	**19.7**	25.4	(22)%
% of Property and equipment	**2%**	3%	(1)	**6%**	8%	(2)
Depreciation of right-of-use assets	**1.4**	1.4	—%	**4.3**	3.9	10%

Q3 2020 vs Q3 2019

Depreciation and amortization of property and equipment for the Quarter was $7.0 million, a decrease of 20% or $1.7 million from the Comparative Quarter primarily due to a change in estimate regarding the residual values of the space rental fleet and workforce accommodation fleet.

Depreciation of right-of-use assets was flat with the Comparative Quarter.

Year to Date 2020 vs 2019

Depreciation and amortization of property and equipment for the YTD was $19.7 million, a decrease of 22% or $5.7 million from the Prior YTD primarily due to a change in estimate regarding the residual values of the space rental fleet and workforce accommodation fleet.

Depreciation of right-of-use assets increased due to a larger leased real estate and equipment portfolio in the YTD combined with extensions of previous real estate contracts.

Finance Costs

($ millions, except as noted)	Three months ended September 30, 2020	2019	Change	Nine months ended September 30, 2020	2019	Change
Finance costs	**1.2**	1.9	(37)%	**4.1**	5.6	(27)%
Long-term debt [(1)]	**113.8**	96.8	18%	**113.8**	96.8	18%
Average interest rate	**2.11%**	5.12%	-301 bps	**2.73%**	5.34%	-261 bps

(1) Net debt as at September 30, 2020 was $111.3 million (September 30, 2019 - $93.8 million).

Q3 2020 vs Q3 2019

Finance costs for the Quarter were $1.2 million, down 37% or $0.7 million from the Comparative Quarter primarily due to lower interest rates on the asset-based revolving credit facility ("ABL Facility") as compared to the Company's previous debt instruments.

Year to Date 2020 vs 2019

Finance costs for the YTD were $4.1 million, down 27% or $1.5 million from the Prior YTD primarily due to lower interest rates on the ABL Facility as compared to the Company's previous debt instruments.

Income Tax

($ millions, except as noted)	Three months ended September 30, 2020	2019	Change	Nine months ended September 30, 2020	2019	Change
Deferred tax	**(0.2)**	(2.1)	90%	**(0.2)**	(3.8)	95%
Total tax	**(0.2)**	(2.2)	91%	**(0.2)**	(3.8)	95%

Q3 2020 vs Q3 2019

For the Quarter, Black Diamond recognized a current income tax expense of $nil, consistent with the Comparative Quarter. The Company also recognized a deferred income tax recovery of $0.2 million, a change of $1.9 million or 90% from the Comparative Quarter. The tax provision has been calculated at the enacted tax rate of 25.4% in Canada, 25.4% in the U.S., and 30% in Australia.

Year to Date 2020 vs 2019

For the YTD, Black Diamond recognized a current income tax expense of $nil, consistent with the Prior YTD. The Company also recognized a deferred income tax recovery of $0.2 million, a change of $3.6 million from the Prior YTD. The tax provision has been calculated at the enacted tax rate of 25.4% in Canada, 25.4% in the U.S., and 30% in Australia.

Non-Controlling Interest

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

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Non-controlling interest	**0.3**	0.1	200%	**0.8**	0.3	167%

Q3 2020 vs Q3 2019

The NCI for the Quarter was $0.3 million, an increase of 200% or $0.2 million from the Comparative Quarter due to increased lodging and rental revenues earned through the limited partnerships.

Year to Date 2020 vs 2019

The NCI for the YTD was $0.8 million, an increase of 167% from $0.5 million from the Prior YTD due to increased lodging and rental revenues earned through the limited partnerships.

Net Loss

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Net loss	**(0.7)**	(0.3)	(133)%	**(1.3)**	(5.0)	74%

Q3 2020 vs Q3 2019

Net loss for the Quarter was $0.7 million, a decline of 133% or $0.4 million from the Comparative Quarter primarily due to a decrease in gross margin, partially offset by the receipt of a government subsidy received through the CEWS Program and a decrease in depreciation expense.

Year to Date 2020 vs 2019

Net loss for the YTD was $1.3 million, an improvement of 74% or $3.7 million from the Prior YTD primarily due to a decrease in depreciation expense and the receipt of a government subsidy received through the CEWS Program, combined with an increase in gross margin.

SEGMENTED REVIEW OF FINANCIAL PERFORMANCE

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

The following is a summary of the Company's segmented results for the three and nine month periods ended September 30, 2020 and 2019, detailing revenues and Adjusted EBITDA by each of the Company's business units.

Segmented Revenue

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

	Three months ended September 30,			Nine months ended September 30,		
	2020	**2019**	**Change**	**2020**	**2019**	**Change**
(in millions, except where noted)	**$**	**$**	**%**	**$**	**$**	**%**
Revenue						
Modular Space Solutions	**23.9**	22.2	8 %	**62.3**	65.4	(5)%
Workforce Solutions	**17.3**	23.7	(27)%	**61.2**	73.3	(17)%
Total Revenue	**41.2**	45.9	(10)%	**123.5**	138.7	(11)%

Segmented Adjusted EBITDA

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

	Three months ended September 30,			Nine months ended September 30,		
	2020	**2019**	**Change**	**2020**	**2019**	**Change**
(in millions, except where noted)	**$**	**$**	**%**	**$**	**$**	**%**
Adjusted EBITDA (1)						
Modular Space Solutions	**7.8**	7.3	7 %	**19.4**	18.2	7 %
Workforce Solutions	**4.5**	6.1	(26)%	**17.9**	18.7	(4)%
Corporate and Other	**(2.5)**	(2.9)	14 %	**(7.8)**	(8.3)	6 %
Total Adjusted EBITDA	**9.8**	10.5	(7)%	**29.5**	28.6	3 %

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

MODULAR SPACE SOLUTIONS BUSINESS UNIT

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

MSS provides ancillary products and services that are complementary to our modular buildings and gives the customer a packaged solution that enhances their productivity and allows for immediate use. These VAPS include furniture rental, steps and landings, appliances, maintenance programs, utility services, disaster recovery programs, subleased equipment and more.

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

Revenue

There are three revenue streams to which these assets contribute.

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

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

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

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

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

Financial Highlights

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

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

	Three months ended September 30,			Nine months ended September 30,		
Revenue by Stream ($ millions, except as noted)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Rental revenue	**9.9**	8.8	13%	**27.9**	24.6	13%
Sales revenue	**4.1**	5.8	(29)%	**10.7**	15.4	(31)%
Non-rental revenue	**9.9**	7.6	30%	**23.7**	25.4	(7)%
Total revenue	**23.9**	22.2	8%	**62.3**	65.4	(5)%
Adjusted EBITDA	**7.8**	7.3	7%	**19.4**	18.2	7%
Adjusted EBITDA as a % of revenue	**33%**	33%	—	**31%**	28%	3
Return on Assets (1)	**17%**	16%	1	**15%**	14%	1

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

	Three months ended September 30,			Nine months ended September 30,		
Value Added Products & Services	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
VAPS as a % of total rental revenue	**17%**	16%	1	**16%**	15%	1

	Three months ended September 30,			Nine months ended September 30,		
Revenue by Geography ($ millions, except as noted)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Canada	**12.3**	12.3	—%	**34.8**	34.6	1%
United States	**11.6**	9.9	17%	**27.5**	30.8	(11)%
Total revenue	**23.9**	22.2	8%	**62.3**	65.4	(5)%

Q3 2020 vs Q3 2019

MSS business unit's total revenue for the Quarter was $23.9 million, up 8% or $1.7 million from the Comparative Quarter.

- **Rental revenue** during the Quarter was $9.9 million, up 13% or $1.1 million from the Comparative Quarter due to increased activity, average rental rates and rental asset base.
- **Sales revenue** during the Quarter was $4.1 million, down 29% or $1.7 million from the Comparative Quarter due to decreased sales in both the U.S. and Canada, partly due to the negative impact of COVID-19.
- **Non-rental revenu**e during the Quarter was $9.9 million, up 30% or $2.3 million from the Comparative Quarter due to an increase in U.S. installation activity.

Adjusted EBITDA for the Quarter was $7.8 million, up 7% or $0.5 million from the Comparative Quarter due to a continued growth in rental revenue, partially offset by lower sales margins due to mix of new versus used sales projects. Adjusted EBITDA as a percentage of revenue was flat with the Comparative Quarter.

ROA for the Quarter was 17%, an increase from 16% in the Comparative Quarter and representing a record for the business.

Year to Date 2020 vs 2019

MSS business unit's total revenue for the YTD was $62.3 million, down 5% or $3.1 million from the Prior YTD.

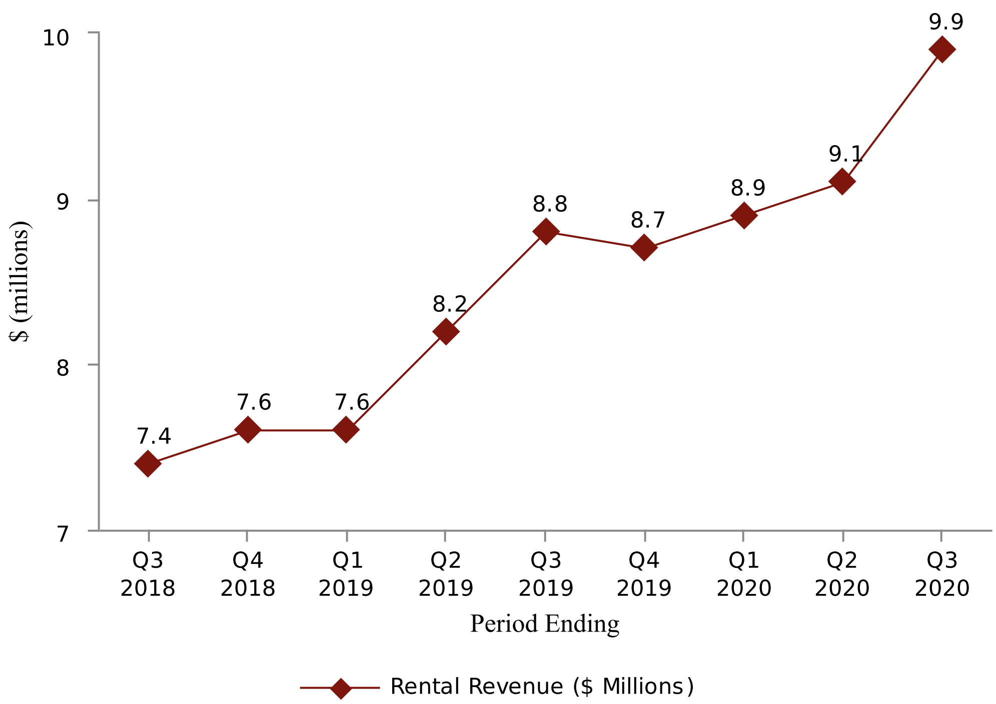
- **Rental revenue** for the YTD was $27.9 million, up 13% or $3.3 million, due to increased average rental rates and asset base.
- **Sales revenue** for the YTD was $10.7 million, which is a decrease of 31% or $4.7 million with the Prior YTD, partly due to the negative impact of COVID-19. There was one large major project sale recorded in the Prior YTD which did not occur in the YTD.
- **Non-rental revenue** for the YTD was $23.7 million, down 7% or $1.7 million from the Prior YTD due to decreased installation and transportation activity.

Adjusted EBITDA for the YTD was $19.4 million, up 7% or $1.2 million from the Prior YTD primarily due to a continued growth in rental revenue, partially offset by lower sales margins due to mix of new versus used sales projects. Adjusted EBITDA as a percentage of revenue increased 3 percentage points to 31% compared to the Prior YTD due to revenue mix.

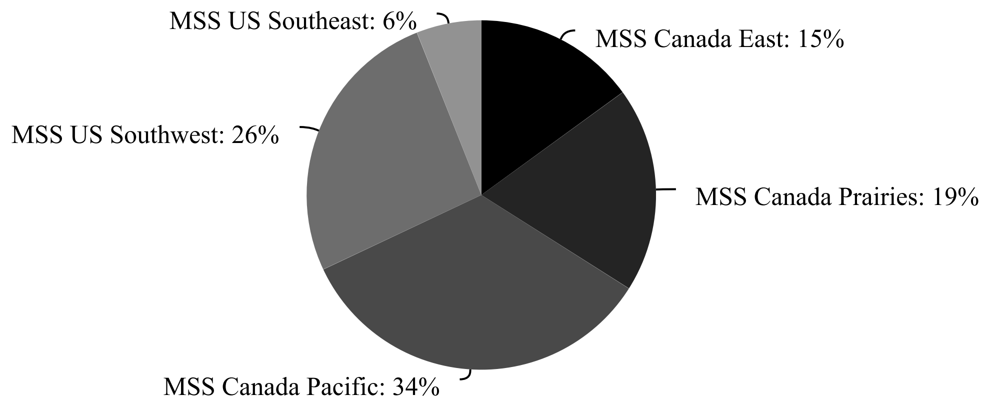
YTD ROA increased to 15% from 14% as EBITDA grew more quickly than Average Gross Assets.

Rental Revenue

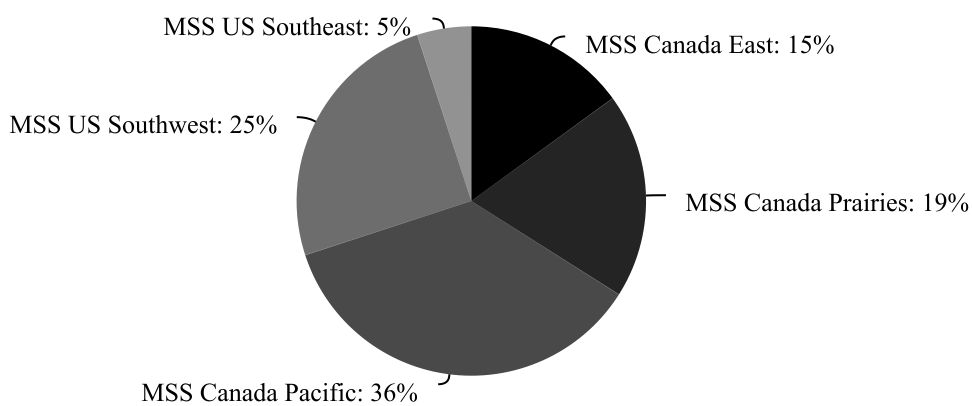
Rental revenue for the Quarter continued the positive growth trend over the last nine quarters (16% CAGR from Q3 2018 to Q3 2020).



Q3 2020 Rental Revenue by Geography



Q3 2019 Rental Revenue by Geography



MSS geographic diversification increased over the comparable quarter primarily due to revenue growth in the US Southeast region driven by the Spectrum acquisition and in the US Southwest driven by unit additions.

Rental Term

Rental durations typically exceed the initial contract terms and are renewable on a month to month basis. The average duration of the MSS lease portfolio as at September 30, 2020 was 26.5 months, up from 25.8 months as at September 30, 2019.

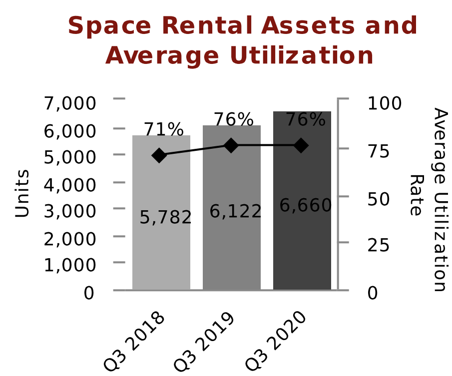
Space Rental Assets and Average Utilization

The MSS fleet consisted of 6,660 units as at September 30, 2020, up 538 units or 9% from 6,122 units as at September 30, 2019. This increase is due to the Spectrum Acquisition in the YTD, which added 202 units, plus additional fleet purchases. For the YTD, fleet additions of 639 units, which included the Spectrum Acquisition, were partially offset by the sales or disposal of 130 units.

MSS Consolidated

	Three months ended September 30,			Nine months ended September 30,		
MSS Assets, Utilizations, and Rates	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Property and Equipment Net Book Value ($ millions) (2)	**170.8**	148.4	15%	**170.8**	148.4	15%
Modular space assets	**6,660**	6,122	9%	**6,660**	6,122	9%
Average utilization (1)	**76%**	76%	—	**74%**	75%	(1)
Average rental rate	**$643**	$598	8%	**$636**	$591	8%

(1) Calculated as the net book value of fleet assets on rent, divided by the net book value of total fleet assets.
(2) Net book value of property and equipment is influenced by changes in foreign exchange rates.



Q3 2020 vs Q3 2019

Utilization for the Quarter was 76%, flat with the Comparative Quarter. Utilization in MSS has held steady.

The average rental rate increased from the Comparative Quarter by 8%, continuing the trend of higher rental rate contracts in both the U.S. and Canada. Steady utilization and increasing rental rate demonstrates good absorption of fleet additions from new capital.

Year to Date 2020 vs 2019

Utilization for the YTD decreased by one percentage point to 74%, due to the acquisition and some U.S. major projects coming off rent.

The average YTD rental rate increased from the Prior YTD by 8%, due to same factors as discussed above.

WORKFORCE SOLUTIONS BUSINESS UNIT

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

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

The assets included in the rental business are:

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

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

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

The lodging business provides workforce housing accommodations assets installed as lodges in strategic locations on land leases held by Black Diamond earning lodging revenue. WFS currently operates three lodges in British Columbia (Sunset Prairie Lodge, Little Prairie Lodge and Horn River Lodge) and two in Alberta (Sunday Creek Lodge and Smoky River Lodge).

LodgeLink is a digital marketplace and ecosystem that enables customers to efficiently find, book, and manage their crew travel and accommodation needs through a rapidly growing network of hotel, remote lodge, and travel partners. The LodgeLink digital platform was created to solve and address the unique challenges associated with crew travel with a goal to remove inefficiencies at every step of the crew travel process from booking, to management, to payments. LodgeLink's vision is to be the ecosystem for workforce travel, while applying innovative technology to transform the crew travel process.

Revenue

There are four revenue streams to which these assets contribute.

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

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

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

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

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

Financial Highlights

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

	Three months ended September 30,			Nine months ended September 30,		
Revenue by Stream ($ millions, except as noted)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Rental revenue	**6.0**	8.6	(30)%	**19.5**	23.2	(16)%
Sales revenue	**0.8**	1.1	(27)%	**5.0**	4.5	11%
Non-rental revenue	**6.6**	11.0	(40)%	**26.5**	27.1	(2)%
Lodging revenue	**3.9**	3.0	30%	**10.2**	18.5	(45)%
Total revenue	**17.3**	23.7	(27)%	**61.2**	73.3	(17)%

	Three months ended September 30,			Nine months ended September 30,		
Revenue by Geography ($ millions, except as noted)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Canada	**13.4**	14.7	(8)%	**36.8**	43.3	(15)%
United States	**0.5**	5.9	(92)%	**14.0**	20.6	(32)%
Australia	**3.4**	3.2	6%	**10.4**	9.4	11%
Total revenue	**17.3**	23.7	(27)%	**61.2**	73.3	(17)%
Adjusted EBITDA	**4.5**	6.1	(26)%	**17.9**	18.7	(4)%
Adjusted EBITDA as a % of revenue	**26%**	26%	—	**29%**	26%	3
Return on Assets (1)	**11%**	14%	(3)	**15%**	14%	—

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

Q3 2020 vs Q3 2019

Adjusted EBITDA as a percentage of revenue was flat in the Quarter at 26%, compared with the Comparative Quarter.

Year to Date 2020 vs 2019

Adjusted EBITDA as a percentage of revenue increased for the YTD to 29%, compared with 26% in the Prior YTD, due to increased Non-rental margins.

Rental

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

	Three months ended September 30,			Nine months ended September 30,		
Average Asset Utilization	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Workforce Housing Accommodations: Rental fleet	**34%**	36%	(2)	**34%**	32%	2
Wellsite accommodations	**23%**	76%	(53)	**40%**	76%	(36)
Surface equipment	**34%**	25%	9	**36%**	24%	12
Fleet Count (Units)						
Workforce Housing Accommodations: Rental fleet				**3,326**	3,084	8%
Wellsite accommodations				**620**	628	(1)%
Surface equipment				**3,008**	2,376	27%
Consolidated Room Count by Geography						
Canada				**9,999**	9,941	1%
United States				**1,878**	2,381	(21)%
Australia				**1,180**	1,034	14%
				13,057	13,356	(2)%
Net Book Value by Geography ($ millions)						
Canada				**108.9**	112.3	(3)%
United States				**36.2**	41.8	(13)%
Australia				**15.0**	12.7	18%
				160.1	166.8	(4)%

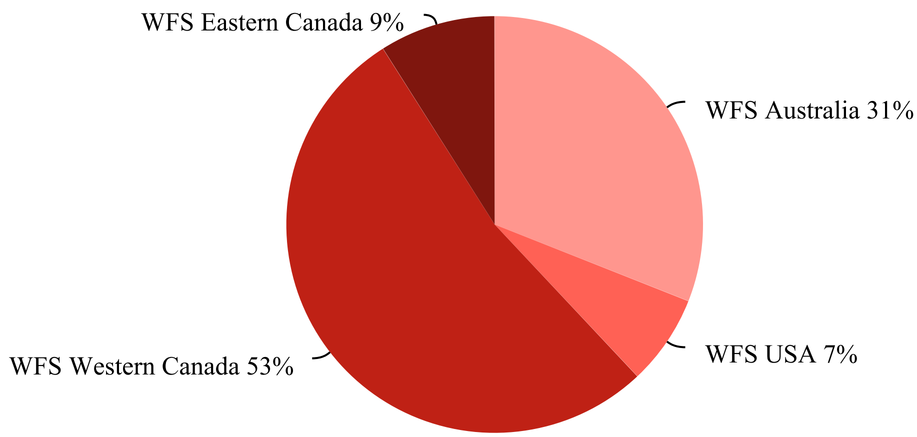
Q3 2020 vs Q3 2019

Rental revenue during the Quarter was $6.0 million, down 30% or $2.6 million from the Comparative Quarter due to a decrease in rental fleet utilization. Workforce housing utilization has decreased due to California assets coming off rent in the first quarter, partially offset by Sukunka River Lodge and projects in eastern Canada. Wellsite accommodation utilization has decreased in the U.S. due to softening market conditions.

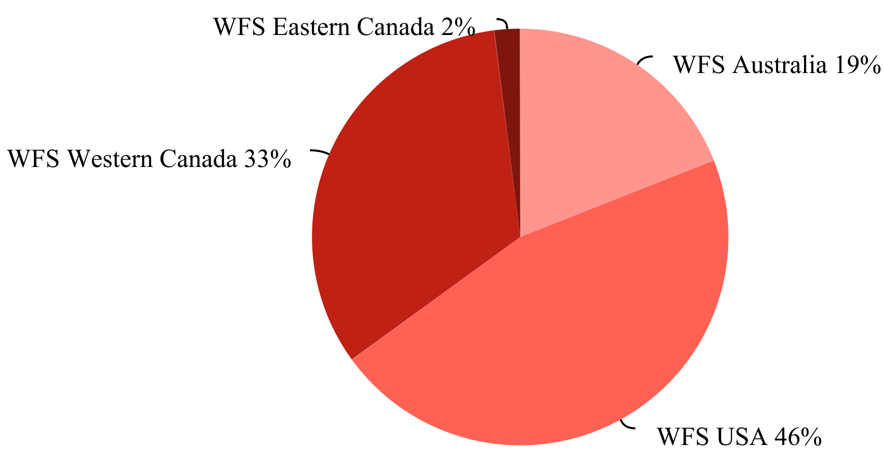
Year to Date 2020 vs 2019

Rental revenue for the YTD was $19.5 million, down 16% or $3.7 million from the Prior YTD due to reduced U.S. activity, partially offset by Sukunka River Lodge being fully operational in the Current Year. Surface equipment fleet count increased mainly due to the purchase of rig mat units in the first quarter related to a long-term project for a key customer.

Q3 2020 Rental Revenue by Geography



Q3 2019 Rental Revenue by Geography



Sales and Non-Rental

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

Q3 2020 vs Q3 2019

Sales revenue during the Quarter was $0.8 million, down 27% or $0.3 million from the Comparative Quarter primarily due to a large used asset sale in the Comparative Quarter.

Non-rental revenue during the Quarter was $6.6 million, down 40% or $4.4 million from the Comparative Quarter. In the Comparative Quarter, the Company received a significant contribution to non-rental revenue due to the installation of Sukunka River Lodge and catering in California for a rental contract.

Year to Date 2020 vs 2019

Sales revenue for the YTD was $5.0 million, up 11% or $0.5 million from the Prior YTD due to increased new and used fleet sales in Australia, partially offset by fewer used fleet sales in Canada.

Non-rental revenue for the YTD was $26.5 million, down 2% or $0.6 million from the Prior YTD.

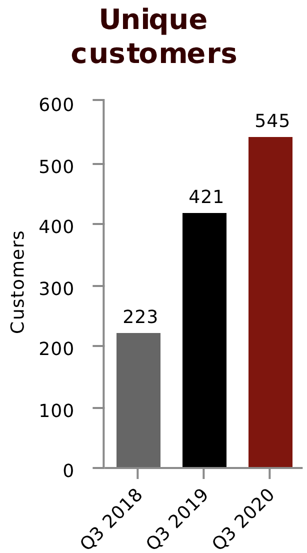
LodgeLink

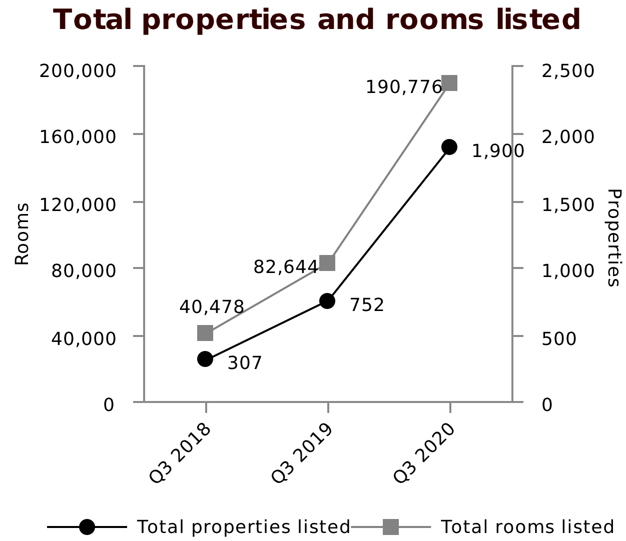
LodgeLink revenue generated from bookings is typically based on a margin per room booked. When the room is booked in a third party property, the revenue is categorized as non-rental revenue (revenue from bookings at Black Diamond owned lodges is categorized as lodging revenue).

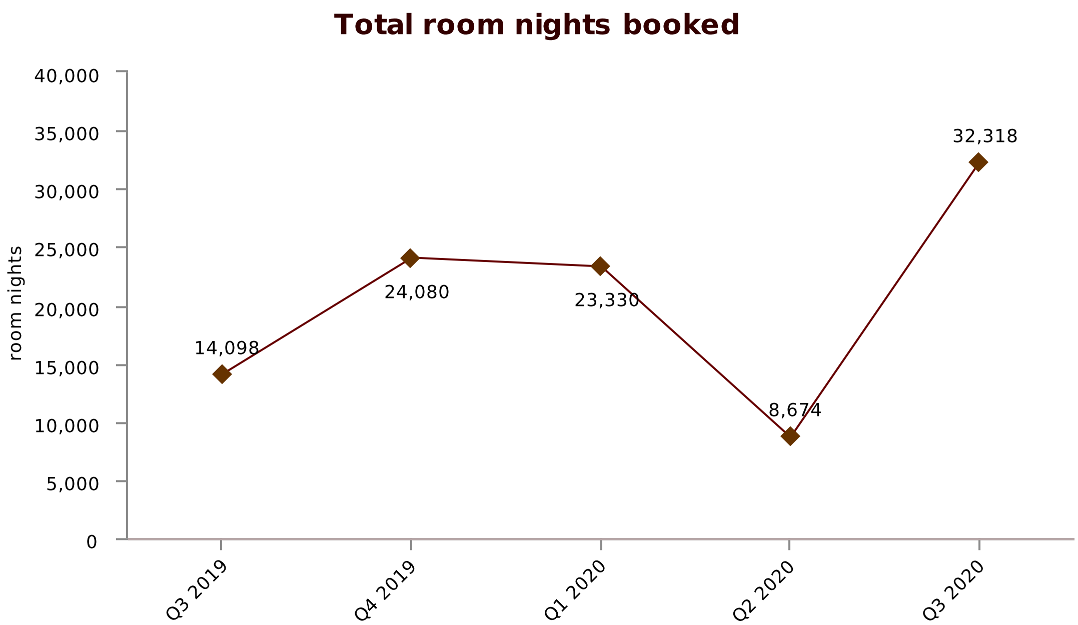
	Three months ended September 30,			Nine months ended September 30,		
LodgeLink (1)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Total gross bookings ($ millions)	**5.1**	2.2	132%	**11.4**	9.7	18%
Total room nights booked	**32,318**	14,098	129%	**64,322**	58,667	10%

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

Gross booking revenue more than doubled from the Comparative Quarter, despite broad base travel restrictions as a result of COVID-19, due to continued increase in number of customers using the platform at an increasing number of properties. All-time highs were reached in the Quarter in terms of number of active customers, number of active properties, revenue earned in the United States, and overall number of room nights in a single month.


Unique customers
600
500
400
300
200
100
0
Customers
223
421
545
Q3 2018
Q3 2019
Q3 2020


Total properties and rooms listed
200,000
160,000
120,000
80,000
40,000
0
Rooms
2,500
2,000
1,500
1,000
500
0
Properties
190,776
1,900
82,644
752
40,478
307
Q3 2018
Q3 2019
Q3 2020
Total properties listed
Total rooms listed


Total room nights booked
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
room nights
14,098
24,080
23,330
8,674
32,318
Q3 2019
Q4 2019
Q1 2020
Q2 2020
Q3 2020

Lodging

Q3 2020 vs Q3 2019

Lodging revenue during the Quarter was $3.9 million, up 30% or $0.9 million from the Comparative Quarter due to increased occupancy at Sunset Prairie Lodge and Sukunka River Lodge, partially offset by Sunday Creek Lodge and Horn River Lodge being closed in the Quarter. Average Rooms Available of 567 were up 1% from the Prior Quarter.

Year to Date 2020 vs 2019

Lodging revenue for the YTD was $10.2 million, down 45% or $8.3 million from the Prior YTD due to a decrease in occupancy at all lodges except Sukunka River Lodge. Average Rooms Available of 563 were down 53% from the Prior YTD as the Company temporarily closed multiple locations due to low industry activity. COVID-19 has had a dramatic impact on the lodging business as the industry in general has pulled back its remote workforce. We are currently seeing a slow return of some operations primarily in the Montney region.

CORPORATE AND OTHER BUSINESS UNIT

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

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Property and Equipment Net Book Value	**16.5**	16.0	3%	**16.5**	16.0	3%
Adjusted EBITDA	**(2.5)**	(2.9)	14%	**(7.8)**	(8.3)	6%

Q3 2020 vs Q3 2019

Adjusted EBITDA for the Quarter was a loss of $2.5 million, compared to a loss of $2.9 million in the Comparative Quarter primarily due to a decrease in personnel costs and administrative costs, offset by an increase in occupancy and insurance costs. Personnel cost decreases were mainly due to the receipt of a government subsidy received through the CEWS Program.

Year to Date 2020 vs 2019

Adjusted EBITDA for the YTD was a loss of $7.8 million, compared to a loss of $8.3 million in the Prior YTD, primarily due to a decrease in personnel costs, offset with an increase in administrative costs. Personnel cost decreases were mainly due to the receipt of a government subsidy received through the CEWS Program.

LIQUIDITY AND CAPITAL RESOURCES

Cash Requirements

Contractual Obligations and Other Commitments

At September 30, 2020, Black Diamond had capital expenditure commitments in the amount of $2.9 million. Additionally, Black Diamond has a commitment of $36.2 million related to the Company's office and yard leases, which have varying terms over the next nine years. It is management's intention to meet the funding requirements for these commitments through internally generated cash flow.

Capital Expenditures

Black Diamond's capital expenditures relate primarily to:

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

For the Quarter, Black Diamond expended $8.7 million (Comparative Quarter – $7.5 million) on additions to property and equipment. The additions are set out in the table below. Additionally, in the YTD, MSS acquired space rentals assets, the Spectrum brand name, customer relationships and working capital in the course of the Spectrum Acquisition for total cash consideration of $6.6 million.

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2020**	**2019**	**Change %**	**2020**	**2019**	**Change %**
Modular Space Solutions	**6.4**	5.4	19%	**23.1**	16.6	39%
Workforce Solutions	**2.0**	2.0	—%	**6.6**	8.9	(26)%
Corporate	**0.3**	0.1	200%	**1.2**	0.3	300%
	8.7	7.5	16%	**30.9**	25.8	20%

Sources and Uses of Cash

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

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2020**	**2019**	**Change %**	**2020**	**2019**	**Change %**
Cash from operating activities	**10.8**	9.6	13%	**35.4**	29.5	20%
Cash used in investing activities	**(9.5)**	(6.8)	40%	**(38.0)**	(27.5)	38%
Cash from (used in) financing activities	**(2.2)**	(0.4)	(450)%	**0.7**	(2.3)	130%
Total cash (decrease) increase	**(0.9)**	2.4	(138)%	**(1.9)**	(0.3)	(533)%

Liquidity needs can be met through a variety of sources, depending on specific circumstances, including: available cash, cash generated from operations, draw downs under the Company's ABL Facility and the issuance of new equity or debt. Black Diamond's primary use of funds are operational expenses, sustaining and opportunity capital spending, interest, taxes and principal debt repayments.

Cash from operating activities was $1.2 million higher in the Quarter than in the Comparative Quarter primarily due to changes in working capital which resulted in cash inflows in the Quarter, but resulted in outflows in the Comparative Quarter. This is offset by a decrease in used fleet sales, depreciation expense and settlement of an asset retirement obligation liability.

Cash used in investing activities was $2.7 million higher in the Quarter than in the Comparative Quarter primarily due to higher capital expenditure in the Quarter.

The Company used $2.2 million in financing activities in the Quarter primarily due to lower net proceeds on long-term debt, and generated $0.4 million in financing activities in the Comparative Quarter.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	**September 30, 2020**	**December 31, 2019**	**Change %**
Current assets	**40.2**	57.0	(29)%
Current liabilities	**33.7**	44.4	(24)%
Working capital	**6.5**	12.6	(48)%

The decrease in current assets of $16.8 million from December 31, 2019 was due to a decrease in accounts receivable of $12.9 million, a $1.7 million decrease in cash, and a $2.2 million decrease in other current assets.

The decrease in current liabilities of $10.7 million from December 31, 2019 was largely due to a decrease in accounts payable and accrued liabilities of $11.3 million and a decrease in current lease liabilities of $0.4 million. This was partially offset by an increase in deferred revenue of $1.0 million.

Principal Debt Instruments

As of September 30, 2020, Black Diamond's principal source of debt was an ABL Facility in the amount of $200 million, $190.1 million forms the borrowing base available of which $114.6 million is drawn.

The ABL Facility has a maturity date of October 30, 2023. 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. 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 (as defined by the ABL Facility agreement), up to $200 million.

As at September 30, 2020, the Company's draws under the ABL Facility were comprised of an aggregate of $114.6 million of Canadian dollar and U.S. dollar advances.

For the three month period ended September 30, 2020, the average interest rate on outstanding debt was 2.11% (2019 - 5.12%). For the nine month period, the average interest rate on outstanding debt was 2.73% (2019 - 5.34%).

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

Management believes that the ongoing cash generated from operations will be sufficient to allow it to meet ongoing requirements for working capital, maintenance costs, administrative expenses, and interest costs. Black Diamond's cash generated from operations will be dependent upon future financial performance, which in turn will be subject to financial, business and other risk factors, including factors beyond Black Diamond's control. While recent macroeconomic shocks in the form of oil price wars and viral pandemics have presented near-term challenges in parts of our platform, management believes the Company is well-equipped to weather any prolonged weakness in end-markets. The Company’s ABL facility provides ample flexibility and liquidity at attractive rates and is termed up until October 2023. Black Diamond’s longer term focus and strategy is unchanged. The Company is committed to maintaining a strong balance sheet and flexible capital structure.

Debt Covenants

In accordance with the terms of the ABL Facility, the Company is 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 September 30, 2020, the Company's draws under the ABL Facility amounted to $114.6 million (refer to consolidated financial statements), which represents 60% of the borrowing base of $190.1 million, therefore the FCCR covenant was not applicable.

As at September 30, 2020, Black Diamond was in compliance with all debt covenants.

Share Capital

At September 30, 2020, Black Diamond had 54.7 million (December 31, 2019 - 55.2 million) Common Shares outstanding. In addition, at September 30, 2020 Black Diamond had 5.3 million (December 31, 2019 - 5.0 million) Common Shares reserved for issuance pursuant to the exercise of options and restricted share units which have been granted pursuant to Black Diamond's share option plan and restricted and performance incentive award plan.

The following table summarizes Black Diamond's equity capitalization as at November 3, 2020 (in thousands):

Common shares	54,714
Stock options	4,285
Restricted share units	1,021

Off-Balance Sheet Arrangements

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

Contingent Liabilities

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

The following table summarizes Black Diamond's total contractual obligations as at September 30, 2020:

		Payments due by period		
($ millions)	**Total**	**Less than 1 year**	**1 - 5 years**	**After 5 years**
Long-term debt	114.6	—	114.6	—
Lease obligations	36.2	7.5	21.6	7.1
Purchase obligations	2.9	2.9	—	—
Total contractual obligations	153.7	10.4	136.2	7.1

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at September 30, 2020 relate to standard working capital accounts and credit facility items.

Black Diamond is subject to both cash flow and interest rate risk on its long-term debt facilities. The required cash flow to service the Company's long-term debt facilities will fluctuate as a result of changes in market rates.

NON-GAAP MEASURES

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

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

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

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

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

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

Reconciliation of Consolidated Profit to Adjusted EBITDA

($ millions, except as noted)	Three months ended September 30, 2020	2019	Change %	Nine months ended September 30, 2020	2019	Change %
Loss	**(0.7)**	(0.3)	(133)%	**(1.3)**	(5.0)	74 %
Add (deduct):						
Share-based compensation	**0.8**	0.8	— %	**2.1**	2.2	(5)%
Depreciation and amortization	**8.4**	10.1	(17)%	**24.0**	29.3	(18)%
Finance costs	**1.2**	1.9	(37)%	**4.1**	5.6	(27)%
Deferred income taxes	**(0.2)**	(2.1)	90 %	**(0.2)**	(3.8)	95 %
Non-controlling interest	**0.3**	0.1	200 %	**0.8**	0.3	167 %
Adjusted EBITDA	**9.8**	10.5	(7)%	**29.5**	28.6	3 %

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

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

Reconciliation of Cash Flow from Operating Activities to Funds from Operations

($ millions, except as noted)	Three months ended September 30, 2020	2019	Change %	Nine months ended September 30, 2020	2019	Change %
Cash Flow from Operating activities	**10.8**	9.6	13 %	**35.4**	29.5	20 %
Add/(Deduct):						
Change in long-term accounts receivable	**—**	(0.1)	100 %	**—**	(0.7)	100 %
Changes in non-cash working capital	**(2.2)**	3.8	(158)%	**(5.0)**	5.1	(198)%
Funds from Operations	**8.6**	13.3	(35)%	**30.4**	33.9	(10)%

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

Working Capital is calculated as current assets minus current liabilities.

Net Debt to Adjusted EBITDA is calculated as Net Debt divided by trailing twelve month Adjusted EBITDA

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

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

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

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

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

RELATED PARTY TRANSACTIONS

The amounts due to limited partners include distributions and royalties payable to the non-controlling interests. They are non-interest bearing and due on demand.

The following table provides the total amount of transactions that have been entered into with related parties during the three and nine month periods ended September 30, 2020 and 2019, as well as balances with related parties as at September 30, 2020 and December 31, 2019.

	For the three months ended September 30,		For the nine months ended September 30,		Due to related parties as at	
	2020	2019	**2020**	2019	**September 30, 2020**	December 31, 2019
	$	$	**$**	$	**$**	$
Non-controlling interests						
Royalties and distributions declared	**342**	132	**923**	692	**(97)**	(365)
Sale of fleet assets	**—**	—	**1,216**	—	**—**	—
Capital contribution of fleet assets	**—**	—	**1,216**	—	**—**	—
Other related parties						
Purchases of goods and services	**—**	62	**—**	536	**—**	—

During the first quarter of 2020, a limited partner purchased surface rental units from the Company and contributed these units as a capital contribution to a partnership controlled by Black Diamond.

RISKS AND UNCERTAINTIES

The operations of Black Diamond face a number of risks and uncertainties in the normal course of business that may be beyond its control, but which could have a material adverse effect on Black Diamond's financial condition, results of operations and cash flows. Many of these risk factors and uncertainties are outlined in the annual information form of Black Diamond for the year ended December 31, 2019 available on SEDAR at www.sedar.com. Additional risks and uncertainties that management may be unaware of may become important factors which affect Black Diamond.

Beginning in March 2020 and continuing through the third quarter, the Company has seen macro-economic uncertainty as a result of the global COVID-19 pandemic. The outbreak and subsequent measures intended to limit the spread of the virus contributed to significant volatility in financial markets. Furthermore, recent global developments and uncertainty in oil supply have caused further abnormally large volatility in commodity markets. The scale and duration of these developments remain uncertain but could impact the Company's earnings, cash flow and financial condition.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

Black Diamond's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have, as at September 30, 2020, designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to Black Diamond is made known to Black Diamond's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by Black Diamond in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

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

No material changes in Black Diamond's ICFR were identified during the period ended September 30, 2020, that have materially affected, or are reasonably likely to materially affect Black Diamond’s ICFR. Due to the COVID-19 pandemic, Black Diamond has implemented social distancing measures which require non-essential employees to work remotely. These measures have not had a material impact on Black Diamond's ICFR to date, but will be continually monitored to mitigate any risks associated with changes in the Company's control environment.

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

Additional information relating to Black Diamond, including Black Diamond's annual information form for the year ended December 31, 2019 is available on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

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

Judgments

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

Impairment of non-financial assets

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

Determination of a Cash Generating Unit ("CGU")

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

Operating lease commitments – Company as lessor

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

Fair value measurement of financial instruments

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

Determination of control and significant influence

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

Income Taxes

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

Estimates and Assumptions

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

Revenue recognition

Revenue from certain types of contracts is recognized over time, using an input method to measure progress towards complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by the Company. In determining the progress towards complete satisfaction, estimates and assumptions are made in relation to costs incurred and the costs to complete the contracts. When the outcome of the transaction cannot be estimated reliably, estimates and assumptions are made on whether the Company will recover the transaction costs incurred. If it is probable that the costs will be recoverable, revenue is recognized only to the extent of costs. If it is not probable that the costs incurred will be recovered, revenue is not recognized and the costs incurred are recognized as an expense.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("FVLCD") and its value-in-use ("VIU"). The FVLCD calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on estimated future cash flows. The FVLCD calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the Company's forecast for the next year and does not include significant future investments that could enhance the performance of the CGU being tested. Estimates for revenue growth and Adjusted EBITDA margins are based on a review of historical information for each CGU, consideration of achievable rates and utilizations during the forecast period, and consideration of future prospects given management's understanding of the operating environment. The discount rates used for each CGU are estimated based on the assumed weighted average cost of capital for a notional purchaser of each CGU. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows, margins, and the growth rate used for extrapolation purposes.

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

Asset Retirement Obligations

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

Additional estimates

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

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

Changes in Accounting Policies and Estimates

At the beginning of 2020, the Company completed an assessment of the application of its accounting policy for directly attributable costs. This analysis resulted in \$2,010 and \$5,768 of costs being reclassified from administrative expenses to direct costs in the three and nine month periods ended September 30, 2020, respectively. Prior periods have been restated to conform with the current period presentation resulting in \$1,433 and \$4,640 being reclassified from administrative expenses to direct costs in the three and nine month periods ended September 30, 2019, respectively.

Change in accounting estimate

During the first quarter of 2020, the Company conducted a review of its estimates regarding property and equipment, which resulted in changes in the residual values of its space rentals fleet equipment and workforce accommodation rental equipment. It was previously estimated that space rentals fleet equipment and workforce accommodation rental equipment had a residual value of $nil at the end of their useful lives, whereas it is now estimated that these assets will have residual values of 25% of cost and 10% of cost, respectively.

This change in estimate has been accounted for prospectively from January 1, 2020, and has resulted in a decrease in depreciation expense of $1,558 and $5,204 in three months and nine months periods ended September 30, 2020, respectively.

Government Grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all conditions associated with the grant are met. Claims under government grant programs related to income are recorded as a reduction to the eligible expenses incurred.

In the second and third quarters of 2020, the Company qualified for the Canada Emergency Wage Subsidy, a taxable government subsidy available to businesses affected by COVID-19 that meet certain criteria. Total subsidies received in the third quarter were $1,621, and are reflected as a reduction of $649 and $972 in direct costs and administrative expenses, respectively. Total subsidies received on a YTD basis were $2,905, and are reflected as a reduction of $1,162 and $1,743 in direct costs and administrative expenses, respectively. There are no unfulfilled conditions or other contingencies attached to the government assistance that has been recognized in the interim financial statements.