MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine month periods ended September 30, 2016 and 2015

BLACK DIAMOND GROUP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") compares the financial performance of Black Diamond Group Limited ("Black Diamond", the "Company", "our" and "we") for the three months ended September 30, 2016 (the "Quarter") with the three months ended September 30, 2015 (the "Comparative Quarter") and the nine months ended September 30, 2016 with the nine months ended September 30, 2015. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three and nine month periods ended September 30, 2016 and 2015 and the audited consolidated financial statements of the Company for the years ended December 31, 2015 and 2014. The accompanying unaudited interim condensed consolidated financial statements of Black Diamond are prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A was prepared as of November 8, 2016 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 management's assessment of Black Diamond's future operations, financial performance, business prospects and opportunities, dividend levels, forecasted capital expenditures and how such expenditures will be funded. With respect to the forward-looking statements in the MD&A, Black Diamond has made assumptions regarding, among other things: 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 and retain new customers, failure of counterparties to perform on contracts, availability of qualified personnel and management, timely and cost effective access to sufficient capital from internal and external sources, political conditions, dependence on suppliers, incorrect assessments of the value of contracts and acquisitions, liabilities and risks, fluctuations in foreign exchange or interest rates, stock market volatility, uncertainties in weather, fixed costs in relation to variable revenue streams, and industry competition. 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, 2015 and other reports on file with the Canadian Securities Regulatory Authorities which can be accessed on SEDAR. Readers are cautioned not to place undue reliance on these forward-looking statements. Furthermore, the forward-looking statements contained in this MD&A are made as at the date of this MD&A and Black Diamond does not undertake any obligation to update or revise any of the forward-looking statements, except as may be required by applicable securities laws.

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EXECUTIVE SUMMARY

The weak commodity price environment that persisted through the first half of 2016 resulted in lower activity in the Quarter. While many of our customers have recently announced increased capital spending plans as well as hiring plans which may affect the Company's activity in future quarters, it remains unclear as to the timing of the impact of this development on Black Diamond's business. Despite this lack of visibility, management remains cautiously optimistic regarding future opportunities being pursued in the market place. Through this uncertain period, the Company continues to focus on cost discipline and diversification outside of energy markets.

A primary strategy of the Company is the expansion and scaling of the BOXX Modular platform. The focus of this growth is in markets outside the North American oil & gas sector, which further diversifies Black Diamond. Though BOXX Modular's Northern Alberta operations continue to experience weakness related to the energy downturn, this weakness has been offset by performance in our other locations. We will look to continue accelerating the growth of this platform through organic growth and further tuck-in acquisitions.

2017 Capital Plan

The Board has approved the 2017 capital spending plan of $20.0 million. This plan will primarily support growth capital requirements for the BOXX Modular space rentals business outside of Alberta, which benefits from broad exposure to multiple industry segments. The 2017 capital plan will be generally non-speculative and support our overarching strategy to diversify our platform.

HIGHLIGHTS FOR THE QUARTER

- Subsequent to the Quarter, BOXX Modular announced the acquisition of all shares of MPA Systems LLC (“MPA”), a company specializing in leasing and selling high-security modular buildings and providing disaster recovery facility programs across the continental United States, for a cash purchase price of USD $3.1 million.

- BOXX Modular announced the acquisition of all of the existing space rental fleet assets from Shelter Modular Inc. ("Shelter") for $1.3 million, and also signed a commitment to purchase $1.4 million of new manufactured assets from Shelter over the next three years.

- Black Diamond completed a bought deal equity financing for aggregate gross proceeds of $27.2 million, including the full over-allotment option granted to underwriters of $2.5 million and the participation by certain directors, officers and employees of Black Diamond of $2.2 million.

- Long-term debt as at September 30, 2016 was $117.7 million, down 37% or $67.8 million from $185.5 million as at September 30, 2015 and down 19%, or $27.6 million from June 30, 2016 primarily due to the net proceeds of $25.6 million from the bought deal equity financing completed in the Quarter.

- Administrative expenses for the Quarter were $9.0 million, down 21% or $2.4 million from the Comparative Quarter primarily due to reductions in compensation costs and personnel as management continues to optimize its cost structure.

2016 Capital Plan

As previously announced, the 2016 capital spending plan was increased to $15.0 million. Including the impact of the Shelter acquisition, capital spending was $10.7 million as of September 30, 2016 and capital commitments were $3.5 million as at September 30, 2016. Given the current economic environment, stringent controls have been placed on capital spending and consistent with Black Diamond's long-term strategy, the utilization of existing assets within our fleet continues to be aggressively promoted. The capital spending to date and capital commitments are primarily for growth capital related to expanding the BOXX Modular fleet in the United States and Canada as well as maintenance capital related to the previously announced five year contract in Australia.

Financial Review

- Revenue for the Quarter was $27.4 million, down 54% or $32.0 million from the Comparative Quarter primarily due to the impact of low commodity prices on utilization and pricing in Camps & Lodging, Energy Services, International and to a lesser extent BOXX Modular, particularly in Northern Alberta.

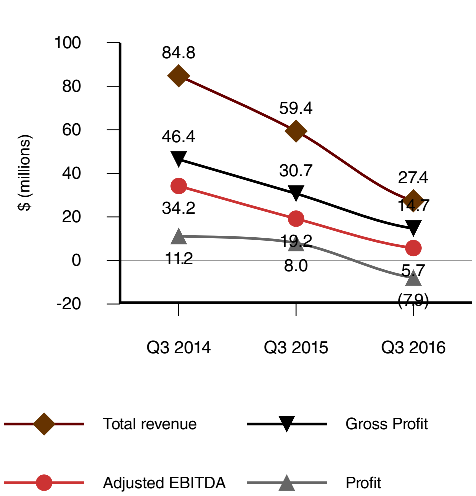
- Adjusted EBITDA (see "Non-GAAP Measures") for the Quarter was $5.7 million, down 70% or $13.5 million from the Comparative Quarter primarily due to the impact of low commodity prices on business activity in Western Canada.

- Net loss for the Quarter was $7.9 million, compared with net income of $8.0 million in the Comparative Quarter. The loss in the Quarter was due to lower operating income described in the sections above and a provision for an onerous contract. Net income in the Comparative Quarter included a gain on sale of the construction services operations.

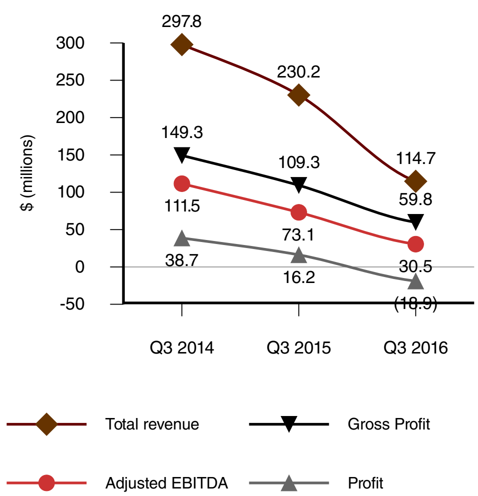
- Consolidated contracted future revenue at the end of the Quarter was $51.9 million, down 45% or $42.0 million from $93.9 million in the Comparative Quarter due to lower market activity resulting from lower commodity prices.

- Days Sales Outstanding (see "Non-GAAP Measures") improved significantly, declining by 30% to 69 days at the end of the Quarter compared with 98 days for the Comparative Quarter.

Three Months Ended September 30, Financial Highlights

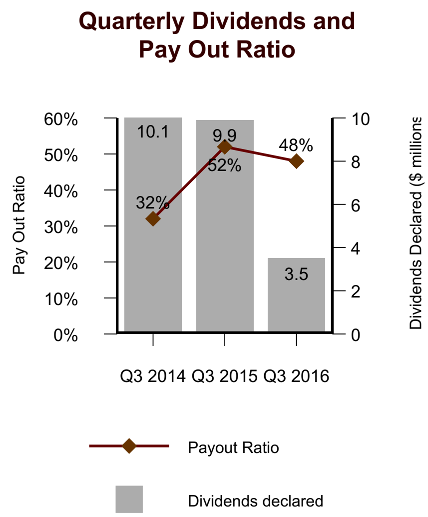


Nine Months Ended September 30, Financial Highlights



Dividend and Payout Ratio

The Payout Ratio (see "Non-GAAP Measures") for the Quarter decreased to 48% compared with 52% in the Comparative Quarter due to a reduction in dividends declared partially offset by lower funds available for dividends and an increase in the numbers of shares outstanding (see "Non-GAAP Measures").



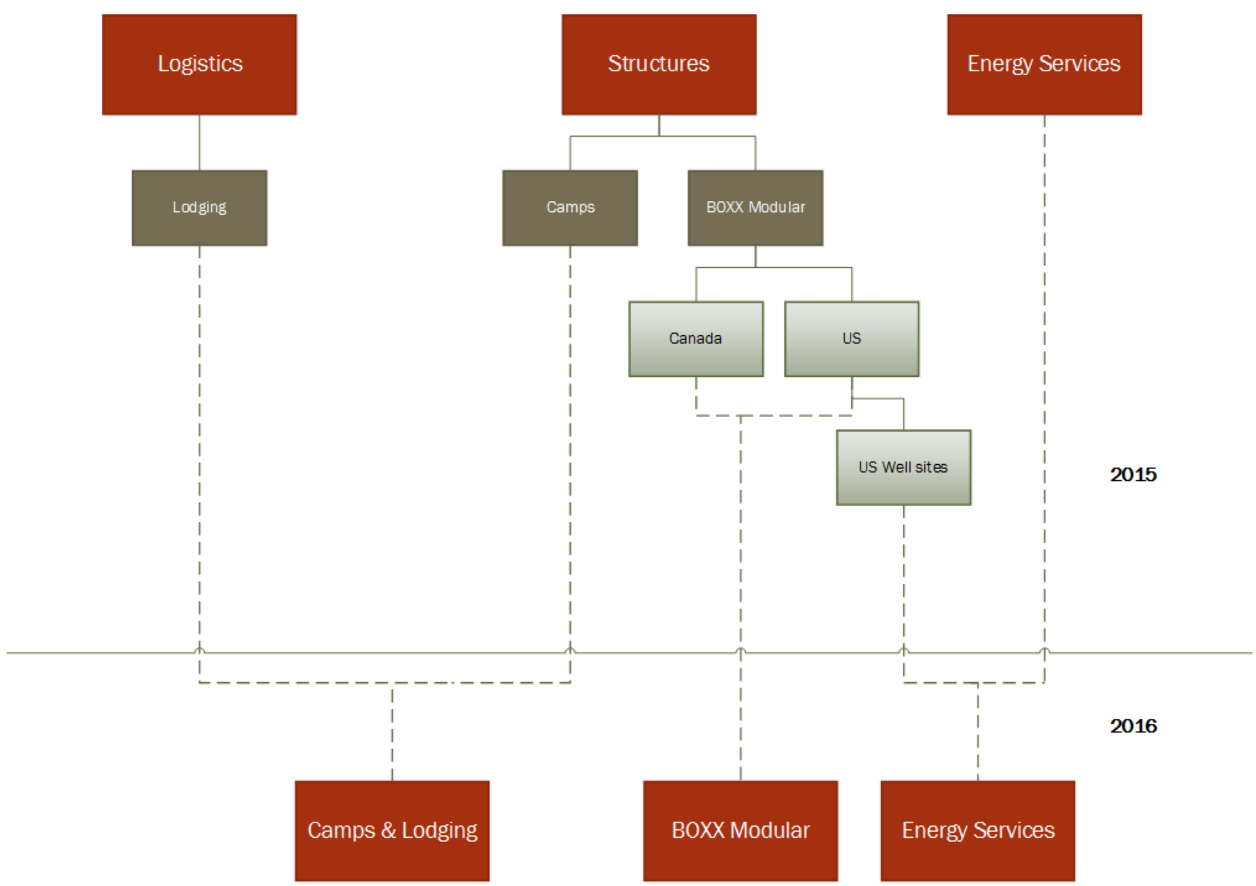
WHO WE ARE

Black Diamond rents and sells modular workforce accommodation and space rental solutions to customers in Canada, the United States ("US") and Australia. In addition to providing turnkey lodging and other support services related to remote workforce accommodation and space rentals, 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 oil and gas, mining, power, construction, engineering, military, government and education.

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 2000, 715 – 5th Avenue S.W., Calgary, Alberta, Canada.

Effective January 1, 2016, Black Diamond re-organized its North American business units to streamline its operations and gain efficiencies.

The new Camps & Lodging business unit combines the workforce accommodation business from the previous Structures business unit and the lodging services business from the previous Logistics business unit. The BOXX Modular business unit is now operating separately from the previous Structures business unit and includes the Canadian and US space rentals businesses. The Energy Services business unit now incorporates the US well site business which was previously included in the Structures business unit. The International business unit remains unchanged. The following diagram illustrates the reorganization of our business units.



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 with a net book value of over $450 million 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. Under normal market conditions, we can often 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

While oil and natural gas prices have recovered somewhat since the beginning of 2016, a meaningful increase in activity at the field level has yet to be seen. This continued to negatively impact asset utilizations and revenues across all of Black Diamond's business lines in Western Canada in the Quarter.

Camps and Lodging continues to be impacted by the lack of activity by producers and drillers. 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 in key Canadian resource plays and any other incremental labour increases. Incremental catalyst opportunities include a major pipeline to tidewater and a Canadian LNG project such as Pacific Northwest LNG.

BOXX Modular continues to benefit from greater economic stability through its exposure to non-resource industries. Though BOXX Modular's Northern Alberta operations continue to experience weakness related to the energy downturn, this weakness has been offset by performance in our other locations. Outside of Northern Alberta we are seeing healthy activity levels being driven by general construction and infrastructure spending, which has resulted in improved utilization. We plan to continue to invest in these healthy markets.

Performance in our Energy Services division is highly correlated to rig activity. While North American rig counts have been rising, we haven't seen a meaningful increase in the Western Canadian Sedimentary Basin, or in North Dakota and Colorado where our US operations are based. Energy Services remains positioned to capture increased activity as rig counts continue to rise.

Public and infrastructure spending in Australia has been supportive of asset utilization and future project opportunities in the International Business Unit.

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 Experience Modest Recovery Since January

Despite a modest recovery after the first quarter, the average spot price for Western Canadian Select crude for the nine months ended September 30, 2016 was $36.32 Canadian dollars ("CA$") per barrel ("bbl"), down 23% from the Comparative period.

	For the three months ended September 30,			For the nine months ended September 30,		
(CA$/bbl)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Western Canadian Select (WCS), AB	**$**	**$**	**%**	**$**	**$**	**%**
Average WCS Spot Price	41.03	43.29	(5)%	36.32	47.47	(23)%

Source: Baytex Energy Benchmark Heavy Oil Prices

The current condition of the oil sector is reflected in the forward contracted revenue of our Camps & Lodging business unit which declined to $28.8 million as at September 30, 2016 compared with $66.9 million for the Comparative Quarter.

Natural Gas Prices Dip Due to Warm Winter and Inventories

For the three months ended September 30, 2016, the average NGX Alberta Market Price for Natural Gas was CA$2.14/ Gigajoule ("GJ"), down 21% from the Comparative Quarter.

	For the three months ended September 30,			For the nine months ended September 30,		
(CA$/GJ)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
NGX Alberta Market Price for Natural Gas	**$**	**$**	**%**	**$**	**$**	**%**
Average NGX Alberta Market Price	2.14	2.72	(21)%	1.81	2.70	(33)%

Source: NGX Alberta Market Price

A number of natural gas producers have responded to low gas prices with a reduction in capital spending through the first half of 2016, although some increased capital spending related to gas production was announced early in the Quarter.

Liquefied Natural Gas ("LNG") Projects

Several oil and gas industry participants have announced their intention to export LNG from the west coast of Canada. Of the 19 LNG export projects proposed for British Columbia, the two projects that could potentially impact Black Diamond's operations within the next 12 to 24 months are Pacific Northwest ("PNW") LNG led by Petronas, and LNG Canada led by Shell. 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.

Pacific Northwest LNG

PNW LNG, led by Petronas, is a proposed LNG export facility on Lelu Island just outside of Port Edward on the coast of British Columbia. A positive regulatory decision on PNW LNG's environmental assessment from the Canadian Environmental Assessment Agency ("CEAA") was received on September 27, 2016. The project is subject to over 190 conditions, determined through extensive scientific study, that are intended to lessen the environmental impacts of the project.

The proponent announced that it will conduct a total project review along with its shareholders over the coming months before announcing next steps for the project, including a final investment decision.

The LNG facility on Lelu island would require accommodation for between 3,500 and 4,500 construction workers at peak according to the PNW LNG Project Design Mitigation report filed with the CEAA on October 6, 2014.

The Prince Rupert Gas Transmission Pipeline ("PRGT") would require a total of nine land-based camps. According to a report dated April 2015 entitled All About Construction Camps, each camp would require initial capacity for between 200-400 workers after an unconditional FID, and would then peak at roughly 1,100 people.

LNG Canada

LNG Canada, led by Shell, is a proposed LNG export facility in the port of Kitimat on British Columbia's coast. On July 11, 2016, the LNG Canada consortium announced an indefinite delay for the timing of a FID.

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 Government Plans to Double Infrastructure Spending

On March 22, 2016, the Canadian Government introduced its 2016 budget which prescribed investments in infrastructure that total more than $120 billion over the next decade. Additionally, of the provinces that Black Diamond currently operates in, recent budget commitments include:

- British Columbia to spend $12 billion over 3 years;
- Alberta to spend $35 billion over 5 years;
- Saskatchewan to spend $3.5 billion through 2017; and
- Ontario to spend $130 billion over 10 years.

Australian Governments Commit More than $145 Billion in Spending

On December 1, 2015, the Australian government committed to AU$43.9 billion Australian in infrastructure spending as part of the Government's Economic Action Strategy to boost economic growth and prosperity, increase productivity and support thousands of new jobs. Much of this spending is expected to occur between now and the end of 2020 and is in addition to spending at the state level. In their 2015-16 budgets New South Wales committed to spending AU$69 billion over the next four years on infrastructure and the state of Victoria committed to spending AU$34 billion.

Mining

Mining activity can drive demand for both BOXX Modular and Camps & Lodging assets and services. While the mining sector remains relatively weak given a generally low commodity price environment, during the Quarter the metals market price index increased for a second consecutive quarter, which are the only two quarters to increase since 2014. For the three months ended September 30 2016, the metals market price index was 120.3, up 4% from the three months ended June 30, 2016 and down 1% from the Comparative Quarter. For current year through September 30, 2016 ("YTD") the metals market price index was 115.0, down 12% from the same period in 2015 ("Prior YTD").

	For the three months ended September 30,			For the nine months ended September 30,		
(2005=100, in terms of US dollars) Metals Market Price Index	**2016**	**2015**	**Change %**	**2016**	**2015**	**Change %**
Metals Market Price Index	120.3	121.0	(1)%	115.0	131.3	(12)%

Source: International Monetary Fund

SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial and operating information that has been derived from, and should be read in conjunction with the unaudited condensed interim consolidated financial statements of Black Diamond for the three and nine month periods ended September 30, 2016 and 2015.

	Three months ended September 30,			Nine months ended September 30,		
(in millions, except as noted)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Financial Highlights	**$**	**$**	**%**	**$**	**$**	**%**
Total revenue	27.4	59.4	(54)%	114.7	230.2	(50)%
Gross Profit	14.7	30.7	(52)%	59.8	109.3	(45)%
Administrative Expenses	9.0	11.4	(21)%	29.3	36.2	(19)%
Adjusted EBITDA (1)	5.7	19.2	(70)%	30.5	73.1	(58)%
(Loss)/profit before taxes	(12.8)	10.7	(220)%	(23.9)	30.4	(179)%
(Loss)/profit	(7.9)	8.0	(199)%	(18.9)	16.2	(217)%
(Loss)/earnings per share - Basic	(0.18)	0.19	(195)%	(0.45)	0.39	(215)%
- Diluted	(0.18)	0.19	(195)%	(0.45)	0.39	(215)%
Capital expenditures	4.7	12.0	(61)%	9.4	48.1	(80)%
Business acquisitions	1.3	—	n/a	1.3	—	n/a
Property & equipment (NBV)	507.4	555.0	(9)%	507.4	555.0	(9)%
Total assets	581.5	682.7	(15)%	581.5	682.7	(15)%
Long-term debt	117.7	185.5	(37)%	117.7	185.5	(37)%
Dividends declared	3.5	9.9	(65)%	11.7	29.6	(60)%
Per share ($)	0.08	0.24	(67)%	0.28	0.72	(61)%
Payout Ratio (1)	48%	52%		36%	43%	

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

Margin Analysis	Three months ended September 30,			Nine months ended September 30,		
(Percent of revenue)	**2016**	**2015**	**Change (1)**	**2016**	**2015**	**Change (1)**
Gross Profit	54%	52%	2	52%	47%	5
Administrative Expense	33%	19%	14	26%	16%	10
Adjusted EBITDA	21%	32%	(11)	27%	32%	(5)

(1) Percentage point basis.

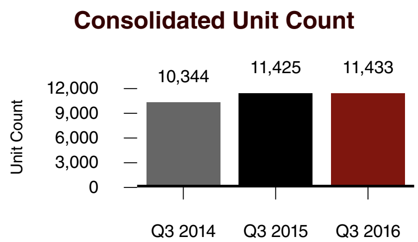
Seasonality of Operations

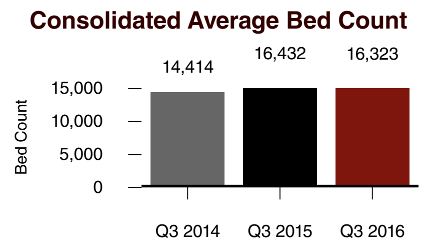
The Company's western Canadian operations, which form part or all of its Camps & Lodging, BOXX Modular and Energy Services business units, are exposed to a variable degree of seasonality. Drilling accommodations and surface rental assets of the Energy Services business unit have higher utilization rates 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 remained relatively unchanged at 11,433 units at the end of the Quarter compared with 11,425 in the Comparative Quarter due to fleet additions being offset by used fleet sales. Consolidated unit count includes accommodation units, space rental units and surface rental units. Consolidated bed count in Black Diamond's global fleet remained relatively unchanged at 16,323 beds in the Quarter compared with 16,432 beds in the Comparative Quarter.





Fleet Utilization Rates

	Three months ended September 30,			Nine months ended September 30,		
	2016	2015	Change (1)	2016	2015	Change (1)
Camps & Lodging	48%	55%	(7)	50%	66%	(16)
BOXX Modular	66%	67%	(1)	65%	68%	(3)
Energy Services:						
Drilling accommodation unit utilization	19%	48%	(29)	21%	48%	(27)
Surface rental unit utilization	12%	27%	(15)	13%	26%	(13)
International	24%	27%	(4)	24%	27%	(3)
Consolidated	43%	50%	(7)	43%	53%	(10)

(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 assets available to rent.

Q3 2016 vs Q3 2015

Camps & Lodging fleet utilization for the Quarter was 48%, a 7 percentage point decrease compared with 55% in the Comparative Quarter. BOXX Modular asset utilization for the Quarter was 66%, a 1 percentage point decrease from 67% in the Comparative Quarter. Energy Services drilling accommodation unit utilization for the Quarter was 19%, a 29 percentage point decrease from 48% in the Comparative Quarter. Energy Services surface rental unit utilization for the Quarter was 12%, a 15 percentage point decrease from 27% in the Comparative Quarter. The decrease in utilization across all categories in the Camps & Lodging, Energy Services and International business units is due to lower business activity resulting from the impact of lower commodity pricing in North America and Australia. While BOXX Modular does business in Western Canada and is therefore exposed to energy markets, the decrease in BOXX Modular utilization was relatively lower than the Company's other asset categories due to the greater geographic, industry and product diversification of this asset class.

Year to Date 2016 vs 2015

Camps & Lodging fleet utilization for the YTD was 50%, a 16 percentage point decrease compared with 66% in the Prior YTD. BOXX Modular asset utilization YTD was 65%, a 3 percentage point decrease from 68% in the Prior YTD.

Energy Services drilling accommodation unit utilization YTD was 21% , a 27 percentage point decrease from 48% in the Prior YTD. Energy Services surface rental unit utilization YTD was 13%, a 13 percentage point decrease from 26% in the Prior YTD. The decrease in utilization across all business units is due primarily to the reasons noted above.

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. This is the highest rate of return in the business.

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, well site catering activities, as well as the delivery, installation, dismantle, demobilization, construction, project management and ancillary products and services required to support the deployment and remobilization of these assets.

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	2016	2015	Change	2016	2015	Change
Rental Revenue	13.9	21.3	(35)%	44.0	72.0	(39)%
Lodging Revenue	5.4	20.5	(74)%	37.0	90.7	(59)%
Non-Rental Revenue	8.2	17.7	(54)%	33.7	67.5	(50)%
Revenue	27.4	59.4	(54)%	114.7	230.2	(50)%

	Three months ended September 30,			Nine months ended September 30,		
Percentage of consolidated revenue	2016	2015	Change (1)	2016	2015	Change (1)
Rental Revenue	50%	36%	14	38%	31%	7
Lodging Revenue	20%	34%	(14)	32%	39%	(7)
Non-Rental Revenue	30%	30%	—	29%	29%	—

(1) Percentage point basis.

Q3 2016 vs Q3 2015

Rental revenue for the Quarter was $13.9 million, down 35% or $7.4 million from the Comparative Quarter primarily due to a $2.6 million decline in Camps & Lodging rental revenue, a $0.9 million decrease in BOXX Modular rental revenue, and a $3.7 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.

Lodging revenue for the Quarter was $5.4 million, down 74% or $15.1 million from the Comparative Quarter due to a 7% decrease in lodging beds utilized, and a 73% decrease in lodging revenue per available room ("RevPAR") (see "Non-GAAP Measures") driven by lower occupancy due to current market conditions and seasonality.

Non-rental revenue for the Quarter was $8.2 million, down 54% or $9.5 million from the Comparative Quarter primarily due to a $3.9 million decrease in non-rental revenue in Camps & Lodging related in large part to installation and dismantle activities that took place in the Comparative Quarter, and a $4.6 million decrease in non-rental revenue in BOXX relating to lower sales and operating activities.

Total consolidated revenue for the Quarter was $27.4 million, down 54% or $32.0 million from the Comparative Quarter for the reasons described above.

Year to Date 2016 vs 2015

Rental revenue for the YTD was $44.0 million, down 39% or $28.0 million from the Prior YTD primarily due to a $13.7 million decline in Camps & Lodging rental revenue, a $3.5 million decrease in BOXX Modular rental revenue, and a $9.9 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.

Lodging revenue for the YTD was $37.0 million, down 59% or $53.7 million from the Prior YTD due to a 19% decrease in lodging beds utilized, and a 51% decrease in lodging RevPAR driven by reduced occupancy due to current market conditions.

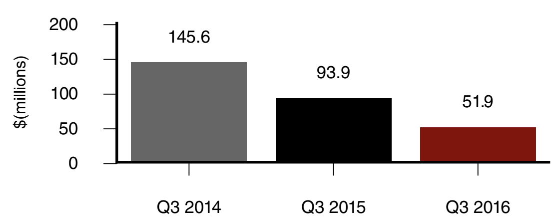
Non-rental revenue for the YTD was $33.7 million, down 50% or $33.8 million from the Prior YTD primarily due to a $20.7 million decrease in non-rental revenue in Camps & Lodging related in large part to installation and demobilization activities that took place in the Prior YTD, and a $9.7 million decrease in non-rental revenue in BOXX relating to lower sales and operating activities.

Total consolidated revenue for the YTD was $114.7 million, down 50% or $115.5 million from the Prior YTD for the reasons described above.

Contracted Future Revenue

The contracted future revenue for rental and lodging in place at the end of the Quarter was $51.9 million, down 45% or $42.0 million from $93.9 million in the Comparative Quarter. The decline in contracted future revenue is directly attributable to the overall decline in the oil and gas sector of Western Canada, resulting in fewer new contracts being signed and a preference by our customers for shorter duration contracts in the current environment.

Consolidated Contracted Future Revenue



Direct Costs and Gross Profit

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	2016	2015	Change	2016	2015	Change
Direct Costs	12.8	28.7	(55)%	54.9	120.9	(55)%
Gross Profit	14.7	30.7	(52)%	59.8	109.3	(45)%

Percentage of Consolidated Revenue.	Three months ended September 30, 2016	2015	Change (1)	Nine months ended September 30, 2016	2015	Change (1)
Direct Costs	46%	48%	(2)	48%	53%	(5)
Gross Profit	54%	52%	2	52%	47%	5

(1) Percentage point basis.

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

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

Q3 2016 vs Q3 2015

Gross profit for the Quarter was $14.7 million, down 52% or $16.0 million from the Comparative Quarter due to a decrease in revenue partially offset by an increase in profit margins due to a shift in revenue mix towards higher margin rental business.

Direct costs for the Quarter were $12.8 million, down 55% or $15.9 million from the Comparative Quarter due to lower business activity.

Year to Date 2016 vs 2015

Gross profit for the YTD was $59.8 million, down 45% or $49.5 million from the Prior YTD due to a decrease in revenue partially offset by an increase in profit margins due to a shift in revenue mix towards higher margin rental business.

Direct costs for the YTD were $54.9 million, down 55% or $66.0 million from the Prior YTD due to lower business activity.

Administrative Expenses

($ millions, except as noted)	Three months ended September 30, 2016	2015	Change	Nine months ended September 30, 2016	2015	Change
Personnel Costs	5.1	6.4	(20)%	16.3	22.1	(26)%
Other Administrative Expenses	1.7	2.8	(39)%	6.6	8.0	(18)%
Occupancy and Insurance	2.2	2.2	—%	6.4	6.1	5%
Total Administrative expenses	**9.0**	**11.4**	**(21)%**	**29.3**	**36.2**	**(19)%**
% of Consolidated Revenue	33%	19%		26%	16%	

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

Q3 2016 vs Q3 2015

Total administrative expenses for the Quarter were $9.0 million, down 21% or $2.4 million from the Comparative Quarter primarily due to a decrease in personnel costs. On a percentage of revenue basis administrative costs for the Quarter were 33%, up by twelve percentage points from the Comparative Quarter as revenue declined faster than administrative costs.

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

- Personnel costs for the Quarter were $5.1 million, down 20% or $1.3 million from the Comparative Quarter primarily due to reductions in personnel and compensation. Effective February 1, 2016, Black Diamond implemented a graduated salary rollback averaging approximately 10%.
- Occupancy and insurance costs increased in the Quarter for additional yard rent for idle fleet assets.
- Other administrative expenses for the Quarter were $1.7 million, down 39% or $1.1 million from the Comparative Quarter due to a decrease in professional fees and other employee related office costs.

Year to Date 2016 vs 2015

Total administrative expenses for the YTD were $29.3 million, down 19% or $6.9 million from the Prior YTD primarily due to a decrease in personnel costs. On a percentage of revenue basis administrative costs for the YTD were 26%, up by nine percentage points from the Prior YTD as revenue declined faster than administrative costs.

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

- Personnel costs for the YTD were $16.3 million, down 26% or $5.8 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%.
- Occupancy and insurance costs increased in the YTD for additional yard rent for idle fleet assets.
- Other administrative expenses for the YTD were $6.6 million, down 18% from the Prior YTD due to a decrease in professional fees, travel and entertainment costs and other employee related office costs, offset by an increase in provision for estimated bad debts.

Adjusted EBITDA

($ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2016	2015	Change	2016	2015	Change
Adjusted EBITDA (1)	5.7	19.2	(70)%	30.5	73.1	(58)%
% of Consolidated Revenue	21%	32%		27%	32%	

(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, custom manufactured sales, logistics, installation, subleases and other services which generally yield a lower Adjusted EBITDA margin.

Q3 2016 vs Q3 2015

Adjusted EBITDA for the Quarter was $5.7 million, down 70% or $13.5 million from the Comparative Quarter due, primarily, to a decrease in revenue. Adjusted EBITDA as a percentage of revenue for the Quarter was 11 percentage points lower than the Comparative Quarter due to the decline in administrative expenses not matching the rate of decline in revenues offset by the increase in gross margin percentage.

Year to Date 2016 vs 2015

Adjusted EBITDA for the YTD was $30.5 million, down 58% or $42.6 million from the Prior YTD due, primarily, to a decrease in revenue. Adjusted EBITDA as a percentage of revenue for the YTD was 5 percentage points lower than the Prior YTD due to the decline in administrative expenses not matching the rate of decline in revenues offset by the increase in gross margin percentage.

Depreciation and Amortization

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Depreciation and amortization	13.0	14.5	(10)%	39.3	42.2	(7)%
% of Property and equipment	3%	3%		8%	8%	

Q3 2016 vs Q3 2015

Depreciation and amortization for the Quarter was $13.0 million, down 10% or $1.5 million from the Comparative Quarter primarily due to fewer capital additions in recent quarters.

Year to Date 2016 vs 2015

Depreciation and amortization for the YTD was $39.3 million, down 7% or $2.9 million from the Prior YTD primarily due to fewer capital additions in recent quarters.

Finance Costs

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Finance cost	1.6	2.0	(20)%	5.1	6.4	(20)%
Long-term debt	117.7	185.5	(37)%	117.7	185.5	(37)%
Average interest rate	4.29%	3.74%	15%	4.03%	3.89%	4%

Q3 2016 vs Q3 2015

Finance costs for the Quarter were $1.6 million, down 20% or $0.4 million from the Comparative Quarter primarily due to reduced debt as a result of lower capital expenditure and the proceeds from the bought deal equity financing partially offset by higher interest rates.

Year to Date 2016 vs 2015

Finance costs for the YTD were $5.1 million, down 20% or $1.3 million from the Prior YTD primarily due to reduced debt as a result of lower capital expenditure and the proceeds from bought equity deal financing partially offset by higher interest rates.

Income Tax

($ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2016	2015	Change	2016	2015	Change
Current tax	(1.6)	0.3	(633)%	(2.1)	4.4	(148)%
Deferred tax	(3.6)	2.0	(280)%	(3.9)	7.3	(153)%
Total tax	(5.2)	2.3	(326)%	(6.0)	11.7	(151)%

Q3 2016 vs Q3 2015

For the Quarter, Black Diamond recognized a current income tax recovery of $1.6 million, a change of $1.9 million from the Comparative Quarter current tax expense. The Company also recognized a deferred income tax recovery of $3.6 million, a change of $5.6 million from the Comparative Quarter deferred tax expense. The decrease in taxes in the Quarter is reflective of lower business activity and the expense for the provision related to the onerous contract on unused head office lease space.

Year to Date 2016 vs 2015

For the YTD, Black Diamond recognized a current income tax recovery of $2.1 million, a change of $6.5 million from the Prior YTD current tax expense and a deferred income tax recovery of $3.9 million, a change of $11.2 million from the Prior YTD deferred tax expense. The decrease in taxes in the year is reflective of lower business activity, the write-down of the investment in and note receivable due from Northern Frontier Corp and the expense for the provision related to the onerous contract on unused head office lease space.

The deferred income tax provision for both the Quarter and YTD arises due to the change in the book value and the tax value of the net assets held by Black Diamond. The tax provisions have been calculated at the enacted tax rate of 27% in Canada, 40% in the United States and 30% in Australia.

Non-Controlling Interest

The non-controlling interest ("NCI") represents earnings attributable to the Fort Nelson First Nations' approximate 50% interest in the Black Diamond Dene Limited Partnership, the West Moberly First Nation’s approximate 50% interest in the Black Diamond West Moberly Limited Partnership, the Beaver Lake Cree Nation's approximate 50% interest in the Black Diamond Nehiyawak Limited Partnership and the Whitecap Dakota First Nation's approximate 50% interest in the Whitecap Black Diamond Limited Partnership.

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	2016	2015	Change	2016	2015	Change
Non-controlling interest	0.2	0.4	(50)%	1.0	2.6	(62)%

Q3 2016 vs Q3 2015

The NCI for the Quarter was $0.2 million, down 50% or $0.2 million from the Comparative Quarter due to decreased rental and ancillary revenues earned through the limited partnerships caused by lower utilization as a result of lower commodity prices.

Year to Date 2016 vs 2015

The NCI for the YTD was $1.0 million, down 62% or 1.6 million from the Prior YTD due to decreased rental and ancillary revenues earned through the limited partnerships caused by lower utilization as a result of lower commodity prices.

Net (Loss)/Income

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	2016	2015	Change	2016	2015	Change
Net (loss)/ income	(7.9)	8.0	(199)%	(18.9)	16.2	(217)%

Q3 2016 vs Q3 2015

Net loss for the Quarter was $7.9 million, compared with net income of $8.0 million in the Comparative Quarter. The loss in the Quarter was due to lower operating income described in the sections above and the recognition of a provision relating to an onerous contract for unused head office space. Net income in the Comparative Quarter included a gain on sale of the construction services operation.

Year to Date 2016 vs 2015

Net loss for the YTD was $18.9 million, compared with net income of $16.2 million in the Prior YTD. The loss in the YTD was due to lower operating income described in the sections above, the write-down in the investment and note receivable from Northern Frontier Corp., and the recognition of a provision relating to an onerous contract for unused head office space. Net income in the Prior YTD included a gain on sale of the construction services operation.

SEGMENTED REVIEW OF FINANCIAL PERFORMANCE

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

The following is a summary of the Company's segmented results for the three and nine month periods ended September 30, 2016 and 2015, detailing revenues and Adjusted EBITDA by each of the Company's business units.

Segmented Revenue

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

	Three months ended September 30,			Nine months ended September 30,		
(in millions, except where noted)	2016	2015	Change	2016	2015	Change
	$	$	%	$	$	%
Revenue						
Camps & Lodging	11.4	32.9	(65)%	63.3	151.1	(58)%
BOXX Modular	10.6	16.1	(34)%	34.2	47.4	(28)%
Energy Services	3.7	7.5	(51)%	11.9	24.0	(50)%
International	1.3	2.3	(43)%	4.0	5.9	(32)%
Corporate and Other	0.4	0.6	(33)%	1.4	1.8	(22)%
Total Revenue	**27.4**	**59.4**	**(54)%**	**114.7**	**230.2**	**(50)%**

Segmented Adjusted EBITDA

Adjusted EBITDA by segment excludes depreciation, amortization, finance costs, share of loss in associate, deferred and current taxes, non-controlling interest, share based compensation, and provision for onerous contracts.

	Three months ended September 30,			Nine months ended September 30,		
(in millions, except where noted)	2016	2015	Change	2016	2015	Change
	$	$	%	$	$	%
Adjusted EBITDA (1)						
Camps & Lodging	5.9	15.6	(62)%	30.5	63.6	(52)%
BOXX Modular	3.5	4.7	(26)%	10.4	15.7	(34)%
Energy Services	0.1	3.3	(97)%	1.0	8.6	(88)%
International	(0.2)	0.3	(167)%	(0.3)	0.9	(133)%
Corporate and Other	(3.7)	(4.7)	(21)%	(11.1)	(15.7)	(29)%
Total Adjusted EBITDA	**5.7**	**19.2**	**(70)%**	**30.5**	**73.1**	**(58)%**

(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.

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.

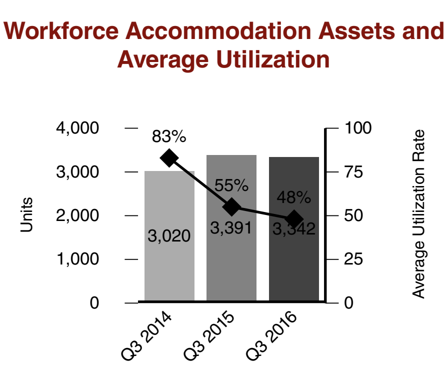
Lodging services provide camps with proven on-site management of catering, housekeeping, front desk services as well as fresh water and waste water management, electricity, television, telephone, internet and the provision of consumables such as fuel.

Accommodation Assets and Average Utilization

Black Diamond's Camps & Lodging fleet consisted of 3,342 workforce accommodation units as at September 30, 2016, down 1% from 3,391 units from September 30, 2015 due to the sale of used assets.

	Three months ended September 30,			Nine months ended September 30,		
Accommodation Assets and Utilization	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Property and Equipment Net Book Value ($ millions)	229.8	259.9	(12)%	229.8	259.9	(12)%
Accommodation units	3,342	3,391	(1)%	3,342	3,391	(1)%
Average asset utilization*	48%	55%	(7)	50%	66%	(16)
Average accommodation bed count	12,773	12,911	(1)%	12,850	12,733	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.



Q3 2016 vs Q3 2015

Workforce accommodation asset utilization for the Quarter was 48%, a 7 percentage point decrease from 55% in the Comparative Quarter due to the ongoing impact of low commodity prices on our customer's activities.

Year to Date 2016 vs 2015

Workforce accommodation asset utilization for the YTD was 50%, a 16 percentage point decrease from 66% in the Prior YTD for the same reason noted above.

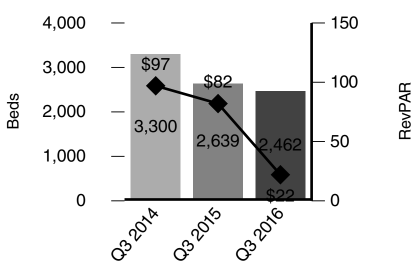
Beds Under Management and Rates

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

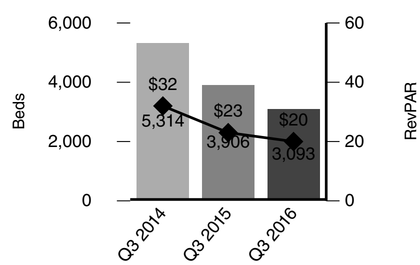
- **Lodging beds** - Full service beds that include lodging services under a man-day or cost-plus model. Man-day beds have variable margins and generally earn the highest RevPAR to reflect their higher risk profile. Cost-plus beds earn a fixed margin in a lower risk arrangement and have a corresponding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

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

Lodging Beds Utilized and RevPAR



Rental Beds Utilized and RevPAR



	Three months ended September 30,			Nine months ended September 30,		
Average Beds Utilized	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Lodging beds	2,462	2,639	(7)%	2,816	3,483	(19)%
Rental beds	3,093	3,906	(21)%	2,913	4,593	(37)%
Total Beds Utilized*	5,555	6,545	(15)%	5,729	8,076	(29)%

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

	Three months ended September 30,			Nine months ended September 30,		
	2016	**2015**	**Change**	**2016**	**2015**	**Change**
RevPAR* ($)						
Lodging beds	22	82	(73)%	46	94	(51)%
Rental beds	20	23	(13)%	22	25	(12)%

* RevPAR is calculated as revenue divided by beds utilized divided by days in period.

Q3 2016 vs Q3 2015

Average beds utilized for the Quarter was 5,555, down 15% from 6,545 in the Comparative Quarter due to the impact of low oil and gas prices on our customers' activities. Lodging bed RevPAR for the Quarter was $22, down 73% or $60 from the Comparative Quarter due to significantly lower occupancy levels. Occupancy is down due to the low level of activity in the energy sector. Rental RevPAR for the Quarter was $20, down 13% or $3 from the Comparative Quarter due to rate reductions on contract renewals for workforce accommodation in Western Canada.

Year to Date 2016 vs 2015

Average beds utilized for the YTD was 5,729, down 29% from 8,076 in the Prior YTD due to the impact of low oil and gas prices on our customers' activities. Lodging bed RevPAR for the YTD was $46, down 51% or $48 from the Prior YTD due to significantly lower occupancy levels. Rental RevPAR for the YTD was $22, down 12% or $3 from the Prior YTD due to rate reductions on contract renewals for workforce accommodation in Western Canada.

Financial Highlights

Camps & Lodging has three revenue streams:

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

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

($ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2016	**2015**	**Change**	**2016**	**2015**	**Change**
Lodging Revenue	5.0	19.9	(75)%	35.7	89.2	(60)%
Rental Revenue	5.6	8.2	(32)%	17.3	31.1	(44)%
Non-Rental Revenue	0.8	4.7	(83)%	10.2	30.9	(67)%
Total Revenue	11.4	32.9	(65)%	63.3	151.1	(58)%
Adjusted EBITDA	5.9	15.6	(62)%	30.5	63.6	(52)%
Adjusted EBITDA as a % of revenue	52%	47%	5	48%	42%	6

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

Q3 2016 vs Q3 2015

The Camps & Lodging business unit's total revenue for the Quarter was $11.4 million, down 65% or $21.5 million from the Comparative Quarter. 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 during the Quarter was $5.0 million, down 75% or $14.9 million from the Comparative Quarter due to a 7% decrease in lodging beds utilized, and a 73% decrease in RevPAR.
- Rental revenue during the Quarter was $5.6 million, down 32% or $2.6 million from the Comparative Quarter due to a 21% decrease in rental beds utilized and a 13% decrease in RevPAR; and
- Non-rental revenue for the Quarter was $0.8 million, down 83% or $3.9 million from the Comparative Quarter mainly due to a decrease in revenue from Operations.

Adjusted EBITDA for the Quarter was $5.9 million, down 62% or $9.7 million from the Comparative Quarter primarily due to a 65% decrease in revenue. Adjusted EBITDA as a percentage of revenue was 52% compared with 47% in the Comparative Quarter due to a slightly higher proportion of rental revenue, which carries a higher margin.

Year to Date 2016 vs 2015

The Camps & Lodging business unit's total revenue for the YTD was $63.3 million, down 58% or $87.8 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 during the YTD was $35.7 million, down 60% or $53.5 million from the Prior YTD due to a 19% decrease in lodging beds utilized, and a 51% decrease in RevPAR.
- Rental revenue during the YTD was $17.3 million, down 44% or $13.8 million from the Prior YTD due to a 37% decrease in rental beds utilized and a 12% decrease in RevPAR; and
- Non-rental revenue for the YTD was $10.2 million, down 67% or $20.7 million from the Prior YTD mainly due to a decrease in revenue from Operations.

Adjusted EBITDA for the YTD was $30.5 million, down 52% or $33.1 million from the Prior YTD primarily due to a 58% decrease in revenue during the year. Adjusted EBITDA as a percentage of revenue was 48% compared with 42% in the Prior YTD due to a slightly higher proportion of rental revenue, which carries a higher margin.

Return on Assets

	Three months ended September 30,			Nine months ended September 30,		
	2016	**2015**	**Change****	**2016**	**2015**	**Change****
Return on assets*	6%	15%	(9)	10%	21%	(11)

*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.
** Percentage point basis.

Camps & Lodging's return on assets was 6% in the Quarter, down 9 percentage points from the Comparative Quarter due to a 62% decrease in Adjusted EBITDA.

Camps & Lodging's return on assets for the YTD was 10%, down 11 percentage points from the Prior YTD due to a 52% decrease in Adjusted EBITDA.

Contracted Future Revenue

Contracted rental revenue commitments in place were $28.8 million as at September 30, 2016, down 57% or $38.1 million from $66.9 million as at September 30, 2015. The remaining weighted average rental contract term outstanding as at September 30, 2016 was approximately ten months compared with fourteen months as at September 30, 2015.

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 and resource industries, and also include government agencies. Products include office units, lavatories, storage units, large multi-unit office complexes, classroom facilities, custom manufactured modular facilities and blast resistant structures.

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

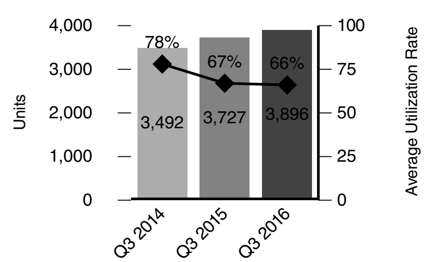
BOXX Modular Space Rental Asset Utilization and Rates

The space rental fleet consisted of 3,896 units as at September 30, 2016, up 5% from 3,727 units from September 30, 2015 due to fleet purchases and acquisition of assets from Shelter.

	Three months ended September 30,			Nine months ended September 30,		
BOXX Modular Assets and Utilizations	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Property and Equipment Net Book Value ($ millions)	118.5	121.1	(2)%	118.5	121.1	(2)%
Space rental assets	3,896	3,727	5%	3,896	3,727	5%
Average utilization*	66%	67%	(1)	65%	68%	(3)

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

Space Rental Assets and Average Utilization



Q3 2016 vs Q3 2015

BOXX Modular asset utilization for the Quarter was 66%, a 1 percentage point decrease from 67% in the Comparative Quarter due to the impact of prolonged decreased energy prices on our customers' activities in Northern Alberta, partially offset by improved utilization levels in Eastern Canada.

Year to Date 2016 vs 2015

BOXX Modular asset utilization for the YTD was 65%, a 3 percentage point decrease from 68% in the Prior YTD due to the impact of prolonged decreased energy prices on our customers' activities in Northern Alberta, partially offset by improved utilization levels in Eastern Canada.

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 significant fluctuations in Adjusted EBITDA margin between periods.

($ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2016	**2015**	**Change**	**2016**	**2015**	**Change**
Rental revenue	5.8	6.7	(13)%	17.7	21.2	(17)%
Non-rental revenue	4.8	9.4	(49)%	16.5	26.1	(37)%
Total revenue	10.6	16.1	(34)%	34.2	47.4	(28)%
Adjusted EBITDA	3.5	4.7	(26)%	10.4	15.7	(34)%
Adjusted EBITDA as a % of revenue	33%	29%	4	30%	33%	(3)

Q3 2016 vs Q3 2015

The BOXX Modular business unit's total revenue for the Quarter was $10.6 million, down 34% or $5.5 million from the Comparative Quarter. Year-over-year differences are reviewed in the breakdown of revenue into its various components below:

- Rental revenue for the Quarter was $5.8 million, down 13% or $0.9 million from the Comparative Quarter due to ongoing rate pressure in Northern Alberta related to the slow-down in the energy markets and an overall 1 percentage point decrease in average utilization; and
- Non-rental revenue for the Quarter was $4.8 million, down 49% or $4.6 million from the Comparative Quarter mainly due to a decrease in sales revenue as well as a decrease in Operations revenue.

Adjusted EBITDA for the Quarter was $3.5 million, down 26% or $1.2 million from the Comparative Quarter primarily due to a reduction in total revenue during the Quarter.

Adjusted EBITDA as a percentage of revenue was 33% compared to 29% in the Comparative Quarter due to a proportionate increase of rental revenue, which typically earns higher margins than those revenues generated by the non-rental stream.

Year to Date 2016 vs 2015

The BOXX Modular business unit's total revenue for the YTD was $34.2 million, down 28% or $13.2 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 $17.7 million, down 17% or $3.5 million from the Prior YTD due to a 3 percentage point decrease in average utilization and ongoing rate pressure in Northern Alberta; and
- Non-rental revenue for the YTD was $16.5 million, down 37% or $9.6 million from the Prior YTD due to a decrease in sales revenue as well as a decrease in Operations revenue.

Adjusted EBITDA for the YTD was $10.4 million, down 34% or $5.3 million from the Prior YTD primarily due to a reduction in total revenue during the YTD.

Adjusted EBITDA as a percentage of revenue was 30% compared to 33% in the Prior YTD due to an overall decrease in gross profit as a result of ongoing rate pressure in Northern Alberta combined with additional cost incurred to redeploy idle assets and pursue branch expansion.

Return on Assets

	Three months ended September 30,			Nine months ended September 30,		
	2016	2015	Change**	2016	2015	Change**
Return on assets*	8%	11%	(3)	8%	12%	(4)

*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.
** Percentage point basis.

BOXX Modular's return on assets was 8% in the Quarter, down 3 percentage points from the Comparative Quarter due to a 26% decrease in Adjusted EBITDA.

BOXX Modular's return on assets was 8% YTD, down 4 percentage points from the Prior YTD due to a 34% decrease in Adjusted EBITDA.

Contracted Future Revenue

Contracted rental revenue commitments in place were $15.4 million as at September 30, 2016, down 13% or $2.4 million from $17.8 million as at September 30, 2015. The remaining weighted average rental contract term outstanding as at September 30, 2016 was approximately ten months compared with twelve months as at September 30, 2015.

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.

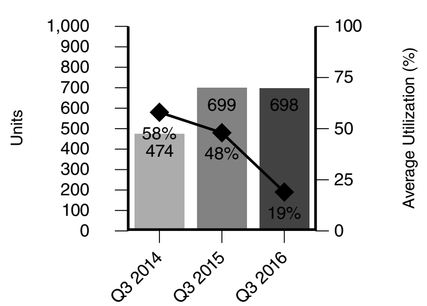
Energy Services Asset Utilization and Rates

The Energy Services drilling accommodation fleet consisted of 698 units as at September 30, 2016, down 1 unit from 699 units as at September 30, 2015. The surface rental fleet consisted of 2,305 units as at September 30, 2016, down 3% or 82 units from 2,387 units as at September 30, 2015.

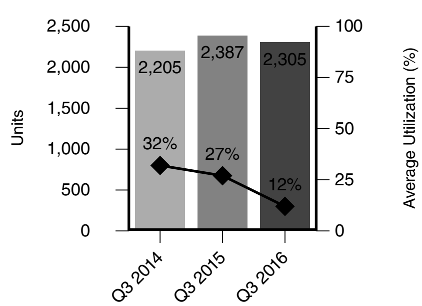
	Three months ended September 30,			Nine months ended September 30,		
	2016	**2015**	**Change**	**2016**	**2015**	**Change**
Property and Equipment Net Book Value ($ millions)	97.9	110.9	(12)%	97.9	110.9	(12)%
Accommodation units	698	699	—%	698	699	—%
Average bedcount	1,774	1,739	2%	1,775	1,671	6%
Average utilization*	19%	48%	(29)	21%	48%	(27)
Surface rental units	2,305	2,387	(3)%	2,305	2,387	(3)%
Average utilization*	12%	27%	(15)	13%	26%	(13)

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

Accommodation Units & Utilization



Surface Rental Units & Utilization



Q3 2016 vs Q3 2015

Drilling accommodation utilization for the Quarter was 19%, a decrease of 29 percentage points from 48% in the Comparative Quarter, primarily experienced in the US operations. Surface rental utilization for the Quarter was 12%, a decrease of 15 percentage points from 27% in the Comparative Quarter, due to a decrease in drilling and completion activity in Western Canada. The decrease in drilling and completions activity is due to the decrease in rig count.

The average weekly rig count in the Western Canadian Sedimentary Basin for the Quarter was 121, down 36% or 69 rigs from 190 in the Comparative Quarter. The average weekly rig count in North Dakota and Colorado for the Quarter was 47, down 56% or 59 rigs from 106 in the Comparative Quarter. Weekly rig activity data is based on Baker Hughes' North American Rotary Rig Count.

Year to Date 2016 vs 2015

Drilling accommodation utilization for the YTD was 21%, a decrease of 27 percentage points from 48% in the Prior YTD. Surface rental utilization for the YTD was 13%, a decrease of 13 percentage points from 26% in the Prior YTD for the same reasons described above.

The average weekly rig count in the Western Canadian Sedimentary Basin for the YTD was 112, down 44% or 88 rigs from 200 in the Prior YTD. The average weekly rig count in North Dakota and Colorado for the YTD was 49, down 63% or 83 rigs from 132 in the Prior YTD. Weekly rig activity data is based on Baker Hughes' North American Rotary Rig Count.

Financial Highlights

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Rental revenue						
Accommodation revenue (wellsite and drill camps)	1.1	3.9	(72)%	3.8	12.0	(68)%
Surface rental revenue	0.4	1.3	(69)%	2.2	3.9	(44)%
Total rental revenue	1.5	5.2	(71)%	6.0	15.9	(62)%
Non-rental revenue	2.2	2.3	(4)%	5.9	8.1	(27)%
Total revenue	3.7	7.5	(51)%	11.9	24.0	(50)%
Adjusted EBITDA	0.1	3.3	(97)%	1.0	8.6	(88)%
Adjusted EBITDA as a % of revenue	3%	44%	(41)	8%	36%	(28)

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 Energy Services business unit. Drilling accommodations and surface rental assets typically have higher utilization rates during the winter months when drilling activity is normally higher and reduced utilization rates during the spring and summer months.

Q3 2016 vs Q3 2015

Rental revenue for the Quarter was $1.5 million, down 71% or $3.7 million from the Comparative Quarter due to slower drilling activity during the summer season resulting in a decrease in average utilization for accommodation units and surface rental units, combined with lower realized rental rates.

Non-rental revenue for the Quarter was $2.2 million, down 4% or $0.1 million from the Comparative Quarter due to a decrease in drilling and completion activity resulting in overall lower non-rental activities, partially offset by higher catering activity associated with rental revenue.

Adjusted EBITDA for the Quarter was $0.1 million, down 97% or $3.2 million from the Comparative Quarter due to lower commodity prices for oil and natural gas driving a year-over-year decrease in drilling and completion activity which resulted in an overall decrease in revenue and margin erosion. Adjusted EBITDA as a percentage of revenue was 3% for the Quarter compared with 44% in the Comparative Quarter, primarily due to a decrease in the proportion of rental revenue relative to non-rental revenue, combined with an overall decrease in gross profit as a result of ongoing rate pressure as well as additional costs incurred to redeploy idle assets.

Year to Date 2016 vs 2015

Rental revenue for the YTD was $6.0 million, down 62% or $9.9 million from the Prior YTD due to a decrease in drilling and completion activity year over year resulting in a decrease in average utilization for accommodation and surface rental units, combined with lower realized rental rates.

Non-rental revenue for the YTD was $5.9 million, down 27% or $2.2 million from the Prior YTD due to a decrease in drilling and completion activity resulting in lower non-rental activities, partially offset by higher catering activity associated with rental revenue.

Adjusted EBITDA for the YTD was $1.0 million, down 88% or $7.6 million from the Prior YTD due to lower commodity prices for oil and natural gas driving a year-over-year decrease in drilling and completion activity which subsequently resulted in an overall decrease in revenue and margin erosion. Adjusted EBITDA as a percentage of revenue was 8% for the YTD compared with 36% in the Prior YTD, primarily due to a decrease in the proportion of rental revenue relative to non-rental revenue, combined with an overall decrease in gross profit as a result of ongoing rate pressure as well as additional costs incurred to redeploy idle assets.

Return on Assets

	Three months ended September 30,			Nine months ended September 30,		
	2016	2015	Change**	2016	2015	Change**
Return on assets*	—%	9%	(9)	1%	8%	(7)

*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.
** Percentage point basis.

Energy Service's return on assets was less than 0.5% in the Quarter, down 9 percentage points from the Comparative Quarter due to a 97% decrease in Adjusted EBITDA.

Energy Service's return on assets was 1% YTD, down 7 percentage points from the Prior YTD due to a 88% decrease in Adjusted EBITDA.

Contracted Future Revenue

Contracted rental revenue commitments in place were $0.1 million as at September 30, 2016, down 98% or $6.9 million from $7.0 million as at September 30, 2015. The remaining weighted average rental contract term outstanding as at September 30, 2016 was less than one month compared with three months as at September 30, 2015.

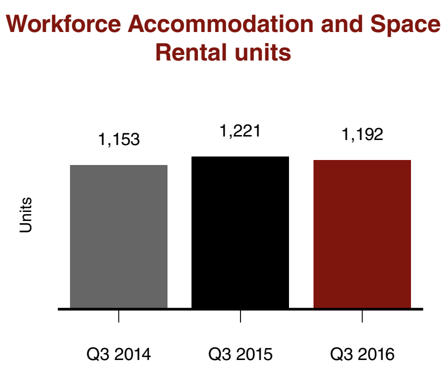
INTERNATIONAL BUSINESS UNIT

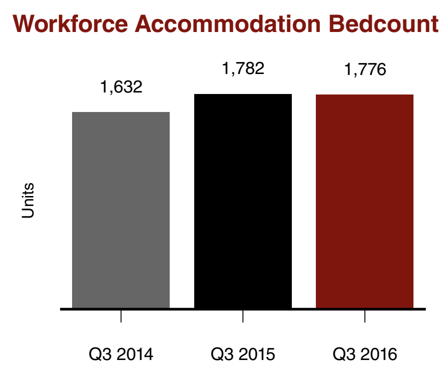
The International business unit rents and sells remote workforce housing and modular space rental solutions outside of North America. The primary geography for this business unit is Australia. Rental fleet assets are similar to those the Company operates in North America and are well positioned in New 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.

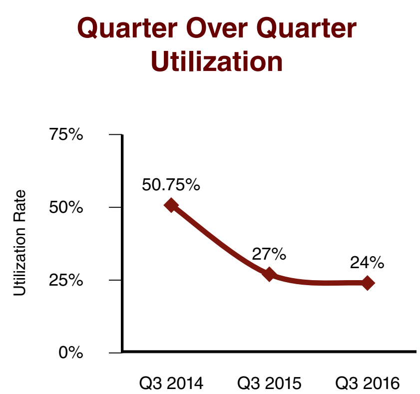
International Assets and Utilization

	Three months ended September 30,			Nine months ended September 30,		
	2016	**2015**	**Change**	**2016**	**2015**	**Change**
Property and Equipment Net Book Value ($ millions)	**36.2**	35.8	1%	**36.2**	35.8	1%
Workforce accommodation and space rental units	**1,192**	1,221	(2)%	**1,192**	1,221	(2)%
Average utilization*	**24%**	27%	(3)	**24%**	27%	(3)
Workforce accommodation bedcount	**1,776**	1,782	—%	**1,776**	1,765	1%

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







Financial Highlights

($ millions, except as noted)	Three months ended September 30, 2016	2015	Change	Nine months ended September 30, 2016	2015	Change
Rental revenue	1.0	1.2	(17)%	2.9	3.7	(22)%
Non-rental revenue	0.3	1.1	(73)%	1.1	2.2	(50)%
Total revenue	1.3	2.3	(43)%	4.0	5.9	(32)%
Adjusted EBITDA	(0.2)	0.3	(167)%	(0.3)	0.9	(133)%
Adjusted EBITDA as a % of revenue	(15)%	13%	(28)	(8)%	15%	(23)

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

The resource sector in Australia has been an important source of demand for the Company's assets primarily in Western Australia and Queensland. The prolonged downturn in commodity prices has led to weakness in the Australian mining and oil and gas sectors. This has led to reduced asset utilization and downward pressure on pricing.

Q3 2016 vs Q3 2015

Revenue for the Quarter was $1.3 million, down 43% or $1.0 million from the Comparative Quarter for the reasons described above.

As a result, Adjusted EBITDA for the Quarter was $(0.2) million, down 167% or $0.5 million from the Comparative Quarter.

Year to Date 2016 vs 2015

Revenue for the YTD was $4.0 million, down 32% or $1.9 million from the Prior YTD for the reasons described above.

As a result, Adjusted EBITDA YTD was $(0.3) million, down 133% or $1.2 million from the Prior YTD.

Return on Assets

	Three months ended September 30, 2016	2015	Change**	Nine months ended September 30, 2016	2015	Change**
Return on assets*	(1)%	3%	(4)	(1)%	2%	(3)

*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.
** Percentage point basis.

International's return on assets in the Quarter was (1)%, down 4 percentage points from the Comparative Quarter.

International's return on assets YTD was (1)%, down 3 percentage points from the Prior YTD.

Contracted Future Revenue

Contracted rental revenue commitments in place were $7.6 million as at September 30, 2016, up 245% or $5.4 million from $2.2 million as at September 30, 2015. The remaining weighted average rental contract term outstanding as at September 30, 2016 was approximately nineteen months compared with six months as at September 30, 2015.

The increase in the remaining weighted average rental contract term outstanding and contracted revenue commitments relates to the a five year contract extension worth $6.2 million with one of Australia's largest iron ore producers in early 2016.

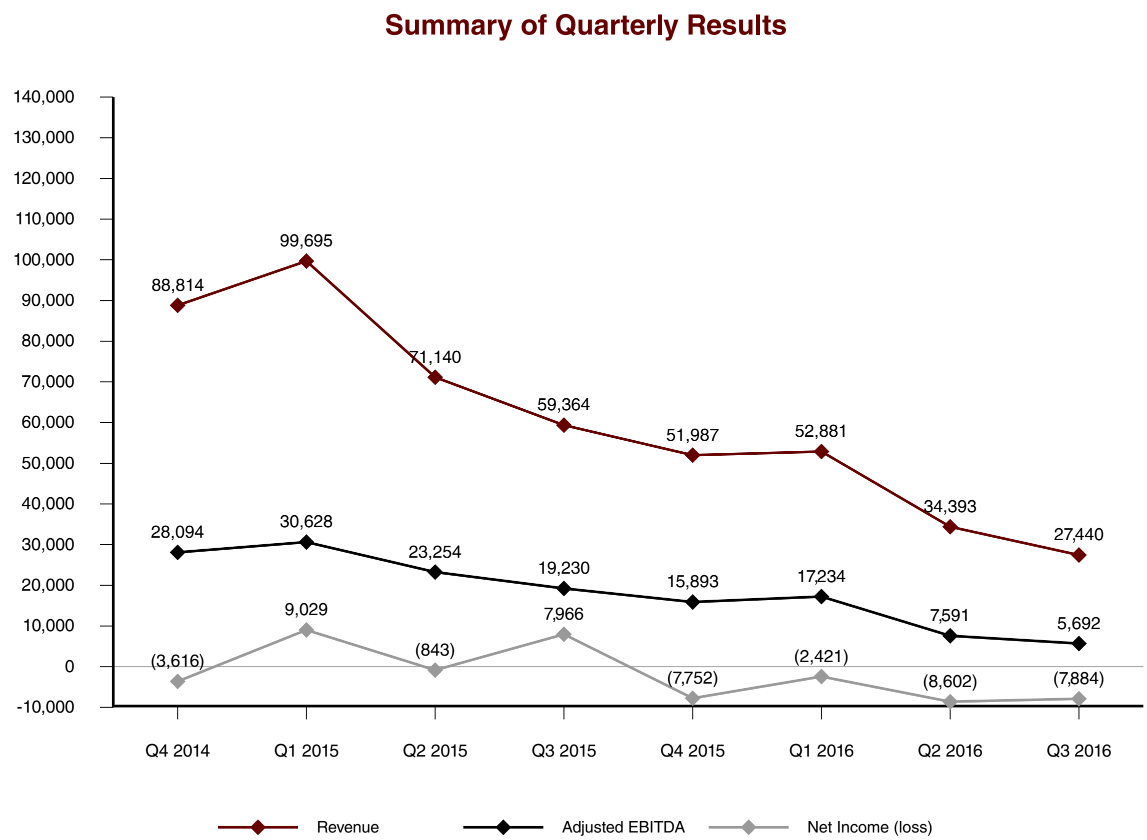
CORPORATE AND OTHER BUSINESS UNIT

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

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Property and Equipment Net Book Value	**25.0**	27.3	(8)%	**25.0**	27.3	(8)%
Adjusted EBITDA	**(3.7)**	(4.7)	(21)%	**(11.1)**	(15.7)	(29)%

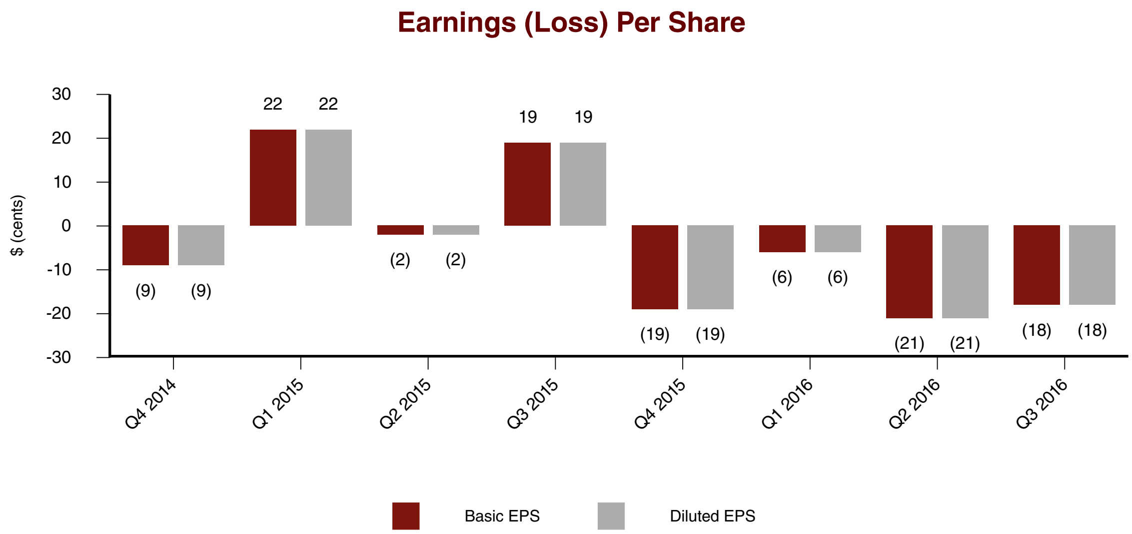
SUMMARY OF QUARTERLY RESULTS

The following is a summary of the previous eight quarters:



Overall, the continued weakness in commodity prices across several commodity classes has negatively impacted asset utilization and revenue resulting in quarterly metrics trending downward. The more significant variations in individual quarterly results are explained further below.

1. Q1 results are typically higher due to some seasonality experienced in the Western Canada operations, which form part or all of the Camps & Lodging, BOXX Modular and Energy Services business units. Specifically, operations levels in the Camps & Lodging business unit are generally higher in the winter and utilization for Energy Service's drilling accommodations and surface rental assets is higher in the fall and winter months.
2. Beds under management increased in Q1 2015 compared to other quarters, but due to the decreased activity in Western Canada the increase was less than 2014.
3. A net loss was recorded in Q4 2014 primarily due to a one-time $8.2 million write-down of goodwill and intangible assets in the International business unit.
4. The net loss in Q2 2015 was due to lower activity levels, driven by continued low commodity prices, and due to an increase in the Alberta corporate income tax rate.
5. 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.
6. 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.
7. Q1 2016 recognizes an impairment of $3.4 million on the investment and note receivable from Northern Frontier Corp.
8. 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.
9. 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.



LIQUIDITY AND CAPITAL RESOURCES

Cash Requirements

Contractual Obligations and Other Commitments

At September 30, 2016, Black Diamond had capital expenditure commitments in the amount of $2.1 million to be expended in the next six months. Additionally, on September 30, 2016 , Black Diamond entered into a supply agreement to purchase a minimum of $1.4 million of fleet assets in the next thirty-six months. 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:

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

For the Quarter, Black Diamond expended $4.7 million (Comparative Quarter – $12.0 million) on additions to property and equipment. The additions are set out in the table below. Additionally, BOXX Modular acquired the space rental business from Shelter in the Vancouver area for total cash consideration of $1.3 million.

($ millions, except as noted)	Three months ended September 30, 2016	2015	Change %	Nine months ended September 30, 2016	2015	Change %
Camps & Lodging	—	—	n/a	0.1	14.5	(99)%
BOXX Modular	3.3	3.1	6%	6.4	11.1	(42)%
Energy Services	—	8.6	(100)%	0.5	18.0	(97)%
International	1.3	0.1	1,200%	2.1	4.1	(49)%
Corporate	—	0.1	(100)%	0.3	0.4	(25)%
	4.7	12.0	(61)%	9.4	48.1	(80)%

Sources and Uses of Cash

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

($ millions, except as noted)	Three months ended September 30, 2016	2015	Change %	Nine months ended September 30, 2016	2015	Change %
Cash from operating activities	8.9	25.6	(65)%	45.1	90.1	(50)%
Cash used in investing activities	(5.3)	(8.0)	(34)%	(10.5)	(59.1)	(82)%
Cash used in financing activities	(4.6)	(22.1)	(79)%	(34.8)	(50.0)	(30)%
Total cash decrease	(1.1)	(4.6)	(76)%	(0.2)	(19.0)	(99)%

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 repayments.

Cash provided by operating activities was $16.7 million lower in the Quarter than in the Comparative Quarter and $45.0 million lower in the YTD than in the prior year primarily due to decreased business activity.

Cash used in investing activities was $2.7 million lower in the Quarter than in the Comparative Quarter and $48.6 million lower in the YTD than in the Prior YTD due to lower capital spending.

Cash used in financing activities was $17.5 million lower in the Quarter than in the Comparative Quarter and $15.2 million lower in the YTD than in the Prior YTD primarily due to the issuance of shares and lower dividends declared and paid in 2016, partially offset by higher net repayments of long-term debt.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	September 30, 2016	December 31, 2015	Change %
Current assets	31.1	51.0	(39)%
Current liabilities	29.4	41.0	(28)%
Working capital	1.7	10.0	(83)%

The decrease in current assets of $19.9 million from December 31, 2015 was largely due to a decrease in accounts receivable of $19.0 million.

The decrease in current liabilities of $11.6 million from December 31, 2015 was largely due to a decrease of $11.4 million of accounts payable and accrued liabilities related to decreased business activity and higher cash settlement on capital spending.

Principal Debt Instruments:

As at September 30, 2016, Black Diamond's principal sources of debt included:

- a committed extendible revolving operating facility in the amount of $168.0 million, all of which is available and $40.9 million is drawn;
- a demand operating facility in Australia in the amount of AU$5.0 million, all of which is available and $0.6 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.

As at September 30, 2016, the Company's draws under the committed extendible revolving operating facility were comprised of $3.9 million related to an overdraft balance (December 31, 2015 - $1.0 million), and $37.0 million of bankers' acceptance (December 31, 2015 - $69.0 million).

For the three and nine month periods ended September 30, 2016, the average interest rate applied to amounts drawn on the committed extendible revolving operating facility was 3.11% and 2.67% (2015 - 2.58% and 2.72%), respectively.

In addition, the Company has a corporate credit card facility with a limit of $1.0 million which bears interest at 18.4%. As at September 30, 2016, the Company's draws under the corporate credit card facility were $nil (December 31, 2015 - $nil).

Black Diamond, through one of its partnerships, has a $5.0 million operating facility to fund working capital requirements of the partnership. The facility bears interest at a rate of prime plus 1.15% and incurs standby fees of 0.25% for any unused portion of the authorized amount whereby the authorized limit is 75% of good accounts receivable calculated at the end of each month. At September 30, 2016, the effective interest rate was 3.85% (December 31, 2015 - 3.85%). The facility is secured by assets of the partnership, with no recourse to Black Diamond. As at September 30, 2016, the Company's draws under the demand operating facility were $0.6 million (December 31, 2015 - $nil).

Effective May 30, 2016, a US $10.0 million demand revolving loan that was held indirectly by a wholly owned subsidiary of Black Diamond was not renewed.

Black Diamond, through an indirect wholly owned Australian subsidiary, has a AU$5.0 million operating facility to fund working capital requirements in Australia. The facility bears interest at a rate of Australian Bank Bill Overdraft Rate plus 1.0% and incurs standby fees for any unused portion of the facility at 0.50%. At September 30, 2016, the effective interest rate was 2.67% (December 31, 2015 - 3.12%). The facility is secured by a corporate guarantee issued by Black Diamond Limited Partnership. As at September 30, 2016, the Company's draws under the Australian demand operating facility were $0.6 million (December 31, 2015 - $nil).

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, 2015 - $49.6 million), an interest rate of 5.44% per annum and mature on July 8, 2019. 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, an interest rate of 4.58% per annum and mature on July 3, 2022. 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.

On July 3, 2013, Black Diamond Limited Partnership also entered into a private shelf facility for senior secured notes which, subject to the sole discretion of the lender, may be drawn in an aggregate amount up to US $21,315, for a term of no more than 11 years after the date of original issuance, to have an average life of no more than 10 years after the date of original issuance, and to bear interest as shall be determined at the date of issuance. This private shelf facility was not renewed subsequent to July 3, 2016.

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.

The Company uses a combination of short-term and long-term debt to finance its operations. 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 the ability to raise equity if required.

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

Debt Covenants

Black Diamond's financial debt covenants are as follows:

Covenant as at September 30, 2016	Required	Actual
Funded Debt to Bank EBITDA Ratio	≤ 3.00:1	2.63
Interest Coverage Ratio	≥ 3.00:1	7.23

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

Covenant as at September 30, 2016	Required	Actual
Current Ratio	≥ 1.25:1	2.43
Interest Coverage Ratio	≥ 3.00:1	26.44

Effective June 18, 2015, the committed extendible revolving operating facility interest coverage covenant was amended to a minimum interest coverage ratio of 3.00:1.

Effective June 18, 2015, 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 $20.0 million less interest expense less capital lease payments, all calculated on a twelve month trailing basis. As at September 30, 2016, twelve month trailing dividends totaled $19.1 million compared to $22.4 million twelve month trailing Excess Cash Flow.

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

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

As at September 30, 2016, Black Diamond was in compliance with all debt covenants.

Share Capital

At September 30, 2016, Black Diamond had 46.1 million (December 31, 2015 - 41.0 million) common shares outstanding. In addition, at September 30, 2016, Black Diamond had 2.9 million (December 31, 2015 - 3.0 million) common shares reserved for issuance pursuant to the exercise of options which have been granted pursuant to Black Diamond's share option plan.

The following table summarizes Black Diamond's equity capitalization as at November 8, 2016:

Common shares	46,110
Stock options	2,850

Off-Balance Sheet Arrangements

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

Contingent Liabilities

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

FINANCIAL INSTRUMENTS

All of Black Diamond’s financial instruments as at September 30, 2016 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, gain on sale of construction services operation, share of loss of an associate, write-down of property and equipment, impairment of goodwill, and provision for onerous contracts.

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

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

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

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

Reconciliation of Consolidated Profit to Adjusted EBITDA:

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	2016	2015	Change %	2016	2015	Change %
Profit (loss)	**(7.9)**	8.0	(199)%	**(18.9)**	16.2	(217)%
Add:						
Share-based compensation	**0.6**	0.9	(33)%	**0.9**	3.0	(70)%
Depreciation and amortization	**13.0**	14.5	(10)%	**39.3**	42.2	(7)%
Finance costs	**1.6**	2.0	(20)%	**5.1**	6.4	(20)%
Onerous contracts	**3.3**	—	100 %	**3.3**	—	100 %
Current income taxes	**(1.6)**	0.3	(633)%	**(2.1)**	4.4	(148)%
Deferred income taxes	**(3.6)**	2.0	(280)%	**(3.9)**	7.3	(153)%
Share of loss in associate	**—**	(8.8)	— %	**5.8**	(8.8)	100 %
Non-controlling interest	**0.2**	0.4	(50)%	**1.0**	2.6	(62)%
Adjusted EBITDA	**5.7**	19.2	(70)%	**30.5**	73.1	(58)%

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 and is adjusted for acquisitions or disposals. 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 available for dividends is calculated as the cash flow from operating activities excluding the changes in non-cash working capital. Management believes that Funds available for dividends 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. Funds not distributed are available for re-investing in the business and funding the growth of Black Diamond.

Reconciliation of Cash Flow from Operating Activities to Funds Available for Dividends:

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	2016	2015	Change %	2016	2015	Change %
Cash Flow from Operating Activities	**8.9**	25.6	(65)%	**45.1**	90.1	(50)%
Add/(Deduct):						
Book value of used fleet sales	**(0.2)**	(1.0)	(80)%	**(5.2)**	(4.4)	18 %
Change in long-term accounts receivable	**(0.1)**	(1.1)	(91)%	**0.7**	(0.7)	(200)%
Change in non-current deferred revenue	**(0.1)**	(2.1)	100 %	**(0.5)**	(2.1)	100 %
Changes in non-cash working capital	**(1.1)**	(2.5)	(56)%	**(7.5)**	(14.3)	(48)%
Funds available for dividends	**7.4**	18.9	(61)%	**32.6**	68.6	(52)%

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.

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 revenue divided by beds utilized 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, 2015 available on SEDAR at www.sedar.com. Additional risks and uncertainties that management may be unaware of may become important factors which affect Black Diamond.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

Black Diamond's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have, as at September 30, 2016, designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that: (i) material information relating to Black Diamond is made known to Black Diamond's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by Black Diamond in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

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

Black Diamond is required to disclose herein any change in Black Diamond's ICFR that occurred during the period beginning on July 1, 2016 and ended on September 30, 2016 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, 2015 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 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:

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 the maintainable earnings 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.

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 cash flows, long-term growth rates, 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 long-lived assets. The CGUs have been determined considering the level of operating activities and independent cash flows generated from groups of assets.

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.

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 modular structures, that it retains all the significant risks and rewards of ownership of these structures and accounts for the contracts as operating leases.

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.

Aggregation of Interest in Subsidiaries

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

Estimates and Assumptions

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

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 for non-recoverable costs 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 restructuring activities or significant future investments that will enhance the asset’s performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Asset Retirement Obligations

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

Additional Estimates

Other estimates that management is required to make to conform with IFRS and prepare timely consolidated financial statements 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

IAS 1 Presentation of Financial Statements

In December 2014, the IASB issued narrow-focus amendments to IAS 1 Presentation of Financial Statements to clarify existing requirements related to materiality, order of notes, subtotals, accounting policies and disaggregation. Retrospective application of this standard was effective for fiscal years beginning on or after January 1, 2016. The adoption of this amended standard did not have a material impact on the Company's disclosure.

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, 2017.

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 is effective for annual periods beginning on or after January 1, 2017. Early adoption of the standard is permitted and entities are not required to provide comparative information for preceding periods. The Company has reviewed the issued amendments to IAS 7 and determined that there is no significant impact of such amendments on the Company's financial statements.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

In January 2016, the IASB issued amendments to IAS 12 Income Taxes, clarifying the accounting for deferred tax assets for unrealised losses. Entities must consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Guidance is also provided on how to determine future taxable profits and explains the circumstances whereby taxable profit may include the recovery of some assets for more than their carrying amount. This standard is effective for annual periods beginning on or after January 1, 2017. Early adoption of the standard is permitted. The Company has reviewed the issued amendments to IAS 12 and determined that there is no impact of such amendments on the Company's financial statements.

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. The Company has not yet determined the impact of the standard on the Company’s financial statements.

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.