MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine month periods ended September 30, 2017 and 2016

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, 2017 (the "Quarter") with the three months ended September 30, 2016 (the "Comparative Quarter") and the nine months ended September 30, 2017 (the "YTD") with the nine months ended September 30, 2016 (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, 2017 and 2016 and the audited consolidated financial statements of the Company for the years ended December 31, 2016 and 2015. 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 7, 2017 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 2017 capital plan, how such capital will be expended, expectations for land sales, Adjusted EBITDA guidance, Management's assessment of Black Diamond's future operations and what may have an impact on them, financial performance, business prospects and opportunities, changing operating environment including increased activity levels, amount of revenue anticipated to be derived from current contracts, anticipated debt levels, amendments to Black Diamond's debt instruments, economic life of the Company's assets, future growth and profitability of the Company and realization of the anticipated benefits of acquisitions and sales, and expected savings from the restructure. 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 conduct its operations in a manner consistent with past operations, that counter-parties to contracts will perform the contracts as written and that there will be no unforeseen material delays in contracted projects. Although Black Diamond believes that the expectations reflected in the forward-looking statements contained in this MD&A, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurances that such expectations or assumptions will prove to be correct. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of Black Diamond. These risks include, but are not limited to: the impact of general economic conditions, industry conditions, fluctuation of commodity prices, the Company's ability to attract new customers, failure of counterparties to perform on contracts, industry competition, availability of qualified personnel and management, timely and cost effective access to sufficient capital from internal and external sources, political conditions, dependence on suppliers and stock market volatility. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in Black Diamond's annual information form for the year ended December 31, 2016 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.

INVESTOR INFORMATION SERVICES

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EXECUTIVE SUMMARY

Black Diamond has continued to execute on its strategy of diversifying the business and growing its non-energy dependent cash flow. As a result, revenue for the Quarter was $36.5 million, up 33% from the Comparative Quarter and adjusted EBITDA was $9.0 million, up 58% from the Comparative Quarter. The increased scale and performance of the Company's diversified businesses allowed it to reduce the net loss to $3.3 million for the Quarter, down 58% from the Comparative Quarter.

The BOXX Modular space rentals segment continues to expand and generate significant opportunities in non-resource facing end-markets such as the build-out of infrastructure facilities for the United States ("US") technology sector and offices for the refurbishment of government buildings in Ottawa.

Other notable improvements in the Quarter include Energy Services, which more than tripled its accommodation unit utilization to 64% from 19%; and International, which recognized a high margin sale of a camp for a new coal project in Queensland, Australia.

Partly offsetting these improvements were a decrease in lodging revenue and lower rental revenue in Camps & Lodging. Due to the lack of new large capital projects in western Canada and a reluctance of resource producers to make long-term commitments, consolidated contracted future revenue at the end of the Quarter was $27.5 million, down 47% from the Comparative Quarter.

Reflecting the Company's geographic diversification, revenue outside of Alberta is 60% of total revenue in the Quarter, a significant increase from 38% in the Comparative Quarter. This has been achieved through fleet growth as well as improved utilization and rates in space rentals outside of Alberta, significant increases in utilization for US wellsite accommodations, and increased utilization and sales activity in Australia.

Black Diamond remains committed to its strategy of investing in markets outside Alberta, selling and redeploying underutilized assets, and capitalizing on opportunities to generate value from its significant existing asset base. The diversification provides a more stable base of cash flows for Black Diamond, while retaining the opportunity for significant upside on the expectation that the western Canadian energy markets recover over the longer term. In support of this strategy and partially funding the growth of the Company's diversified business, during the twelve trailing months ended September 30, 2017, the Company sold 467 units, which includes 698 beds, for total proceeds of $17.9 million. These disposals are almost entirely made up of underutilized fleet sold higher than their net book value.

The Company continues to innovate, finding new ways to compete in the challenging remote accommodations sector. Subsequent to the end of the Quarter, Black Diamond commercially launched LodgeLink.com, an online accommodation marketplace for workforce housing that provides customer solutions and increases demand for underutilized camps and lodging assets. LodgeLink.com's system currently provides access to 25 remote accommodation facilities in Alberta and British Columbia and management believes it has significant growth potential.

Management also remains focused on its cost structure and debt management, following on the restructuring initiative announced with the Q2 2017 results. Normalized for the incremental costs related to the business acquisitions that have occurred since Q3 2016, administrative expenses have decreased by 9%, or $0.9 million, which is on pace to realize management's expected $3.0 million of annualized savings from the restructuring. Without normalization, administrative expenses for the Quarter were $9.1 million, up 1% or $0.1 million from the Comparative Quarter. As part of the restructuring, Black Diamond purchased land and property in the Dallas-Fort Worth area for $4.1 million to further reduce costs and improve the efficiency of the operating structure in the area by consolidating five operating locations into one. This land acquisition is expected to be almost fully offset by sales of approximately $4.0 million of redundant land in the US estimated to occur in 2018.

Long-term debt was slightly higher at September 30, 2017 compared with September 30, 2016, and $3.1 million higher than at June 30, 2017. This was mainly due to operating cash flows being more than offset by the final two monthly cash dividends paid in Q3 2017 of $2.8 million, an increase in working capital of $3.6 million, and capital expenditures of $7.7 million. Black Diamond announced the suspension of its dividend in August so management could focus the investment of cash flow from operations on capital growth in its space rentals business and on debt repayment. Cash dividends were still paid in July and August so the full benefit of the dividend suspension on the Company's cash flows will be realized in Q4 2017. Working capital increased in the Quarter as a result of improvements in operating results from the business. Capital expenditures were higher due to the land purchased in the Dallas-Fort Worth area as noted above. Management expects net capital expenditures for Q4 to be approximately $5.0 million and therefore overall debt is expected to remain approximately level through year-end 2017, with meaningful reductions in debt expected in the first half of 2018.

Effective November 7, 2017, the Company reached an agreement with its lenders to extend the committed extendible revolving operating facility term by one year to April 2020. The agreement also amends the terms of this facility and the senior secured notes to provide more operating flexibility through extension of the relaxation of covenants agreed to in March 2017.

While the Company is realizing the benefits of its diversification strategy, the difficult market environment in western Canadian energy markets persists. With an oversupplied market for camps and lodging, visibility for this segment remains limited and management has reduced the upper end of the range for Adjusted EBITDA in 2017 to $30.0 million from $35.0 million. The lower end of the range remains unchanged at $25.0 million.

HIGHLIGHTS FOR THE QUARTER

- BOXX Modular asset utilization for the Quarter was 72%, an increase from 66% in the Comparative Quarter. The space rental fleet count increased by 51% from the Comparative Quarter due to increased activity outside of Alberta resulting in a 54% increase in revenue and a 71% increase in Adjusted EBITDA.

- Energy Services drilling accommodation utilization for the Quarter was 64%, an increase from 19% in the Comparative Quarter. The improved utilization is due to an increase in drilling and completion activity in Canada and the US and increased market share in the Permian Basin.

- International recognized revenue of $2.4 million from a high margin sale of a camp for a new coal project in Queensland. Management believes this transaction is indicative of improving demand for camps assets in Australia.

- During the Quarter, Smoky River Lodge opened due to increased demand in the Duvernay area for what is normally a winter-only camp. In Q4, Little Prairie Lodge in Chetwynd, BC was installed and opened to service demand in northeastern BC.

- Net Debt (see "Non-GAAP Measures") at September 30, 2017 was $119.6 million, up 6% or $7.2 million from $112.4 million as at September 30, 2016. Funded Debt to Bank EBITDA (see "Non-GAAP Measures") was 3.41 compared to a covenant of 4.25 for the Quarter.

Financial Review

- Revenue for the Quarter was $36.5 million, up 33% or $9.1 million from the Comparative Quarter primarily due to increased BOXX Modular fleet size and utilizations, partially offset by the impact of low commodity prices on utilization and occupancy in Camps & Lodging.

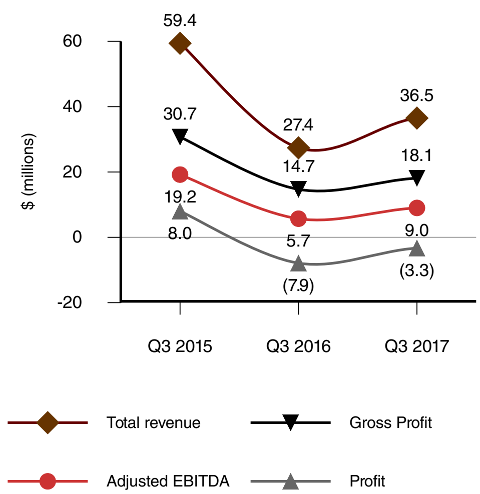
- Adjusted EBITDA (see "Non-GAAP Measures") for the Quarter was $9.0 million, up 58% or $3.3 million from the Comparative Quarter primarily due to fleet growth and increases in utilization in BOXX Modular, higher accommodation unit utilization in Energy Services, and a high margin sale of a camp for a new coal project in International. This was partially offset by a decrease in occupancy in Camps & Lodging.

- Net loss for the Quarter was $3.3 million, compared with a net loss of $7.9 million in the Comparative Quarter. This resulted in a loss per share of $0.06, compared to a loss per share of $0.18 in the Comparative Quarter.

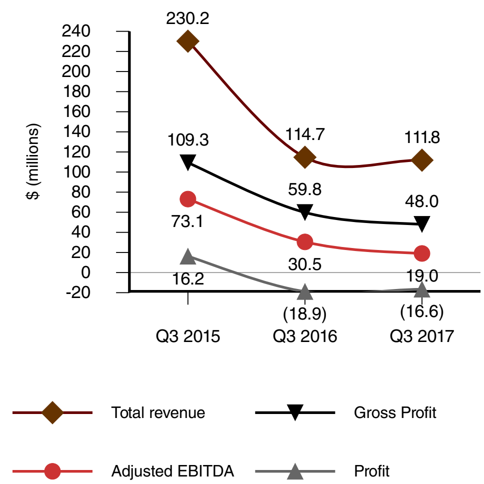
- Consolidated contracted future revenue at the end of the Quarter was $27.5 million, down 47% or $24.4 million from $51.9 million in the Comparative Quarter due to the lack of new large capital projects in western Canada and a reluctance of resource producers to make long-term commitments.

- Administrative expenses for the Quarter were $9.1 million, up 1% or $0.1 million from the Comparative Quarter primarily due to an increase in occupancy costs related to acquisitions, offset by reductions in personnel costs.

Three Months Ended September 30, Financial Highlights



Nine Months Ended September 30, Financial Highlights



Geographic Revenue Segmentation

($ millions)	**Q3 2017**	**Q3 2016**	**Change**
Revenue			
Canada	**24.6**	20.6	19%
United States	**8.0**	5.5	45%
Australia	**3.8**	1.3	192%
Total	**36.5**	27.4	33%

Percentage of total revenue	**Q3 2017**	**Q3 2016**	**Change**
Revenue			
Canada	**68%**	75%	(7)
United States	**22%**	20%	2
Australia	**10%**	5%	5
Total	**100%**	100%	—

Outlook

- For the BOXX Modular business unit, there was strength in space rentals outside of Alberta, more than offsetting utilization decreases in Alberta. Despite this success, certain BOXX Modular assets in Alberta will be coming off contracts in Q4 which will result in lower utilization for the segment in Q4.

- Energy Services US is expected to continue to benefit from relocation of assets to Texas. The Canadian segment is expected to continue to benefit through to the end of the year with increased drilling and completions activity in western Canada.

- An increased demand for assets in Australia from the education sector has led to higher utilization, which management expects to continue in the near-term. Signs of increased development and capital spending in the mining sector could lead to higher utilization of accommodation assets as well.

- Camps & Lodging continues to be challenged in the near term due to an expectation of a slow recovery in major capital projects in the western Canadian energy sector.

- Management has adjusted its expectation for Adjusted EBITDA in 2017 to be in the range of $25.0 million to $30.0 million.

2017 Capital Plan

The 2017 gross capital spending plan remains at $23.0 million. This includes maintenance capital which is estimated to be $1.5 million for the year. This does not include proceeds from the sale of assets which are projected to be $9.0 million for fiscal 2017. On a net basis, the 2017 capital spending plan is focused predominantly within the BOXX Modular space rentals business outside of Alberta. The capital plan will generally be non-speculative and support management's overarching strategy of diversifying the Company's asset base.

Capital expenditures for the Quarter were $7.7 million. For the YTD, capital expenditures were $14.5 million. Capital expenditures for the Quarter included maintenance capital of $0.6 million, down $1.3 million from the Comparative Quarter. Capital commitments were $5.3 million as at September 30, 2017. This is compared with capital expenditures of $4.7 million and capital commitments of $4.9 million in the Comparative Quarter.

Proceeds from used fleet sales in the Quarter were $2.5 million, compared with $3.4 million in the Comparative Quarter.

Debt Management

Effective November 7, 2017, the Company reached an agreement with its lenders to extend the committed extendible revolving operating facility term by one year to April 2020 and to amend debt covenants. The committed extendible revolving operating facility Funded Debt to Bank EBITDA covenant was amended to a maximum ratio of:

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

The interest coverage covenant remained unchanged and corresponding covenant amendments were also granted under Black Diamond's senior secured notes. The senior secured notes maturing on July 8, 2019 and July 3, 2022 were amended to increase the interest rate by 0.50% to 6.44% and 5.58%, respectively. Management believes the extension of the credit facility and the adjustments to the covenant package will give it the flexibility to continue to execute on its core strategies of diversification and debt repayment.

WHO WE ARE

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

Black Diamond has four core business units: BOXX Modular, Black Diamond Camps & Lodging, Black Diamond Energy Services and Black Diamond International.

Black Diamond was founded in 2003, went public on the Toronto Stock Exchange in 2006 as Black Diamond Income Fund (an income trust), and converted to an Alberta corporation at the end of 2009. The common shares of Black Diamond are listed on the Toronto Stock Exchange under the symbol “BDI”. Our head office is located at Suite 1000, 440 - 2nd Avenue S.W., Calgary, Alberta, Canada.

BLACK DIAMOND'S STRATEGY

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

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

Asset Management

Since 2003, we have built a rental fleet of over 13,000 units that consists of remote workforce accommodation, space rental and surface rental assets. These assets maintain their value over the long-term and require very little maintenance capital. To ensure we are managing our assets (and capital) efficiently, we set return targets for our assets based on their original cost. This creates discipline around the aging of our rental fleet, encouraging managers to regularly sell older, less economic rental assets on the secondary market. Through all parts of the market cycle, we have been able to sell our used assets for more than their book value and this is recorded as "non-rental" revenue, with the book value of the asset recorded as a non-cash item in our consolidated statement of cash flows.

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

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

Integrated Revenue Model

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

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

Business Diversification

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

Capital Allocation

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

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

Health and Safety

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

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

Risk Management

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

ECONOMIC DEVELOPMENTS AND OUTLOOK

During the Quarter and through the first nine months of 2017 there have been encouraging signs of a strengthening economic environment in the markets which the Company operates.

The space rentals segment continues to expand and generate significant opportunities in non-resource facing end-markets. From supporting the build-out of infrastructure facilities for the US technology sector to providing offices for the refurbishment of government buildings in Ottawa, these projects continue to deliver on management's strategy to diversify the business. Growth in space rentals markets outside Alberta has been somewhat offset by the challenging economic environment that persists within Alberta. With certain large contracts in Alberta expiring at the end of Q3 and into Q4 2017, management expects a reduction in utilization for BOXX Modular until the assets can be redeployed.

Despite this, the Company is seeing healthy activity levels driven primarily by general construction and infrastructure spending which management anticipates will continue to support the business throughout the balance of 2017 and into 2018.

The Camps & Lodging segment continues to face strong headwinds from the energy sector. This has been reflected in a lack of field level activity by producers, compounded by low capital spending on new projects related to the construction of facilities. Certain geographic areas are expected to sustain high levels of activity, specifically the Montney and Deep Basin shale plays. This will be positive for business as the Company has a strong presence in this area. Due to demand in this region, the Company has decided to construct a 266-bed open camp using existing assets to serve midstream infrastructure development and increased drilling activity in northeastern BC.

Performance in the Energy Services division is highly correlated to rig activity which led the Company to relocate assets throughout the high activity basins in the US. The Company's US fleet is now allocated evenly across Colorado, North Dakota, and Texas which has resulted in increased utilization and revenue levels in the these markets. The Canadian segment is expected to continue to improve through to the end of the year with increased drilling and completions activity in western Canada.

Improving market conditions in Australia, as well as increased demand for assets from the education sector has led to higher utilization which management expects to continue in the near-term. Signs of increased development and capital spending in the mining sector are beginning to lead to higher utilization of accommodation assets as well.

The macro-economic information provided below is general in nature and should not be construed as guidance. All relevant sources are hyperlinked in the PDF version of this MD&A which is available for download at www.sedar.com or www.blackdiamondlimited.com. This information is provided purely in the context of portraying the macro economic factors that influence the Company's end markets. While the Company provides third party links for the benefit of the reader, readers are cautioned not to place undue reliance on the information provided by third parties and the Company provides no guarantee that information from third parties is current or accurate.

US Economy

The US economy is expected to grow at a rate of 2.2% in 2017 including 2.5% growth in the second half. For 2018, The Conference Board Economic Forecast projects 2.4% real GDP growth. Texas led the country in GDP growth in the first half of the year and the forecast expects this activity to continue going forward. In addition to existing growth targets, the rebuild efforts as a result of Hurricane Harvey and Irma are expected to reach up to $200.0 billion according to an estimate by Moody's Analytics. This construction activity could fundamentally increase demand for space rentals assets in the medium term.

The consensus construction forecast completed by the American Institute of Architects ("AIA") predicts 3.6% growth in nonresidential construction spending in 2018, building on 3.8% growth in 2017. The AIA also reports on other indicators that reflect positive construction spending. For example, architectural services employment is at its peak and has increased 5.3% year-over-year. Furthermore, overall construction employment has grown 2.8% year-over-year.

The AIA reports the Architecture Billings Index ("ABI"), a leading economic indicator of nonresidential construction activity which tracks the growth rate of design billings. In August the ABI score rose to 53.7 which was the seventh consecutive increase for the index. The South region which encapsulates our US space rentals operations, increased by the largest margin to 55.7 and has led all other regions in growth for 10 of the past 12 months.

Source: US Conference Board
Source: Moody's Estimate
Source: Architects Index 2017
Source: US Budget 2017-18

Canadian Economy

In 2017, Canada's GDP could grow by over 3% according to the Conference Board of Canada, the highest of all G7 countries. 2018 will likely return to a slow-growth trend below 2% as the recent pace of expansion is viewed as unsustainable reflecting slower consumer spending and a decline in residential investment.

British Columbia, despite a 40% correction in the Vancouver housing market, could show 3% growth in 2017 according to the RBC forecast. This is expected to place BC at the top of the provincial rankings for a third consecutive year. RBC expects slower growth in 2018, around 1.8% with renewed downward pressure on the housing market emerging in the face of rising interest rates.

RBC's forecast for Alberta GDP growth in 2018 is 3.4%. This growth is somewhat dependent on oil prices continuing their upward trajectory as most growth in this case will come from the energy sector. Drilling activity has roughly doubled relative to the historic lows last year and with sustained higher commodity prices this trend should continue. Retailers are seeing rising sales and the housing markets in Edmonton and Calgary are on the mend as well. Manufacturing activity is also increasing dramatically and RBC views this as broad-based evidence that an economic upturn is underway in Alberta.

Ontario has shown strong economic growth thus far in 2017, although according to RBC forecasts this should cool off somewhat in 2018 as higher interest rates put a damper on the housing market. Offsetting this is the boom in infrastructure construction spending as governments have stepped up their capital spending programs by more than 10%. RBC forecasts Ontario GDP to grow by 2.7% in 2017 and 2.0% in 2018.

Source: RBC Economic Forecast BC
Source: RBC Economic Forecast Alberta
Source: RBC Economic Forecast Ontario

Australian Economy

The OECD forecasts economic growth is projected to increase gradually and reach almost 3% by 2018. They also note cutbacks in capital investment in the resource sector are coming to an end and there has been a rebound in iron-ore and coal prices. The recovery should continue as mining investment increases, new LNG production comes on stream, and rebalancing towards non-mining sectors will add to overall activity.

On May 9, 2017, the 2017 Australian Budget was released which outlined an incremental $20.0 billion in capital spending, in addition to the $50.0 billion announced last year towards transportation infrastructure. Of this committed amount, $13.6 billion is planned for Queensland, and $18.0 billion is planned for New South Wales.

Source: Australia Budget 2017-18

Energy

Oil Prices

The average spot price for West Texas Intermediate crude oil for the three months ended September 30, 2017 was $48.16 US dollars ("USD$") per barrel ("bbl"), up 7% from the Comparative Quarter. For the YTD, the average spot price was $49.39 USD$/bbl, up 20% from the Prior YTD.

	For the three months ended September 30,			For the nine months ended September 30,		
(USD$/bbl)	2017	2016	Change	2017	2016	Change
Cushing, OK West Texas Intermediate ("WTI")	$	$	%	$	$	%
Average WTI Spot Price	48.16	44.85	7%	49.39	41.15	20%

Source: US Energy Information Administration

Natural Gas Prices

For the three months ended September 30, 2017, the average NGX Alberta Market Price for Natural Gas was $1.80/Gigajoule ("GJ"), down 16% from the Comparative Quarter. For the YTD, the average NGX Alberta Market Price for Natural Gas was $2.39/GJ, up 32% form the Prior YTD.

	For the three months ended September 30,			For the nine months ended September 30,		
(CA$/GJ)	2017	2016	Change	2017	2016	Change
NGX Alberta Market Price for Natural Gas	$	$	%	$	$	%
Average NGX Alberta Market Price	1.80	2.14	(16)%	2.39	1.81	32%

Source: NGX Alberta Market Price

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, 2017 and 2016.

	Three months ended September 30,			Nine months ended September 30,		
(in millions, except as noted)	2017	2016	Change	2017	2016	Change
Financial Highlights	$	$		$	$	
Total revenue	36.5	27.4	33%	111.8	114.7	(3)%
Gross profit	18.1	14.7	23%	48.0	59.8	(20)%
Administrative expenses	9.1	9.0	1%	29.7	29.3	1%
Adjusted EBITDA (1)	9.0	5.7	58%	19.0	30.5	(38)%
Funds from Operations (1)	12.4	7.5	65%	33.4	37.8	(12)%
Per share ($)	0.23	0.17	35%	0.64	0.90	(29)%
Loss before taxes	(5.3)	(12.8)	(59)%	(24.8)	(23.9)	4%
Loss	(3.3)	(7.9)	(58)%	(16.6)	(18.9)	(12)%
Loss per share - Basic and diluted	(0.06)	(0.18)	(67)%	(0.32)	(0.45)	(29)%
Capital expenditures	7.7	4.7	64%	14.5	9.4	54%
Business acquisitions	—	1.3	(100)%	42.0	1.3	3,131%
Property & equipment (NBV)	440.5	507.4	(13)%	440.5	507.4	(13)%
Total assets	528.2	581.5	(9)%	528.2	581.5	(9)%
Long-term debt	121.5	117.7	3%	121.5	117.7	3%

(1) Adjusted EBITDA and Funds from Operations are supplemental non-IFRS measurements and do not have a standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA, Funds from Operations, and Payout Ratio 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)	2017	2016	Change (1)	2017	2016	Change (1)
Gross profit	50%	54%	(4)	43%	52%	(9)
Administrative expenses	25%	33%	(8)	27%	26%	1
Adjusted EBITDA	25%	21%	4	17%	27%	(10)

(1) Percentage point basis.

Seasonality of Operations

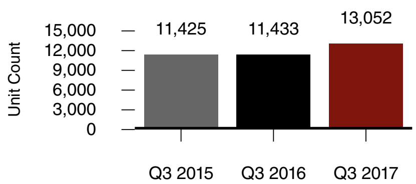
The Company's western Canadian operations, which form part or all of its BOXX Modular, Camps & Lodging and Energy Services business units, are exposed to a variable degree of seasonality. Drilling accommodations and surface rental assets of the Energy Services business unit have higher utilization rates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

CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

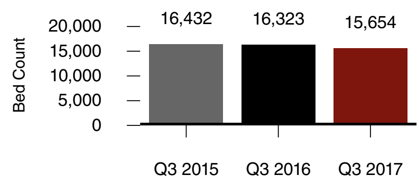
Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet increased to 13,052 units at the end of the Quarter compared with 11,433 in the Comparative Quarter primarily due to fleet growth and business acquisitions in BOXX Modular. Consolidated unit count includes accommodation units, space rental units and surface rental units. Consolidated bed count in Black Diamond's global fleet decreased to 15,654 beds in the Quarter compared with 16,323 beds in the Comparative Quarter primarily due to used fleet sales in Camps & Lodging and International.

Consolidated Unit Count



Consolidated Average Bed Count



Fleet Utilization Rates

	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Change (1)	2017	2016	Change (1)
BOXX Modular	72%	66%	6	69%	65%	4
Camps & Lodging	38%	48%	(10)	42%	50%	(8)
Energy Services:						
Drilling accommodation unit utilization	64%	19%	45	48%	21%	27
Surface rental unit utilization	16%	12%	4	18%	13%	5
International	55%	24%	31	53%	24%	29
Consolidated	54%	44%	10	52%	45%	7

(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. Assets deployed for lodging includes Black Diamond's open lodges, which are considered utilized when the lodges are open for occupancy. Actual occupancy levels for these beds is reflected in RevPAR.

Q3 2017 vs Q3 2016

The increase in utilization in BOXX Modular is primarily due to increased activity outside of Alberta. The increases in drilling accommodation unit and surface rental unit utilization in Energy Services are due to an increase in drilling and completion activity in western Canada and the US. The increase in drilling and completions activity is due to the increase in rig count. The decrease in utilization in Camps & Lodging is due to lower business activity resulting from the impact of lower commodity pricing in North America.

Year to Date 2017 vs 2016

The increase in utilization in BOXX Modular is primarily due to increased activity outside of Alberta. The increases in drilling accommodation unit and surface rental unit utilization in Energy Services are due to an increase in drilling and completion activity in western Canada and the US. The increase in drilling and completions activity is due to the increase in rig count. The decrease in utilization in Camps & Lodging is due to lower business activity resulting from the impact of lower commodity pricing in North America.

Revenue

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

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

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

Non-Rental Revenues are derived from the sale of both new and used assets, the sub-leasing of non-owned assets, stand-by fees on disaster recovery contracts, well site catering activities, as well as the delivery, installation, dismantle, demobilization, construction, project management and ancillary products and services required to support the deployment and remobilization of these assets.

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	2017	2016	Change	2017	2016	Change
Rental Revenue	16.0	13.9	15%	46.2	44.0	5%
Lodging Revenue	4.1	5.4	(24)%	11.9	37.0	(68)%
Non-Rental Revenue	16.4	8.2	100%	53.6	33.7	59%
Revenue	36.5	27.4	33%	111.8	114.7	(3)%

	Three months ended September 30,			Nine months ended September 30,		
Percentage of consolidated revenue	2017	2016	Change (1)	2017	2016	Change (1)
Rental Revenue	44%	50%	(6)	41%	38%	3
Lodging Revenue	11%	20%	(9)	11%	32%	(21)
Non-Rental Revenue	45%	30%	15	48%	29%	19

(1) Percentage point basis.

Q3 2017 vs Q3 2016

Rental revenue for the Quarter was $16.0 million, up 15% or $2.1 million from the Comparative Quarter primarily due to a $2.1 million increase in BOXX Modular rental revenue from fleet increases and higher utilization, and a $0.9 million increase in Energy Services rental revenue from higher utilization for accommodation units. This was partially offset by a $0.8 million decrease in Camps & Lodging rental revenue due to increased rate pressure, coupled with a decrease in fleet utilization rates.

Lodging revenue for the Quarter was $4.1 million, down 24% or $1.3 million from the Comparative Quarter due to a 25% decrease in lodging beds managed, and a 9% increase in lodging revenue per available room ("RevPAR") (see "Non-GAAP Measures") as a result of higher occupancy in an open camp.

Non-rental revenue for the Quarter was $16.4 million, up 100% or $8.2 million from the Comparative Quarter primarily due to a $3.5 million increase in non-rental revenue in BOXX Modular, a $0.5 million increase in non-rental revenue in Energy Services, $1.5 million increase in non-rental revenue in Camps & Lodging and a $2.6 million increase in non-rental revenue in International.

Year to Date 2017 vs 2016

Rental revenue for the YTD was $46.2 million, up $2.2 million from the Prior YTD primarily due to a $4.5 million increase in BOXX Modular rental revenue from fleet increases and higher utilization, and a $0.6 million increase in Energy Services rental revenue from higher utilization for accommodation units. This was partially offset by a $2.6 million decrease in Camps & Lodging rental revenue due to increased rate pressure, coupled with a decrease in fleet utilization rates.

Lodging revenue for the YTD was $11.9 million, down 68% or $25.1 million from the Prior YTD due to a 34% decrease in lodging beds utilized, and a 50% decrease in lodging RevPAR driven by lower occupancy due to current market conditions.

Non-rental revenue for the YTD was $53.6 million, up 59% or $19.9 million from the Prior YTD primarily due to sales of used fleet and further broken down to a $7.1 million increase in non-rental revenue in Camps & Lodging, a $6.3 million increase in non-rental revenue in BOXX Modular, a $2.7 million increase in non-rental revenue in Energy Services, and a $3.5 million increase in non-rental revenue in International.

Contracted Future Revenue

The contracted future revenue for rental and lodging in place at the end of the Quarter was $27.5 million, down 47% or $24.4 million from $51.9 million in the Comparative Quarter. The decline in contracted future revenue is directly attributable to the overall decline in the oil and gas sector of western Canada, resulting in fewer new contracts being signed and a preference by customers for shorter duration contracts in the current environment. This was partially offset by an increase in contracted future revenue in BOXX Modular, due primarily to increased activity outside of Alberta.

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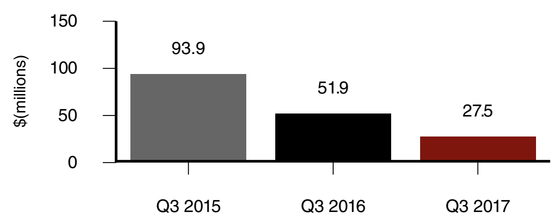
Consolidated Contracted Future Revenue



Direct Costs and Gross Profit

($ millions, except as noted)	Three months ended September 30, 2017	2016	Change	Nine months ended September 30, 2017	2016	Change
Direct costs	18.4	12.8	44%	63.7	54.9	16%
Gross profit	18.1	14.7	23%	48.0	59.8	(20)%

Percentage of Consolidated Revenue.	Three months ended September 30, 2017	2016	Change (1)	Nine months ended September 30, 2017	2016	Change (1)
Direct costs	50%	46%	4	57%	48%	9
Gross profit	50%	54%	(4)	43%	52%	(9)

(1) Percentage point basis.

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

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

Q3 2017 vs Q3 2016

Gross profit for the Quarter was $18.1 million, up 23% or $3.4 million from the Comparative Quarter primarily due to an increase in gross profit related to rental revenue in BOXX Modular and Energy Services, and by an increase in gross margin on sales of used fleet in BOXX Modular, Camps & Lodging and International. This was partially offset by a decrease in revenue and margin for the lodging revenue stream. Lodging gross profit was lower mainly due to the lower occupancy.

Direct costs for the Quarter were $18.4 million, up 44% or $5.6 million from the Comparative Quarter due to an increase in rental costs and costs related to used fleet sales and higher business activity.

Year to Date 2017 vs 2016

Gross profit for the YTD was $48.0 million, down 20% or $11.8 million from the Prior YTD primarily due to a decrease in revenue and margin for the lodging revenue stream. Lodging activity is generally highest in the first quarter of the year, but in 2017 activity levels were significantly depressed due to the ongoing pressure of low commodity prices on customers. As a result, there was lower occupancy in open camps and fewer turn-key camps managed YTD. The decrease in lodging gross profit was partially offset by an increase in gross profit related to rental in BOXX Modular and non-rental gross profit in BOXX Modular and International.

Direct costs for the YTD were $63.7 million, up 16% or $8.9 million from the Prior YTD due to an increase in rental costs and costs related to used fleet sales, partially offset by lower business activity.

Administrative Expenses

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Personnel costs	4.8	5.1	(6)%	15.2	16.3	(7)%
Other Administrative expenses	1.9	1.7	12%	6.1	6.6	(8)%
Occupancy and insurance	2.4	2.2	9%	7.7	6.4	20%
Acquisition costs	—	—	n/a	0.6	—	n/a
Total Administrative expenses	**9.1**	**9.0**	**1%**	**29.7**	**29.3**	**1%**
% of Consolidated Revenue	25%	33%		27%	26%	

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

Q3 2017 vs Q3 2016

Total administrative expenses for the Quarter were $9.1 million, up 1% or $0.1 million from the Comparative Quarter primarily due to an increase in occupancy costs, partially offset by reductions in personnel costs. On a percentage of revenue basis, administrative costs for the Quarter were 25%, down 8 percentage points from the Comparative Quarter.

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

- Personnel costs for the Quarter were $4.8 million, down 6% or $0.3 million from the Comparative Quarter primarily due to reductions in personnel related to the restructure, partially offset by the increases in sales incentives related to higher sales in BOXX Modular.
- Other administrative expenses for the Quarter were $1.9 million, up 12% or $0.2 million from the Comparative Quarter mainly due to increased consulting and legal costs.
- Occupancy and insurance costs were $2.4 million, up 9% or $0.2 million from the Comparative Quarter primarily due to additional branches in BOXX Modular, higher property taxes and increased rent for head office space.

Year to Date 2017 vs 2016

Total administrative expenses for the YTD were $29.7 million, up 1% or $0.4 million from the Prior YTD primarily due to an increase in occupancy costs and acquisition costs, partially offset by a decrease in personnel costs and other administrative expenses. On a percentage of revenue basis, administrative costs for the YTD were 27%, up by 1 percentage point from the Prior YTD.

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

- Personnel costs for the YTD were $15.2 million, down 7% or $1.1 million from the Prior YTD primarily due to reductions in personnel and compensation. Effective February 1, 2016, Black Diamond implemented a graduated salary rollback averaging approximately 10%. In Q2 2017, Black Diamond initiated an internal restructuring of the organization resulting in reductions in personnel, which are partially offset by increases in personnel headcount related to new branches and acquisitions in BOXX Modular.
- Other administrative expenses for the YTD were $6.1 million, down 8% or $0.5 million from the Prior YTD due to bad debt recoveries in the first quarter.
- Occupancy and insurance costs increased for the YTD primarily due to additional branches in BOXX Modular, higher property taxes and increased rent on head office space.
- Acquisition costs incurred for the YTD relate to the business acquisitions completed in BOXX Modular.

Adjusted EBITDA

($ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
Adjusted EBITDA (1)	9.0	5.7	58%	19.0	30.5	(38)%
% of Consolidated Revenue	25%	21%		17%	27%	

(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 2017 vs Q3 2016

Adjusted EBITDA for the Quarter was $9.0 million, up 58% or $3.3 million from the Comparative Quarter primarily due to a $2.5 million increase in BOXX Modular from increases in fleet size and utilization, a $1.8 million increase in International from increased used fleet sales, and a $1.1 million increase in Energy Services from higher utilization for accommodation units and surface rental units. This was partially offset by a $1.9 million decrease in Camps & Lodging due to decreases in lodging and rental revenue Adjusted EBITDA as a percentage of revenue for the Quarter was 4 percentage points higher than the Comparative Quarter due to the increase in gross profit.

Year to Date 2017 vs 2016

Adjusted EBITDA for the YTD was $19.0 million, down 38% or $11.5 million from the Prior YTD primarily due to a $16.7 million decrease in Camps & Lodging from the significant decrease in lodging revenue and lower rental revenue. This was partially offset by a $3.6 million increase in BOXX Modular from increases in fleet size and utilization combined with higher non-rental revenue in markets outside of Alberta, a $2.1 million increase in International from increased used fleet sales, and a $0.8 million increase in Energy Services from higher utilization for accommodation units and surface rental units. Adjusted EBITDA as a percentage of revenue for the YTD was 10 percentage points lower than the Prior YTD due to the decrease in gross margin percentage and administrative expenses not decreasing proportionately with revenue.

Depreciation and Amortization

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Depreciation and amortization	11.7	13.0	(10)%	35.3	39.3	(10)%
% of Property and equipment	3%	3%		8%	8%	

Q3 2017 vs Q3 2016

Depreciation and amortization for the Quarter was $11.7 million, down 10% or $1.3 million from the Comparative Quarter primarily due to lower net book value of equipment for the Quarter.

Year to Date 2017 vs 2016

Depreciation and amortization for the YTD was $35.3 million, down 10% or $4.0 million from the Prior YTD primarily due to lower net book value of equipment for the year.

Finance Costs

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Finance costs	1.7	1.6	6%	5.7	5.1	12%
Long-term debt	121.5	117.7	3%	121.5	117.7	3%
Average interest rate	4.78%	4.29%	11%	4.72%	4.03%	17%

Q3 2017 vs Q3 2016

Finance costs for the Quarter were $1.7 million, up 6% or $0.1 million from the Comparative Quarter primarily due to higher interest rates related to restructuring the lending agreements in March 2017 and the higher level of debt.

Year to Date 2017 vs 2016

Finance costs for the YTD were $5.7 million, up 12% or $0.6 million from the Prior YTD primarily due to costs related to restructuring the lending agreements in March 2017.

Income Tax

($ millions, except as noted)	Three months ended September 30, 2017	2016	Change	Nine months ended September 30, 2017	2016	Change
Current tax	(1.2)	(1.6)	(25)%	(5.7)	(2.1)	171%
Deferred tax	(0.7)	(3.6)	(81)%	(1.9)	(3.9)	(51)%
Total tax	(2.0)	(5.2)	(62)%	(7.7)	(6.0)	28%

Q3 2017 vs Q3 2016

For the Quarter, Black Diamond recognized a current income tax recovery of $1.2 million, down 25% or $0.4 million from the Comparative Quarter. The Company also recognized a deferred income tax recovery of $0.7 million, down 81% or $2.9 million from the Comparative Quarter. The tax recovery in the Quarter is reflective of continued losses. The tax provisions have been calculated at the enacted tax rate of 27% in Canada, 30% in Australia and 40% in the US.

Year to Date 2017 vs 2016

For the YTD, Black Diamond recognized a current income tax recovery of $5.7 million, up 171% or $3.6 million from the Prior YTD. The Company also recognized a deferred income tax recovery of $1.9 million, down 51% or $2.0 million from the Prior YTD. The increase in the tax recovery YTD is reflective of continued losses.

Non-Controlling Interest

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

($ millions, except as noted)	Three months ended September 30, 2017	2016	Change	Nine months ended September 30, 2017	2016	Change
Non-controlling interest	—	0.2	(100)%	(0.6)	1.0	(160)%

Q3 2017 vs Q3 2016

The NCI for the Quarter was $nil, down 100% or $0.2 million from the Comparative Quarter due to decreased rental and ancillary revenues earned through the limited partnerships. This is driven by lower utilization as a result of lower commodity prices.

Year to Date 2017 vs 2016

The NCI for the YTD was $(0.6) million, down 160% or $1.6 million from the Prior YTD due to decreased rental and ancillary revenues earned through the limited partnerships. This is driven by lower utilization as a result of lower commodity prices.

Net Loss

($ millions, except as noted)	Three months ended September 30, 2017	2016	Change	Nine months ended September 30, 2017	2016	Change
Net loss	(3.3)	(7.9)	(58)%	(16.6)	(18.9)	(12)%

Q3 2017 vs Q3 2016

Net loss for the Quarter was $3.3 million, down 58% or $4.6 million from the Comparative Quarter primarily due to higher operating income described in the sections above and the onerous contract provision recognized in 2016, partially offset by lower income tax recoveries.

Year to Date 2017 vs 2016

Net loss for the YTD was $16.6 million, down 12% or $2.3 million from the Prior YTD primarily due to the onerous contract provision and share of loss in associate recognized in 2016, partially offset by the lower operating income described in the sections above.

SEGMENTED REVIEW OF FINANCIAL PERFORMANCE

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

The following is a summary of the Company's segmented results for the three and nine month periods ended September 30, 2017 and 2016, 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,		
(in millions, except where noted)	2017	2016	Change	2017	2016	Change
	$	$	%	$	$	%
Revenue						
BOXX Modular	16.3	10.6	54 %	45.0	34.2	32 %
Camps & Lodging	11.2	11.4	(2)%	43.8	63.3	(31)%
Energy Services	5.1	3.7	38 %	15.1	11.9	27 %
International	3.8	1.3	192 %	7.3	4.0	83 %
Corporate and Other	0.1	0.4	(75)%	0.5	1.4	(64)%
Total Revenue	36.5	27.4	33 %	111.8	114.7	(3)%

Segmented Adjusted EBITDA

Adjusted EBITDA by segment excludes 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.

	Three months ended September 30,			Nine months ended September 30,		
(in millions, except where noted)	2017	2016	Change	2017	2016	Change
	$	$	%	$	$	%
Adjusted EBITDA (1)						
BOXX Modular	6.0	3.5	71 %	14.0	10.4	35 %
Camps & Lodging	4.0	5.9	(32)%	13.8	30.5	(55)%
Energy Services	1.2	0.1	1,100 %	1.8	1.0	80 %
International	1.6	(0.2)	900 %	1.8	(0.3)	700 %
Corporate and Other	(3.8)	(3.7)	(3)%	(12.4)	(11.1)	(12)%
Total Adjusted EBITDA	9.0	5.7	58 %	19.0	30.5	(38)%

(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.

BOXX MODULAR BUSINESS UNIT

The BOXX Modular business unit provides high quality, cost effective, modular space rentals to customers throughout North America. These customers operate in the construction, real estate development, manufacturing, education, financial institutions and resource industries, and also include government agencies. Products include office units, lavatories, storage units, large multi-unit office complexes, classroom facilities, high security modular buildings, custom manufactured modular facilities and blast resistant structures.

BOXX Modular also sells both new and used space rentals units and provides delivery, installation, project management, disaster recovery facility programs and ancillary products and services which appear as "non-rental revenue".

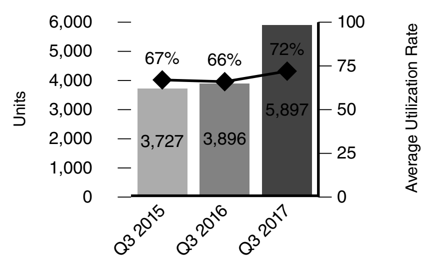
Space Rental Assets and Average Utilization

The space rental fleet consisted of 5,897 units as at September 30, 2017, up 51% from 3,896 units as at September 30, 2016 primarily due to expansion of the platform through acquisitions and fleet purchases in strong markets outside of Alberta.

	Three months ended September 30,			Nine months ended September 30,		
BOXX Modular Assets and Utilizations	2017	2016	Change	2017	2016	Change
Property and Equipment Net Book Value ($ millions)	148.9	118.5	26%	148.9	118.5	26%
Space rental assets	5,897	3,896	51%	5,897	3,896	51%
Average utilization (1)	72%	66%	6	69%	65%	4

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

Space Rental Assets and Average Utilization



Q3 2017 vs Q3 2016

BOXX Modular asset utilization for the Quarter was 72%, a 6 percentage point increase from 66% in the Comparative Quarter mainly due to increased activity outside of Alberta.

Year to Date 2017 vs 2016

BOXX Modular asset utilization for the YTD was 69%, a 4 percentage point increase from 65% in the Prior YTD mainly due to growth in the overall fleet size in markets outside of Alberta.

Financial Highlights

Rental revenue for BOXX Modular 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 due to the complexity of the fleet unit types available, carry-on options included, rental configuration, rental quantity, project location and contract duration. This will lead to variation between periods.

Rental revenue in BOXX Modular is fairly predictable with consistent margins. Non-rental revenue, on the other hand, can fluctuate with less consistent margins. The realized margins on non-rental revenues are lower than for rental revenues due to the operating costs associated with non-rental revenue. As a result, changes in the mix between rental and non-rental revenue, and the general variability in non-rental revenue margins, can lead to fluctuations in Adjusted EBITDA margin between periods.

($ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
Rental revenue	7.9	5.8	36%	22.2	17.7	25%
Non-rental revenue	8.3	4.8	73%	22.8	16.5	38%
Total revenue	16.3	10.6	54%	45.0	34.2	32%
Adjusted EBITDA	6.0	3.5	71%	14.0	10.4	35%
Adjusted EBITDA as a % of revenue	37%	33%	4	31%	30%	1

Q3 2017 vs Q3 2016

The BOXX Modular business unit's total revenue for the Quarter was $16.3 million, up 54% or $5.6 million from the Comparative Quarter. Quarter-over-quarter differences are reviewed in the breakdown of revenue into its various components below:

- Rental revenue for the Quarter was $7.9 million, up 36% or $2.1 million from the Comparative Quarter. Rental revenue substantially increased due to meaningful growth in all platforms outside of Alberta by increasing overall number of units in the fleet as well as an increase in utilization of current fleet, offset by significant decline in activity, weaker rates and utilization within Alberta. Rental revenue outside of Alberta is 77% of total rental revenue in the Quarter, a significant increase from 58% in the Comparative Quarter.
- Non-rental revenue for the Quarter was $8.3 million, up 73% or $3.5 million from the Comparative Quarter mainly due to an increase in operations and new and used sales revenue from continuing to strategically expand into strong markets within Canada and the US.

Adjusted EBITDA for the Quarter was $6.0 million, up 71% or $2.5 million from the Comparative Quarter primarily due to higher rental revenue as a result of increases in fleet size and utilization combined with higher non-rental revenue in markets outside of Alberta, offset by lower revenue in Alberta.

Adjusted EBITDA as a percentage of revenue was 37% compared to 33% in the Comparative Quarter due to a decreased proportion of rental revenue relative to non-rental revenue.

Year to Date 2017 vs 2016

The BOXX Modular business unit's total revenue for the YTD was $45.0 million, up 32% or $10.8 million from the Prior YTD. Year-over-year differences are reviewed in the breakdown of revenue into its various components below:

- Rental revenue for the YTD was $22.2 million, up 25% or $4.5 million from the Prior YTD. Rental revenue increased due to strategic expansions of the platform in strong markets within Canada and the US as well as an increase in utilization of existing fleet in these markets, offset by weaker rates and utilization in Alberta.
- Non-rental revenue for the YTD was $22.8 million, up 38% or $6.3 million from the Prior YTD mainly due to an increase in operations and new and used sales revenue.

Adjusted EBITDA for the YTD was $14.0 million, up 35% or $3.6 million from the Prior YTD primarily due to an increase in rental revenue for the YTD mainly as a result of increases in fleet size and utilization combined with higher non-rental revenue in markets outside of Alberta.

Adjusted EBITDA as a percentage of revenue was 31% compared to 30% in the Prior YTD due to an increase in the annual expense for US property tax as well as additional cost incurred to redeploy idle assets and pursue branch expansion.

Return on Assets

	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Change (2)	2017	2016	Change (2)
Return on assets (1)	11%	8%	3	9%	8%	1

(1) Return on assets is the percentage earned on amounts invested in capital and is calculated using an annualized Adjusted EBITDA divided by average gross asset costs.
(2) Percentage point basis.

BOXX Modular's return on assets was 11% in the Quarter, up 3 percentage points from the Comparative Quarter due to a 71% increase in Adjusted EBITDA.

BOXX Modular's return on assets was 9% YTD, up 1 percentage point from the Prior YTD.

Contracted Future Revenue

Contracted rental revenue commitments in place were $13.7 million as at September 30, 2017, down 11% or $1.7 million from $15.4 million as at September 30, 2016 attribuable to a significant decline in Alberta business. The remaining weighted average rental contract term outstanding as at September 30, 2017 was approximately nine months compared with ten months as at September 30, 2016. Contracted rental revenue commitments for the Quarter are up $1.4 million from December 31, 2016 due primarily to Canadian acquisitions.

CAMPS & LODGING BUSINESS UNIT

The Camps & Lodging business unit provides workforce accommodation solutions ranging from basic accommodation unit rental to full turnkey lodging.

Accommodation units are modular structures that can be assembled into camps in a variety of dormitory configurations with kitchen/diner complexes and recreation facilities. Camps house workforces in locations where local accommodation infrastructure is either insufficient or non-existent. These assets are often necessary for operations related to oil and gas, mining, infrastructure and large scale construction projects, and other industries.

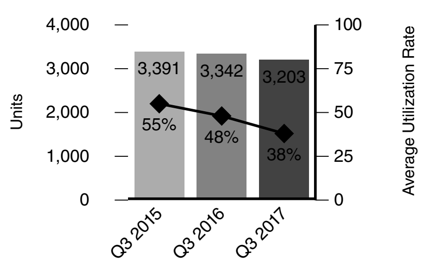
Lodging services provide camps with proven on-site management of catering, housekeeping, front desk services as well as fresh water and waste water management, electricity, television, telephone, internet and the provision of consumables such as fuel.

Accommodation Assets and Average Utilization

	Three months ended September 30,			Nine months ended September 30,		
Accommodation Assets and Utilization	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Property and Equipment Net Book Value ($ millions)	197.3	229.8	(14)%	197.3	229.8	(14)%
Accommodation units	3,203	3,342	(4)%	3,203	3,342	(4)%
Average asset utilization [(1)]	38%	48%	(10)	42%	50%	(8)
Average accommodation bed count	12,436	12,773	(3)%	12,551	12,850	(2)%

(1) Calculated as the net book value of fleet assets on rent and assets deployed for lodging services, divided by the net book value of total fleet assets. Assets deployed for lodging includes Black Diamond's open lodges, which are considered utilized when the lodges are open for occupancy. Actual occupancy levels for these beds is reflected in RevPAR.

Workforce Accommodation Assets and Average Utilization



Q3 2017 vs Q3 2016

Black Diamond's Camps & Lodging fleet consisted of 3,203 workforce accommodation units as at September 30, 2017, down 4% from 3,342 units as at September 30, 2016 due to sales of used fleet. Workforce accommodation average asset utilization for the Quarter was 38%, a 10 percentage point decrease from 48% in the Comparative Quarter. The decline is due to expiry of contracts and the continued impact of low commodity prices on the Company's customers' activities. Management continues to be focused on sales of used fleet to adjust the fleet mix to meet market demand. As noted below, the average asset utilization metric does not factor in the occupancy at open camp lodges for the lodges that are temporarily or permanently closed. Occupancy levels at open camps when comparing to the Comparative Quarter are reported as a component of RevPAR.

Year to Date 2017 vs 2016

Workforce accommodation asset utilization for the YTD was 42%, a 8 percentage point decrease from 50% in the Prior YTD due to the factors noted above.

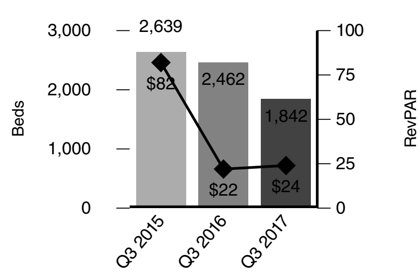
Beds Under Management and Rates

The beds managed by Black Diamond generally fall within two categories for which the Company measures performance using RevPAR. The two categories are:

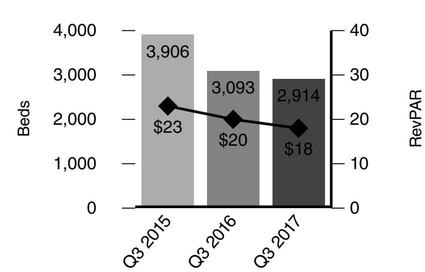
- **Lodging beds** - Full service beds that include lodging services under a man-day or cost-plus model. Man-day beds have variable margins and generally earn the highest RevPAR to reflect their higher risk profile. Cost-plus beds earn a fixed margin in a lower risk arrangement and have a corresponding lower RevPAR.
- **Rental beds** - are beds where no lodging services are provided and the arrangement is a pure asset rental which generally results in the lowest RevPAR.

RevPAR will fluctuate based on market conditions, occupancy, length of customer commitment, the standard of accommodations being provided, the location of the camps being occupied (with remote locations costing more to serve) and the mix between the type of beds being managed.

Lodging Beds Utilized and RevPAR



Rental Beds Utilized and RevPAR



	Three months ended September 30,			Nine months ended September 30,		
Average Beds Utilized	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Lodging beds[(1)]	1,842	2,462	(25)%	1,860	2,816	(34)%
Rental beds	2,914	3,093	(6)%	3,069	2,913	5%
Total Beds Utilized [(2)]	4,756	5,555	(14)%	4,929	5,729	(14)%

(1) Average lodging beds utilized includes third party owned beds managed by Black Diamond of 360 for the Quarter and 144 for the Comparative Quarter and 141 for YTD and 212 for Prior YTD.
(2) Average beds utilized are the average beds that were deployed and available for occupancy during the period. Please note that this differs from average asset utilization as defined above.

	Three months ended September 30,			Nine months ended September 30,		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
RevPAR [(1)] ($)						
Lodging beds	24	22	9%	23	46	(50)%
Rental beds	18	20	(10)%	18	22	(18)%

(1) RevPAR is calculated as revenue divided by beds utilized divided by days in period.

Q3 2017 vs Q3 2016

Average beds utilized for the Quarter was 4,756, down 14% from 5,555 in the Comparative Quarter due to fewer beds managed as the Company's customers are still being impacted by low commodity prices. This is offset by an increase in utilization of rental beds for customers outside the oil and gas industry.

Lodging bed RevPAR for the Quarter was $24, up 9% or $2 from the Comparative Quarter due to higher occupancy at Smoky River Lodge, slightly offset by the low occupancy and temporary closure of Sunday Creek Lodge which is a result of the low level of activity in that region. Subsequent to the Quarter, Black Diamond installed and opened Little Prairie Lodge in Chetwynd, BC and contracted a portion of the occupancy expected to result in revenue in the last quarter of 2017 and early 2018. Rental RevPAR for the Quarter was $18, down 10% or $2 from the Comparative Quarter due to lower rates and utilization.

Year to Date 2017 vs 2016

Average beds utilized for the YTD was 4,929, down 14% from 5,729 in the Prior YTD due to the factors noted above.

Lodging bed RevPAR for the YTD was $23, down 50% or $23 from the Prior YTD due to significantly lower occupancy levels. Occupancy is down due to the low level of activity in the energy sector. Rental RevPAR for the YTD was $18, down 18% or $4 from the Prior YTD due to lower rates and utilization.

Financial Highlights

Camps & Lodging has three revenue streams:

- **Lodging Revenue**: Revenue generated from the provision of lodging services or turnkey accommodation.
- **Rental Revenue**: Revenue generated from the direct rental of accommodation units without the associated lodging services. Essentially pure asset rentals, these arrangements are often longer term in nature and have the lowest risk profile.
- **Non-rental Revenue**: Revenue related to the sale of both new and used workforce accommodations units ("Sales"), or delivery, installation, project management and ancillary products and services ("Operations").

Because of the operating costs associated with lodging and non-rental revenue, the realized margins on these revenue streams are lower than for rental revenue.

($ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Change	2017	2016	Change
Lodging Revenue	4.1	5.0	(18)%	11.8	35.7	(67)%
Rental Revenue	4.8	5.6	(14)%	14.7	17.3	(15)%
Non-Rental Revenue	2.3	0.8	188%	17.3	10.2	70%
Total Revenue	11.2	11.4	(2)%	43.8	63.3	(31)%
Adjusted EBITDA	4.0	5.9	(32)%	13.8	30.5	(55)%
Adjusted EBITDA as a % of revenue	36%	52%	(16)	32%	48%	(16)

Lodging and rental revenue from operated and non-operated beds is directly proportional to the number of beds under management, occupancy levels of beds under management and realized RevPAR.

Q3 2017 vs Q3 2016

The Camps & Lodging business unit's total revenue for the Quarter was $11.2 million, down 2% or $0.2 million from the Comparative Quarter. Quarter-over-quarter differences are reviewed in the breakdown of revenue into its various components below:

- Lodging revenue during the Quarter was $4.1 million, down 18% or $0.9 million from the Comparative Quarter due to a 25% decrease in lodging beds managed, and a 9% increase in RevPAR as a result of higher occupancy in an open camp.
- Rental revenue during the Quarter was $4.8 million, down 14% or $0.8 million from the Comparative Quarter due to a decrease in rates and utilization; and
- Non-rental revenue for the Quarter was $2.3 million, up 188% or $1.5 million from the Comparative Quarter mainly due to used fleet sales and operations activity.

Adjusted EBITDA for the Quarter was $4.0 million, down 32% or $1.9 million from the Comparative Quarter due to the decreases in lodging and rental revenue for the reasons noted above. Adjusted EBITDA as a percentage of revenue was 36% compared with 52% in the Comparative Quarter due to lower margins in lodging and non-rental.

Year to Date 2017 vs 2016

The Camps & Lodging business unit's total revenue for the YTD was $43.8 million, down 31% or $19.5 million from the Prior YTD. Year-over-year differences are reviewed in the breakdown of revenue into its various components below:

- Lodging revenue for the YTD was $11.8 million, down 67% or $23.9 million from the Prior YTD due to a 34% decrease in lodging beds managed and lower occupancy.
- Rental revenue for the YTD was $14.7 million, down 15% or $2.6 million from the Prior YTD due to a reduction in rates, partially offset by a 5% increase in rental beds utilized outside the energy sector of Alberta; and
- Non-rental revenue for the YTD was $17.3 million, up 70% or $7.1 million from the Prior YTD due to used fleet sales and operations activity.

Adjusted EBITDA for the YTD was $13.8 million, down 55% or $16.7 million from the Prior YTD primarily due to the significant decrease lodging revenue and lower rental revenue. Adjusted EBITDA as a percentage of revenue was 32% compared with 48% in the Prior YTD.

Return on Assets

	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Change (2)	2017	2016	Change (2)
Return on assets (1)	4%	6%	(2)	5%	10%	(5)

(1) Return on assets (see "Non-GAAP Measures") is the percentage earned on amounts invested in capital and is calculated using an annualized adjusted EBITDA divided by average gross asset costs.
(2) Percentage point basis.

Camps & Lodging's return on assets was 4% in the Quarter, down 2 percentage points from the Comparative Quarter due to a 32% decrease in Adjusted EBITDA.

Camps & Lodging's return on assets was 5% for the YTD, down 5 percentage points from the Prior YTD due to a 55% decrease in Adjusted EBITDA.

Contracted Future Revenue

Contracted rental revenue commitments in place were $7.5 million as at September 30, 2017, down 74% or $21.3 million from $28.8 million as at September 30, 2016. The weighted average rental contract term outstanding as at September 30, 2017 was approximately six months compared with ten months as at September 30, 2016. The decline in contracted future revenue is directly attributable to the overall decline in the oil and gas sector of western Canada, resulting in fewer new contracts being signed and a preference by customers for shorter duration contracts in the current environment.

ENERGY SERVICES BUSINESS UNIT

The Energy Services business unit provides high quality, cost effective equipment rentals and accommodations to customers in the oil and gas industry throughout western Canada and the Midwest and western US. The rental revenue is separated into two oilfield rental streams:

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

The business unit also sells used accommodations and surface rental units and provides complete installation, delivery, maintenance and catering services and defines this as non-rental revenue.

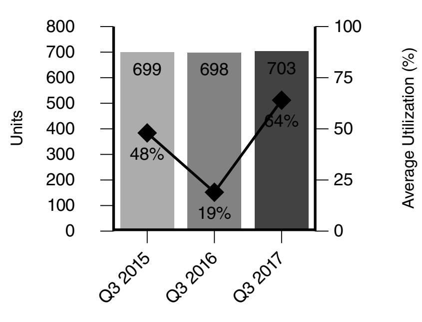
Assets and Average Utilization

The Energy Services drilling accommodation fleet consisted of 703 units as at September 30, 2017, up 1% or 5 units from 698 units as at September 30, 2016. This increase is largely due to the receipt of accommodation units as settlement of accounts receivable in the first quarter. The surface rental fleet consisted of 2,200 units as at September 30, 2017, down 5% or 105 units from 2,305 units as at September 30, 2016.

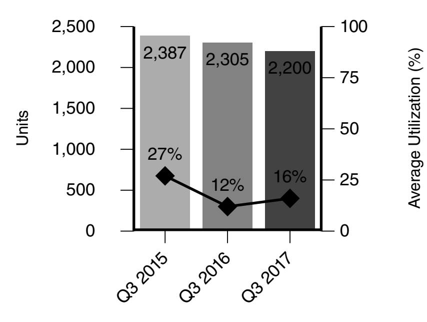
	Three months ended September 30,			Nine months ended September 30,		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
Property and Equipment Net Book Value ($ millions)	59.7	97.9	(39)%	59.7	97.9	(39)%
Accommodation units	703	698	1%	703	698	1%
Average bedcount	1,799	1,774	1%	1,803	1,775	2%
Average utilization (1)	64%	19%	45	48%	21%	27
Surface rental units	2,200	2,305	(5)%	2,200	2,305	(5)%
Average utilization (1)	16%	12%	4	18%	13%	5

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

Accommodation Units & Utilization



Surface Rental Units & Utilization



Q3 2017 vs Q3 2016

Drilling accommodation utilization for the Quarter was 64%, an increase of 45 percentage points from 19% in the Comparative Quarter. Surface rental utilization for the Quarter was 16%, an increase of 4 percentage points from 12% in the Comparative Quarter. These increases in utilization are due to an increase in drilling and completion activity in Colorado, Texas and western Canada. The increase in drilling and completions activity is due to the increase in rig count.

The average weekly rig count in the western Canadian Sedimentary Basin for the Quarter was 207, up 74% or 88 rigs from 119 in the Comparative Quarter. The average weekly rig count in North Dakota and Colorado for the Quarter was 88, up 87% or 41 rigs from 47 in the Comparative Quarter. The average weekly rig count in Texas and New Mexico for the Quarter was 521, up 106% or 268 rigs from 253 in the Comparative Quarter. The Permian accounts for approximately 73% of the rigs operating in Texas and New Mexico, and is where the Company relocated assets from Colorado and North Dakota in 2017. Weekly rig activity data is based on Baker Hughes' North American Rotary Rig Count.

Year to Date 2017 vs 2016

Drilling accommodation utilization for the YTD was 48%, an increase of 27 percentage points from 21% in the Prior YTD. Surface rental utilization for the YTD was 18%, an increase of 5 percentage points from 13% in the Prior YTD. These increases in utilization are due to an increase in drilling and completion activity in Colorado, Texas and western Canada. The increase in drilling and completions activity is due to the increase in rig count.

Financial Highlights

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	2017	2016	Change	2017	2016	Change
Rental revenue						
Accommodation revenue (wellsite and drill camps)	2.0	1.1	82%	5.2	3.8	37%
Surface rental revenue	0.4	0.4	—%	1.4	2.2	(36)%
Total rental revenue	2.4	1.5	60%	6.6	6.0	10%
Non-rental revenue	2.7	2.2	23%	8.6	5.9	46%
Total revenue	5.1	3.7	38%	15.1	11.9	27%
Adjusted EBITDA	1.2	0.1	1,100%	1.8	1.0	80%
Adjusted EBITDA as a % of revenue	24%	3%	21	12%	8%	4

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

Revenue tends to be more seasonal in the Canadian energy services market. Drilling accommodations and surface rental assets typically have higher utilization rates during the winter months when drilling activity is normally higher and reduced utilization rates during the spring and summer months.

Q3 2017 vs Q3 2016

Rental revenue for the Quarter was $2.4 million, up 60% or $0.9 million from the Comparative Quarter due to an increase in drilling and completion activity resulting in an increase in average utilization for accommodation units and surface rental units.

Non-rental revenue for the Quarter was $2.7 million, up 23% or $0.5 million from the Comparative Quarter primarily due to an increase in drilling and completion activity resulting in overall higher catering activity on the associated rentals.

Adjusted EBITDA for the Quarter was $1.2 million, up 1,100% or $1.1 million from the Comparative Quarter and Adjusted EBITDA as a percentage of revenue was 24% for the Quarter compared with 3% in the Comparative Quarter. These increases are on account of an 38% increase in total revenue which resulted in higher gross profit and Adjusted EBITDA.

Year to Date 2017 vs 2016

Rental revenue for the YTD was $6.6 million, up 10% or $0.6 million from the Prior YTD due to an increase in accommodation revenue which resulted from an increase in drilling and completion activity.

Non-rental revenue for the YTD was $8.6 million, up 46% or $2.7 million from the Prior YTD primarily due to an increase in drilling and completion activity resulting in overall higher catering activity on the associated rentals.

Adjusted EBITDA for the YTD was 1.8 million, up 80% or $0.8 million from the Prior YTD and Adjusted EBITDA as a percentage of revenue was 12% for the YTD compared with 8% in the Prior YTD.

Return on Assets

	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Change [(2)]	2017	2016	Change [(2)]
Return on assets [(1)]	3%	—%	3	2%	1%	1

(1) Return on assets is the percentage earned on amounts invested in capital and is calculated using an annualized adjusted EBITDA divided by average gross asset costs.
(2) Percentage point basis.

Energy Service's return on assets was 3% in the Quarter, up 3 percentage points from the Comparative Quarter due to the increase in Adjusted EBITDA.

Energy Service's return on assets was 2% YTD, up 1 percentage point from the Prior YTD.

Contracted Future Revenue

Contracted rental revenue commitments in place as at September 30, 2017 were $0.3 million, up 103% or $0.2 million from $0.1 million as at September 30, 2016. The remaining weighted average rental contract term outstanding as at September 30, 2017 was less than one month, unchanged from September 30, 2016.

INTERNATIONAL BUSINESS UNIT

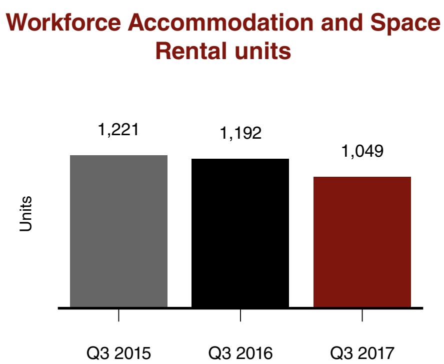
The International business unit rents and sells remote workforce housing and modular space rental solutions outside of North America. The primary geography for this business unit is Australia. Rental fleet assets are similar to those the Company operates in North America and are well positioned in New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

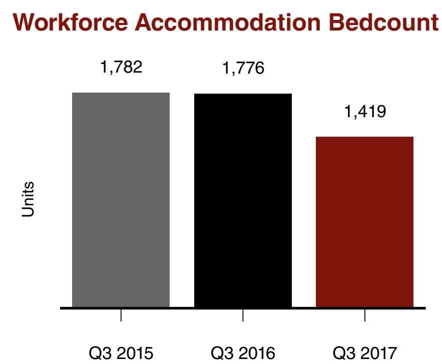
Assets and Average Utilization

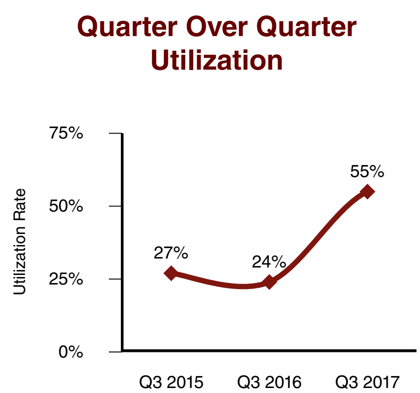
Average utilization has increased significantly due mainly to the allocation of the 2016 impairment write-down. The assets written-down were primarily under-utilized workforce housing assets.

	Three months ended September 30,			Nine months ended September 30,		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
Property and Equipment Net Book Value ($ millions) [(1)]	12.9	36.2	(64)%	12.9	36.2	(64)%
Workforce accommodation and space rental units	1,049	1,192	(12)%	1,049	1,192	(12)%
Average utilization [(2)]	55%	24%	31	53%	24%	29
Workforce accommodation bedcount	1,419	1,776	(20)%	1,646	1,776	(7)%

(1) Decrease is primarily due to the asset impairment in Q4 2016.
(2) Calculated as the net book value of fleet assets on rent, divided by the net book value of total fleet assets.







Financial Highlights

($ millions, except as noted)	Three months ended September 30, 2017	2016	Change	Nine months ended September 30, 2017	2016	Change
Rental revenue	0.9	1.0	(10)%	2.7	2.9	(7)%
Non-rental revenue	2.9	0.3	867%	4.6	1.1	318%
Total revenue	3.8	1.3	192%	7.3	4.0	83%
Adjusted EBITDA	1.6	(0.2)	900%	1.8	(0.3)	700%
Adjusted EBITDA as a % of revenue	42%	(15)%	57	25%	(8)%	33

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

The results of increased focus and exposure to education and space rental markets in the eastern states of New South Wales and Queensland have been favorable with higher utilization and increased revenues for these product lines. Although the demand from mining and oil & gas industries has been weak there have been sales of underutilized assets to these sectors.

Q3 2017 vs Q3 2016

Revenue for the Quarter was $3.8 million, up 192% or $2.5 million from the Comparative Quarter. This was primarily due to the sale of a 350 person camp for a coal project in Queensland in the Quarter.

Adjusted EBITDA for the Quarter was $1.6 million, up 900% or $1.8 million from the Comparative Quarter. This was due to an increased used fleet sales during the Quarter.

Year to Date 2017 vs 2016

Revenue for the YTD was $7.3 million, up 83% or $3.3 million from the Prior YTD primarily due to the sale of a 350 person camp for a coal project in Queensland.

Adjusted EBITDA for the YTD was $1.8 million, up 700% or $2.2 million from the Prior YTD for the reasons noted above.

Return on Assets

	Three months ended September 30, 2017	2016	Change [(2)]	Nine months ended September 30, 2017	2016	Change [(2)]
Return on assets [(1)]	13%	(1)%	14	5%	(1)%	6

(1) Return on assets is the percentage earned on amounts invested in capital and is calculated using an annualized adjusted EBITDA divided by average gross asset costs.
(2) Percentage point basis.

International's return on assets in the Quarter was 13%, up 14 percentage points from the Comparative Quarter due to an increase in Adjusted EBITDA and lower property and equipment net book value due to the impairment recognized in 2016.

International's return on assets for the YTD was 5%, up 6 percentage points from the Prior YTD due to an increase in Adjusted EBITDA and lower property and equipment net book value due to the impairment recognized in 2016.

Contracted Future Revenue

Contracted rental revenue commitments in place were $6.0 million as at September 30, 2017, down 21% or $1.6 million from $7.6 million as at September 30, 2016. The remaining weighted average rental contract term outstanding as at September 30, 2017 was approximately twenty-eight months, compared to nineteen months as at September 30, 2016.

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 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)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Property and Equipment Net Book Value	21.7	25.0	(13)%	21.7	25.0	(13)%
Adjusted EBITDA	(3.8)	(3.7)	(3)%	(12.4)	(11.1)	(12)%

Q3 2017 vs Q3 2016

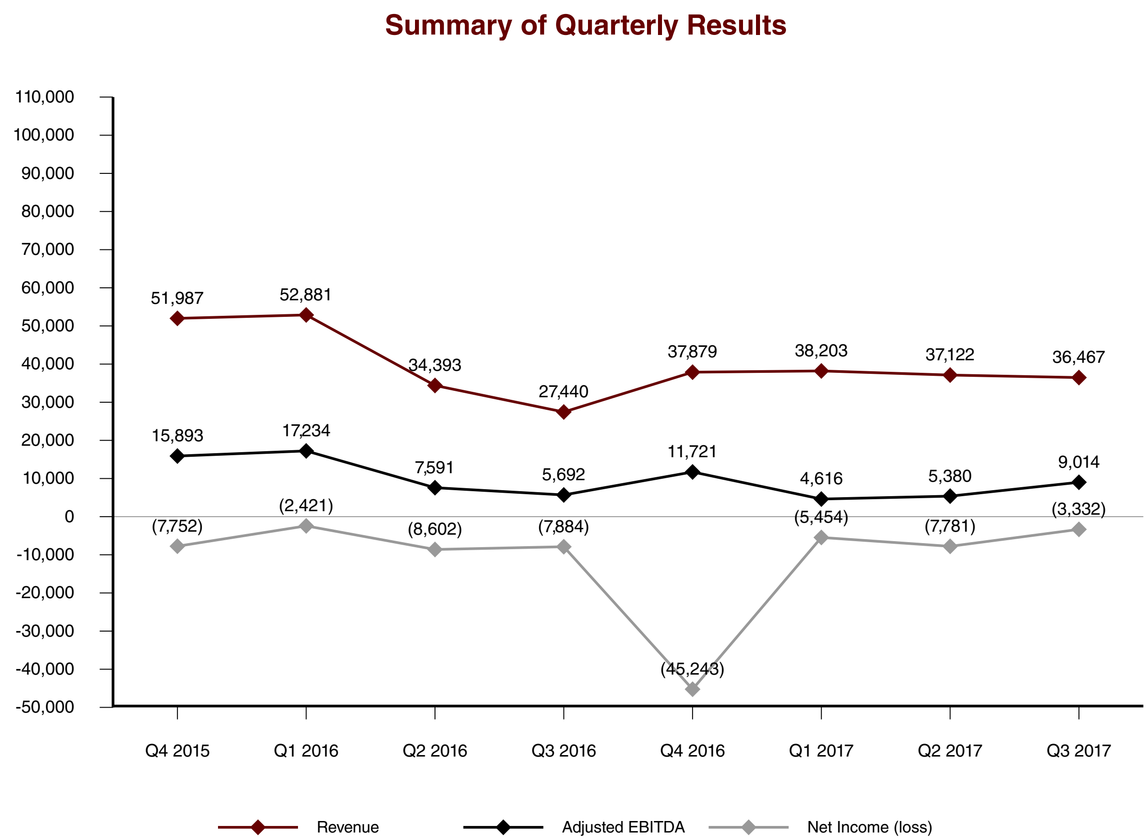
Adjusted EBITDA for the Quarter was $(3.8) million, down 3% or $0.1 million from $(3.7) million in the Comparative Quarter primarily due to an increase in occupancy costs.

Year to Date 2017 vs 2016

Adjusted EBITDA for the YTD was $(12.4) million, down 12% or $1.3 million from $(11.1) million in the Prior YTD primarily due to an increase in occupancy costs.

SUMMARY OF QUARTERLY RESULTS

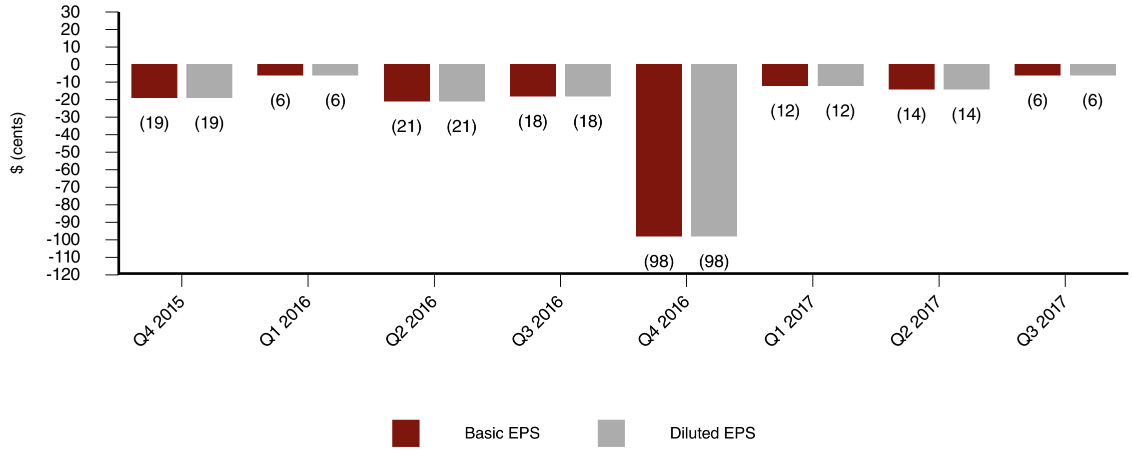
The following is a summary of the previous eight quarters:



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

1. In Q4 2015 lower revenue was primarily driven by lower business activity consistent with Q2 and Q3 2015 for the same reasons described above. An impairment loss of $1.4 million, a write-down of property and equipment of $1.2 million and a share in loss of associate of $2.7 million also contributed to the net loss in Q4 2015.
2. Q1 2016 recognizes an impairment of $3.4 million on the investment and note receivable from Northern Frontier Corp.
3. In Q2 2016 lower revenue was primarily driven by lower business activity for the same reasons described above. A share in loss of associate of $2.4 million also contributed to the net loss in Q2 2016.
4. In Q3 2016 lower revenue was primarily driven by lower business activity for the same reasons described above. A provision for onerous contracts of $3.3 million was recognized in Q3 2016.
5. In Q4 2016, revenue and Adjusted EBITDA were positively impacted by non-rental revenue related to contract termination fees. The loss in Q4 2016 was due to the impairment charges.
6. A gain of $2.5 million on the sale of real estate properties was realized in net income in Q1 2017.
7. Restructuring costs of $2.9 million were recognized in net income in Q2 2017.
8. In Q3 2017, the increase in Adjusted EBITDA was primarily due to the increased gross profit margins on higher rental revenue and used fleet sales combined with savings in administrative expenses due to restructure announced in Q2 2017.

Earnings (Loss) Per Share



LIQUIDITY AND CAPITAL RESOURCES

Cash Requirements

Contractual Obligations and Other Commitments

At September 30, 2017, Black Diamond had capital expenditure commitments in the amount of $5.3 million. Additionally, on March 30, 2017, Black Diamond entered into a sale and leaseback agreement to lease real estate properties in Alberta, resulting in a commitment of $7.5 million over the next 11 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:

- BOXX Modular - space rental structures;
- Camps & Lodging - workforce accommodation structures and ancillary equipment;
- Energy Services - accommodation structures and surface rental equipment;
- International - workforce accommodation and space rental structures in Australia; and
- Corporate and Other - land, leasehold improvements, computers, furniture and service related equipment.

For the Quarter, Black Diamond expended $7.7 million (Comparative Quarter – $4.7 million) on additions to property and equipment. The additions are set out in the table below. Additionally, in Q1 2017, BOXX Modular acquired the space rental business from Britco in British Columbia and 116 modular units from Travelite in Ontario for total cash consideration of $42.0 million. The additions in Energy Services are largely due to the receipt of wellsite units as settlement of accounts receivable in Q1 2017.

($ millions, except as noted)	Three months ended September 30, 2017	2016	Change %	Nine months ended September 30, 2017	2016	Change %
BOXX Modular	3.3	3.3	—%	8.3	6.4	30%
Camps & Lodging	—	—	n/a	0.1	0.1	—%
Energy Services	—	—	n/a	1.6	0.5	220%
International	0.3	1.3	(77)%	0.4	2.1	(81)%
Corporate	4.1	—	n/a	4.1	0.3	1,267%
	7.7	4.7	64%	14.5	9.4	54%

Sources and Uses of Cash

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

($ millions, except as noted)	Three months ended September 30, 2017	2016	Change %	Nine months ended September 30, 2017	2016	Change %
Cash from operating activities	5.5	8.9	(38)%	13.8	45.1	(69)%
Cash used in investing activities	(6.7)	(5.3)	26%	(43.4)	(10.5)	313%
Cash from (used in) financing activities	(1.3)	(4.6)	(72)%	25.4	(34.8)	(173)%
Total cash (decrease) increase	(2.5)	(1.1)	127%	(4.2)	(0.2)	2,000%

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

Cash provided by operating activities was $3.4 million lower in the Quarter than in the Comparative Quarter and $31.3 million lower in the YTD primarily due to a decrease in non-cash working capital, partially offset by increased business activity.

Cash used in investing activities was $1.4 million higher in the Quarter than in the Comparative Quarter and $32.9 million higher in the YTD primarily due to business acquisitions in Q1 2017, partially offset by proceeds received from the sale of real estate assets.

Cash used in financing activities was $3.3 million lower in the Quarter than in the Comparative Quarter and cash provided by financing activities was $60.2 million higher in the YTD primarily due to the issuance of shares, higher net draws of long-term debt, offset by lower dividends declared and paid in 2017.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	September 30, 2017	December 31, 2016	Change %
Current assets	38.0	33.3	14%
Current liabilities	31.6	41.0	(23)%
Working capital	6.4	(7.7)	183%

The increase in current assets of $4.7 million from December 31, 2016 was due to an increase in accounts receivable of $4.8 million, a $2.8 million increase in the current tax recovery, a $1.0 million increase in prepaid expenses, offset by a $3.9 million decrease in cash.

The decrease in current liabilities of $9.4 million from December 31, 2016 was largely due to a decrease of $11.5 million of deferred revenue and a decrease in dividends payable of $1.2 million, partially offset by an increase of $3.3 million of accounts payable and accrued liabilities related to lower cash settlement on capital spending.

Principal Debt Instruments:

As at September 30, 2017, Black Diamond's principal sources of debt included:

- a committed extendible revolving operating facility in the amount of $100.0 million, all of which is available and $55.9 million is drawn;
- $24.8 million principal amount of senior secured notes due on July 8, 2019, which rank pari passu with the senior credit facilities of the Company; and
- $40.0 million principal amount of senior secured notes due on July 3, 2022, which rank pari passu with the senior credit facilities of the Company.

Effective March 31, 2017, the committed extendible revolving operating facility was amended to reduce the maximum principal amount to $100.0 million with an accordion feature that allows for the expansion of the facility up to an aggregate of $150.0 million, upon lender commitment. The accordion feature may not be drawn while the ratio of Funded Debt to Bank EBITDA exceeds 3.00:1.

As at September 30, 2017, the Company's draws under the committed extendible revolving operating facility were comprised of $8.2 million related to an overdraft balance (December 31, 2016 - $6.2 million), and $47.7 million of bankers' acceptance and LIBOR draws (December 31, 2016 - $25.0 million).

For the three and nine month periods ended September 30, 2017, the average interest rate applied to amounts drawn on the committed extendible revolving operating facility was 4.10% and 3.93% (2016 - 3.11% and 2.67%), respectively.

On July 7, 2011, Black Diamond Limited Partnership completed a private placement of senior secured notes. These notes, which rank pari passu with the senior secured credit facility, have a principal amount of $24.8 million (December 31, 2016 - $37.2 million) and mature on July 8, 2019. Effective March 31, 2017, the notes were amended to increase the interest rate by 0.50% to 5.94% per annum. On November 7, 2017, the notes were further amended to increase the interest rate by 0.50% to 6.44% per annum. The senior secured notes are repaid through annual payments, each in the amount of $12.4 million. Black Diamond has the ability to refinance the senior secured notes for at least twelve months through its committed revolving operating facility and hence classified the current portion of obligation as long-term.

On July 3, 2013, Black Diamond Limited Partnership completed a private placement of senior secured notes. These notes, which rank pari passu with the senior secured credit facility, have a principal amount of $40.0 million and mature on July 3, 2022. Effective March 31, 2017, the notes were amended to increase the interest rate by 0.50% to 5.08% per annum. On November 7, 2017, the notes were further amended to increase the interest rate by 0.50% to 5.58% per annum. The senior secured notes are repaid through annual repayments, each in the amount of $13.3 million with the first annual payment beginning July 3, 2020.

During 2013, the Company issued a financial guarantee for $5.2 million (AU$5.2 million) related to the demand debt of the Company's indirect 20% interest in APB Britco's manufacturing business. The Company accrued a provision for the full amount of the financial guarantee in the second quarter of 2014. In September 2015, a payment pursuant to this guarantee was made in the amount of $3.1 million with a corresponding decrease in the provision recorded. An additional payment was made in Q2 2017 and the provision is now reduced to $0.8 million.

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

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

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

Debt Covenants

Black Diamond's financial debt covenants are as follows:

Covenant as at September 30, 2017	Required	Actual
Funded Debt to Bank EBITDA Ratio	≤ 4.25:1	3.41
Interest Coverage Ratio	≥ 3.00:1	5.39

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

Covenant as at September 30, 2017	Required	Actual
Current Ratio	≥ 1.25:1	2.23
Interest Coverage Ratio	≥ 3.00:1	23.66

Effective March 31, 2017, an agreement to amend the committed extendible revolving operating facility debt covenants, restrictions on dividends and restrictions on capital expenditures was reached. The committed extendible revolving operating facility Funded Debt to Bank EBITDA ratio covenant was amended to a maximum ratio of:

a. 4.50:1 for fiscal quarters ending March 31, 2017 and June 30, 2017;
b. 4.25:1 for fiscal quarters ending September 30, 2017 and December 31, 2017;
c. 4.00:1 for the fiscal quarter ending March 31, 2018;
d. 3.75:1 for the fiscal quarter ending June 30, 2018;
e. 3.25:1 for the fiscal quarter ending September 30, 2018; and
f. 3.00:1 for all fiscal quarters thereafter.

Corresponding covenant amendments were also granted under Black Diamond's senior secured notes.

Also effective March 31, 2017, the restriction on dividends was amended such that dividends and normal course issuer bid purchases cannot exceed Excess Cash Flow, with Excess Cash Flow defined as Bank EBITDA less cash taxes payable less $10.0 million less interest expense less capital lease payments, all calculated on a twelve month trailing basis. As at September 30, 2017, annualized current quarter cash dividends totaled $9.8 million compared to $25.4 million twelve month trailing Excess Cash Flow.

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

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

As at September 30, 2017, Black Diamond was in compliance with all debt covenants.

Share Capital

At September 30, 2017, Black Diamond had 55.0 million (December 31, 2016 - 46.1 million) common shares outstanding. In addition at September 30, 2017, Black Diamond had 3.1 million (December 31, 2016 - 2.8 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 7, 2017:

Common shares	55,045
Stock options	2,506
Restricted share units	546

Off-Balance Sheet Arrangements

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

Contingent Liabilities

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

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at September 30, 2017 relate to standard working capital accounts and credit facility items.

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

NON-GAAP MEASURES

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

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

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

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

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

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

Reconciliation of Consolidated Profit to Adjusted EBITDA:

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	2017	2016	Change %	2017	2016	Change %
Loss	**(3.3)**	(7.9)	(58)%	**(16.6)**	(18.9)	(12)%
Add (deduct):						
Share-based compensation	**0.8**	0.6	33 %	**1.7**	0.9	89 %
Depreciation and amortization	**11.7**	13.0	(10)%	**35.3**	39.3	(10)%
Finance costs	**1.7**	1.6	6 %	**5.7**	5.1	12 %
Onerous contracts	**—**	3.3	(100)%	**—**	3.3	(100)%
Current income taxes	**(1.2)**	(1.6)	(25)%	**(5.7)**	(2.1)	171 %
Deferred income taxes	**(0.7)**	(3.6)	(81)%	**(1.9)**	(3.9)	(51)%
Gain on sale of real estate	**—**	—	n/a	**(2.5)**	—	n/a
Acquisition Costs	**—**	—	n/a	**0.6**	—	n/a
Share of loss in associate	**—**	—	n/a	**—**	5.8	(100)%
Restructuring costs	**—**	—	n/a	**2.9**	—	n/a
Non-controlling interest	**—**	0.2	(100)%	**(0.6)**	1.0	(160)%
Adjusted EBITDA	**9.0**	5.7	58 %	**19.0**	30.5	(38)%

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

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

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

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

($ millions, except as noted)	Three months ended September 30, 2017	2016	Change %	Nine months ended September 30, 2017	2016	Change %
Cash Flow from Operating Activities	**5.5**	8.9	(38)%	**13.8**	45.1	(69)%
Add/(Deduct):						
Change in long-term accounts receivable	**1.2**	(0.1)	(1,300)%	**1.1**	0.7	57 %
Change in non-current deferred revenue	**—**	(0.1)	100 %	**(0.8)**	(0.5)	(60)%
Changes in non-cash working capital	**5.8**	(1.1)	627 %	**19.2**	(7.5)	356 %
Funds from Operations	**12.4**	7.5	65 %	**33.4**	37.8	(12)%

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

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

Working Capital is calculated as current assets minus current liabilities.

Operating Working Capital for purposes of determining Funds available for dividends is calculated as current assets minus current liabilities (excluding debt and amounts for capital expenditures).

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

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

Funded Debt is calculated as long-term debt excluding deferred financing costs plus debt guaranteed by subsidiaries.

Days Sales Outstanding ("DSO") is calculated as total trade and accrued accounts receivable divided by Quarterly revenue multiplied by the number of days in the Quarter.

Revenue per available room ("RevPAR") is calculated as lodging revenue divided by average beds deployed and available for occupancy divided by days in period.

Return on assets ("ROA") is calculated as annualized adjusted EBITDA divided by average gross asset cost.

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

RISKS AND UNCERTAINTIES

The operations of Black Diamond face a number of risks and uncertainties in the normal course of business that may be beyond its control, but which could have a material adverse effect on Black Diamond's financial condition, results of operations and cash flows. Many of these risk factors and uncertainties are outlined in the annual information form of Black Diamond for the year ended December 31, 2016 available on SEDAR at www.sedar.com. Additional risks and uncertainties that management may be unaware of may become important factors which affect Black Diamond.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

Black Diamond's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have, as at September 30, 2017, designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that: (i) material information relating to Black Diamond is made known to Black Diamond's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by Black Diamond in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

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

Black Diamond is required to disclose herein any change in Black Diamond's ICFR that occurred during the period beginning on July 1, 2017 and ended on September 30, 2017 that has materially affected, or is reasonably likely to materially affect, Black Diamond's ICFR. No material changes in Black Diamond's ICFR were identified during such period that have materially affected, or are reasonably likely to materially affect Black Diamond's ICFR.

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

Additional information relating to Black Diamond, including Black Diamond's annual information form for the year ended December 31, 2016 is available on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

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

Judgments

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

Impairment of non-financial assets

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

Determination of a Cash Generating Unit ("CGU")

Management's judgment is required in determining the Company's CGUs for the impairment assessment of its indefinite-life intangible assets. The CGUs have been determined considering level of operating activities and independent cash flows generated from groups of assets. Management determined the smallest identifiable group of assets that independently generates cash inflows and whose cash flow is largely independent of the cash inflows from other assets or groups of assets as follows: Camps & Lodging, BOXX Modular East, BOXX Modular West, BOXX Modular US, 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. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Company's legal entities.

Estimates and Assumptions

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

Revenue recognition

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell ("FVLCTS") and its value in use ("VIU"). The FVLCTS calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on estimated future cash flows. The FVLCTS 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 will enhance the asset's performance of the CGU being tested. Estimates for revenue growth and EBITDA margins were based on a review of historical information for each CGU, consideration of achievable rates and utilizations during the forecast period, and consideration of future prospects given management's understanding of the operating environment. The discount rates used for each CGU were estimated based on the assumed weighted average cost of capital for a notional purchaser of each CGU. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows, margins, and the growth rate used for extrapolation purposes.

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.

Onerous Contracts

The Company has recognized a provision relating to an onerous contract for a portion of a head office lease held by the Company. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates and the economic benefits expected to be received under the contract.

Additional estimates

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

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

Changes in Accounting Policies and Disclosure

Disclosure Initiative (Amendments to IAS 7)

In January 2016, the IASB issued Disclosure Initiative - Amendments to IAS 7 Statement of Cash Flows, which require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This standard was effective for annual periods beginning on or after January 1, 2017. The adoption of this amended standard did not have a material impact on the Company's financial statements.

Standards Issued But Not Yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective on or after January 1, 2018.

IFRS 9 Financial Instruments

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

IFRS 15 Revenue

IFRS 15 specifies how and when to recognize revenue and requires entities to provide users of financial statements with more informative, relevant disclosures. This standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts, and a number of revenue-related interpretations. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018. Application of the standard is mandatory and early adoption is permitted. Black Diamond continues to evaluate the impact of IFRS 15 on the Company's financial statements. The Company does not expect a material impact of the standard on the Company's revenue recognition.

IFRS 16 Leases

IFRS 16 specifies how to recognize, measure, present and disclose leases. Lessees will be required to recognize right-of-use (ROU) assets and lease liabilities while lessors will continue to classify each lease as either an operating lease or a finance lease. Lease and non-lease components must be separated and accounted for separately using the appropriate standards unless a policy election is made to account for the lease and non-lease components as lease components. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted if IFRS 15 has already been applied or will be applied at the same date as IFRS 16. The Company has not yet determined the impact of the standard on the Company's financial statements.

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