MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2021 and 2020

BLACK DIAMOND GROUP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") compares the financial performance of Black Diamond Group Limited ("Black Diamond", the "Company", "our" and "we") for the three months ended June 30, 2021 (the "Quarter") with the three months ended June 30, 2020 (the "Comparative Quarter") and the six months ended June 30, 2021 (the "YTD") with the six months ended June 30, 2020 (the "Prior YTD"). This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three and six months ended June 30, 2021 and 2020 and the audited consolidated financial statements of the Company for the years ended December 31, 2020 and 2019. The accompanying unaudited interim condensed consolidated financial statements of Black Diamond are prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A was prepared as of August 4, 2021 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 2021 capital plan, how such capital will be expended, expectations for asset sales, management's assessment of Black Diamond's future operations and what may have an impact on them, financial performance, business prospects and opportunities, expectations regarding partnership projects, changing operating environment including changing activity levels, particularly in the face of the COVID-19 pandemic and associated restrictions and lifting of restrictions, effects on demand and performance based on the changing operating environment, amount of revenue anticipated to be derived from current contracts, anticipated debt levels, economic life of the Company's assets, future growth and profitability of the Company and realization of the anticipated benefits of acquisitions and sales. With respect to the forward-looking statements in this MD&A, Black Diamond has made assumptions regarding, among other things: future commodity prices, that Black Diamond will continue to raise sufficient capital to fund its business plans in a manner consistent with past operations, that counter-parties to contracts will perform the contracts as written and that there will be no unforeseen material delays in contracted projects. Although Black Diamond believes that the expectations reflected in the forward-looking statements contained in this MD&A, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurances that such expectations or assumptions will prove to be correct. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of Black Diamond. These risks include, but are not limited to: the impact of general economic conditions, industry conditions, fluctuation of commodity prices, the impact of the COVID-19 pandemic, the Company's ability to attract new customers, failure of counterparties to perform on contracts, industry competition, availability of qualified personnel and management, timely and cost effective access to sufficient capital from internal and external sources, political conditions, dependence on suppliers and stock market volatility. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in Black Diamond's annual information form for the year ended December 31, 2020 and other reports on file with the Canadian Securities Regulatory Authorities which can be accessed on SEDAR. Readers are cautioned not to place undue reliance on these forward-looking statements. Furthermore, the forward-looking statements contained in this MD&A are made as at the date of this MD&A and Black Diamond does not undertake any obligation to update or revise any of the forward-looking statements, except as may be required by applicable securities laws.

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

Key Highlights from the Second Quarter of 2021

- Generated consolidated revenue of $68.9 million and Adjusted EBITDA of $13.5 million, up 85% and 36% from the Comparative Quarter respectively.
- Generated net income of $1.3 million (or diluted earnings per share of $0.02) compared to a $0.4 million net loss in the Comparative Quarter.
- Consolidated rental revenue of $23.2 million was up 61% from the Comparative Quarter with increases of 60% in Modular Space Solutions ("MSS") and 62% in Workforce Solutions (“WFS”).
- MSS rental fleet grew to 8,767 units, or 33% from the Comparative Quarter, while utilization improved to 84% and average rental rates increased 8% on a constant currency basis.
- LodgeLink saw 43,330 room nights booked and gross bookings of $7.8 million in the Quarter, up 400% and 500% from the Comparative Quarter respectively.
- Net Debt reduced to $161.1 million, resulting in available liquidity of $99.3 million and a 3.01 Net Debt to EBITDA leverage ratio including trailing twelve month EBITDA from acquisitions. This effectively brings leverage down to the top end of the Company’s target range of 2.0 to 3.0 within 6 months of the Vanguard acquisition.

MSS rental revenue set a sixth consecutive quarterly record and grew $5.5 million to $14.6 million, up 60% from the Comparative Quarter. Recurring rental-revenue growth in the MSS business unit has been driven by continued fleet growth (both organic and through the acquisition of Vanguard Modular Building Systems ("Vanguard"), robust utilization and continued increases in average rental rates. Adjusted EBITDA of $10.7 million was also a quarterly record for the MSS business unit and increased 53% from the Comparative Quarter.

The WFS business unit generated Adjusted EBITDA of $6.2 million, a 13% increase versus the Comparative Quarter. WFS revenue of $31.8 million was up 108% from the Comparative Quarter primarily due to an increase in lodging and non-rental revenue, and to a lesser extent, increased rental revenue.

At the end of the Quarter, net debt of $161.1 million decreased from $172.0 million in Q4 2020. Excess borrowing capacity under the Company’s asset-based credit facility (the "ABL Facility") was approximately $99.3 million and the value of eligible rental assets used to calculate the Company’s borrowing base was approximately $290 million at the end of the Quarter.

OUTLOOK

The remainder of 2021 is expected to see continued positive momentum across the business. Management is seeing ongoing opportunities for growth following the improving outlook in our WFS business unit and a steady cadence of organic investment in the MSS business unit over the last several years, supplemented by our acquisition of Vanguard last year.

The MSS business unit is expected to generate continued growth in its recurring rental revenue, which set a sixth consecutive quarterly record high in the Quarter. The business is seeing strong utilization levels across all its operating regions and has continued to see pricing increases in these markets. Bidding activity in both the rental and sales verticals are strong and the Company continues to prioritize capital investment opportunities that provide contracted cash flows at attractive returns.

The Company's WFS business unit is expected to benefit from the continued focus to diversify by end-market and geography, as well as continued strength in commodity prices and energy demand as the pandemic abates in North America. Second quarter results were positively impacted by a significant uptick in lodging revenue as well as strong increases in rental and non-rental revenue. The improved outlook in WFS is supported by YTD contract awards in Australia, Eastern Canada, and Western Canada. On October 1, 2020, the Company announced that, in partnership with the Nova Scotia mi'kmaq Communities, it received a Letter of Award from the proponents of the Goldboro LNG facility for approximately $720 million to provide a workforce lodge in support of the Goldboro LNG Facility. The Company is aware that the Goldboro LNG Project is being reevaluated, but remains well positioned to meet any accommodation needs pertaining to the project.

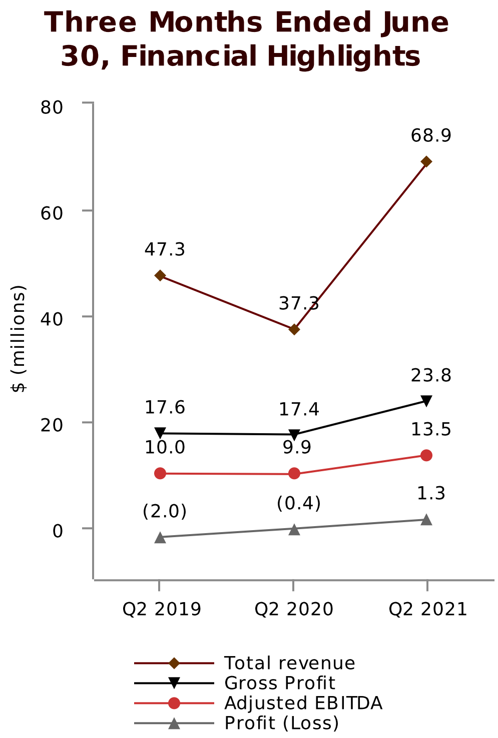
LodgeLink, Black Diamond's digital marketplace platform for workforce travel and accommodation, delivered its highest ever quarterly gross revenue and its second highest quarterly volume of total room nights booked. The booking volumes achieved in the Quarter reflect ongoing growth in the U.S., where gross revenue grew 650% over the Comparative Quarter. Total gross revenue for LodgeLink grew 500% from the Comparative Quarter and was offset by somewhat lower bookings from certain Canadian resource sector customers in the Quarter due to expected lower activity in the spring and also due to a tightening of COVID-19 related travel restrictions. Total gross revenue for the Quarter was $7.8 million and total room bookings grew 400% to 43,330 from the Comparative Quarter. At the end of the Quarter, LodgeLink had 580 unique corporate customers signed onto the platform with approximately 5,300 properties listed representing approximately 500,000 rooms. The platform continues to scale, and the Company remains optimistic on the future growth potential of this business.

FINANCIAL REVIEW

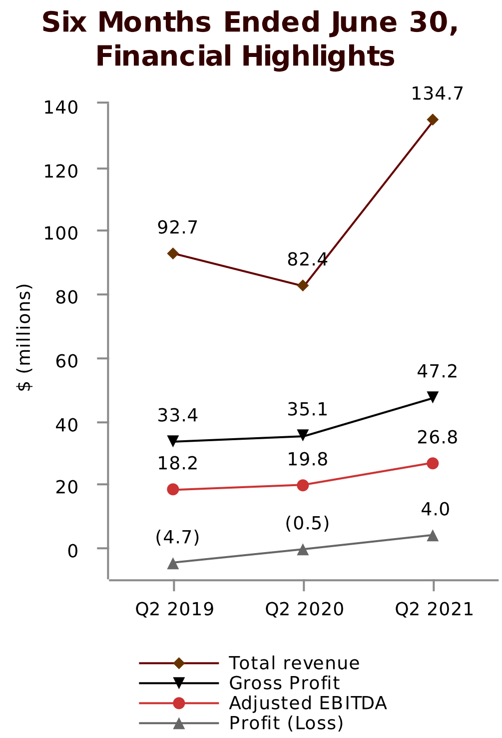
- Revenue for the Quarter was $68.9 million, up 85% or $31.6 million from the Comparative Quarter mainly due to increased rental and sales revenue in MSS and non-rental and sales revenue in WFS.

- Adjusted EBITDA for the Quarter was $13.5 million, up $3.6 million from $9.9 million in the Comparative Quarter primarily due to an increase in total revenue, partially offset by lower EBITDA margins due to the higher proportion of sales and non-rental revenue which generate lower margins than rental revenue.

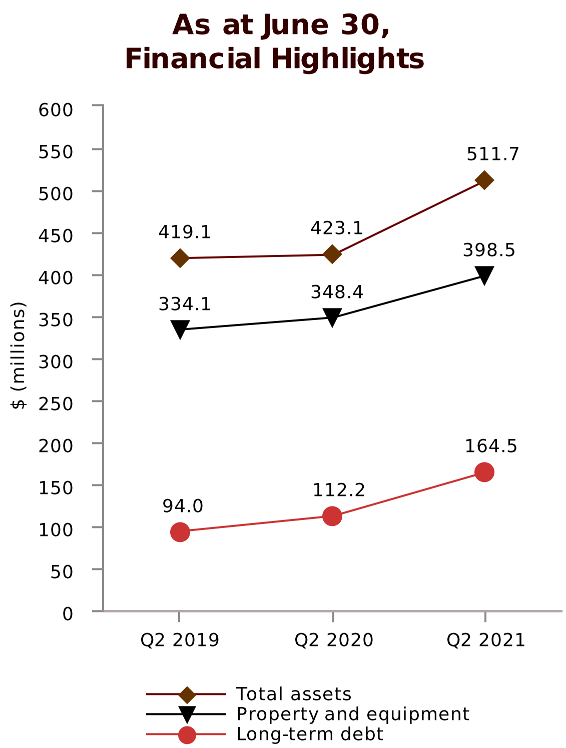
- The Company exited the Quarter with a Net Debt to Adjusted EBITDA ratio of 3.38 (June 30, 2020 - 2.66) and Net Debt to Adjusted EBITDA of 3.01 including Vanguard trailing twelve months EBITDA.



Three Months Ended June 30, Financial Highlights
$ (millions)
80
60
40
20
0
68.9
47.3
37.3
23.8
17.6
17.4
13.5
10.0
9.9
1.3
(2.0)
(0.4)
Q2 2019
Q2 2020
Q2 2021
Total revenue
Gross Profit
Adjusted EBITDA
Profit (Loss)



Six Months Ended June 30, Financial Highlights
$ (millions)
140
120
100
80
60
40
20
0
134.7
92.7
82.4
47.2
33.4
35.1
26.8
18.2
19.8
4.0
(4.7)
(0.5)
Q2 2019
Q2 2020
Q2 2021
Total revenue
Gross Profit
Adjusted EBITDA
Profit (Loss)



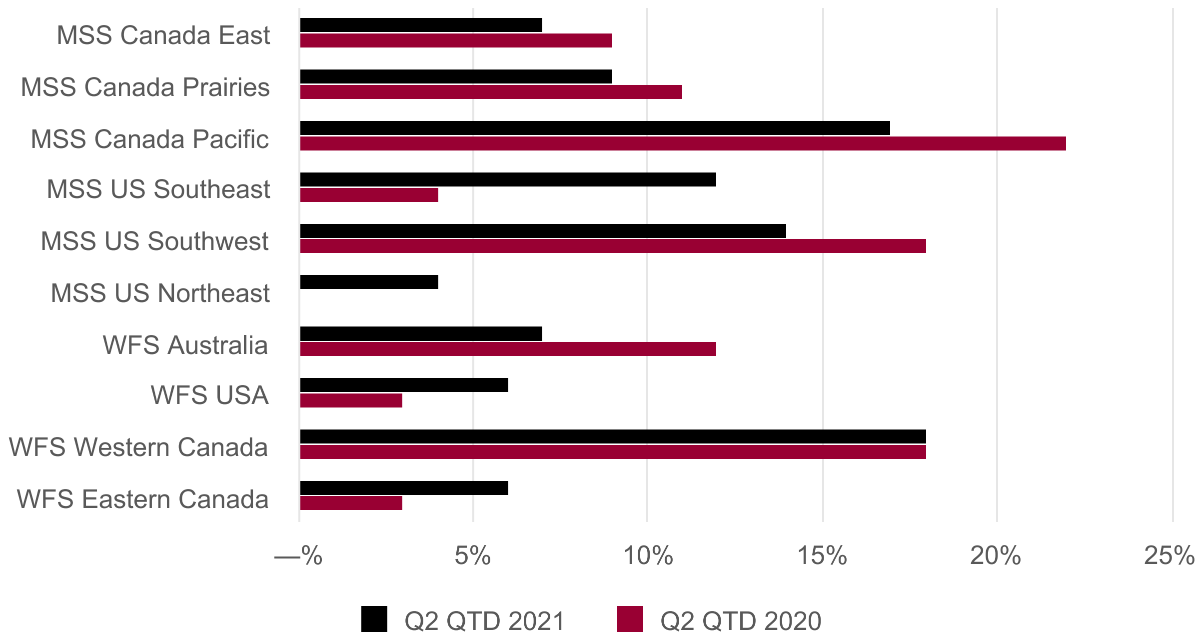
As at June 30, Financial Highlights
$ (millions)
600
550
500
450
400
350
300
250
200
150
100
50
0
511.7
419.1
423.1
398.5
334.1
348.4
164.5
94.0
112.2
Q2 2019
Q2 2020
Q2 2021
Total assets
Property and equipment
Long-term debt

Geographic Revenue Segmentation

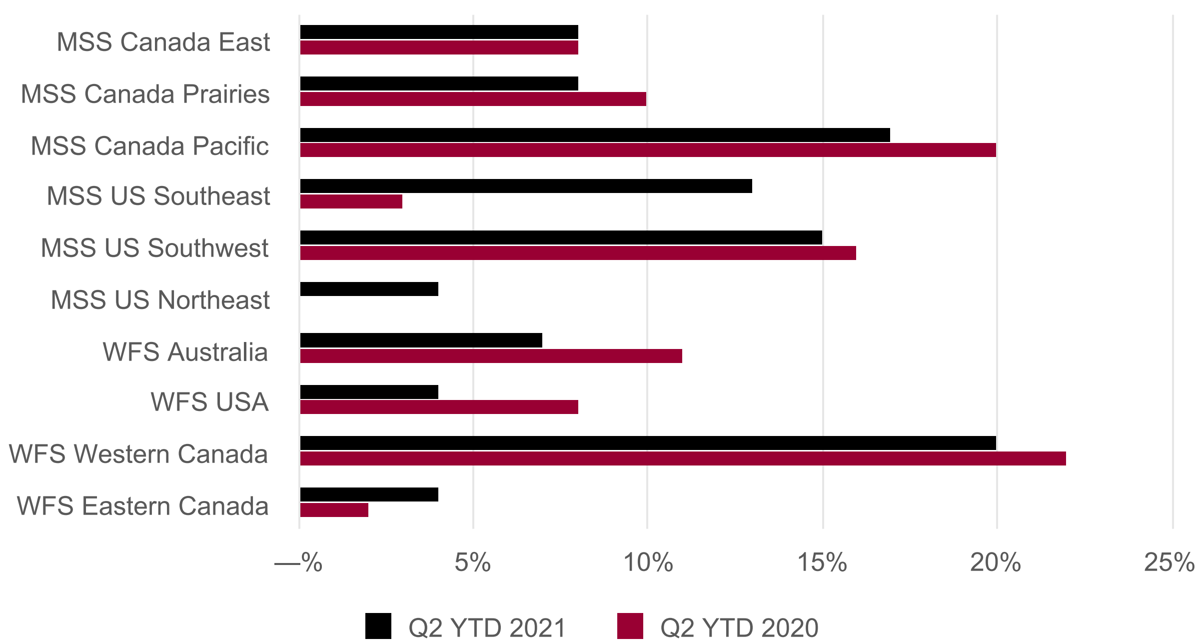
($ millions)	Three months ended June 30, 2021	2020	Change	Six months ended June 30, 2021	2020	Change
Revenue						
Canada	**32.5**	16.2	101%	**68.5**	45.7	50%
United States	**30.1**	17.2	75%	**52.3**	29.6	77%
Australia	**6.3**	3.8	66%	**13.9**	7.1	96%
Total	**68.9**	37.3	85%	**134.7**	82.4	63%

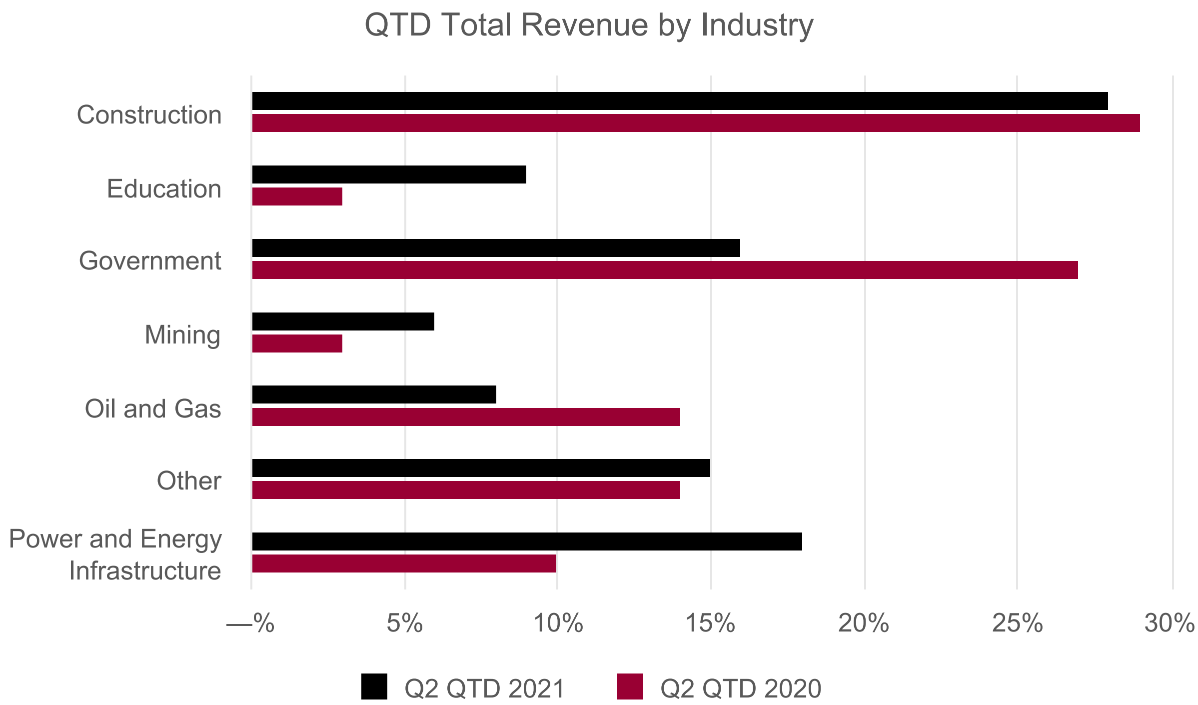
Percentage of total revenue	Three months ended June 30, 2021	2020	Change	Six months ended June 30, 2021	2020	Change
Revenue						
Canada	**47%**	43%	4	**51 %**	55 %	(4)
United States	**44%**	46%	(2)	**39 %**	36 %	3
Australia	**9%**	11%	(2)	**10 %**	9 %	1
Total	**100%**	100%		**100 %**	100 %	

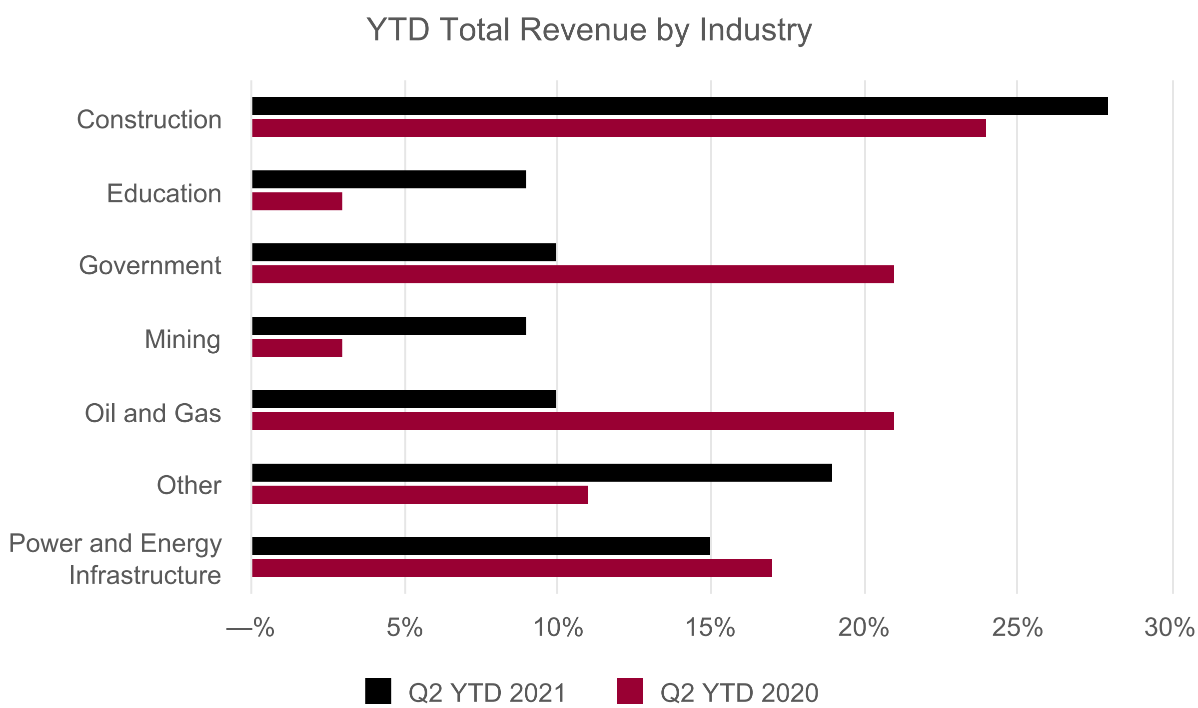
QTD Rental Revenue by Geography



YTD Rental Revenue by Geography




QTD Total Revenue by Industry
Construction
Education
Government
Mining
Oil and Gas
Other
Power and Energy Infrastructure
—%
5%
10%
15%
20%
25%
30%
Q2 QTD 2021
Q2 QTD 2020


YTD Total Revenue by Industry
Construction
Education
Government
Mining
Oil and Gas
Other
Power and Energy Infrastructure
—%
5%
10%
15%
20%
25%
30%
Q2 YTD 2021
Q2 YTD 2020

Capital Plan

Capital expenditures for the Quarter were $9.8 million and capital commitments expected to be realized over the next several quarters were $22.5 million as at June 30, 2021. This is compared with capital expenditures of $9.8 million and capital commitments of $5.0 million in the Comparative Quarter. Capital expenditures for the YTD were $13.8 million compared with capital expenditures of $22.3 million (excluding Spectrum acquisition) in the Prior YTD. The Company's 2021 gross capital plan of approximately $35 million and net capital plan of approximately $25 to $30 million was targeted to support our overarching strategy of diversifying the Company's asset base and cash flows. With used fleet sales exceeding original targets, the Company now expects that in achieving its $25 to $30 million net capital plan it may see gross capital expenditures above $35 million.

Capital expenditures for the Quarter included maintenance capital of $2.8 million, an increase of $1.0 million from $1.8 million in the Comparative Quarter. While the majority of the Company’s capital expenditures remain focused on MSS fleet growth, the last several quarters have also benefited from optimization of existing rental fleet as certain assets are refurbished to meet strong market demand as evidenced by continued high utilization of the Company’s MSS fleet. Realized returns for fleet optimization tend to be moderately higher than new-build capital expenditures but is limited by the size of the existing rental fleet

Black Diamond markets its fleet of assets to customers primarily on a rental basis. However, occasionally the customer has preference for ownership when they have a longer-term need for the asset. In these circumstances, Black Diamond sells assets out of its fleet in the ordinary course of servicing its customers. This is a profitable business line for the Company and also helps the Company replenish its fleet with newer assets to maintain a relatively newer average age of the fleet. Proceeds from used fleet asset sales in the Quarter were $2.4 million compared with $2.7 million in the Comparative Quarter. Proceeds from used fleet asset sales in the YTD were $11.1 million compared with $3.5 million in the Prior YTD. The Company's net capital expenditures for the Quarter were $7.4 million, an increase of $0.3 million from $7.1 million in the Comparative Quarter. The Company's net capital expenditures for the YTD were $2.7 million compared with net capital expenditures of $18.8 million in the Prior YTD.

SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial and operating information that has been derived from, and should be read in conjunction with the unaudited interim condensed consolidated financial statements of Black Diamond for the three and six months ended June 30, 2021 and 2020.

	Three months ended June 30,			Six months ended June 30,		
(in millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Financial Highlights	**$**	**$**	**%**	**$**	**$**	**%**
Total revenue	**68.9**	37.3	85%	**134.7**	82.4	63%
Gross profit	**23.8**	17.4	37%	**47.2**	35.1	34%
Administrative expenses	**10.3**	7.4	39%	**20.3**	15.3	33%
Adjusted EBITDA (1)	**13.5**	9.9	36%	**26.8**	19.8	35%
Adjusted EBIT (1)	**4.7**	1.8	163%	**10.0**	4.2	135%
Funds from operations (1)	**14.3**	11.5	24%	**31.6**	21.7	46%
Per share ($)	**0.25**	0.21	19%	**0.55**	0.39	41%
Profit before income taxes	**2.3**	(0.2)	1,250%	**5.6**	—	n/a
Profit (loss)	**1.3**	(0.4)	425%	**4.0**	(0.5)	900%
Profit (loss) per share - Basic and diluted	**0.02**	(0.01)	300%	**0.07**	(0.01)	800%
Capital expenditures	**9.8**	9.8	—%	**13.8**	22.3	(38)%
Business acquisition	**—**	—	—%	**—**	6.6	n/a
Property & equipment	**398.5**	348.4	14%	**398.5**	348.4	14%
Total assets	**511.7**	423.1	21%	**511.7**	423.1	21%
Long-term debt	**164.5**	112.2	47%	**164.5**	112.2	47%
Cash and cash equivalents	**3.4**	3.3	3%	**3.4**	3.3	3%

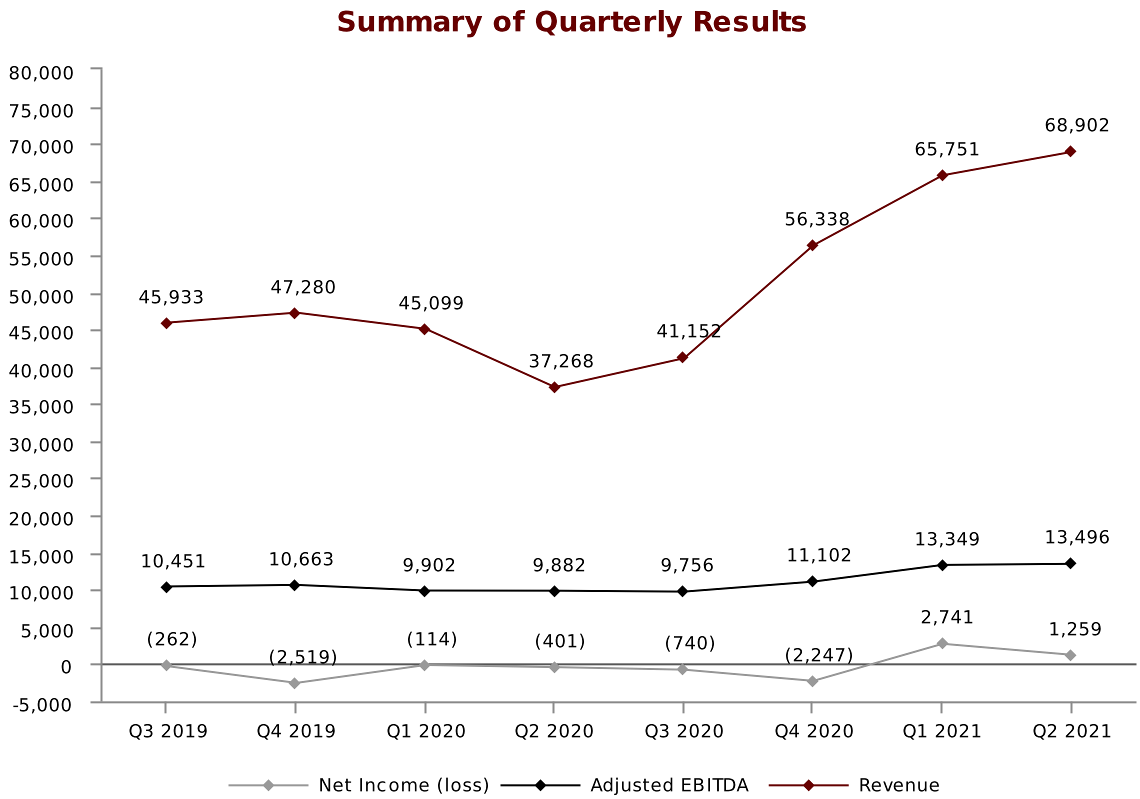
(1) Adjusted EBITDA, Adjusted EBIT, and Funds from Operations are supplemental non-IFRS measurements and do not have a standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA, Adjusted EBIT and Funds from Operations may not be comparable to similar measures presented by other issuers. See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

Margin Summary	Three months ended June 30,			Six months ended June 30,		
(Percent of revenue)	**2021**	**2020**	**Change (1)**	**2021**	**2020**	**Change (1)**
Gross Profit	**35%**	47%	(12)	**35%**	43%	(8)
Administrative expenses	**15%**	20%	(5)	**15%**	19%	(4)
Adjusted EBITDA	**20%**	27%	(7)	**20%**	24%	(4)

(1) Percentage point basis.

SUMMARY OF QUARTERLY RESULTS

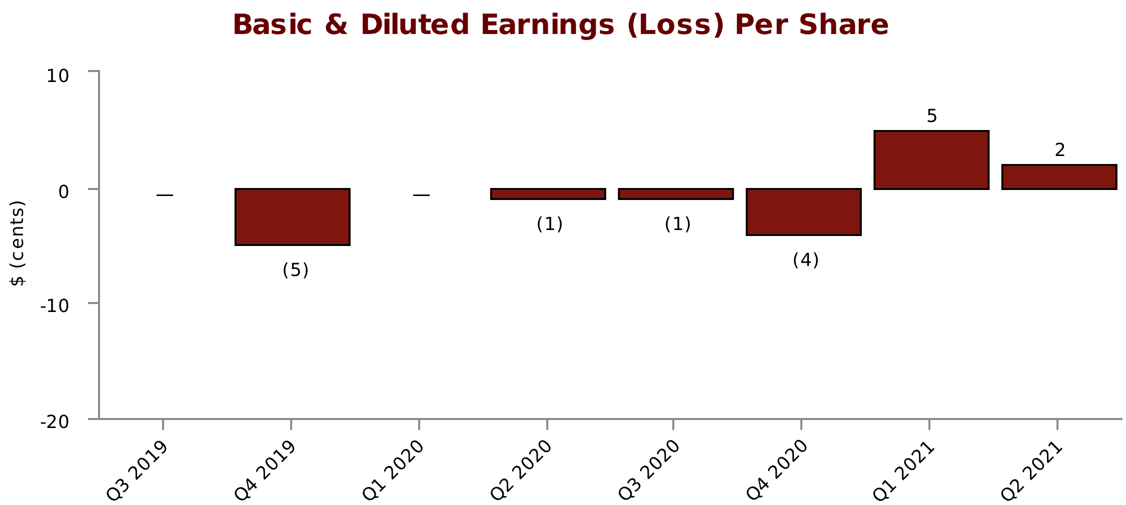
The following is a summary of the previous eight quarters:



From Q3 2019, revenue remained relatively flat for three quarters with a general recovery in operations over that period, followed by a fall in revenue in Q2 and Q3 2020 due to the negative effects of COVID-19 on business operations, specifically in WFS.

From Q4 2020, revenue, profit, and EBITDA have increased due to the acquisition of Vanguard on November 30, 2020.

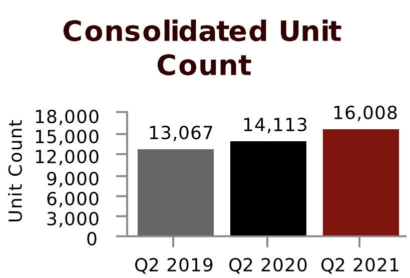
The net income (loss) and Adjusted EBITDA over the last eight quarters generally trended positively with increasing higher margin rental revenue over the same period. Net loss in Q4 2020 was driven by acquisition costs offset by one month of Vanguard operations. The earnings (loss) per share followed the same trend as the net income (loss) as there were no significant changes in shares outstanding over the eight quarter period.

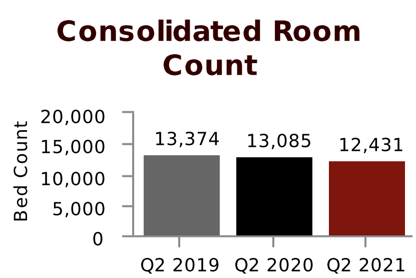


CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet increased to 16,008 units at the end of the Quarter compared with 14,113 in the Comparative Quarter primarily due to the acquisition of Vanguard and organic fleet additions in MSS. The increase in units is part of the Company's strategy to reallocate invested capital from underutilized assets to asset types that are in higher demand. Consolidated unit count includes accommodation units, modular space rental units and surface rental units. Consolidated room count in Black Diamond's global fleet decreased to 12,431 rooms in the Quarter compared with 13,085 rooms in the Comparative Quarter due to used fleet sales in WFS.





Fleet Utilization Rates

	Three months ended June 30,			Six months ended June 30,		
	2021	**2020**	**Change (1)**	**2021**	**2020**	**Change (1)**
Modular Space Solutions	**84%**	74%	10	**83%**	72%	11
Workforce Solutions:						
Workforce Housing Accommodations: Rental Fleet & Turnkey Lodges (2)	**53%**	32%	21	**47%**	39%	8
Surface equipment and other ancillary rental equipment	**13%**	37%	(24)	**22%**	38%	(16)
Consolidated	**72%**	55%	17	**69%**	57%	12

(1) Percentage point basis.
(2) Wellsite Accommodations that were previously disclosed separately are now consolidated with Workforce Housing Accommodations.

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

Q2 2021 vs Q2 2020

The increase in utilization in MSS is primarily due to increased activity in all regions. The increase in utilization in WFS is primarily due to an increase in workforce housing accommodations due to increased utilization across all regions, partially offset by a decrease in surface equipment and other ancillary rental equipment utilization.

Year to Date 2021 vs 2020

The increase in utilization in MSS is primarily due to increased activity in all regions compared to the Prior YTD. The increase in utilization in WFS is primarily due to an increase in workforce housing accommodations due to increased utilization across all regions, partially offset by a decrease in surface equipment and other ancillary rental equipment utilization.

Revenue

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

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

Lodging Revenues are generated from the provision of full turnkey lodging services to our customers. Lodging revenue is earned both at the Company's open lodges and at turnkey sites where the Company is providing accommodation assets and additional management or catering services. Lodging revenue is earned on a day rate or days occupied basis.

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

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

($ millions, except as noted)	Three months ended June 30, 2021	2020	Change	Six months ended June 30, 2021	2020	Change
Rental Revenue	**23.2**	14.4	61%	**44.6**	31.5	42%
Lodging Revenue	**6.4**	0.4	1,500%	**11.9**	6.3	89%
Sales Revenue	**12.7**	5.2	144%	**30.4**	10.8	181%
Non-Rental Revenue	**26.6**	17.3	54%	**47.8**	33.7	42%
Revenue	**68.9**	37.3	85%	**134.7**	82.4	63%

Percentage of consolidated revenue	Three months ended June 30, 2021	2020	Change (1)	Six months ended June 30, 2021	2020	Change (1)
Rental Revenue	**34%**	39%	(5)	**33%**	38%	(5)
Lodging Revenue	**9%**	1%	8	**9%**	8%	1
Sales Revenue	**18%**	14%	4	**23%**	13%	10
Non-Rental Revenue	**39%**	46%	(7)	**35%**	41%	(6)

(1) Percentage point basis.

Q2 2021 vs Q2 2020

Rental revenue for the Quarter was $23.2 million, up 61% or $8.8 million from the Comparative Quarter driven by a $5.5 million increase in MSS rental revenue attributed to the acquisition of Vanguard and a larger fleet, along with higher rental rates. This is supplemented by a $3.3 million increase in WFS rental revenue due to increased utilization in Canada.

Lodging revenue for the Quarter was $6.4 million, up 1500% or $6.0 million from the Comparative Quarter due to increased occupancy at a number of open and turnkey lodges, as activity has improved from historic, pandemic-induced lows in the Comparative Quarter.

Sales revenue for the Quarter was $12.7 million, up 144% or $7.5 million from the Comparative Quarter driven by a $9.0 million increase in MSS due to the custom sales generated by Vanguard partially offset by a $1.6 million decrease in WFS primarily due to a large fleet sale in the U.S. in the Comparative Quarter.

Non-rental revenue for the Quarter was $26.6 million, up 54% or $9.3 million from the Comparative Quarter primarily due to a $8.7 million increase in WFS non-rental revenue due to increased activity in all regions, partially offset by the completion of a significant project in the U.S. in the Comparative Quarter. This is supplemented with a $0.6 million increase in MSS non-rental revenue primarily due to an increase in installation revenue, as well as the contribution from Vanguard.

Year to Date 2021 vs 2020

Rental revenue for the YTD was $44.6 million, up 42% or $13.1 million with the Prior YTD due to a $10.5 million increase in MSS rental due to the acquisition of Vanguard and a larger fleet, along with higher utilization and rental rates. WFS reported an increase of $2.6 million in rental revenue due to increased utilization in Canada.

Lodging revenue for the YTD was $11.9 million, up 89% or $5.6 million from the Prior YTD due to an increase in occupancy at all lodges.

Sales revenue for the YTD was $30.4 million, up 181% or $19.6 million from the Prior YTD primarily due to a $16.2 million increase in MSS due to increased custom and used fleet sales. This is combined with a $3.4 million increase in WFS due to higher used fleet sales in Canada, partially offset by decreased fleet sales in Australia and the U.S.

Non-rental revenue for the YTD was $47.8 million, up 42% or $14.1 million from the Prior YTD primarily due to a $7.3 million increase in MSS non-rental revenue due to an increase in installation revenue. This is combined with a $6.8 million increase in WFS non-rental revenue due to increased operations in all regions, partially offset by the completion of a significant project in the U.S. in the Prior YTD.

Direct Costs and Gross Profit

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	2021	2020	Change	2021	2020	Change
Direct Costs	**45.1**	19.9	127%	**87.5**	47.2	85%
Gross Profit	**23.8**	17.4	37%	**47.2**	35.1	34%

	Three months ended June 30,			Six months ended June 30,		
Percentage of consolidated revenue	2021	2020	Change (1)	2021	2020	Change (1)
Direct Costs	**65%**	53%	12	**65%**	57%	8
Gross Profit	**35%**	47%	(12)	**35%**	43%	(8)

(1) Percentage point basis.

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

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

	Three months ended June 30,			Six months ended June 30,		
Direct Costs	2021	2020	Change	2021	2020	Change
($ million, except as noted)	$	$		$	$	
Construction and transportation services	**17.8**	9.0	98%	**31.8**	16.4	94%
New sales	**8.5**	2.0	325%	**15.8**	6.0	163%
Catering, utilities and other consumable costs	**5.8**	1.1	427%	**10.8**	7.3	48%
Repairs and maintenance	**3.9**	2.3	70%	**7.6**	5.3	43%
Labour costs	**3.6**	1.7	112%	**7.2**	4.0	80%
Subleased equipment	**2.3**	1.5	53%	**4.2**	3.6	17%
Other direct costs	**1.3**	0.2	550%	**2.5**	1.0	150%
Used fleet sales	**0.9**	1.3	(31)%	**5.6**	1.9	195%
Fleet Insurance	**0.6**	0.4	50%	**1.2**	0.9	33%
Rent Expense - Subleased Properties	**0.4**	0.4	—%	**0.8**	0.8	—%
Total direct costs	**45.1**	19.9	127%	**87.5**	47.2	85%

Q2 2021 vs Q2 2020

Direct costs for the Quarter were $45.1 million, up 127% or $25.2 million from the Comparative Quarter primarily due to increases in construction and transportation services, new sales and catering, utilities and other consumable costs.

Gross profit for the Quarter was $23.8 million, up 37% or $6.4 million from the Comparative Quarter primarily due to increased rental, lodging and sales margins.

Year to Date 2021 vs 2020

Direct costs for the YTD were $87.5 million, up 85% or $40.3 million from the Prior YTD primarily due to increases in construction and transportation services, new sales, used fleet sales and catering utilities and other consumable costs.

Gross profit for the YTD was $47.2 million, up 34% or $12.1 million from the Prior YTD primarily due to increased rental, lodging and sales margins.

Administrative Expenses

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Personnel Costs	**7.9**	4.9	61%	**15.1**	10.2	48%
Other Administrative Expenses	**1.7**	1.9	(11)%	**3.7**	3.8	(3)%
Occupancy and Insurance	**0.7**	0.6	17%	**1.5**	1.2	25%
Total Administrative expenses	**10.3**	7.4	39%	**20.3**	15.2	34%
% of Consolidated Revenue	**15%**	20%	(5)	**15%**	19%	(4)

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

Q2 2021 vs Q2 2020

Total administrative expenses for the Quarter were $10.3 million, up 39% or $2.9 million from the Comparative Quarter.

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

- Personnel costs for the Quarter were $7.9 million, up 61% or $3.0 million from the Comparative Quarter primarily due to an increase in staffing levels and the acquisition of Vanguard. This is combined with the Company's receipt of the Canadian Emergency Wage Subsidy ("CEWS") in an amount equal to $0.8 million in the second quarter of 2020.
- Other administrative expenses for the Quarter were $1.7 million, down 11% or $0.2 million from the Comparative Quarter primarily due to decreases in professional fees and office expenses.
- Occupancy and insurance costs for the Quarter were $0.7 million, up 17% or $0.1 million from the Comparative Quarter primarily due to increases in insurance and operating costs.

Year to Date 2021 vs 2020

Total administrative expenses for the YTD were $20.3 million, up 34% or $5.1 million from the Prior YTD.

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

- Personnel costs for the YTD were $15.1 million, up 48% or $4.9 million from the Prior YTD primarily due to an increase in staffing levels due to the acquisition of Vanguard. This is combined with the receipt of CEWS of $0.8 million in 2020 compared to $0.2 million of CEWS received in 2021.

- Other administrative expenses for the YTD were $3.7 million, down 3% or $0.1 million from the Prior YTD primarily due a decrease in professional fees and bad debt expense.
- Occupancy and insurance costs for the YTD were $1.5 million, up 25% or $0.3 million from the Prior YTD primarily due to increases in insurance and operating costs.

Adjusted EBITDA

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Adjusted EBITDA (1)	**13.5**	9.9	36%	**26.8**	19.8	35%
% of Consolidated Revenue	**20%**	27%	(7)	**20%**	24%	(4)

(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 Financial Measures" for further details.

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

Q2 2021 vs Q2 2020

Adjusted EBITDA for the Quarter was $13.5 million, up 36% or $3.6 million from the Comparative Quarter primarily due to an increase in total revenue, partially offset by lower EBITDA margins due to the higher proportion of sales and non-rental revenue which generate lower margins than rental revenue.

Year to Date 2021 vs 2020

Adjusted EBITDA for the YTD was $26.8 million, up 35% or $7.0 million from the Prior YTD primarily due to an increases in rental revenue and sales revenue, partially offset by higher personnel costs.

Depreciation and Amortization

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Depreciation and amortization, net of depreciation of right-of-use assets	**6.9**	6.7	3%	**13.5**	12.7	6%
% of Property and equipment	**2%**	2%	—	**3%**	3%	—
Depreciation of right-of-use assets	**1.9**	1.4	36%	**3.3**	2.9	14%

Q2 2021 vs Q2 2020

Depreciation and amortization for the Quarter was $6.9 million, up 3% or $0.2 million from the Comparative Quarter primarily due to an increase in modular space assets from the acquisition of Vanguard.

Depreciation of right-of-use assets was $1.9 million, up 36% or $0.5 million from the Comparative Quarter due to a larger leased real estate and equipment portfolio in the Quarter combined with extensions of existing real estate contracts.

Year to Date 2021 vs 2020

Depreciation and amortization for the YTD was $13.5 million, up 6% or $0.8 million from the Prior YTD primarily due to an increase in modular space assets from the acquisition of Vanguard.

Depreciation of right-of-use assets was $3.3 million, up 14% or $0.4 million from the Prior YTD due to a larger leased real estate and equipment portfolio in the YTD combined with extensions of previous real estate contracts.

Finance Costs

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Finance cost	**1.6**	1.2	33%	**2.9**	2.9	—%
Long-term debt	**164.5**	112.2	47%	**164.5**	112.2	47%
Average interest rate(1)	**2.05%**	2.52%	-47 bps	**2.03%**	3.03%	-100 bps

(1) Average interest rates do not include lease interest.

Q2 2021 vs Q2 2020

Finance costs for the Quarter were $1.6 million, up 33% or $0.4 million from the Comparative Quarter primarily due to the higher interest expense and fees associated with the increased loan amount from the Vanguard acquisition.

Year to Date 2021 vs 2020

Finance costs for the YTD were $2.9 million, unchanged from the Prior YTD due lower market interest rates charged on the ABL Facility and decrease in accretion expense on asset retirement obligation offset by increased borrowings on the ABL Facility.

Income Tax

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Deferred tax expense (recovery)	**0.6**	(0.1)	700%	**1.0**	—	n/a
Total tax expense (recovery)	**0.6**	(0.1)	700%	**1.0**	—	n/a

Q2 2021 vs Q2 2020

For the Quarter, Black Diamond recognized a deferred income tax expense of $0.6 million, a change of $0.7 million from the Comparative Quarter. The tax expense in the Quarter is reflective of earnings in the Quarter, which increased the deferred tax liabilities. The tax provision has been calculated at the enacted tax rate of 25% in Canada, 25% in the U.S., and 30% in Australia.

Year to Date 2021 vs 2020

For the YTD, Black Diamond recognized a deferred income tax expense of $1.0 million, a change of $1.0 million from the Prior YTD. The deferred tax expense YTD is reflective of a deferred tax expense related to YTD earnings offset by a true up adjustment related to a prior year acquisition, resulting in a net decrease to the deferred tax liabilities. The tax provision has been calculated at the enacted tax rate of 25% in Canada, 25% in the U.S., and 30% in Australia.

Non-Controlling Interest

The non-controlling interests ("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 Whitecap Black Diamond Limited Partnership.

In connection with the acquisition of Vanguard, the Company issued 867 preferred shares (the "Preferred Shares") of its wholly owned subsidiary BOXX Modular Holdings Inc. (the "Issuer") for gross proceeds of approximately US$8.7 million (C$11.3 million). The Preferred Shares have been accounted for as non-controlling interest within the consolidated financial statements of Black Diamond.

The Preferred Shares entitle the holders to a cumulative dividend of 7.0% per annum through to the end of the second year, increasing by 1.0% per annum thereafter. If the dividend is not paid in cash at least quarterly, the cumulative dividend will increase to 9.0% per annum through to the end of the third year and increasing by 1.0% per annum thereafter. The declaration and payment of dividends is at the sole discretion of the Issuer and are required to be settled in cash. The amount payable per share will equal the Original Issue price, plus any accrued but unpaid dividends.

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Non-controlling interest	**0.4**	0.3	33%	**0.6**	0.5	20%

Q2 2021 vs Q2 2020

The NCI for the Quarter was $0.4 million, up $0.1 million from the Comparative Quarter due to dividends paid on the Preferred Shares. In the Quarter, the Company recognized the redemption of 33 Preferred Shares for US $0.3 million (C$0.4 million).

Year to Date 2021 vs 2020

The NCI for the YTD was $0.6 million, up $0.1 million from the Prior YTD due to dividends paid on the Preferred Shares.

Net Income

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Net income (loss)	**1.3**	(0.4)	**425%**	**4.0**	(0.5)	900%

Q2 2021 vs Q2 2020

Net income for the Quarter was $1.3 million, an improvement of 425% or $1.7 million from the Comparative Quarter primarily due to an increase in rental and lodging margins partially offset by higher personnel costs.

Year to Date 2021 vs 2020

Net income for the YTD was $4.0 million, an improvement of 900% or $4.5 million from the Prior YTD primarily due to an increase in rental, lodging and sales margins, partially offset by higher personnel and depreciation costs.

SEGMENTED REVIEW OF FINANCIAL PERFORMANCE

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

The following is a summary of the Company's segmented results for the three and six months ended June 30, 2021 and 2020, detailing revenues and Adjusted EBITDA by each of the Company's business units.

Segmented Revenue

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

	Three months ended June 30,			Six months ended June 30,		
	2021	**2020**	**Change**	**2021**	**2020**	**Change**
(in millions, except where noted)	**$**	**$**	**%**	**$**	**$**	**%**
Revenue						
Modular Space Solutions	**37.1**	22.0	69%	**72.4**	38.4	89%
Workforce Solutions	**31.8**	15.3	108%	**62.3**	43.9	42%
Total Revenue	**68.9**	37.3	85%	**134.7**	82.4	63%

Segmented Adjusted EBITDA

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

	Three months ended June 30,			Six months ended June 30,		
	2021	**2020**	**Change**	**2021**	**2020**	**Change**
(in millions, except where noted)	**$**	**$**	**%**	**$**	**$**	**%**
Adjusted EBITDA (1)						
Modular Space Solutions	**10.7**	7.0	53%	**21.0**	11.6	81%
Workforce Solutions	**6.2**	5.5	13%	**12.4**	13.3	(7)%
Corporate and Other	**(3.4)**	(2.6)	(31)%	**(6.6)**	(5.1)	(29)%
Total Adjusted EBITDA	**13.5**	9.9	36%	**26.8**	19.8	35%

(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 Financial Measures" for further details.

MODULAR SPACE SOLUTIONS BUSINESS UNIT

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

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

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

Revenue

There are three revenue streams to which these assets contribute.

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

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

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

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

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

Financial Highlights

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

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

	Three months ended June 30,			**Six months ended June 30,**		
Revenue by Stream ($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Rental Revenue	**14.6**	9.1	60%	**28.5**	18.0	58%
Sales Revenue	**11.7**	2.7	333%	**22.8**	6.6	245%
Non-rental Revenue	**10.8**	10.2	6%	**21.1**	13.8	53%
Total Revenue	**37.1**	22.0	69%	**72.4**	38.4	89%
Adjusted EBITDA	**10.7**	7.0	53%	**21.0**	11.6	81%
Adjusted EBITDA as a % of revenue	**29%**	32%	(3)	**29%**	30%	(1)
Return on Assets (1)	**18%**	16%	2	**17%**	13%	4

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

	Three months ended June 30,			**Six months ended June 30,**		
Value Added Products & Services	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
VAPS as a % of Total Rental Revenue	**12%**	16%	(4)	**12%**	15%	(3)

	Three months ended June 30,			**Six months ended June 30,**		
Revenue by Geography ($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Canada	**13.1**	11.2	17%	**27.3**	22.6	21%
United States	**24.0**	10.8	122%	**45.1**	15.9	184%
Total revenue	**37.1**	22.0	69%	**72.4**	38.4	89%

Q2 2021 vs Q2 2020

The MSS business unit's total revenue for the Quarter was $37.1 million, up 69% or $15.1 million from the Comparative Quarter.

- **Rental revenue** during the Quarter was $14.6 million, up 60% or $5.5 million from the Comparative Quarter due to the acquisition of Vanguard and a larger fleet, along with higher utilization and rental rates.
- **Sales revenue** during the Quarter was $11.7 million, up 333% or $9.0 million from the Comparative Quarter primarily due to the custom sales generated by Vanguard and strong sales in other regions.
- **Non-rental revenue** during the Quarter was $10.8 million, up 6% or $0.6 million from the Comparative Quarter primarily due to an increase in installation revenue, as well as a contribution from Vanguard.

VAPS as a percentage of total rental revenue during the quarter was 12%, down four percentage points from the previous quarter due to the addition of Vanguard which historically did not have a significant focus on VAPS. Without the impact of Vanguard, VAPS as a percentage of total rental revenue increased by one percentage point.

Adjusted EBITDA for the Quarter of $10.7 million increased 53% or $3.7 million from the Comparative Quarter. Adjusted EBITDA as a percentage of revenue decreased three percentage points to 29% as compared to the Comparative Quarter primarily due to a change in revenue mix, with a higher weighting coming from Sales revenue.

Return on Assets ("ROA") for the Quarter was 18%, an increase of two percentage points to the Comparative Quarter as a result of improved utilization, rental rates and sales contribution.

Year to Date 2021 vs 2020

The MSS business unit's total revenue for the YTD was $72.4 million, up 89% or $34.0 million from the Prior YTD.

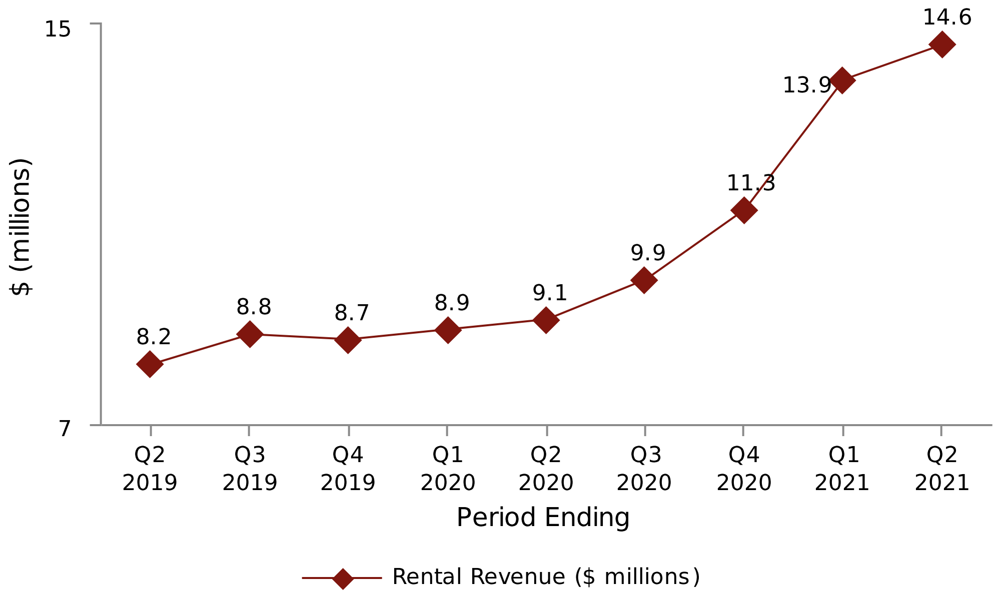
- **Rental revenue** for the YTD was $28.5 million, up 58% or $10.5 million from the Prior YTD due to the acquisition of Vanguard and a larger fleet, along with higher rental rates.
- **Sales revenue** for the YTD was $22.8 million, up 245% or $16.2 million from the Prior YTD due to increased custom and used fleet sales.
- **Non-rental revenue** for the YTD was $21.1 million, up 53% or $7.3 million from the Prior YTD primarily due to an increase in installation revenue.

Adjusted EBITDA for the YTD was $21.0 million, which increased 81% or $9.4 million from the Prior YTD. Adjusted EBITDA as a percentage of revenue decreased one percentage point to 29% as compared to the Prior YTD, primarily due to a change in revenue mix, with a higher weighting coming from Sales revenue.

ROA for YTD increased to 17% from 13% as a result of improved utilization and rental rates.

Rental Revenue

Rental revenue for the Quarter continued the positive growth trend over the last two years (33% compound annual growth rate from Q2 2019 to Q2 2021).



Rental Term

Rental durations typically exceed the initial contract terms. The average duration of the MSS lease portfolio was 40.7 months as at June 30, 2021, an increase of 13.4 months from 27.3 months as at June 30, 2020. The increase is mainly driven by the addition of Vanguard rental units and contracts, which tend to be longer term in nature.

Contracted Future Revenue

Contracted Rental Revenue For Assets On Rent as at June 30, 2021 was $44.3 million, an increase of $19.2 million or 76% from $25.1 million as at June 30, 2020.

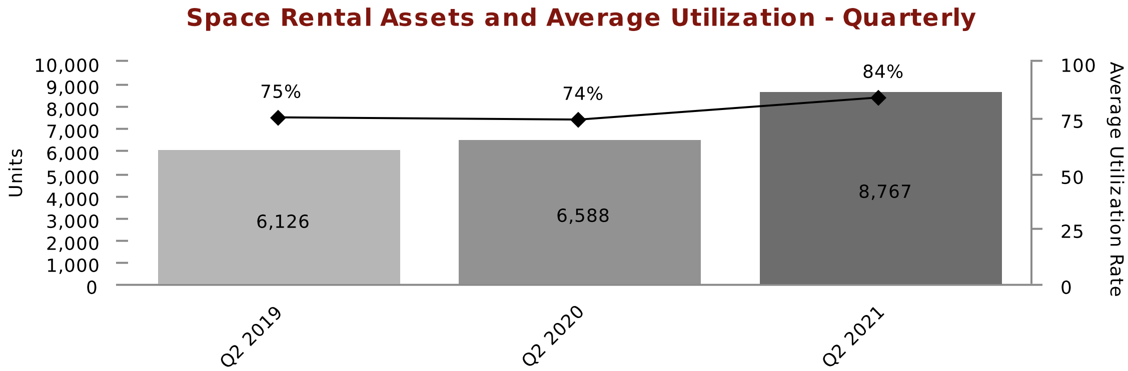
Space Rental Assets and Average Utilization

The MSS fleet consisted of 8,767 units as at June 30, 2021, which increased from 6,588 units as at June 30, 2020. This was due to the addition of 2,587 new units, of these 2,196 were from Vanguard and 391 were additions, partially offset by 408 disposals.

MSS Consolidated

MSS Assets, Utilization, and Rates	Three months ended June 30, 2021	2020	Change	Six months ended June 30, 2021	2020	Change
Property and Equipment Net Book Value ($ millions) (1)	**234.9**	168.9	39%	**234.9**	168.9	39%
Modular Space Assets	**8,767**	6,588	33%	**8,767**	6,588	33%
Average Utilization (2)	**84%**	74%	10	**83%**	72%	11
Average Monthly Rental Rate	**$656**	$641	2%	**$658**	$632	4%

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



Q2 2021 vs Q2 2020

Utilization for the Quarter was 84%, a ten percentage point increase from 74% in the Comparative Quarter, mainly due to increased activity within all regions along with a strategic focus on mid-life unit refurbishments and selective disposals of older units.

The average rental rate has increased as compared to the Comparative Quarter by 2%, due to higher rates across all regions, slightly offset by decreasing foreign exchange rates in the U.S. On a constant currency basis, average rental rates increased 8% versus the Comparative Quarter.

Year to Date 2021 vs 2020

Utilization for the YTD was 83%, an 11 percentage point increase from 72% in the Prior YTD, mainly due to increased activity within all regions along with a strategic focus on mid-life unit refurbishments and selective disposals of older units.

The average rental rate has improved as compared to the Prior YTD by 4%, due to higher rates across all regions, slightly offset by decreasing foreign exchange rates in the U.S. On a constant currency basis, average rental rates increased 9% versus the Prior YTD.

WORKFORCE SOLUTIONS BUSINESS UNIT

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

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

The assets included in the rental business are:

> **Workforce housing accommodations:** the rental fleet includes modular accommodation structures that are assembled into large scale camps in a variety of dormitory configurations with kitchen/diner complexes, recreation facilities and single unit or multi-unit complexes. These assets are often necessary for operations related to infrastructure and large-scale construction projects, oil and gas, mining, disaster recovery, government, and other industries. These accommodations typically house workforces in remote locations where local accommodation infrastructure is either insufficient or non-existent.
>
> **Surface equipment and other ancillary rental equipment:** various types of equipment that support drilling, completion and production activities, rented to customers, typically in the oil and gas, construction, disaster recovery, government, and other industries.

The lodging business provides workforce housing accommodations assets installed as lodges in strategic locations on land leases held by Black Diamond earning lodging revenue. WFS currently operates two lodges in British Columbia (Sunset Prairie Lodge and Little Prairie Lodge) and one in Alberta (Smoky River Lodge). The assets at these lodges are modular accommodations structures and are interchangeable with assets in the Workforce housing accommodations fleet. The Company will move assets between the two businesses as demand dictates.

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

Revenue

There are four revenue streams to which these assets contribute.

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

2. **Lodging:** Workforce housing accommodations assets typically generate revenue from the provision of full turnkey lodging services to our customers. Lodging revenue is earned both at the Company's open lodges and at turnkey sites where the Company is providing accommodation assets and additional management or catering services. Lodging revenue is earned on a day rate or days occupied basis.

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

4. **Non-Rental:** WFS provides complete installation, delivery and maintenance services and catering services or subleased equipment. Installation and delivery of assets is typically associated with rental contracts or sales of new and used fleet, contracted on a lump sum basis. Catering contracts or sublease contracts are typically associated with a rental contract of workforce accommodations assets or wellsite accommodations assets. Also included in non-rental revenue is the revenue earned on bookings at third party lodges through LodgeLink.

Financial Highlights

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

	Three months ended June 30,			**Six months ended June 30,**		
Revenue by Stream ($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Rental Revenue	**8.6**	5.3	62%	**16.1**	13.5	19%
Lodging Revenue	**6.4**	0.4	1,500%	**11.9**	6.3	89%
Sales Revenue	**1.0**	2.6	(62)%	**7.6**	4.2	81%
Non-Rental Revenue	**15.8**	7.1	123%	**26.7**	19.9	34%
Total Revenue	**31.8**	15.3	108%	**62.3**	43.9	42%

	Three months ended June 30,			**Six months ended June 30,**		
Revenue by Geography ($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Canada	**19.4**	5.2	273%	**41.2**	23.2	78%
United States	**6.1**	6.3	(3)%	**7.2**	13.6	(47)%
Australia	**6.3**	3.8	66%	**13.9**	7.1	96%
	31.8	15.3	108%	**62.3**	43.9	42%
Adjusted EBITDA	**6.2**	5.5	13%	**12.4**	13.3	(7)%
Adjusted EBITDA as a % of revenue	**19%**	36%	(17)	**20%**	30%	(10)
Return on Assets (1)	**18%**	13%	5	**17%**	16%	1

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

Q2 2021 vs Q2 2020

Adjusted EBITDA increased in the Quarter to $6.2 million from $5.5 million, an increase of $0.7 million or 13% due to higher consolidated revenue driven by increased Rental, Lodging, and Non-Rental revenue. Adjusted EBITDA as a percentage of revenue of 19% was below the Comparative Quarter due to higher proportion of non-rental revenue which generates lower margin in the Quarter than rental revenue as well as a stronger margin contribution from a significant project in the U.S. in the Comparative Quarter

Year to Date 2021 vs 2020

Adjusted EBITDA decreased to $12.4 million from $13.3 million in the Prior YTD, a decrease of $0.9 million or 7%, primarily due to higher rental expenses for preparation of various rental projects. Adjusted EBITDA as a percentage of revenue of 20% was below the Prior YTD due a stronger margin contribution from a significant project in the U.S. in the Prior YTD as well as a higher proportion of non-rental revenue which generates lower margin than rental revenue in the YTD.

Rental

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

	Three months ended June 30,			Six months ended June 30,		
Average Asset Utilization	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Workforce Housing Accommodations: Rental Fleet & Turnkey Lodges (1)	**53%**	32%	21	**47%**	39%	8
Surface equipment and other ancillary rental equipment	**13%**	37%	(24)	**22%**	38%	(16)

(1) Wellsite Accommodations that were previously disclosed separately are now consolidated with Workforce Housing Accommodations.

	As at June 30,		
Fleet Count (Units)	**2021**	**2020**	**Change**
Workforce Housing Accommodations: Rental Fleet & Turnkey Lodges (1)	**3,903**	3,959	(1)%
Workforce Housing Accommodations: Open Lodges	**479**	575	(17)%
Surface Equipment and other ancillary rental equipment	**2,859**	2,991	(4)%

(1) Wellsite Accommodations that were previously disclosed separately are now consolidated with Workforce Housing Accommodations.

Consolidated Room Count by Geography			
Canada	**9,692**	10,015	(3)%
United States	**1,575**	1,878	(16)%
Australia	**1,164**	1,192	(2)%
	12,431	13,085	(5)%

Net Book Value by Geography ($ millions)			
Canada	**101.2**	108.3	(7)%
United States	**31.9**	39.8	(20)%
Australia	**14.4**	14.8	(3)%
	147.5	162.9	(9)%

Contracted Future Revenue

At June 30, 2021, Contracted Rental Revenue From Contracts In Place was $32.8 million, an increase of $19.1 million or 139% from $13.7 million as at June 30, 2020.

Q2 2021 vs Q2 2020

Rental revenue during the Quarter was $8.6 million, up 62% or $3.3 million from the Comparative Quarter due to increased utilization across all regions.

Year to Date 2021 vs 2020

Rental revenue for the YTD was $16.1 million, up 19% or $2.6 million from the Prior YTD due to increased utilization in Canada.

Lodging

Q2 2021 vs Q2 2020

Lodging revenue during the Quarter was $6.4 million, up 1500% or $6.0 million from the Comparative Quarter due to increased occupancy at a number of open and turnkey lodges, as activity has improved from historic, pandemic-induced lows in the Prior Quarter.

Year to Date 2021 vs 2020

Lodging revenue during the YTD was $11.9 million, up 89% or $5.6 million from the Prior YTD due to an increase in occupancy at all lodges.

Sales and Non-Rental

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

Q2 2021 vs Q2 2020

Sales revenue during the Quarter was $1.0 million, down $1.6 million from the Comparative Quarter primarily due to a large fleet sale in the U.S. in the Comparative Quarter.

Non-rental revenue during the Quarter was $15.8 million, up 123% or $8.7 million from the Comparative Quarter due to increased activity in all regions.

Year to Date 2021 vs 2020

Sales revenue for the YTD was $7.6 million, up 81% or $3.4 million from the Prior YTD due to higher used fleet sales in Canada, partially offset by decreased fleet sales in the U.S and Australia.

Non-rental revenue for the YTD was $26.7 million, up 34% or $6.8 million from the Prior YTD due to increased operations in all regions, partially offset by the completion of a significant project in the U.S. in the Prior YTD.

LodgeLink

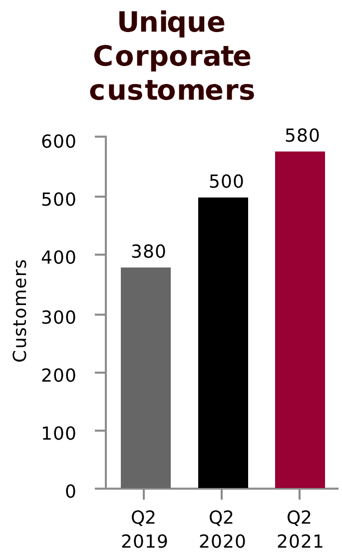
LodgeLink revenue generated from bookings is typically based on a variable margin over the cost of the room or transportation. When the room is booked in a third-party hotel or lodge the revenue is categorized as non-rental revenue (revenue from bookings at Black Diamond owned lodges is categorized as lodging revenue).

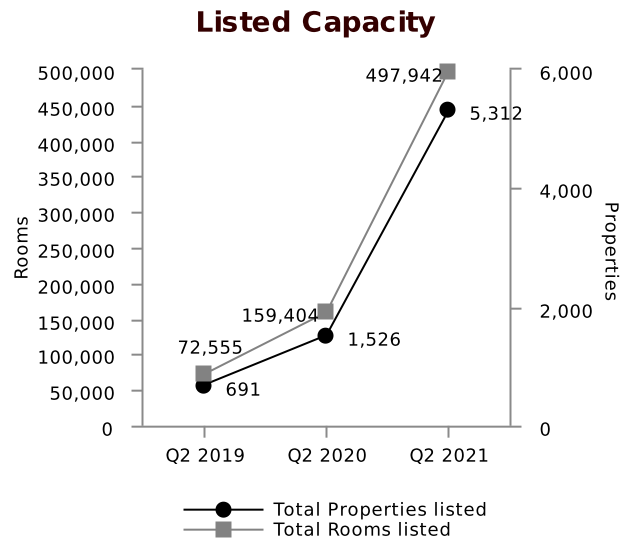
	Three months ended June 30,			Six months ended June 30,		
LodgeLink (1)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Total gross booking revenue ($ millions)	**7.8**	1.3	500%	**15.2**	6.3	141%
Total room nights booked	**43,330**	8,674	400%	**92,086**	32,004	188%

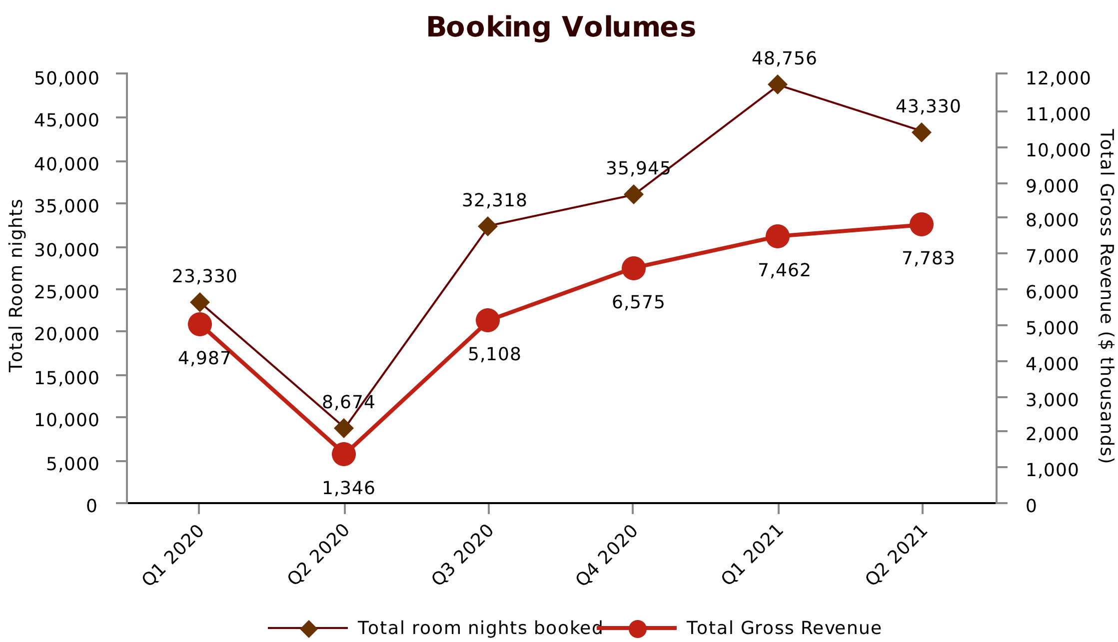
(1) Total gross booking revenue, total room nights booked, total properties listed and total rooms listed include both Black Diamond owned assets and third party properties.

The booking volumes achieved in the Quarter reflect ongoing growth in the U.S., where gross revenue grew 650% over the Comparative Quarter. Total gross revenue for LodgeLink grew 500% from the Comparative Quarter. YTD U.S. gross booking grew 700% over Prior YTD, driven by a 44% increase in the number of US properties receiving bookings in the YTD.

Total room nights booked during the quarter was impacted by somewhat lower bookings from certain Canadian resource sector customers in the Quarter due to expected lower activity in the spring. The decrease in the quarter was largely offset with record number of active properties and unique corporate customers across diverse industries.


Unique Corporate customers
Customers
600
500
400
300
200
100
0
380
500
580
Q2 2019
Q2 2020
Q2 2021


Listed Capacity
Rooms
500,000
450,000
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
Properties
6,000
4,000
2,000
0
497,942
5,312
159,404
1,526
72,555
691
Q2 2019
Q2 2020
Q2 2021
Total Properties listed
Total Rooms listed


Booking Volumes
Total Room nights
50,000
45,000
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
Total Gross Revenue ($ thousands)
12,000
11,000
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
23,330
8,674
32,318
35,945
48,756
43,330
4,987
1,346
5,108
6,575
7,462
7,783
Q1 2020
Q2 2020
Q3 2020
Q4 2020
Q1 2021
Q2 2021
Total room nights booked
Total Gross Revenue

CORPORATE AND OTHER BUSINESS UNIT

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

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Property and Equipment Net Book Value	**16.1**	16.6	(3)%	**16.1**	16.6	(3)%
Adjusted EBITDA	**(3.4)**	(2.6)	(31)%	**(6.6)**	(5.1)	(29)%

Q2 2021 vs Q2 2020

Adjusted EBITDA for the Quarter was negative $3.4 million, a decrease of 31% or $0.8 million, from negative $2.6 million in the Comparative Quarter, primarily due to increased personnel expenses and property taxes, partially offset by a decrease in administration expenses.

Year to Date 2021 vs 2020

Adjusted EBITDA for the YTD was negative $6.6 million, compared to negative $5.1 million in the Prior YTD due to an increase in personnel expenses and property taxes, partially offset by a decrease in administration expenses.

LIQUIDITY AND CAPITAL RESOURCES

Cash Requirements

Capital Expenditures

Black Diamond's capital expenditures relate primarily to:

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

For the Quarter, Black Diamond expended $9.8 million (Comparative Quarter – $9.8 million) on additions to property and equipment and intangible assets. The additions are set out in the table below.

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	**2021**	**2020**	**Change %**	**2021**	**2020**	**Change %**
Modular Space Solutions	**6.1**	7.0	(13)%	**9.0**	16.8	(46)%
Workforce Solutions	**3.5**	2.5	40%	**4.5**	4.6	(2)%
Corporate and Other	**0.2**	0.3	(33)%	**0.3**	0.9	(67)%
	9.8	9.8	—%	**13.8**	22.3	(38)%

Sources and Uses of Cash

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

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	**2021**	**2020**	**Change %**	**2021**	**2020**	**Change %**
Cash from operating activities	**19.8**	14.1	40%	**33.2**	24.5	36%
Cash from (used in) investing activities	**(8.3)**	(9.4)	(12)%	**(15.6)**	(28.6)	(45)%
Cash from (used in) financing activities	**(10.9)**	(11.1)	2%	**(17.7)**	2.9	(710)%
Total cash (decrease) increase	**0.6**	(6.4)	109%	**(0.1)**	(1.2)	92%

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

Cash provided by operating activities was $5.7 million higher in the Quarter than in the Comparative Quarter. The increase in the Quarter is primarily due to an increase in net income and higher non-cash working capital related to operating costs.

Cash used in investing activities was $1.1 million lower in the Quarter than in the Comparative Quarter. The decrease in the Quarter is due to higher non-cash working capital related to investing activities.

The Company had higher cash from financing activities of $0.2 million in the Quarter primarily due to share options being exercised.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	June 30, 2021	December 31, 2020	Change %
Current assets	**67.5**	57.5	17%
Current liabilities	**59.5**	50.8	17%
Working capital	**8.0**	6.7	19%

The increase in current assets of $10.0 million from December 31, 2020 was due to an increase in accounts receivable of $7.1 million and an increase in other assets of $3.2 million. This was offset by a decrease in cash of $0.3 million.

The increase in current liabilities of $8.7 million from December 31, 2020 was due to a $10.2 million increase in deferred revenue and a $1.5 million increase in current lease liabilities, offset by a decrease of $3.0 million in accounts payable.

Contractual Obligations and Other Commitments

At June 30, 2021, Black Diamond had capital expenditure commitments in the amount of $22.5 million. Additionally, Black Diamond has a commitment of $8.2 million related to the Company's office and yard leases, which have varying terms over the next ten years. It is management's intention to meet the funding requirements for these commitments through internally generated cash flow.

Principal Debt Instruments

Effective November 30, 2020, the Company reached an agreement with its lenders to amend its ABL Facility increasing the maximum revolving line to $300 million.

The borrowing base, or available amount at any given time under the ABL Facility is based on 85 - 90% of the Net Orderly Liquidation Value of eligible rental fleet and qualified receivables, up to $300 million.

For the three months ended June 30, 2021, the average interest rate on outstanding debt was 2.05% (2020 - 2.52%). For the six months ended June 30, 2021, the average interest rate on outstanding debt was 2.03% (2020 - 3.03%).

The Company uses 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 management of cash generated from operations will be sufficient to allow it to meet ongoing requirements for working capital, repayment of ABL Facility, 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.

The Company entered into an interest rate swap agreement with Bank of Nova Scotia and Bank of Montreal for $15.0 million each. The $30.0 million swap will hedge against the $30.0 million BA of our Canadian debt. The effective date of the agreement is April 29, 2021 with a termination date of October 29, 2023. At as June 30, 2021, the risk management liability was less than $0.1 million.

Debt Covenants

In accordance with the terms of the ABL Facility, the Company is required to maintain a Fixed Charge Coverage Ratio ("FCCR") of 1.1 to 1; however, this covenant is only tested in certain instances, principally when draws under the ABL Facility exceed 90% of the borrowing base. As at June 30, 2021, the Company's draws under the ABL Facility amounted to $165.0 million (refer to consolidated financial statements), which represents 63% of the borrowing base of $260.9 million, therefore the FCCR covenant was not applicable.

As at June 30, 2021, Black Diamond was in compliance with all debt covenants.

Share Capital

At June 30, 2021, Black Diamond had 58.0 million (December 31, 2020 - 56.7 million) common shares outstanding, net of 1.2 million (December 31, 2020 - 1.6 million) held in trust to settle equity based compensation plans. In addition, at June 30, 2021, Black Diamond had 5.1 million (December 31, 2020 - 5.3 million) common shares reserved for issuance pursuant to the exercise of options and restricted share units which have been granted pursuant to Black Diamond's share option plan and restricted and performance incentive award plan.

The following table summarizes Black Diamond's equity capitalization as at August 4, 2021 (in thousands):

Common shares	57,910
Stock options	4,257
Restricted and performance share units	798

Off-Balance Sheet Arrangements

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

Contingent Liabilities

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

The following table summarizes Black Diamond's total contractual obligations as at June 30, 2021:

		Payments due by period		
($ millions, except as noted)	**Total**	**Less than 1 year**	**1 - 5 years**	**After 5 years**
Long-term debt	165.0	—	165.0	—
Lease obligations	31.2	7.4	20.6	3.2
Commitments	8.2	1.7	5.9	0.6
Purchase obligations	22.5	22.5	—	—
Total contractual obligations	**226.9**	**31.6**	**191.5**	**3.8**

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at June 30, 2021 relate to standard working capital accounts and credit facility items.

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

NON-GAAP FINANCIAL 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, 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 and recoveries that may represent a reduction or increase 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 June 30,			**Six months ended June 30,**		
($ millions, except as noted)	**2021**	**2020**	**Change %**	**2021**	**2020**	**Change %**
Profit (loss)	**1.3**	(0.4)	425%	**4.0**	(0.5)	900%
Add:						
Depreciation and amortization	**8.8**	8.1	9%	**16.8**	15.5	8%
Finance costs	**1.6**	1.2	33%	**2.9**	2.9	—%
Share-based compensation	**0.8**	0.8	—%	**1.5**	1.4	7%
Non-controlling interest	**0.4**	0.3	33%	**0.6**	0.5	20%
Deferred income taxes	**0.6**	(0.1)	700%	**1.0**	—	—%
Adjusted EBITDA	**13.5**	9.9	36%	**26.8**	19.8	35%

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

Adjusted EBIT is Adjusted EBITDA less depreciation and amortization.

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 long-term accounts receivables and non-cash working capital items have been excluded as such changes are financed using the operating line of Black Diamond's credit facilities.

Contracted Rental Revenue For Assets On Rent is calculated as total value of rental revenue yet to be recognized in the future related to performance obligations unsatisfied at the reporting period. Assets on rent occurs where the rental period of the assets has started on or before the reporting period.

Contracted Rental Revenue For Contracts In Place is calculated as total value of rental revenue yet to be recognized in the future related to performance obligations unsatisfied at the reporting period. Commencement date of the contracts in place include on or before the reporting period or in some instances future reporting periods.

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

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	**2021**	2020	Change	**2021**	2020	Change
Cash Flow from Operating Activities	**19.7**	14.2	39%	**33.2**	24.5	36%
Add/(Deduct):						
Change in long-term accounts receivable	**(0.2)**	—	—%	**(0.5)**	—	—%
Changes in non-cash operating working capital	**(5.2)**	(2.7)	(93)%	**(1.1)**	(2.8)	61%
Funds from Operations	**14.3**	11.5	24%	**31.6**	21.7	46%

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

Working Capital is calculated as current assets minus current liabilities.

Net Debt to Adjusted EBITDA is calculated as Net Debt divided by Adjusted EBITDA.

Net Debt is calculated as long-term debt minus cash.

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

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

RELATED PARTY TRANSACTIONS

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

The following table provides the total amount of transactions that have been entered into with related parties during the three months ended June 30, 2021 and 2020, as well as balances with related parties as at June 30, 2021 and December 31, 2020.

	Three months ended June 30,		**Six months ended June 30,**		**Due to related parties as at**	
	2021	2020	**2021**	2020	**June 30, 2021**	December 31, 2020
($ millions, except as noted)	**$**	$	**$**	$	**$**	$
Non-controlling interests						
Limited partners						
Royalties and distributions declared	**214**	282	**335**	554	**(243)**	(637)
Sale of fleet assets	**—**	—	**—**	1,216	**—**	—
Capital contribution	**—**	—	**—**	1,216	**—**	—

In the Comparative Quarter, a limited partner purchased surface rental units from the Company and contributed these units as a capital contribution to a partnership controlled by Black Diamond.

RISKS AND UNCERTAINTIES

The operations of Black Diamond face a number of risks and uncertainties in the normal course of business that may be beyond its control, but which could have a material adverse effect on Black Diamond's financial condition, results of operations and cash flows. Many of these risk factors and uncertainties are outlined in the annual information form of Black Diamond for the year ended December 31, 2020 which is available on SEDAR at www.sedar.com. Additional risks and uncertainties that management may be unaware of may become important factors which affect Black Diamond.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

Black Diamond's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have, as at June 30, 2021, designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to Black Diamond is made known to Black Diamond's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by Black Diamond in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

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

On November 30, 2020, Black Diamond completed the acquisition of Vanguard. The results of Vanguard have been included in the consolidated financial statements of the Company since November 30, 2020. However, Black Diamond has not had sufficient time to appropriately assess the DC&P and ICFR previously used by Vanguard and integrate them with those of Black Diamond. As a result, the certifying officers have limited the scope of their design of DC&P and ICFR to exclude controls, policies, and procedures of Vanguard. Black Diamond has a program in place to complete the assessment of the controls, policies, and procedures of the acquired operation by November 30, 2021.

During the three and six months ended June 30, 2021, the assets previously held by Vanguard contributed revenues of $12.3 million and $25.1 million and net earnings of $1.7 million and $3.7 million.

Black Diamond is required to disclose herein any change in Black Diamond's ICFR that occurred during the period beginning on January 1, 2021 and ended on June 30, 2021 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. Due to the COVID-19 pandemic, Black Diamond has implemented social distancing measures which require non-essential employees to work remotely. These measures have not had a material impact on Black Diamond's ICFR to date, but will be continually monitored to mitigate any risks associated with changes in the Company's control environment.

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

Additional information relating to Black Diamond, including Black Diamond's annual information form for the year ended December 31, 2020 is available on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS & 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 assessed 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. When applicable judgement is required when determining the use of the exemption that allows the recoverable amount calculated from the preceding year to be used in the current year based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation would not impact the margin from the preceding period.

Determination of a Cash Generating Unit ("CGU")

Management's judgment is required in determining the Company's CGUs for the impairment assessment of its property and equipment, goodwill and definite 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: MSS East, MSS West, MSS U.S., Camps & Lodging, Energy Services, and Australia.

Operating lease commitments – Company as lessor

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

Fair value measurement of financial instruments

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

Determination of control and significant influence

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

Income Taxes

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

Aggregation of interest in subsidiaries

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

Estimates and Assumptions

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

Since March 2020, the Company has seen macro-economic uncertainty as a result of the global COVID-19 pandemic. The outbreak and subsequent measures intended to limit the spread of the virus contributed to significant volatility in financial markets. Furthermore, recent global developments and uncertainty in oil supply have caused further abnormally large volatility in commodity markets. The outbreak presents uncertainty and risk with respect to the Company, its performance, and estimates and assumptions used by Management in the preparation of its financial results.

Revenue recognition

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

Impairment of non-financial assets

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

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

Asset Retirement Obligations

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

Additional estimates

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

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

Changes in Accounting Policies and Disclosure

Government Grants

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

In the first quarter of 2021, the Company qualified for the Canada Emergency Wage Subsidy ("CEWS"), a taxable government subsidy available to businesses affected by COVID-19 that meet certain criteria. In the second quarter of 2021, the Company did not qualify for the CEWS. In the first quarter of 2020, the Company did not qualify for the CEWS. In the second quarter of 2020, the Company qualify for the CEWS. Total subsidies received on YTD were $0.4 million (2020 - $1.3 million), and are reflected as a reduction of $0.2 million and $0.2 million (2020 - $0.5 million and $0.8 million) in direct costs and administrative expenses, respectively. There are no unfulfilled conditions or other contingencies attached to the government assistance that have been recognized in the interim financial statements.

Derivative Financial instruments

Derivative financial instruments may be used periodically by the Company to manage its exposure to risks relating to interest rates. When the Company utilizes derivative instruments in hedging relationships, the Company identifies, designates and documents those hedging transactions and regularly tests the transactions to demonstrate effectiveness in order to continue hedge accounting.

Derivatives used for cash flow hedging are derivative financial instruments measured at fair value and included in non-current assets or liabilities until expiry or unless management intends to dispose of the investment within 12 months of the Consolidated Statement of Financial Position date, in which case they are classified as current.

The instrument is remeasured to fair value at each reporting date. Hedge effectiveness is evaluated by assessing the critical terms of the hedging relationship at inception, at the end of each reporting date and upon a significant change in the circumstances affecting hedge effectiveness. The effective portion of changes in the fair value of derivatives that are designated and qualify as a cash flow hedge are recognized in other comprehensive income and in equity in accumulated other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the Consolidated Statement of Net Income. Changes in the fair value of a derivative designated in a cash flow hedge are recognized in the same line item as the underlying hedged item.