MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six month periods ended June 30, 2017 and 2016

BLACK DIAMOND GROUP

MANAGEMENT’S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") compares the financial performance of Black Diamond Group Limited ("Black Diamond", the "Company", "our" and "we") for the three months ended June 30, 2017 (the "Quarter") with the three months ended June 30, 2016 (the "Comparative Quarter") and the six months ended June 30, 2017 (the "YTD") with the six months ended June 30, 2016 (the "Prior YTD"). This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three and six month periods ended June 30, 2017 and 2016 and the audited consolidated financial statements of the Company for the years ended December 31, 2016 and 2015. The accompanying unaudited interim condensed consolidated financial statements of Black Diamond are prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A was prepared as of August 3, 2017 and, unless otherwise indicated, all amounts are stated in Canadian dollars. Black Diamond’s common shares are listed on the Toronto Stock Exchange under the symbol "BDI".

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

Certain information set forth in this MD&A contains forward-looking statements including the amount of funds that will be expended on the 2017 capital plan, how such capital will be expended, Adjusted EBITDA guidance, Management's assessment of Black Diamond's future operations and what may have an impact on them, financial performance, business prospects and opportunities, changing operating environment including increased activity levels, amount of revenue anticipated to be derived from current contracts, amendments to Black Diamond's debt instruments; economic life of the Company's assets, future growth and profitability of the Company and realization of the anticipated benefits of acquisitions. With respect to the forward-looking statements in the MD&A, Black Diamond has made assumptions regarding, among other things: future commodity prices, that Black Diamond will continue to conduct its operations in a manner consistent with past operations, that counter-parties to contracts will perform the contracts as written and that there will be no unforeseen material delays in contracted projects. Although Black Diamond believes that the expectations reflected in the forward-looking statements contained in this MD&A, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurances that such expectations or assumptions will prove to be correct. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of Black Diamond. These risks include, but are not limited to: the impact of general economic conditions, industry conditions, fluctuation of commodity prices, the Company's ability to attract new customers, failure of counterparties to perform on contracts, industry competition, availability of qualified personnel and management, timely and cost effective access to sufficient capital from internal and external sources, political conditions, dependence on suppliers and stock market volatility. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in Black Diamond’s annual information form for the year ended December 31, 2016 and other reports on file with the Canadian Securities Regulatory Authorities which can be accessed on SEDAR. Readers are cautioned not to place undue reliance on these forward-looking statements. Furthermore, the forward-looking statements contained in this MD&A are made as at the date of this MD&A and Black Diamond does not undertake any obligation to update or revise any of the forward-looking statements, except as may be required by applicable securities laws.

INVESTOR INFORMATION SERVICES

To subscribe to Black Diamond's investor news alerts please go to http://bit.ly/BDI-News

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Black Diamond's continued strategy to invest in high quality fleet in strong markets within the space rental platform resulted in meaningful increases in the BOXX Modular segment from the Comparative Quarter and from Q1 2017. Space rental fleet increased by 57% from the Comparative Quarter and utilization increased to 71% from 64% in the Comparative Quarter. Adjusted EBITDA (see "Non-GAAP Measures") for BOXX Modular represented 57% of consolidated Adjusted EBITDA for the Quarter. These investments further diversify the platform by scaling the non-resource business lines, broadening the geographic footprint, expanding the customer base, and increasing future cash flow stability for the business.

In Energy Services, management's decision to relocate assets from North Dakota to Texas resulted in an increase in utilization to 50% from 13% in the Comparative Quarter. Although the recovery in rental rates has been sluggish in Canada, utilization is higher, typically a leading indicator for activity that is expected to resonate through the entire energy complex. Activity levels for remote workforce accommodations in Western Canada remain low in the Quarter. While we are seeing the early signs of recovery in the Camps & Lodging segment, it is expected to be slower than originally forecasted.

In an effort to deliver an enhanced commercial model for profitability and long-term success, Black Diamond has initiated an internal restructuring of the organization. We will combine all of the Company's current operations that are focused on workforce accommodations and energy services under one integrated workforce solutions team, which is expected to produce a more competitive business. Leveraging the combined knowledge and skill set of our sales team and improving collaboration across our internal teams is expected to increase efficiencies and enhance the customer experience. Restructuring costs of $2.9 million related primarily to employee severance and fleet relocation costs were recognized in the Quarter. By improving the organization structure, Black Diamond expects to yield annualized cost savings of approximately $3.0 million and improve our operating results in future periods.

Management is confident that the strategies to focus, streamline and diversify the business will improve performance and position the Company for growth. However, based on the timing of the anticipated recovery in the Camps & Lodging business, management has lowered its expectation for Adjusted EBITDA in 2017 to be in the range of $25.0 million to $35.0 million. The Company has also increased its net capital spending plan to $13.0 million from $7.0 million to fund growth of its space rentals fleet in the US and Canadian markets outside of Alberta. This increased capital is to fund a number of additional opportunities, primarily for space rentals projects, with compelling returns and contract terms. The Company believes in the long-term fundamentals driving the demand for these kinds of projects with customer end markets in infrastructure, military and general construction.

Despite an extended period of challenging economic conditions in certain of Black Diamond’s end markets, the Company has been able to continue to invest in the space rentals fleet to further diversify the business, generate positive operating cash flow and reduce debt. Throughout this period, the Company has reduced its cost structure and remained in compliance with its lender covenants. To further improve long-term shareholder value, the Company’s board of directors has decided to suspend its dividend effective immediately. The increased liquidity resulting from all of these measures provides the Company with the flexibility to retain or reinvest cash in the business through further debt repayment, organic growth of fleet assets for which the Company is seeing increasing demand, potential business acquisitions and for potential share repurchases. This is expected to allow the Company to accelerate the growth of its business and to precipitate the strategy of diversifying the Company by geography and industry by focusing on the growth of the space rentals business.

The Company also announced that it has obtained approval of the Toronto Stock Exchange (the “TSX”) to commence a normal course issuer bid (the “NCIB”) with respect to its common shares (the “Common Shares”). The NCIB will commence on August 9, 2017 and will terminate on the earlier of August 8, 2018, the date on which the Company has purchased the maximum number of Common Shares permitted under the NCIB or date on which the NCIB is terminated.

Under the NCIB, the Company may, over a 12-month period commencing on August 9, 2017, purchase in the normal course through the facilities of the TSX, or alternative trading systems, if eligible, up to 4,930,526 Common Shares, such amount representing 10% of the public float of the Common Shares and approximately 8.9% of the 55,309,703 issued and outstanding Common Shares as at July 31, 2017. Furthermore, subject to certain exemptions for block purchases, the maximum number of Common Shares that the Company may acquire on any one trading day is 67,334 Common Shares, such amount representing 25% of the average daily trading volume of the Common Shares of 269,337 for the six calendar months prior to the start of the NCIB. All Common Shares purchased by the Company under the NCIB will be cancelled.

Black Diamond believes that, from time to time, the market price of the Common Shares may not fully reflect the underlying value of the Common Shares and that at such time the purchase of the Common Shares represents attractive investment value and would be in the best interests of Black Diamond and its shareholders.

The Company has engaged Raymond James Ltd. to act as broker and to administer the NCIB.

“We are pleased with the success the Company has had in its diversification strategy through organic and inorganic growth of our space rentals business.” said Trevor Haynes, President and CEO of Black Diamond. “This increases our revenue from non–resource customers and provides stability and growth for the business as we position to capitalize on a recovery in the resource sector.”

HIGHLIGHTS FOR THE QUARTER

- BOXX Modular asset utilization for the Quarter was 71%, an increase from 64% in the Comparative Quarter and space rental fleet increased by 57% from the Comparative Quarter due to increased activity outside of Alberta resulting in an 82% increase in revenue and a 68% increase in Adjusted EBITDA.

- Energy Services drilling accommodation utilization for the Quarter was 50%, an increase from 13% in the Comparative Quarter. The increase in utilization is due to an increase in drilling and completion activity in Canada and the U.S. and increased market share in the Permian Basin..

- Net Debt (see "Non-GAAP Measures") at June 30, 2017 was $114.3 million, down 18% or $24.7 million from $139.0 million as at June 30, 2016 due primarily to an equity raise in July 2016 and positive operating cash flows.

- At June 30, 2017, Net Debt to trailing twelve month Adjusted EBITDA (see "Non-GAAP Measures") was 3.36.

2017 Capital Plan

Based on increased market demand, the 2017 gross capital spending plan was revised to $23.0 million. This includes maintenance capital which is estimated to be $1.5 million for the year, but does not include any normal course fleet and other sales that are projected to be $10.0 million for fiscal 2017. On a net basis, the 2017 capital spending plan is focused predominantly within the BOXX Modular space rentals business in the US and the Pacific and East regions of Canada. The capital plan will generally be non-speculative and support our overarching strategy to diversify the Company's platform.

Capital expenditures for the Quarter were $1.8 million. For the YTD, capital expenditures were $6.8 million. Capital expenditures for the Quarter included maintenance capital of $0.3 million, down $0.1 million from the Comparative Quarter. Capital commitments were $6.1 million as at June 30, 2017. This is compared with capital expenditures of $1.7 million and capital commitments of $4.8 million in the Comparative Quarter.

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

Financial Review

- Revenue for the Quarter was $37.1 million, up 8% or $2.7 million from the Comparative Quarter primarily due to increased BOXX Modular fleet size and utilizations, partially offset by the impact of low commodity prices on utilization and pricing in Camps & Lodging.

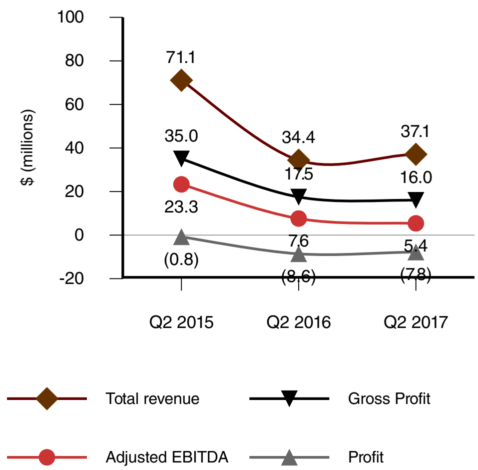
- Adjusted EBITDA (see "Non-GAAP Measures") for the Quarter was $5.4 million, down 29% or $2.2 million from the Comparative Quarter primarily due to a decrease in gross profit margin as a result of lower occupancy in Camps & Lodging partially offset by fleet growth and increases in utilization in BOXX Modular.

- Net loss for the Quarter was $7.8 million, compared with a net loss of $8.6 million in the Comparative Quarter. This resulted in a loss per share of $0.14, with a loss per share of $0.21 in the Comparative Quarter.

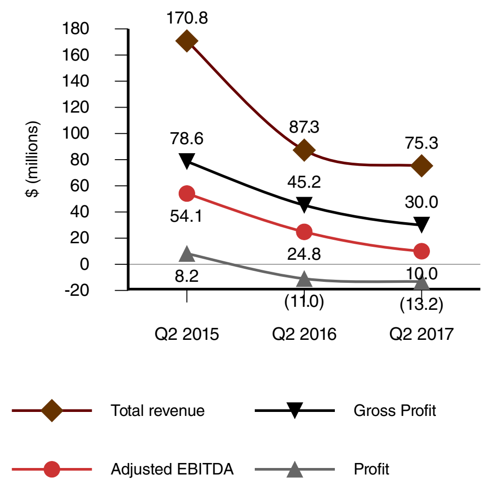
- Consolidated contracted future revenue at the end of the Quarter was $36.6 million, down 39% or $23.4 million from $60.0 million in the Comparative Quarter due to lower market activity.

- Administrative expenses for the Quarter were $10.7 million, up 8% or $0.8 million from the Comparative Quarter primarily due to an increase in occupancy costs related to acquisitions.

Three Months Ended June 30, Financial Highlights



Six Months Ended June 30, Financial Highlights



WHO WE ARE

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

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

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

BLACK DIAMOND'S STRATEGY

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

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

Asset Management

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

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

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

Integrated Revenue Model

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

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

Business Diversification

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

Capital Allocation

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

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

Health and Safety

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

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

Risk Management

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

ECONOMIC DEVELOPMENTS AND OUTLOOK

We are seeing improvements in the macroeconomic conditions in the markets in which we operate. We believe this is leading to longer term improvement and opportunity in all of our business units.

BOXX Modular continues to benefit from greater economic stability through its exposure to non-resource industries. Though BOXX Modular's Alberta operations continue to experience weakness related to the energy downturn, this weakness has been offset by performance in our other locations. The Company will continue to strategically relocate assets to markets outside Alberta in order to further diversify the platform. We are seeing healthy activity levels being driven by general construction and infrastructure spending, which we anticipate will support high utilization for the remainder of 2017 and into 2018.

Camps and Lodging continues to be impacted by the lack of field level activity by producers and capital project related construction. The large capital projects from producers which have been announced and approved are expected to impact field level activity once construction commences which isn't anticipated in the near-term. While some of these customers are announcing increased capital expenditure plans, it is unclear how and when this will impact Black Diamond's Camps & Lodging operations. Potential economic drivers include increased project capital spending, maintenance completion, and small diameter pipeline activity in key Canadian resource plays and non-energy related remote accommodation requirements across Canada.

Performance in our Energy Services division is highly correlated to rig activity. Strong drilling activity in the Permian Basin ("Permian"), combined with the continuity in the drilling and completions cycle in this basin, has supported the business decision to relocate underutilized US wellsite units to the area. Management has allocated fleet assets evenly across Colorado, North Dakota and Texas and we are seeing improved utilization and revenue levels in the US. Energy Services remains positioned to capture increased activity as rig counts continue to rise. In Canada, utilization of Energy Services assets is expected to continue to improve with increased drilling and completions activity in Western Canada in the second half of 2017.

Public and infrastructure spending in Australia has been supportive of asset utilization and future project opportunities in the International business unit. Strong demand in the education sector has resulted in high asset utilization in that category, which is expected to continue in the near-term. We believe we are seeing the start of increased development activity in the mining sector in Australia.

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

Energy

Oil Prices

The average spot price for West Texas Intermediate crude oil for the three months ended June 30, 2017 was $48.24 United States dollars ("USD$") per barrel ("bbl"), up 3% from the Comparative Quarter.

	For the three months ended June 30,			For the six months ended June 30,		
(USD$/bbl)	2017	2016	Change	2017	2016	Change
Cushing, OK West Texas Intermediate ("WTI")	$	$	%	$	$	%
Average WTI Spot Price	48.24	46.71	3%	50.00	40.06	25%

Source: US Energy Information Administration

Natural Gas Prices

For the three months ended June 30, 2017, the average NGX Alberta Market Price for Natural Gas was CA$2.64/ Gigajoule ("GJ"), up 103% from the Comparative Quarter.

	For the three months ended June 30,			For the six months ended June 30,		
(CA$/GJ)	2017	2016	Change	2017	2016	Change
NGX Alberta Market Price for Natural Gas	$	$	%	$	$	%
Average NGX Alberta Market Price	2.64	1.30	103%	2.68	1.64	63%

Source: NGX Alberta Market Price

Pipeline Projects

Kinder Morgan Trans Mountain Expansion Project

On November 29, 2016, the Government of Canada granted approval for the Trans Mountain Expansion Project. Earlier, on May 19, 2016, following a 29-month review, the NEB concluded the project is in the Canadian public interest and recommended the Federal Governor in Council approve the expansion. These approvals will allow the project to proceed with 157 conditions. Trans Mountain plans to begin construction in September 2017 and go into service in late 2019 with a projected capital cost of $7.4 billion. Total bed requirements are currently being evaluated for the project. On July 19, 2017, Kinder Morgan stated that construction is on schedule to commence in September 2017 and British Columbia's Attorney General said the NDP government will not artificially delay permits for the Trans Mountain Pipeline.
Source: Trans Mountain Expansion Project

Enbridge Line 3 Replacement Program

On November 29, 2016, the Government of Canada granted approval for the Line 3 Replacement Program. The proposed Line 3 Replacement Program involves replacement of 1,660 km of the existing Line 3 pipeline between Hardisty, AB and Superior, WI, along with construction of associated facilities. The anticipated in-service date for this project is 2019, pending U.S. regulatory approvals and the estimated capital cost is $7.5 billion. Total bed requirements are currently being evaluated for the project.
Source: Enbridge Line 3 Project

Liquefied Natural Gas ("LNG") Projects

Several oil and gas industry participants previously announced their intention to export LNG from the west coast of Canada. Of the more than 20 LNG export projects proposed for British Columbia, two major projects , Pacific Northwest ("PNW") LNG led by Petronas, and LNG Canada led by Shell, have been cancelled or indefinitely delayed.

Infrastructure Spending

In general, government spending on infrastructure and large projects can have a positive impact on rental asset utilization for Black Diamond's space rentals fleet assets.The information provided below is general in nature and should not be construed as guidance on what contracts, if any, will be awarded to Black Diamond.

Canadian Federal Budget

On November 1, 2016, the Fall Economic Statement committed an additional $81 billion in infrastructure investments, starting in 2017–18. On March 22, 2017, Budget 2017 was released and key infrastructure highlights included:

- $20.1 billion over 11 years through bilateral agreements with provinces and territories to build the new urban transit networks and service extensions.
- $21.9 billion will be invested over 11 years to support green infrastructure, including initiatives that will support the implementation of the Pan-Canadian Framework on Clean Growth and Climate Change.
- $11.2 billion in a range of initiatives designed to build, renew and repair Canada's stock of affordable housing, which includes $225 million to improve housing conditions for Indigenous Peoples not living on-reserve.

Mining

Mining activity can drive demand for all segments of our business. For the Quarter, the metals market price index was 135.6, up 17% from the Comparative Quarter. For the YTD, the metals market price index was 141.7, up 26% from the Prior YTD.

	For the three months ended June 30,			For the six months ended June 30,		
(2005=100, in terms of US dollars) Metals Market Price Index	2017	2016	Change %	2017	2016	Change %
Metals Market Price Index	135.6	115.6	17%	141.7	112.7	26%

Source: International Monetary Fund

Australia

GDP growth in Australia is projected to rise to 3% by 2018, along with a return to resource sector investment growth supported by increased household consumption and investment and rise in employment. Output growth is projected to strengthen to about 3% by 2018 as LNG production will boost exports and negative effects from shrinking mining investment will diminish.

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

Source: Australia Budget 2017-18

SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial and operating information that has been derived from, and should be read in conjunction with the unaudited condensed interim consolidated financial statements of Black Diamond for the three and six month periods ended June 30, 2017 and 2016.

	Three months ended June 30,			Six months ended June 30,		
(in millions, except as noted)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Financial Highlights	**$**	**$**		**$**	**$**	
Total revenue	37.1	34.4	8%	75.3	87.3	(14)%
Gross profit	16.0	17.5	(9)%	30.0	45.2	(34)%
Administrative expenses	10.7	9.9	8%	20.6	20.3	1%
Adjusted EBITDA (1)	5.4	7.6	(29)%	10.0	24.8	(60)%
Funds from Operations (1)	6.9	11.3	(39)%	21.0	30.3	(31)%
Per share ($)	0.13	0.28	(54)%	0.41	0.74	(45)%
Loss before taxes	(11.5)	(9.5)	21%	(19.5)	(11.0)	77%
Loss	(7.8)	(8.6)	(9)%	(13.2)	(11.0)	20%
Loss per share - Basic and diluted	(0.14)	(0.21)	(33)%	(0.26)	(0.27)	(4)%
Capital expenditures	1.8	1.7	6%	6.8	4.7	45%
Business acquisitions	—	—	n/a	42.0	—	n/a
Property & equipment (NBV)	451.1	511.9	(12)%	451.1	511.9	(12)%
Total assets	537.7	589.2	(9)%	537.7	589.2	(9)%
Long-term debt	118.4	145.3	(19)%	118.4	145.3	(19)%
Dividends declared	4.1	3.1	32%	7.8	8.2	(5)%
Per share ($)	0.08	0.08	—%	0.15	0.20	(25)%
Payout Ratio (1)	88%	37%	51	71%	32%	39

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

Margin Summary	Three months ended June 30,			Six months ended June 30,		
(Percent of revenue)	**2017**	**2016**	**Change (1)**	**2017**	**2016**	**Change (1)**
Gross profit	43%	51%	(8)	40%	52%	(12)
Administrative expenses	29%	29%	—	27%	23%	4
Adjusted EBITDA	14%	22%	(8)	13%	28%	(15)

(1) Percentage point basis.

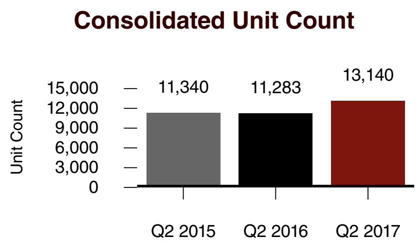
Seasonality of Operations

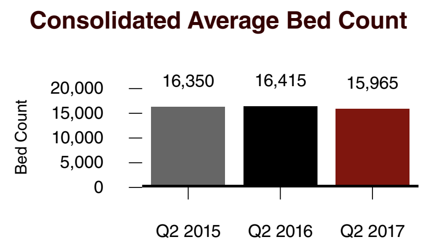
The Company's western Canadian operations, which form part or all of its BOXX Modular, Camps & Lodging and Energy Services business units, are exposed to a variable degree of seasonality. Drilling accommodations and surface rental assets of the Energy Services business unit have higher utilization rates during the fall and winter months when drilling activity is higher than during the spring and summer months. Similarly, operations levels at camps operated by the Camps & Lodging business unit are generally higher in the winter. Though the Camps & Lodging business unit has some exposure to the seasonality experienced in the western Canadian oil and natural gas drilling industry, seasonality is managed due to increased exposure to the oil sands and mining sectors, which can operate year round. In addition, Black Diamond actively pursues long-term rental contracts in all of its business units to neutralize the effect of seasonality on revenue.

CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet increased to 13,140 units at the end of the Quarter compared with 11,283 in the Comparative Quarter primarily due to fleet growth and business acquisitions in BOXX Modular. Consolidated unit count includes accommodation units, space rental units and surface rental units. Consolidated bed count in Black Diamond's global fleet decreased to 15,965 beds in the Quarter compared with 16,415 beds in the Comparative Quarter primarily due to used fleet sales in Camps & Lodging.





Fleet Utilization Rates

	Three months ended June 30,			Six months ended June 30,		
	2017	2016	Change (1)	2017	2016	Change (1)
BOXX Modular	71%	64%	7	68%	64%	4
Camps & Lodging	42%	50%	(8)	44%	51%	(7)
Energy Services:						
Drilling accommodation unit utilization	50%	13%	37	41%	22%	19
Surface rental unit utilization	16%	10%	6	18%	14%	4
International	51%	23%	28	52%	24%	28
Consolidated	52%	41%	11	51%	43%	8

(1) Percentage point basis.

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

Q2 2017 vs Q2 2016

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

Year to Date 2017 vs 2016

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

Revenue

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

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

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

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

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	2017	2016	Change	2017	2016	Change
Rental Revenue	15.8	13.7	15%	30.2	30.1	—%
Lodging Revenue	3.8	8.3	(54)%	7.9	31.6	(75)%
Non-Rental Revenue	17.5	12.4	41%	37.2	25.5	46%
Revenue	37.1	34.4	8%	75.3	87.3	(14)%

	Three months ended June 30,			Six months ended June 30,		
Percentage of consolidated revenue	2017	2016	Change (1)	2017	2016	Change (1)
Rental Revenue	43%	40%	3	40%	35%	5
Lodging Revenue	10%	24%	(14)	10%	36%	(26)
Non-Rental Revenue	47%	36%	11	50%	29%	21

(1) Percentage point basis.

Q2 2017 vs Q2 2016

Rental revenue for the Quarter was $15.8 million, up 15% or $2.1 million from the Comparative Quarter primarily due to a $2.3 million increase in BOXX Modular rental revenue and a $0.9 million increase in Energy Services rental revenue, partially offset by a $1.1 million decrease in Camps & Lodging rental revenue. Increased rate pressure, coupled with a decrease in fleet utilization rates, has lead to the reduction in revenue in Camps & Lodging.

Lodging revenue for the Quarter was $3.8 million, down 54% or $4.5 million from the Comparative Quarter due to a 41% decrease in lodging beds utilized, and a 23% decrease in lodging revenue per available room ("RevPAR") (see "Non-GAAP Measures") driven by lower occupancy due to current market conditions.

Non-rental revenue for the Quarter was $17.5 million, up 41% or $5.1 million from the Comparative Quarter primarily due to a $6.1 million increase in non-rental revenue in BOXX Modular, a $1.4 million increase in non-rental revenue in Energy Services, and a $0.9 million increase in non-rental revenue in International. This was partially offset by a $3.3 million decrease in non-rental revenue in Camps & Lodging mainly due to a decrease in used fleet sales.

Year to Date 2017 vs 2016

Rental revenue for the YTD was $30.2 million, up $0.1 million from the Prior YTD primarily due to a $2.4 million increase in BOXX Modular rental revenue, partially offset by a $1.8 million decrease in Camps & Lodging rental revenue and a $0.5 million decrease in Energy Services rental revenue. Increased rate pressure, coupled with a decrease in fleet utilization rates, has lead to the reduction in revenue in Camps & Lodging.

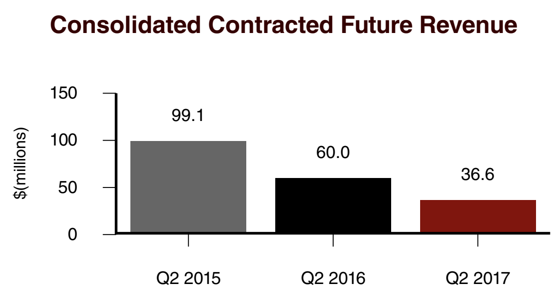
Lodging revenue for the YTD was $7.9 million, down 75% or $23.7 million from the Prior YTD due to a 38% decrease in lodging beds utilized, and a 59% decrease in lodging RevPAR driven by lower occupancy due to current market conditions.

Non-rental revenue for the YTD was $37.2 million, up 46% or $11.7 million from the Prior YTD primarily due to a $5.6 million increase in non-rental revenue in Camps & Lodging related to an asset sale and installation announced on December 16, 2016, a $2.8 million increase in non-rental revenue in BOXX Modular, a $2.2 million increase in non-rental revenue in Energy Services, and a $0.9 million increase in non-rental revenue in International.

Contracted Future Revenue

The contracted future revenue for rental and lodging in place at the end of the Quarter was $36.6 million, down 39% or $23.4 million from $60.0 million in the Comparative Quarter. The decline in contracted future revenue is directly attributable to the overall decline in the oil and gas sector of Western Canada, resulting in fewer new contracts being signed and a preference by our customers for shorter duration contracts in the current environment. This was partially offset by an increase in contracted future revenue in BOXX Modular due primarily to increased activity outside of Alberta.

.



Direct Costs and Gross Profit

($ millions, except as noted)	Three months ended June 30, 2017	2016	Change	Six months ended June 30, 2017	2016	Change
Direct costs	21.1	16.9	25%	45.4	42.1	8%
Gross profit	16.0	17.5	(9)%	30.0	45.2	(34)%

Percentage of Consolidated Revenue.	Three months ended June 30, 2017	2016	Change (1)	Six months ended June 30, 2017	2016	Change (1)
Direct costs	57%	49%	8	60%	48%	12
Gross profit	43%	51%	(8)	40%	52%	(12)

(1) Percentage point basis.

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

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

Q2 2017 vs Q2 2016

Gross profit for the Quarter was $16.0 million, down 9% or $1.5 million from the Comparative Quarter primarily due to a decrease in revenue and margin for the lodging revenue stream. This was largely offset by an increase in gross profit related to rental revenue in BOXX Modular and Energy Services and by an increase in gross margin on sales of used fleet in BOXX Modular. Lodging gross profit was lower mainly due to the lower rates in our open camps and due to fewer turn-key camps managed.

Direct costs for the Quarter were $21.1 million, up 25% or $4.2 million from the Comparative Quarter due to an increase in rental costs and costs related to used fleet sales, partially offset by lower business activity.

Year to Date 2017 vs 2016

Gross profit for the YTD was $30.0 million, down 34% or $15.2 million from the Prior YTD primarily due to a decrease in revenue and margin for the lodging revenue stream. Lodging activity is generally highest in the first quarter of the year, but in 2017 activity levels were significantly depressed due to the ongoing pressure of low commodity prices on our customers. As a result, there was lower occupancy in open camps and fewer turn-key camps managed in YTD. The decrease in lodging gross profit was partially offset by an increase in gross profit related to rental and non-rental gross profit in BOXX Modular and Energy Services.

Direct costs for the YTD were $45.4 million, up 8% or $3.3 million from the Prior YTD due to an increase in rental costs and costs related to used fleet sales, partially offset by lower business activity.

Administrative Expenses

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	2017	2016	Change	2017	2016	Change
Personnel costs	5.3	5.2	2%	10.4	11.2	(7)%
Other Administrative expenses	2.6	2.5	4%	4.2	4.9	(14)%
Occupancy and insurance	2.8	2.1	33%	5.3	4.2	26%
Acquisition costs	0.1	—	n/a	0.6	—	n/a
Total Administrative expenses	**10.7**	**9.9**	**8%**	**20.6**	**20.3**	**1%**
% of Consolidated Revenue	29%	29%		27%	23%	

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

Q2 2017 vs Q2 2016

Total administrative expenses for the Quarter were $10.7 million, up 8% or $0.8 million from the Comparative Quarter primarily due to an increase in occupancy costs. On a percentage of revenue basis administrative costs for the Quarter were 29%, unchanged from the Comparative Quarter.

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

- Personnel costs for the Quarter were $5.3 million, up 2% or $0.1 million from the Comparative Quarter primarily due to increases in personnel headcount related to new branches and acquisitions in BOXX Modular.
- Other administrative expenses for the Quarter were $2.6 million, consistent with the Comparative Quarter.
- Occupancy and insurance costs were $2.8 million, up 33% or $0.7 million from the Comparative Quarter primarily due to additional branches in BOXX Modular, higher property taxes and increased rent for head office space.

Year to Date 2017 vs 2016

Total administrative expenses for the YTD were $20.6 million, up 1% or $0.3 million from the Prior YTD primarily due to an increase in occupancy costs and acquisition costs, partially offset by a decrease in personnel costs and other administrative expenses. On a percentage of revenue basis administrative costs for the YTD were 27%, up by 4 percentage points from the Prior YTD increases in occupancy costs and administrative costs related to business acquisitions and new branches were higher.

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

- Personnel costs for the YTD were $10.4 million, down 7% or $0.8 million from the Prior YTD primarily due to reductions in personnel and compensation. Effective February 1, 2016, Black Diamond implemented a graduated salary rollback averaging approximately 10%. Personnel headcount reductions are partially offset by increases in personnel headcount related to new branches and acquisitions in BOXX Modular.
- Other administrative expenses for the YTD were $4.2 million, down 14% or $0.7 million from the Prior YTD due to bad debt recoveries in the first quarter.
- Occupancy and insurance costs increased for the YTD primarily due to additional branches in BOXX Modular, higher property taxes and increased rent on head office space.
- Acquisition costs incurred for the YTD relate to the business acquisitions completed in BOXX Modular.

Adjusted EBITDA

($ millions, except as noted)	Three months ended June 30,			Six months ended June 30,		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
Adjusted EBITDA [(1)]	5.4	7.6	(29)%	10.0	24.8	(60)%
% of Consolidated Revenue	14%	22%		13%	28%	

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

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

Q2 2017 vs Q2 2016

Adjusted EBITDA for the Quarter was $5.4 million, down 29% or $2.2 million from the Comparative Quarter due mainly to a decrease in gross profit margin. Adjusted EBITDA as a percentage of revenue for the Quarter was 8 percentage points lower than the Comparative Quarter due to the decrease in gross profit margin.

Year to Date 2017 vs 2016

Adjusted EBITDA for the YTD was $10.0 million, down 60% or $14.8 million from the Prior YTD due to a decrease in revenue and gross profit margin. Adjusted EBITDA as a percentage of revenue for the YTD was 15 percentage points lower than the Prior YTD due to the decrease in gross margin percentage and administrative expenses not decreasing proportionately with revenue.

Depreciation and Amortization

($ millions, except as noted)	Three months ended June 30,			Six months ended June 30,		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
Depreciation and amortization	11.7	13.1	(11)%	23.6	26.3	(10)%
% of Property and equipment	3%	3%		5%	5%	

Q2 2017 vs Q2 2016

Depreciation and amortization for the Quarter was $11.7 million, down 11% or $1.4 million from the Comparative Quarter primarily due to lower net book value of equipment for the Quarter.

Year to Date 2017 vs 2016

Depreciation and amortization for the YTD was $23.6 million, down 10% or $2.7 million from the Prior YTD primarily due to lower net book value of equipment for the Quarter.

Finance Costs

($ millions, except as noted)	Three months ended June 30,			Six months ended June 30,		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
Finance costs	1.7	1.6	6%	4.0	3.5	14%
Long-term debt	118.4	145.3	(19)%	118.4	145.3	(19)%
Average interest rate	4.91%	4.00%	23%	4.70%	3.97%	18%

Q2 2017 vs Q2 2016

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

Year to Date 2017 vs 2016

Finance costs for the YTD were $4.0 million, up 14% or $0.5 million from the Prior YTD primarily due to costs related to restructuring the lending agreements in the previous quarter.

Income Tax

($ millions, except as noted)	Three months ended June 30, 2017	2016	Change	Six months ended June 30, 2017	2016	Change
Current tax	(2.2)	(0.8)	175%	(4.5)	(0.5)	800%
Deferred tax	(1.2)	—	n/a	(1.2)	(0.3)	300%
Total tax	(3.4)	(0.8)	325%	(5.7)	(0.8)	613%

Q2 2017 vs Q2 2016

For the Quarter, Black Diamond recognized a current income tax recovery of $2.2 million, up 175% or $1.4 million from the Comparative Quarter. The Company also recognized a deferred income tax recovery of $1.2 million, a change of $1.2 million from the Comparative Quarter. The increase in the tax recovery in the Quarter is reflective of increased losses. The tax provisions have been calculated at the enacted tax rate of 27% in Canada and 40% in the United States.

Year to Date 2017 vs 2016

For the YTD, Black Diamond recognized a current income tax recovery of $4.5 million, up 800% or $4.0 million from the Prior YTD. The Company also recognized a deferred income tax recovery of $1.2 million, up 300% or $0.9 million from the Prior YTD. The increase in the tax recovery YTD is reflective of increased losses. The tax provisions have been calculated at the enacted tax rate of 27% in Canada and 40% in the United States.

Non-Controlling Interest

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

($ millions, except as noted)	Three months ended June 30, 2017	2016	Change	Six months ended June 30, 2017	2016	Change
Non-controlling interest	(0.3)	(0.1)	(200)%	(0.6)	0.8	(175)%

Q2 2017 vs Q2 2016

The NCI for the Quarter was $(0.3) million, down 200% or $0.2 million from the Comparative Quarter due to decreased rental and ancillary revenues earned through the limited partnerships. This is driven by lower utilization as a result of lower commodity prices.

Year to Date 2017 vs 2016

The NCI for the YTD was $(0.6) million, down 175% or $1.4 million from the Prior YTD due to decreased rental and ancillary revenues earned through the limited partnerships. This is driven by lower utilization as a result of lower commodity prices.

Net Loss

($ millions, except as noted)	Three months ended June 30, 2017	2016	Change	Six months ended June 30, 2017	2016	Change
Net loss	(7.8)	(8.6)	(9)%	(13.2)	(11.0)	20%

Q2 2017 vs Q2 2016

Net loss for the Quarter was $7.8 million, down 9% or $0.8 million from the Comparative Quarter primarily due to lower operating income described in the sections above, offset by the increase in tax recoveries.

Year to Date 2017 vs 2016

Net loss for the YTD was $13.2 million, up 20% or $2.2 million from the Prior YTD primarily due to the lower operating income described in the sections above, partially offset by the increase in tax recoveries.

SEGMENTED REVIEW OF FINANCIAL PERFORMANCE

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

The following is a summary of the Company's segmented results for the three and six month periods ended June 30, 2017 and 2016, detailing revenues and Adjusted EBITDA by each of the Company's business units.

Segmented Revenue

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

	Three months ended June 30,			Six months ended June 30,		
(in millions, except where noted)	2017	2016	Change	2017	2016	Change
	$	$	%	$	$	%
Revenue						
BOXX Modular	18.7	10.3	82 %	28.8	23.6	22 %
Camps & Lodging	11.3	19.8	(43)%	32.6	51.9	(37)%
Energy Services	5.0	2.7	85 %	10.0	8.2	22 %
International	2.0	1.2	67 %	3.5	2.7	30 %
Corporate and Other	0.2	0.5	(60)%	0.4	0.9	(56)%
Total Revenue	37.1	34.4	8 %	75.3	87.3	(14)%

Segmented Adjusted EBITDA

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

	Three months ended June 30,			Six months ended June 30,		
(in millions, except where noted)	2017	2016	Change	2017	2016	Change
	$	$	%	$	$	%
Adjusted EBITDA (1)						
BOXX Modular	5.7	3.4	68 %	8.0	6.9	16 %
Camps & Lodging	3.5	8.1	(57)%	9.8	24.6	(60)%
Energy Services	0.6	(0.3)	300 %	0.6	0.8	(25)%
International	0.2	(0.1)	300 %	0.2	(0.1)	300 %
Corporate and Other	(4.6)	(3.5)	(31)%	(8.6)	(7.4)	(16)%
Total Adjusted EBITDA	5.4	7.6	(29)%	10.0	24.8	(60)%

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

BOXX MODULAR BUSINESS UNIT

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

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

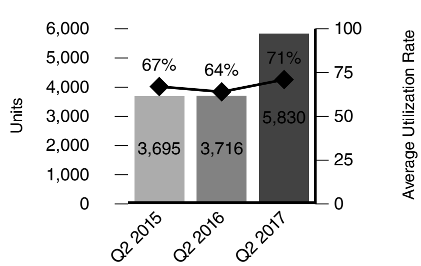
Space Rental Assets and Average Utilization

The space rental fleet consisted of 5,830 units as at June 30, 2017, up 57% from 3,716 units as at June 30, 2016 primarily due to expansion of the platform through acquisitions and fleet purchases in strong markets outside of Alberta.

	Three months ended June 30,			Six months ended June 30,		
BOXX Modular Assets and Utilizations	2017	2016	Change	2017	2016	Change
Property and Equipment Net Book Value ($ millions)	150.7	115.2	31%	150.7	115.2	31%
Space rental assets	5,830	3,716	57%	5,830	3,716	57%
Average utilization (1)	71%	64%	7	68%	64%	4

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

Space Rental Assets and Average Utilization



Q2 2017 vs Q2 2016

BOXX Modular asset utilization for the Quarter was 71%, a 7 percentage point increase from 64% in the Comparative Quarter mainly due to increased activity outside of Alberta.

Year to Date 2017 vs 2016

BOXX Modular asset utilization for the YTD was 68%, a 4 percentage point increase from 64% in the Prior YTD mainly due to growth in the overall fleet size in markets outside of Alberta.

Financial Highlights

Rental revenue for BOXX Modular is directly proportional to the number of rental fleet units, the utilization rate of the fleet and the realized rental rate. Rental rates will vary between projects due to the complexity of the fleet unit types available, carry-on options included, rental configuration, rental quantity, project location and contract duration. This will lead to variation between periods.

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

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Rental revenue	8.0	5.7	40%	14.3	11.9	20%
Non-rental revenue	10.7	4.6	133%	14.5	11.7	24%
Total revenue	18.7	10.3	82%	28.8	23.6	22%
Adjusted EBITDA	5.7	3.4	68%	8.0	6.9	16%
Adjusted EBITDA as a % of revenue	30%	33%	(3)	28%	29%	(1)

Q2 2017 vs Q2 2016

The BOXX Modular business unit's total revenue for the Quarter was $18.7 million, up 82% or $8.4 million from the Comparative Quarter. Quarter-over-quarter differences are reviewed in the breakdown of revenue into its various components below:

- Rental revenue for the Quarter was $8.0 million, up 40% or $2.3 million from the Comparative Quarter. Rental revenue substantially increased due to growth in the overall number of units in the fleet in strong markets outside of Alberta as well as an increase in utilization, slightly offset by weaker rates and utilization within Alberta.
- Non-rental revenue for the Quarter was $10.7 million, up 133% or $6.1 million from the Comparative Quarter mainly due to an increase in operations and new and used sales revenue from strategically expanding into strong markets within Canada and the US.

Adjusted EBITDA for the Quarter was $5.7 million, up 68% or $2.3 million from the Comparative Quarter primarily due to higher rental revenue as a result of increases in fleet size and utilization combined with higher non-rental revenue in markets outside of Alberta, offset by lower revenue in Alberta.

Adjusted EBITDA as a percentage of revenue was 30% compared to 33% in the Comparative Quarter due to a decreased proportion of rental revenue relative to non-rental revenue.

Year to Date 2017 vs 2016

The BOXX Modular business unit's total revenue for the YTD was $28.8 million, up 22% or $5.2 million from the Prior YTD. Year-over-year differences are reviewed in the breakdown of revenue into its various components below:

- Rental revenue for the YTD was $14.3 million, up 20% or $2.4 million from the Prior YTD. Rental revenue increased due to expansion of the platform as well as an increase in utilization, offset by weaker rates and utilization in Alberta.
- Non-rental revenue for the YTD was $14.5 million, up 24% or $2.8 million from the Prior YTD mainly due to an increase in operations and new and used sales revenue.

Adjusted EBITDA for the YTD was $8.0 million, up 16% or $1.1 million from the Prior YTD primarily due to an increase in rental revenue for the YTD mainly as a result of increases in fleet size and utilization combined with higher non-rental revenue in markets outside of Alberta.

Adjusted EBITDA as a percentage of revenue was 28% compared to 29% in the Prior YTD due to an increase in the annual expense for US property tax as well as additional cost incurred to redeploy idle assets and pursue branch expansion.

Return on Assets

	Three months ended June 30,			Six months ended June 30,		
	2017	2016	Change (2)	2017	2016	Change (2)
Return on assets (1)	10%	8%	2	8%	8%	—

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

BOXX Modular's return on assets was 10% in the Quarter, up 2 percentage point from the Comparative Quarter due to a 68% increase in Adjusted EBITDA.

BOXX Modular's return on assets was 8% YTD, unchanged from the Prior YTD.

Contracted Future Revenue

Contracted rental revenue commitments in place were $15.8 million as at June 30, 2017, up 6% or $0.9 million from $14.9 million as at June 30, 2016. The remaining weighted average rental contract term outstanding as at June 30, 2017 was approximately eight months compared with ten months as at June 30, 2016. Contracted rental revenue commitments for the Quarter are up $3.5 million from December 31, 2016 due primarily to Canadian acquisitions.

CAMPS & LODGING BUSINESS UNIT

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

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

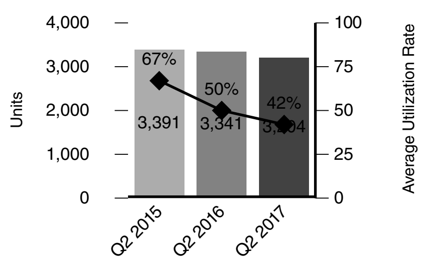
Lodging services provide camps with proven on-site management of catering, housekeeping, front desk services as well as fresh water and waste water management, electricity, television, telephone, internet and the provision of consumables such as fuel.

Accommodation Assets and Average Utilization

	Three months ended June 30,			Six months ended June 30,		
Accommodation Assets and Utilization	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Property and Equipment Net Book Value ($ millions)	204.8	236.5	(13)%	204.8	236.5	(13)%
Accommodation units	3,204	3,341	(4)%	3,204	3,341	(4)%
Average asset utilization (1)	42%	50%	(8)	44%	51%	(7)
Average accommodation bed count	12,445	12,865	(3)%	12,609	12,888	(2)%

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

Workforce Accommodation Assets and Average Utilization



Q2 2017 vs Q2 2016

Black Diamond's Camps & Lodging fleet consisted of 3,204 workforce accommodation units as at June 30, 2017, down 4% from 3,341 units as at June 30, 2016 due to sales of used fleet. Workforce accommodation average asset utilization for the Quarter was 42%, a 8 percentage point decrease from 50% in the Comparative Quarter. The decline is due to sales of used fleet which were on rent and the continued impact of low commodity prices on our customers' activities. As noted below, the average asset utilization metric does not factor in the occupancy at our open camp lodges unless the lodges are temporarily or permanently closed. Occupancy levels at open camps when comparing to the Comparative Quarter are reported as a component of RevPAR.

Year to Date 2017 vs 2016

Workforce accommodation asset utilization for the YTD was 44%, a 7 percentage point decrease from 51% in the Prior YTD due to the low level of activity in the energy sector.

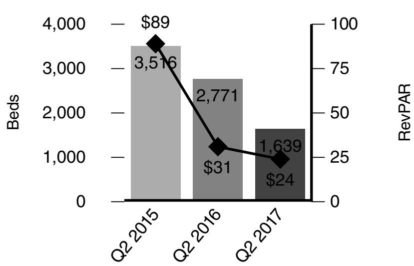
Beds Under Management and Rates

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

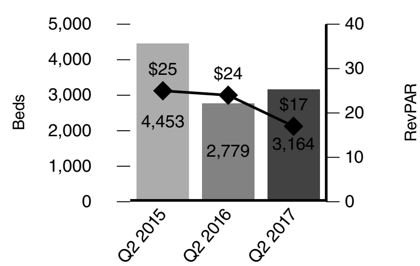
- **Lodging beds** - Full service beds that include lodging services under a man-day or cost-plus model. Man-day beds have variable margins and generally earn the highest RevPAR to reflect their higher risk profile. Cost-plus beds earn a fixed margin in a lower risk arrangement and have a corresponding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

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

Lodging Beds Utilized and RevPAR



Rental Beds Utilized and RevPAR



	Three months ended June 30,			Six months ended June 30,		
Average Beds Utilized	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Lodging beds	1,639	2,771	(41)%	1,868	2,994	(38)%
Rental beds	3,164	2,779	14%	3,146	2,823	11%
Total Beds Utilized (1)	4,803	5,550	(13)%	5,014	5,817	(14)%

(1) Average beds utilized are the average beds that were deployed and available for occupancy during the period. Please note that this differs from average asset utilization as defined above.

	Three months ended June 30,			Six months ended June 30,		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
RevPAR (1) ($)						
Lodging beds	24	31	(23)%	23	56	(59)%
Rental beds	17	24	(29)%	18	23	(22)%

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

Q2 2017 vs Q2 2016

Average beds utilized for the Quarter was 4,803, down 13% from 5,550 in the Comparative Quarter due to fewer beds managed as our customers are still being impacted by low commodity prices. This is offset by an increase in utilization of rental beds for customers outside the oil and gas industry.

Lodging bed RevPAR for the Quarter was $24, down 23% or $7 from the Comparative Quarter due to significantly lower occupancy. Occupancy is down due to the low level of activity in the energy sector. Rental RevPAR for the Quarter was $17, down 29% or $7 from the Comparative Quarter due to lower rates.

Year to Date 2017 vs 2016

Average beds utilized for the YTD was 5,014, down 14% from 5,817 in the Prior YTD due to the factors noted above.

Lodging bed RevPAR for the YTD was $23, down 59% or $33 from the Prior YTD due to significantly lower occupancy levels. Occupancy is down due to the low level of activity in the energy sector. Rental RevPAR for the YTD was $18, down 22% or $5 from the Prior YTD due to lower rates.

Financial Highlights

Camps & Lodging has three revenue streams:

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

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

($ millions, except as noted)	Three months ended June 30,			Six months ended June 30,		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
Lodging Revenue	3.6	7.8	(54)%	7.7	30.7	(75)%
Rental Revenue	4.9	6.0	(18)%	10.0	11.8	(15)%
Non-Rental Revenue	2.7	6.0	(55)%	15.0	9.4	60%
Total Revenue	11.3	19.8	(43)%	32.6	51.9	(37)%
Adjusted EBITDA	3.5	8.1	(57)%	9.8	24.6	(60)%
Adjusted EBITDA as a % of revenue	31%	41%	(10)	30%	47%	(17)

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

Q2 2017 vs Q2 2016

The Camps & Lodging business unit's total revenue for the Quarter was $11.3 million, down 43% or $8.5 million from the Comparative Quarter. Quarter-over-quarter differences are reviewed in the breakdown of revenue into its various components below:

- Lodging revenue from man-day and cost-plus beds during the Quarter was $3.6 million, down 54% or $4.2 million from the Comparative Quarter due to a 41% decrease in lodging beds utilized, and a 23% decrease in RevPAR as a result of lower rates.
- Rental revenue during the Quarter was $4.9 million, down 18% or $1.1 million from the Comparative Quarter due to a decrease in rates, partially offset by a 14% increase in rental beds utilized; and

- Non-rental revenue for the Quarter was $2.7 million, down 55% or $3.3 million from the Comparative Quarter mainly due to a decrease in revenue from used fleet sales.

Adjusted EBITDA for the Quarter was $3.5 million, down 57% or $4.6 million from the Comparative Quarter primarily due to the significant decrease in lodging revenue for the reasons noted above. Adjusted EBITDA as a percentage of revenue was 31% compared with 41% in the Comparative Quarter.

Year to Date 2017 vs 2016

The Camps & Lodging business unit's total revenue for the YTD was $32.6 million, down 37% or $19.3 million from the Prior YTD. Year-over-year differences are reviewed in the breakdown of revenue into its various components below:

- Lodging revenue from man-day and cost-plus beds for the YTD was $7.7 million, down 75% or $23.0 million from the Prior YTD due to a 38% decrease in lodging beds utilized, and a decrease in rates on contract renewals.
- Rental revenue for the YTD was $10.0 million, down 15% or $1.8 million from the Prior YTD due to a reduction in rates, partially offset by a 11% increase in rental beds utilized outside the energy sector of Alberta; and
- Non-rental revenue for the YTD was $15.0 million, up 60% or $5.6 million from the Prior YTD due to a used fleet sale and associated installation recorded in the first quarter.

Adjusted EBITDA for the YTD was $9.8 million, down 60% or $14.8 million from the Prior YTD primarily due to the significant decrease lodging revenue and lower rental revenue. Adjusted EBITDA as a percentage of revenue was 30% compared with 47% in the Prior YTD.

Return on Assets

	Three months ended June 30,			Six months ended June 30,		
	2017	2016	Change (2)	2017	2016	Change (2)
Return on assets (1)	4%	8%	(4)	5%	12%	(7)

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

Camps & Lodging's return on assets was 4% in the Quarter, down 4 percentage points from the Comparative Quarter due to a 57% decrease in Adjusted EBITDA.

Camps & Lodging's return on assets was 5% for the YTD, down 7 percentage points from the Prior YTD due to a 60% decrease in Adjusted EBITDA.

Contracted Future Revenue

Contracted rental revenue commitments in place were $13.5 million as at June 30, 2017, down 63% or $22.5 million from $36.0 million as at June 30, 2016. The weighted average rental contract term outstanding as at June 30, 2017 was approximately six months compared with eleven months as at June 30, 2016. The decline in contracted future revenue is directly attributable to the overall decline in the oil and gas sector of Western Canada, resulting in fewer new contracts being signed and a preference by our customers for shorter duration contracts in the current environment.

ENERGY SERVICES BUSINESS UNIT

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

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

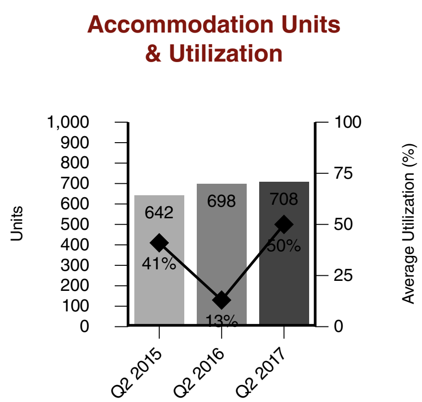
The business unit also sells used accommodations and surface rental units and provides complete installation, delivery, maintenance and catering services and defines this as non-rental revenue.

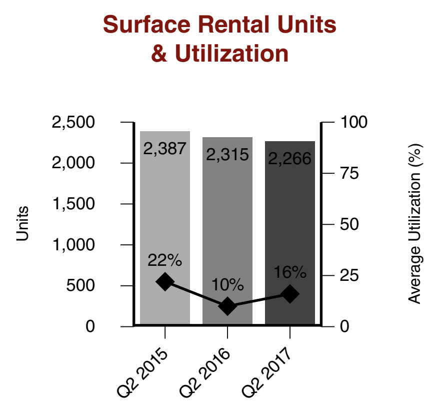
Assets and Average Utilization

The Energy Services drilling accommodation fleet consisted of 708 units as at June 30, 2017, up 1% or 10 units from 698 units as at June 30, 2016. This increase is largely due to the receipt of accommodation units as settlement of accounts receivable in the prior quarter. The surface rental fleet consisted of 2,266 units as at June 30, 2017, down 2% or 49 units from 2,315 units as at June 30, 2016.

	Three months ended June 30,			Six months ended June 30,		
	2017	2016	Change	2017	2016	Change
Property and Equipment Net Book Value ($ millions)	63.1	100.1	(37)%	63.1	100.1	(37)%
Accommodation units	708	698	1%	708	698	1%
Average bedcount	1,800	1,774	1%	1,794	1,776	1%
Average utilization (1)	50%	13%	37	41%	22%	19
Surface rental units	2,266	2,315	(2)%	2,266	2,315	(2)%
Average utilization (1)	16%	10%	6	18%	14%	4

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





Q2 2017 vs Q2 2016

Drilling accommodation utilization for the Quarter was 50%, an increase of 37 percentage points from 13% in the Comparative Quarter. Surface rental utilization for the Quarter was 16%, an increase of 6 percentage points from 10% in the Comparative Quarter. These increases in utilization are due to an increase in drilling and completion activity in Western Canada and the Midwest and Western United States. The increase in drilling and completions activity is due to the increase in rig count.

The average weekly rig count in the Western Canadian Sedimentary Basin for the Quarter was 117, up 134% or 67 rigs from 50 in the Comparative Quarter. The average weekly rig count in North Dakota and Colorado for the Quarter was 78, up 86% or 36 rigs from 42 in the Comparative Quarter. The average weekly rig count in Texas and New Mexico for the Quarter was 504, up 147% or 300 rigs from 204 in the Comparative Quarter. The Permian accounts for approximately 70% of the rigs operating in Texas and New Mexico, and is where the Company relocated assets from Colorado and North Dakota in 2017. Weekly rig activity data is based on Baker Hughes' North American Rotary Rig Count.

Year to Date 2017 vs 2016

Drilling accommodation utilization for the YTD was 41%, an increase of 19 percentage points from 22% in the Prior YTD. Surface rental utilization for the YTD was 18%, an increase of 4% percentage points from 14% in the Prior YTD. These increases in utilization are due to an increase in drilling and completion activity in Western Canada and the Midwest and Western United States. The increase in drilling and completions activity is due to the increase in rig count.

Financial Highlights

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	2017	2016	Change	2017	2016	Change
Rental revenue						
Accommodation revenue (wellsite and drill camps)	1.6	0.8	100%	3.2	2.7	19%
Surface rental revenue	0.4	0.3	33%	0.9	1.9	(53)%
Total rental revenue	2.0	1.1	82%	4.1	4.6	(11)%
Non-rental revenue	3.0	1.6	88%	5.9	3.7	59%
Total revenue	5.0	2.7	85%	10.0	8.2	22%
Adjusted EBITDA	0.6	(0.3)	(300)%	0.6	0.8	(25)%
Adjusted EBITDA as a % of revenue	12%	(11)%	23	6%	10%	(4)

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

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

Q2 2017 vs Q2 2016

Rental revenue for the Quarter was $2.0 million, up 82% or $0.9 million from the Comparative Quarter due to an increase in drilling and completion activity resulting in an increase in average utilization for accommodation units and surface rental units.

Non-rental revenue for the Quarter was $3.0 million , up 88% or $1.4 million from the Comparative Quarter primarily due to an increase in drilling and completion activity resulting in overall higher catering activity on the associated rentals.

Adjusted EBITDA for the Quarter was $0.6 million, up 300% or $0.9 million from the Comparative Quarter and Adjusted EBITDA as a percentage of revenue was 12% for the Quarter compared with 11% in the Comparative Quarter. These increases are on account of an 85% increase in total revenue which resulted in higher gross profit and Adjusted EBITDA.

Year to Date 2017 vs 2016

Rental revenue for the YTD was $4.1 million, down 11% or $0.5 million from the Prior YTD primarily due to a decrease in surface rental revenue as a result of contract termination fees received in the Prior YTD, partially offset by an increase in accommodation revenue due to an increase in drilling and completion activity resulting in an increase in average utilization for accommodation units.

Non-rental revenue for the YTD was $5.9 million , up 59% or $2.2 million from the Prior YTD primarily due to an increase in drilling and completion activity resulting in overall higher catering activity on the associated rentals.

Adjusted EBITDA for the YTD was 0.6 million, down 25% or $0.2 million from the Prior YTD and Adjusted EBITDA as a percentage of revenue was 6% for the YTD compared with 10% in the Prior YTD. These decreases are primarily a result of contract termination fees received in the Prior YTD, combined with an additional cost of $0.7 million incurred in the first quarter of 2017 to relocate assets from Colorado and North Dakota to new areas of operations in the Permian.

Return on Assets

	Three months ended June 30,			Six months ended June 30,		
	2017	2016	Change (2)	2017	2016	Change (2)
Return on assets (1)	2%	(1)%	3	1%	1%	—

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

Energy Service's return on assets was 2% in the Quarter, up 3 percentage points from the Comparative Quarter due to the increase in Adjusted EBITDA.

Energy Service's return on assets was 1% YTD, unchanged from the Prior YTD.

Contracted Future Revenue

Contracted rental revenue commitments in place as at June 30, 2017 were $0.5 million, down 67% or $1.0 million from $1.5 million as at June 30, 2016. The remaining weighted average rental contract term outstanding as at June 30, 2017 was approximately 0.3 months compared with three months as at June 30, 2016.

INTERNATIONAL BUSINESS UNIT

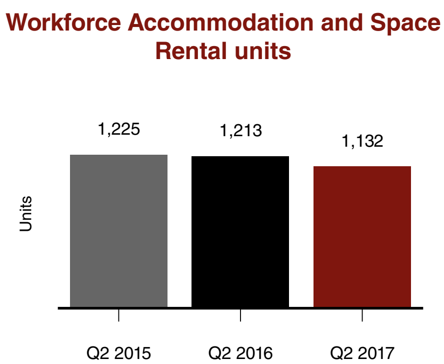
The International business unit rents and sells remote workforce housing and modular space rental solutions outside of North America. The primary geography for this business unit is Australia. Rental fleet assets are similar to those the Company operates in North America and are well positioned in New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

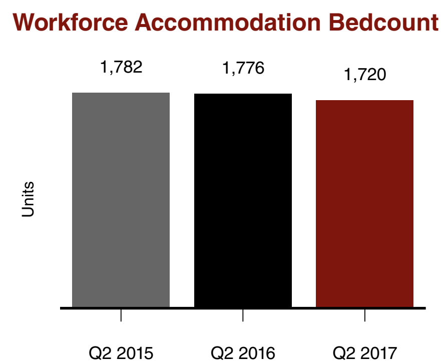
Assets and Average Utilization

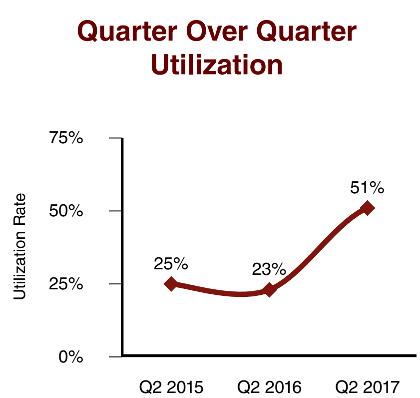
Average utilization has increased significantly due mainly to the allocation of the 2016 impairment write-down. The assets written-down were primarily under-utilized workforce housing assets.

	Three months ended June 30,			Six months ended June 30,		
	2017	2016	Change	2017	2016	Change
Property and Equipment Net Book Value ($ millions) (1)	14.2	34.6	(59)%	14.2	34.6	(59)%
Workforce accommodation and space rental units	1,132	1,213	(7)%	1,132	1,213	(7)%
Average utilization (2)	51%	23%	28	52%	24%	28
Workforce accommodation bedcount	1,720	1,776	(3)%	1,747	1,776	(2)%

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







Financial Highlights

($ millions, except as noted)	Three months ended June 30, 2017	2016	Change	Six months ended June 30, 2017	2016	Change
Rental revenue	0.9	0.9	—%	1.8	1.9	(5)%
Non-rental revenue	1.1	0.3	267%	1.7	0.8	113%
Total revenue	2.0	1.2	67%	3.5	2.7	30%
Adjusted EBITDA	0.2	(0.1)	300%	0.2	(0.1)	300%
Adjusted EBITDA as a % of revenue	10%	(8)%	18	6%	(4)%	10

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

Following the reduction in demand from the mining and oil & gas sectors, where the business has experienced reduced asset utilization and downward pressure on pricing, the business has increased its exposure to the education and space rental sectors in the eastern states of New South Wales and Queensland.

Q2 2017 vs Q2 2016

Revenue for the Quarter was $2.0 million, up 67% or $0.8 million from the Comparative Quarter due to an increase in used fleet sales.

Adjusted EBITDA for the Quarter was $0.2 million, up 300% or $0.3 million from the Comparative Quarter due to an increase in profitable used fleet sales partially offset by an increase in repairs and maintenance on rental fleet.

Year to Date 2017 vs 2016

Revenue for the YTD was $3.5 million, up 30% or $0.8 million from the Prior YTD for the reasons noted above.

Adjusted EBITDA for the YTD was $0.2 million, up 300% or $0.3 million from the Prior YTD for the reasons noted above.

Return on Assets

	Three months ended June 30, 2017	2016	Change (2)	Six months ended June 30, 2017	2016	Change (2)
Return on assets (1)	1%	(1)%	2	1%	(1)%	2

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

International's return on assets in the Quarter was 1%, up 2 percentage points from the Comparative Quarter due to an increase in Adjusted EBITDA and lower property and equipment net book value due to the impairment recognized in 2016.

International's return on assets in the Quarter was 1%, up 2 percentage points from the Prior YTD due to an increase in Adjusted EBITDA and lower property and equipment net book value due to the impairment recognized in 2016.

Contracted Future Revenue

Contracted rental revenue commitments in place were $6.8 million as at June 30, 2017, down 11% or $0.8 million from $7.6 million as at June 30, 2016. The remaining weighted average rental contract term outstanding as at June 30, 2017 was approximately twenty-six months, compared to twenty-five months as at June 30, 2016.

CORPORATE AND OTHER BUSINESS UNIT

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

	Three months ended June 30,			Six months ended June 30,		
($ millions, except as noted)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Property and Equipment Net Book Value	18.2	25.4	(28)%	18.2	25.4	(28)%
Adjusted EBITDA	(4.6)	(3.5)	(31)%	(8.6)	(7.4)	(16)%

Q2 2017 vs Q2 2016

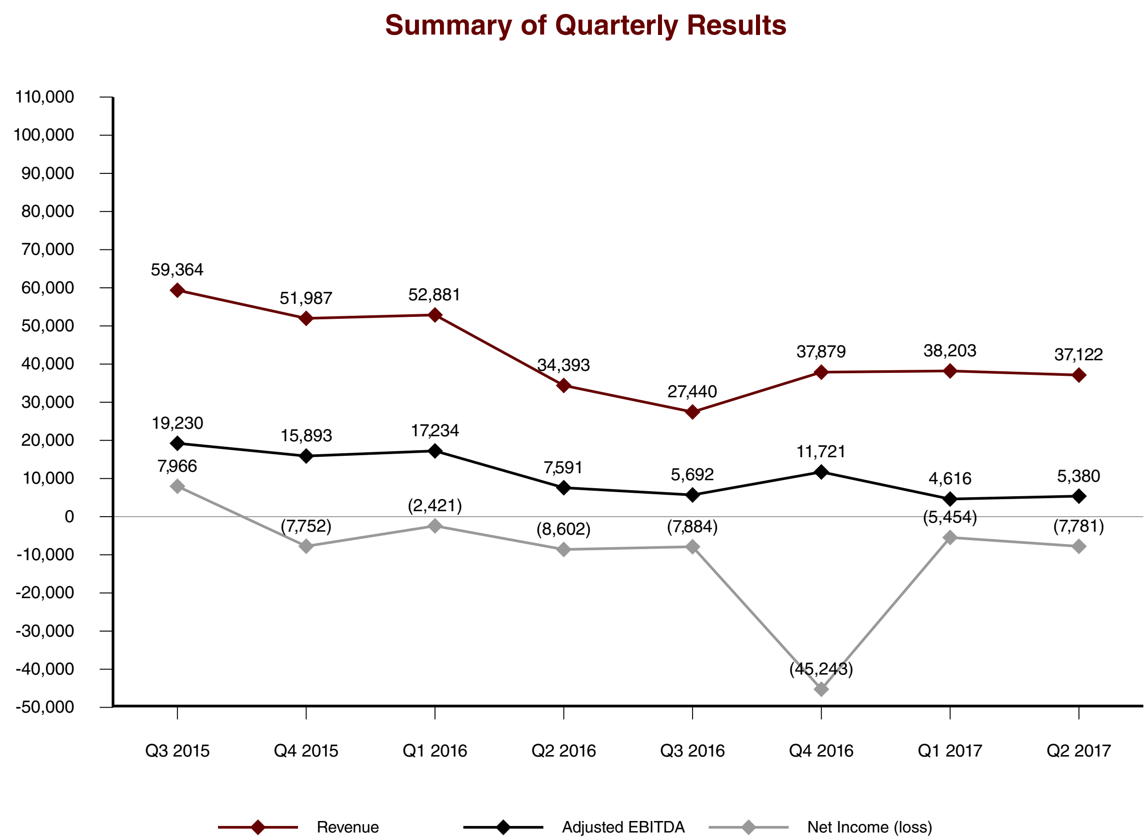
Adjusted EBITDA for the Quarter was $(4.6) million, down 31% or $1.1 million from $(3.5) million in the Comparative Quarter primarily due to an increase in occupancy costs.

Year to Date 2017 vs 2016

Adjusted EBITDA for the YTD was $(8.6) million, down 16% or $1.2 million from $(7.4) million in the Prior YTD primarily due to an increase in occupancy costs.

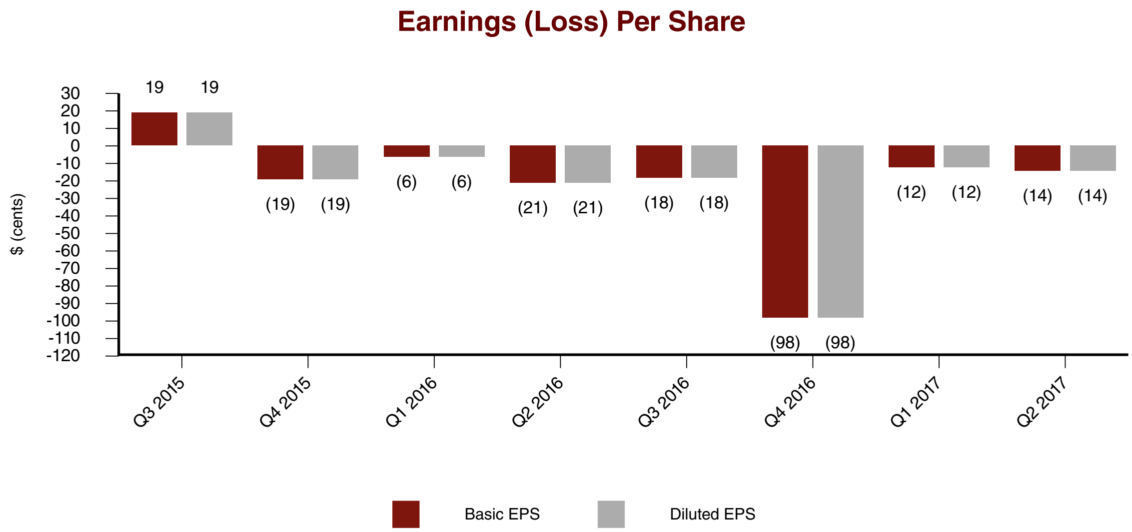
SUMMARY OF QUARTERLY RESULTS

The following is a summary of the previous eight quarters:



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

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



LIQUIDITY AND CAPITAL RESOURCES

Cash Requirements

Contractual Obligations and Other Commitments

At June 30, 2017, Black Diamond had capital expenditure commitments in the amount of $6.1 million. Additionally, on March 30, 2017, Black Diamond entered into a sale and leaseback agreement to lease real estate properties in Alberta, resulting in a commitment of $7.7 million over the next 11 years. It is management’s intention to meet the funding requirements for these commitments through internally generated cash flow.

Capital Expenditures

Black Diamond's capital expenditures relate primarily to:

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

For the Quarter, Black Diamond expended $1.8 million (Comparative Quarter – $1.7 million) on additions to property and equipment. The additions are set out in the table below. Additionally, in Q1 2017, BOXX Modular acquired the space rental business from Britco in British Columbia and 116 modular units from Travelite in Ontario for total cash consideration of $42.0 million. The additions in Energy Services are largely due to the receipt of wellsite units as settlement of accounts receivable in Q1 2017.

($ millions, except as noted)	Three months ended June 30, 2017	2016	Change %	Six months ended June 30, 2017	2016	Change %
BOXX Modular	2.1	1.0	110%	5.0	3.1	61%
Camps & Lodging	—	—	n/a	0.1	0.1	—%
Energy Services	—	—	n/a	1.6	0.5	220%
International	0.1	0.3	(67)%	0.1	0.8	(88)%
Corporate	(0.5)	0.4	(225)%	—	0.3	(100)%
	1.8	1.7	6%	6.8	4.7	45%

Sources and Uses of Cash

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

($ millions, except as noted)	Three months ended June 30, 2017	2016	Change %	Six months ended June 30, 2017	2016	Change %
Cash from operating activities	2.3	21.5	(89)%	8.3	36.2	(77)%
Cash used in investing activities	(3.7)	(2.4)	54%	(36.8)	(5.2)	608%
Cash from (used in) financing activities	(0.3)	(19.3)	(98)%	26.7	(30.2)	(188)%
Total cash (decrease) increase	(1.7)	(0.2)	750%	(1.8)	0.8	(325)%

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

Cash provided by operating activities was $19.2 million lower in the Quarter than in the Comparative Quarter and $27.9 million lower in the YTD primarily due to decreased business activity and recognition of a sale in the Quarter, where proceeds were received in the prior quarter.

Cash used in investing activities was $1.3 million higher in the Quarter than in the Comparative Quarter and $31.6 million higher in the YTD primarily due to business acquisitions in Q1 2017, partially offset by proceeds received from the sale of real estate assets.

Cash used in financing activities was $19.0 million lower in the Quarter than in the Comparative Quarter and cash provided by financing activities was $56.9 million higher in the YTD primarily due to the issuance of shares, higher net draws of long-term debt, offset by lower dividends declared and paid in 2017.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	June 30, 2017	December 31, 2016	Change %
Current assets	36.8	33.3	11%
Current liabilities	34.0	41.0	(17)%
Working capital	2.8	(7.7)	136%

The increase in current assets of $3.5 million from December 31, 2016 was largely due to an increase in accounts receivable of $2.6 million, partially offset by a $1.7 million increase in the current tax recovery.

The decrease in current liabilities of $7.0 million from December 31, 2016 was largely due to a decrease of $11.5 million of deferred revenue, partially offset by an increase of $4.3 million of accounts payable and accrued liabilities related to lower cash settlement on capital spending.

Principal Debt Instruments:

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

- a committed extendible revolving operating facility in the amount of $100.0 million, all of which is available and $38.4 million is drawn;
- $37.2 million principal amount of senior secured notes due on July 8, 2019, which rank pari passu with the senior credit facilities of the Company; and
- $40.0 million principal amount of senior secured notes due on July 3, 2022, which rank pari passu with the senior credit facilities of the Company.

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

As at June 30, 2017, the Company's draws under the committed extendible revolving operating facility were comprised of $4.5 million related to an overdraft balance (December 31, 2016 - $6.2 million), and $34.0 million of bankers' acceptance and LIBOR draws (December 31, 2016 - $25.0 million).

For the three and six month periods ended June 30, 2017, the average interest rate applied to amounts drawn on the committed extendible revolving operating facility was 3.85% and 3.82% (2016 - 2.57% and 2.60%), respectively.

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

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

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

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

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

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

Debt Covenants

Black Diamond's financial debt covenants are as follows:

Covenant as at June 30, 2017	Required	Actual
Funded Debt to Bank EBITDA Ratio	≤ 4.50:1	3.47
Interest Coverage Ratio	≥ 3.00:1	5.28

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

Covenant as at June 30, 2017	Required	Actual
Current Ratio	≥ 1.25:1	1.85
Interest Coverage Ratio	≥ 3.00:1	54.54

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

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

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

Also effective March 31, 2017, the restriction on dividends was amended such that dividends and normal course issuer bid purchases cannot exceed Excess Cash Flow, with Excess Cash Flow defined as Bank EBITDA less cash taxes payable less $10.0 million less interest expense less capital lease payments, all calculated on a twelve month trailing basis. As at June 30, 2017, annualized current quarter cash dividends totaled $14.2 million compared to $24.4 million twelve month trailing Excess Cash Flow.

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

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

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

Share Capital

At June 30, 2017, Black Diamond had 54.9 million (December 31, 2016 - 46.1 million) common shares outstanding. In addition at June 30, 2017, Black Diamond had 2.5 million (December 31, 2016 - 2.8 million) common shares reserved for issuance pursuant to the exercise of options and restricted share units which have been granted pursuant to Black Diamond's share option plan and restricted and performance incentive award plan.

The following table summarizes Black Diamond's equity capitalization as at August 3, 2017:

Common shares	55,310
Stock options	2,150
Restricted share units	340

Off-Balance Sheet Arrangements

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

Contingent Liabilities

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

FINANCIAL INSTRUMENTS

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

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

NON-GAAP MEASURES

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

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

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

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

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

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

Reconciliation of Consolidated Profit to Adjusted EBITDA:

($ millions, except as noted)	Three months ended June 30, 2017	2016	Change %	Six months ended June 30, 2017	2016	Change %
Loss	**(7.8)**	(8.6)	(9)%	**(13.2)**	(11.0)	20 %
Add (deduct):						
Share-based compensation	**0.4**	(0.1)	500 %	**0.9**	0.3	200 %
Depreciation and amortization	**11.7**	13.1	(11)%	**23.6**	26.3	(10)%
Finance costs	**1.7**	1.6	6 %	**4.0**	3.5	14 %
Current income taxes	**(2.2)**	(0.8)	175 %	**(4.5)**	(0.5)	800 %
Deferred income taxes	**(1.2)**	—	n/a	**(1.2)**	(0.3)	300 %
Gain on sale of real estate	**—**	—	n/a	**(2.5)**	—	n/a
Acquisition Costs	**0.1**	—	n/a	**0.6**	—	n/a
Share of loss in associate	**—**	2.4	(100)%	**—**	5.8	(100)%
Restructuring costs	**2.9**	—	n/a	**2.9**	—	n/a
Non-controlling interest	**(0.3)**	(0.1)	(200)%	**(0.6)**	0.8	(175)%
Adjusted EBITDA	**5.4**	7.6	(29)%	**10.0**	24.8	(60)%

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

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

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

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

($ millions, except as noted)	Three months ended June 30, 2017	2016	Change %	Six months ended June 30, 2017	2016	Change %
Cash Flow from Operating Activities	**2.3**	21.5	(89)%	**8.3**	36.2	(77)%
Add/(Deduct):						
Change in long-term accounts receivable	**0.1**	0.9	(89)%	**—**	0.9	(100)%
Change in non-current deferred revenue	**(0.1)**	(0.2)	50 %	**(0.7)**	(0.3)	(133)%
Changes in non-cash working capital	**4.6**	(10.9)	142 %	**13.5**	(6.5)	308 %
Funds from Operations	**6.9**	11.3	(39)%	**21.0**	30.3	(31)%

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

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

Working Capital is calculated as current assets minus current liabilities.

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

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

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

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

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

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

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

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

RISKS AND UNCERTAINTIES

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

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

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

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

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

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

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

Judgments

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

Impairment of non-financial assets

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

Determination of a Cash Generating Unit ("CGU")

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

Operating lease commitments – Company as lessor

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

Fair value measurement of financial instruments

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

Determination of control and significant influence

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

Income Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Company's legal entities.

Estimates and Assumptions

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

Revenue recognition

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

Impairment of non-financial assets

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

Asset Retirement Obligations

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

Onerous Contracts

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

Additional estimates

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

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

Changes in Accounting Policies and Disclosure

Disclosure Initiative (Amendments to IAS 7)

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

Standards Issued But Not Yet Effective

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

IFRS 9 Financial Instruments

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

IFRS 15 Revenue

IFRS 15 specifies how and when to recognize revenue and requires entities to provide users of financial statements with more informative, relevant disclosures. This standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts, and a number of revenue-related interpretations. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018. Application of the standard is mandatory and early adoption is permitted. Black Diamond continues to evaluate the impact of IFRS 15 on the Company's financial statements. Further analysis is underway and an assessment of the significant revenue recognition reporting differences will be made upon completion of this review.

IFRS 16 Leases

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

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