MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine month periods ended September 30, 2018 and 2017

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, 2018 (the "Quarter") with the three months ended September 30, 2017 (the "Comparative Quarter") and the nine months ended September 30, 2018 (the "YTD") with the nine months ended September 30, 2017 (the "Prior YTD"). This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three and nine month periods ended September 30, 2018 and 2017 and the audited consolidated financial statements of the Company for the years ended December 31, 2017 and 2016. 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 6, 2018 and, unless otherwise indicated, all amounts are stated in Canadian dollars. Black Diamond's common shares are listed on the Toronto Stock Exchange under the symbol "BDI".

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

Certain information set forth in this MD&A contains forward-looking statements including, but not limited to, receiving a notice to proceed with respect to the Coastal GasLink agreement, the amount of funds that will be expended on the 2018 capital plan and how such capital will be allocated, management's assessment of Black Diamond's future operations and what may have an impact on them, occupancy levels, growth in MSS fleet, financial performance, sales activity, business prospects and opportunities, changing operating environment including increased activity levels, amount of revenue anticipated to be derived from current contracts, anticipated debt levels, economic life of the Company's assets, future growth and profitability of the Company, and realization of the anticipated benefits of acquisitions and sales. With respect to the forward-looking statements in the MD&A, Black Diamond has made assumptions regarding, among other things: future commodity prices, that Black Diamond will continue to raise sufficient capital to fund its business plans in a manner consistent with past operations, that counter-parties to contracts will perform the contracts as written and that there will be no unforeseen material delays in contracted projects. Although Black Diamond believes that the expectations reflected in the forward-looking statements contained in this MD&A, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurances that such expectations or assumptions will prove to be correct. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of Black Diamond. These risks include, but are not limited to: the impact of general economic conditions, industry conditions, fluctuation of commodity prices, the Company's ability to attract new customers, failure of counterparties to perform on contracts, industry competition, availability of qualified personnel and management, timely and cost effective access to sufficient capital from internal and external sources, political conditions, dependence on suppliers and stock market volatility. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in Black Diamond's annual information form for the year ended December 31, 2017 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

Black Diamond Group's third quarter results reflect revenue increasing slightly to $36.8 million from $36.5 million in the Comparative Quarter, but Adjusted EBITDA decreased to $4.6 million from $9.0 million over the same period. The divergence in relative change from the Comparative Quarter is primarily due to revenue mix, loading at our open lodges and project timing in the Workforce Solutions ("WFS") business unit. However, visibility into next year continues to improve and management retains a positive long-term outlook for performance in 2019 and beyond.

With LNG Canada receiving a positive final investment decision ("FID"), the Company expects notice to proceed on the $42.5 million camp contract related to construction of the Coastal GasLink pipeline in the near future, with expected initial revenue in the first half of 2019 and first occupancy occurring in Q3 2019. The Company has secured additional work related to LNG Canada for the provision of accommodation assets on a rental basis and expects the Modular Space Solutions ("MSS") business to participate through its Britco and BOXX Modular brands in Kitimat, British Columbia.

Improving market dynamics across the MSS platform has resulted in modest growth in the high margin rental revenue stream from Q2 to Q3 2018. On a year-over-year basis, rental revenue is down 6% to $7.4 million primarily due to significant contracts ending in the Alberta market in early 2018, which was partially offset by higher rates and utilization in other markets. MSS performance in Alberta is believed to have reached a trough during the first half of 2018 and continues to recover, while stronger market conditions in British Columbia, Eastern Canada, and the southern United States ("U.S.") are expected to continue to generate improving results going forward. New manufactured sales were lower in the Quarter due to contract timing but activity is expected to pick up moving into 2019 as contracted work is completed from the growing backlog of new projects.

A decline in occupancy due to completed turnaround work in Q2 2018 resulted in lower Q3 2018 lodging revenues in the WFS business unit, which was exacerbated by reduced completions and field level activity in the regions surrounding the Company’s open camps. Rental revenue in the WFS business fell 32% from the Comparative Quarter largely due to the conversion of Sunset Prairie Lodge to an open camp. Occupancy at Sunset Prairie Lodge was lower than expected due to the effects mentioned above. The WFS business unit has secured contracted occupancy in a number of open camps for the upcoming drilling season and a stronger bid pipeline is supporting better visibility and improving long-term fundamentals. Wellsite accommodations in the U.S. exhibited strong utilization during the Quarter and market conditions remain constructive for increasing rental rates. In the Company’s Australian operations, increasing private and public spending across various sectors is driving improving results, reflected in revenue increasing 14% from the Comparative Quarter.

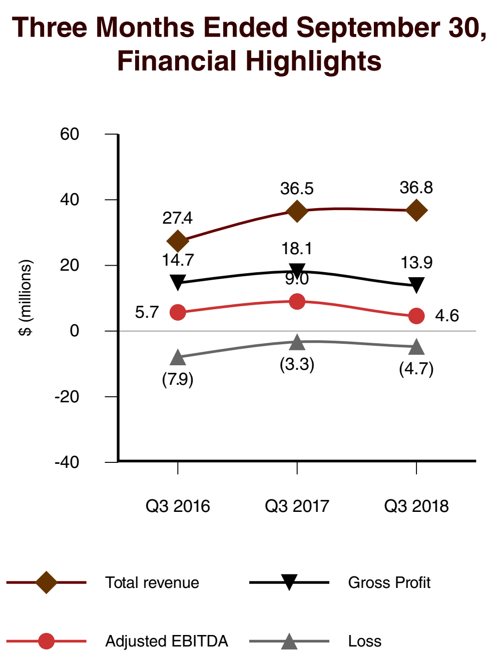
The Company’s digital marketplace for workforce accommodation, LodgeLink, continued to gain traction with customers and suppliers during the Quarter. LodgeLink now has over 350 properties listed, representing over 45,000 rooms of capacity within workforce lodges and hotels across Canada. Nearly 250 unique corporate customers have now booked through the online tool, with over 62,000 room nights booked in 2018. Development on the next phase of the digital platform is currently underway and we are looking forward to releasing a major upgrade of the marketplace with additional features for customers and suppliers to utilize in 2019. Modest capital investment has been allocated to this development work in 2018 and 2019 in order to continue building on the rapid growth this business has displayed.

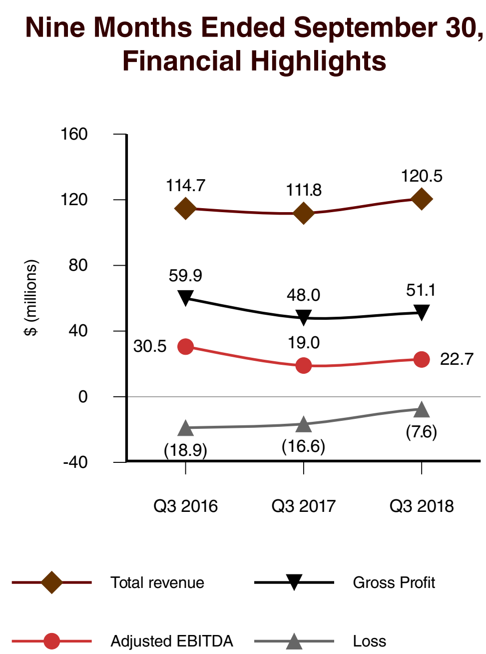
With the balance sheet in a healthier position, management is shifting its focus and returning to a growth cycle. Investing free cash flow into our diversified MSS business in growing markets remains a top priority. The Company aims to grow the MSS fleet by 10% annually on a net basis over the next several years and will do so by deploying capital into markets and projects that are expected to achieve stable risk-adjusted returns.

The Company generated Funds from Operations (see "Non-GAAP Measures") of approximately $10.0 million during the Quarter and approximately $33.2 million YTD. With increased balance sheet flexibility, management will continue to allocate capital towards the most attractive, risk-adjusted investment opportunities throughout our platform. The Company will assess both organic and inorganic opportunities in new and existing markets to achieve ongoing growth in 2019 and beyond.

FINANCIAL REVIEW

- The Company's leverage position was significantly improved during the last twelve months as a result of a reduction in Net Debt from $119.3 million at September 30, 2017 to $82.0 million as at September 30, 2018.
- Revenue for the Quarter was $36.8 million, up 1% or $0.3 million from the Comparative Quarter mainly due to increased used fleet sales.
- Administrative expenses for the Quarter were $9.3 million, up 2% or $0.2 million from the Comparative Quarter primarily due to the filling of vacant positions in the Quarter.
- Adjusted EBITDA (see "Non-GAAP Measures") for the Quarter was $4.6 million, down 49% or $4.4 million from the Comparative Quarter primarily due to changes in the revenue mix.





Geographic Revenue Segmentation

	Three months ended September 30,			Nine months ended September 30,		
($ millions)	2018	2017	Change	2018	2017	Change
	$	$	%	$	$	%
Revenue						
Canada	**24.2**	24.6	(2)%	**87.8**	80.5	9 %
United States	**8.2**	8.0	3 %	**23.8**	24.0	(1)%
Australia	**4.4**	3.8	16 %	**8.9**	7.3	22 %
Total	**36.8**	36.5	1 %	**120.5**	111.8	8 %

Percentage of total revenue	Three months ended September 30, 2018 $	2017 $	Change %	Nine months ended September 30, 2018 $	2017 $	Change %
Revenue						
Canada	**66%**	68%	(2)	**73%**	72%	1
United States	**22%**	22%	—	**20%**	21%	(1)
Australia	**12%**	10%	2	**7%**	7%	—
Total	**100%**	100%	—	**100%**	100%	—

Outlook

- The Company plans to grow the MSS fleet by 10% annually, net of fleet sales, which is expected to translate into sequential quarterly growth of rental revenue into 2019. The current backlog and bid log of new sales projects is also expected to translate into increasing non-rental revenue in MSS.

- Based on contract visibility, WFS rental and lodging revenue is expected to improve modestly in the fourth quarter and strengthen further in 2019. WFS also expects to continue selling unutilized assets in 2019 in order to rationalize the fleet and fund acquisitions of new assets in higher growth areas across the Company's platform.

- With LNG Canada receiving a positive FID, the Company expects notice to proceed on the $42.5 million camp contract related to construction of the Coastal GasLink pipeline in the near future, with expected initial revenue in the first half of 2019. We anticipate that this project will generate numerous ancillary opportunities to support the build-out of related infrastructure. The workforce accommodation requirements for this project, coupled with the rationalization of accommodation assets over the last several years, should result in a rebalancing of supply and demand fundamentals for such assets. As LNG Canada moves ahead, it is increasingly likely that additional LNG development on the west coast occurs. This would further enhance the long-term outlook for our Canadian WFS market and drive ongoing improvement in pricing and asset pay-back periods.

- Wellsite revenue is expected to continue to strengthen in the U.S. West Texas and Colorado remain our strongest markets, with rates continuing to rise.

- Market conditions in Australia are expected to continue to improve into 2019, driving increased rental revenue.

- LodgeLink is expected to continue on its growth trend for the remainder of 2018 and into 2019, with anticipated increases to listed properties and customer bookings. Development on the next phase of the digital platform is currently underway, supported by a modest capital investment allocation in 2018 and 2019 which is expected to enhance the customer experience and lead to accelerated revenue growth in 2019.

2018 Capital Plan

The Company is generating increasing cash flows from operations, which management anticipates will lead to increasing growth capital expenditures. The disciplined capital plan will support management's overarching strategy of diversifying the Company's asset base and cash flows.

Capital expenditures for the Quarter were $4.1 million and capital commitments were $6.8 million as at September 30, 2018. This is compared with capital expenditures of $7.7 million and capital commitments of $5.3 million in the Comparative Quarter. Capital expenditures for the Quarter included maintenance capital of $0.2 million, compared to $0.6 million in the Comparative Quarter.

Proceeds from used fleet asset sales in the Quarter were $7.4 million compared with $2.5 million in the Comparative Quarter.

WHO WE ARE

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

Black Diamond has two operating business units: MSS and WFS. The Company was restructured effective January 1, 2018 from the previous four business units: BOXX Modular, Black Diamond Camps & Lodging, Black Diamond Energy Services and Black Diamond International. Certain prior period financial information has been reclassified to reflect the new structure of the business.

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

BLACK DIAMOND'S STRATEGY

At its core, Black Diamond is a business-to-business renter of specialized equipment. Our team's extensive experience within the rental categories in which 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 large rental fleet that consists of remote workforce accommodation, space rental and surface rental assets. These assets generally maintain their value over their relatively long lives and require very little maintenance capital. To ensure we are managing our assets (and capital) efficiently, we set return targets for our assets based on their original cost. This creates discipline around the aging of our rental fleet, encouraging managers to regularly sell older, less economic rental assets on the secondary market. Through all parts of the market cycle, we have been able to sell our used assets for more than their book value and this is recorded as "non-rental" revenue, with the book value of the asset recorded as a non-cash item in our consolidated statement of cash flows.

We continually adjust our commercial strategy to changes in market conditions. Our asset management strategy in the current economic environment can be divided into four 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;
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; and
4. The Company uses the proceeds from the sale of assets with low demand to fund the acquisition of new assets in high growth areas.

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 U.S. in previous years, as well as our North American MSS expansions were predicated on the fundamental belief that this diversification strategy can help mitigate volatility during a downturn in any one geography, commodity or asset class. Management is focused on selling underutilized assets to fund growth in diversified businesses.

Capital Allocation

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

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

Health and Safety

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

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

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, 2018 and 2017.

	Three months ended September 30,			Nine months ended September 30,		
(in millions, except as noted)	2018	2017	Change	2018	2017	Change
Financial Highlights	$	$		$	$	
Total revenue	36.8	36.5	1%	120.5	111.8	8%
Gross profit	13.9	18.1	(23)%	51.1	48.0	6%
Administrative expenses	9.3	9.1	2%	28.4	29.7	(4)%
Adjusted EBITDA (1)	4.6	9.0	(49)%	22.7	19.0	19%
Funds from Operations (1)	10.0	12.4	(19)%	33.2	33.4	(1)%
Per share ($)	0.18	0.23	(22)%	0.60	0.64	(6)%
Loss before taxes	(6.7)	(5.3)	(26)%	(10.7)	(24.8)	57%
Loss	(4.7)	(3.3)	(42)%	(7.6)	(16.6)	54%
Loss per share - Basic and diluted	(0.09)	(0.06)	50%	(0.14)	(0.32)	(56)%
Capital expenditures	4.1	7.7	(47)%	9.1	14.5	(37)%
Business acquisitions	—	—	n/a	—	42.0	(100)%
Property & equipment (NBV)	340.5	440.5	(23)%	340.5	440.5	(23)%
Total assets	390.5	528.2	(26)%	390.5	528.2	(26)%
Long-term debt	83.6	121.5	(31)%	83.6	121.5	(31)%
Dividends declared	—	1.4	(100)%	—	9.2	(100)%

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

Margin Summary	Three months ended September 30,			Nine months ended September 30,		
(Percent of revenue)	2018	2017	Change (1)	2018	2017	Change (1)
Gross profit	38%	50%	(12)	42%	43%	(1)
Administrative expenses	25%	25%	—	24%	27%	(3)
Adjusted EBITDA	13%	25%	(12)	19%	17%	2

(1) Percentage point basis.

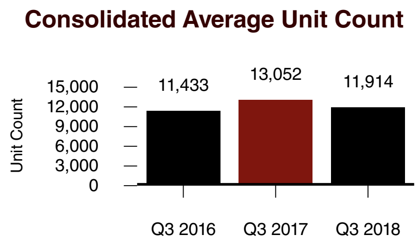
Seasonality of Operations

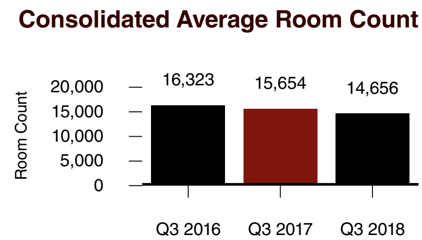
The Company's western Canadian operations, which form part of its MSS and WFS business units, are exposed to a variable degree of seasonality. Drilling accommodations and surface rental assets of the WFS business unit have higher utilization rates during the fall and winter months when drilling activity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

CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet decreased to 11,914 units at the end of the Quarter compared with 13,052 in the Comparative Quarter primarily due to used fleet sales, partially offset by organic growth of the space rentals fleet. The reduction in units is part of the Company's strategy to reallocate invested capital from underutilized assets to asset types that are in higher demand in the current environment. Consolidated unit count includes accommodation units, modular space rental units and surface rental units. Consolidated room count in Black Diamond's global fleet decreased to 14,656 rooms in the Quarter compared with 15,654 rooms in the Comparative Quarter primarily due to used fleet sales in WFS.





Fleet Utilization Rates

	Three months ended September 30,			Nine months ended September 30,		
	2018	**2017**	**Change (1)**	**2018**	**2017**	**Change (1)**
Modular Space Solutions	71%	72%	(1)	69%	69%	—
Workforce Solutions:						
Workforce Housing Accommodations: Rental Fleet	22%	35%	(13)	26%	37%	(11)
Wellsite Accommodations	75%	64%	11	67%	41%	26
Surface Equipment	17%	16%	1	20%	18%	2
Consolidated	55%	54%	1	52%	52%	—

(1) Percentage point basis.

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

Q3 2018 vs Q3 2017

The decrease in utilization in MSS is primarily due to decreased activity in Alberta. The increases in wellsite accommodations utilization in WFS are due to an increase in drilling and completion activity in the U.S. The decrease in workforce housing accommodations rental fleet utilization is due to conversion of Sunset Prairie Lodge from a rental only camp to an open camp in Q2 2018. The utilization of surface equipment remains consistent with the Comparative Quarter.

Year to Date 2018 vs 2017

The utilization in MSS remains consistent as the decreased activity in Alberta has begun to recover since Q1 2018. The increases in wellsite accommodations and surface equipment utilization in WFS are due to an increase in drilling and completion activity in the U.S. The decrease in workforce housing accommodations rental fleet utilization is due to lower business activity resulting from the conversion of Sunset Prairie Lodge from a rental only camp to an open camp.

Revenue

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

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

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

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

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

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	2018	2017	Change	2018	2017	Change
Rental Revenue	12.9	16.0	(19)%	39.3	46.2	(15)%
Lodging Revenue	4.4	4.1	7%	22.9	11.9	92%
Sales Revenue	9.2	6.2	48%	20.9	22.8	(8)%
Non-Rental Revenue	10.3	10.2	1%	37.3	30.8	21%
Revenue	36.8	36.5	1%	120.5	111.8	8%

	Three months ended September 30,			Nine months ended September 30,		
Percentage of consolidated revenue	2018	2017	Change (1)	2018	2017	Change (1)
Rental Revenue	35%	44%	(9)	33%	41%	(8)
Lodging Revenue	12%	11%	1	19%	11%	8
Sales Revenue	25%	17%	8	17%	20%	(3)
Non-Rental Revenue	28%	28%	—	31%	28%	3

(1) Percentage point basis.

Q3 2018 vs Q3 2017

Rental revenue for the Quarter was $12.9 million, down 19% or $3.1 million from the Comparative Quarter primarily due to a $2.6 million decrease in WFS rental revenue attributed to the conversion of Sunset Prairie Lodge from a rental only camp to an open camp in Q2 2018 and a $0.5 million decrease in MSS rental revenue due to a decline in rates and utilization in Alberta.

Lodging revenue for the Quarter was $4.4 million, up 7% or $0.3 million from the Comparative Quarter due to an increase in occupancy at Sunday Creek Lodge and the conversion of Sunset Prairie Lodge from a rental only camp to an open camp in Q2 2018. The average lodging rates per day decreased due to higher occupancy at lodges where rates are comparably lower.

Sales revenue for the Quarter was $9.2 million, up 48% or $3.1 million from the Comparative Quarter driven by $1.3 million increase in MSS sales revenue due to increased used fleet sales in the Quarter, combined with a $1.7 million increase in WFS sales revenue due to the sale of unutilized fleet.

Non-rental revenue for the Quarter was $10.3 million, which is in line with the Comparative Quarter.

Year to Date 2018 vs 2017

Rental revenue for the YTD was $39.3 million, down 15% or $6.9 million from the Prior YTD primarily due to a $6.4 million decrease in WFS rental revenue attributed to a decrease in utilization and rates in workforce housing accommodation rental fleet in Canada resulting from the conversion of Sunset Prairie Lodge from a rental only camp to an open camp in Q2 2018.

Lodging revenue for the YTD was $22.9 million, up 92% or $11.0 million from the Prior YTD due to the conversion of Sunset Prairie Lodge from a rental only camp to an open camp in Q2 2018, an increase in occupancy at Sunday Creek Lodge, and opening of Little Prairie Lodge in Q4 2017.

Sales revenue for the YTD was $20.9 million, down 8% or $1.9 million from the Prior YTD primarily due to a $7.0 million decrease in WFS attributed to a large fleet sale in the Comparative YTD. This was partially offset by a $5.1 million increase in MSS sales revenue due to increased used and new fleet sales.

Non-rental revenue for the YTD was $37.3 million, up 21% or $6.5 million from the Prior YTD primarily due to a $5.4 million increase in non-rental revenue in WFS which was driven by revenue associated with the Sunset Prairie Lodge conversion, an increase of catering activity in Canadian workforce housing accommodations and an increase of activity in LodgeLink. This was partially offset by a $0.9 million decrease in non-rental revenue in MSS.

Direct Costs and Gross Profit

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	2018	2017	Change	2018	2017	Change
Direct costs	22.9	18.4	24%	69.4	63.7	9%
Gross profit	13.9	18.1	(23)%	51.1	48.0	6%

	Three months ended September 30,			Nine months ended September 30,		
Percentage of Consolidated Revenue.	2018	2017	Change (1)	2018	2017	Change (1)
Direct costs	62%	50%	12	58%	57%	1
Gross profit	38%	50%	(12)	42%	43%	(1)

(1) Percentage point basis.

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

Direct costs related to rental revenue include labour, fuel, materials, freight, maintenance and servicing of rental units. Direct costs related to lodging revenue include catering services, utilities costs, consumable materials and other services required to provide 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 sales and non-rental revenues. Direct costs related to non-rental and sales revenues include the net book value of used units that have been sold, the cost of units sub-leased from others, and the cost of third parties in delivering some of these services.

	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	Change	2018	2017	Change
Direct Costs	**$**	$		**$**	$	
Used fleet sales	**4.9**	2.2	123%	**10.4**	12.2	(15)%
Construction and transportation services	**5.2**	6.1	(15)%	**15.8**	19.3	(18)%
Repairs and maintenance	**3.1**	2.1	48%	**8.1**	8.8	(8)%
Catering, utilities and other consumable costs	**4.7**	3.4	38%	**17.5**	9.2	90%
Subleased equipment	**1.6**	1.6	—%	**7.3**	5.1	43%
Personnel costs	**1.2**	1.3	(8)%	**4.2**	3.8	11%
Other direct costs	**2.1**	1.9	11%	**6.1**	5.4	13%
Total direct costs	**22.9**	18.4	24%	**69.4**	63.7	9%

Q3 2018 vs Q3 2017

Direct costs for the Quarter were $22.9 million, up 24% or $4.5 million from the Comparative Quarter due to an increase in rental costs and costs related to catering, utilities and other consumable costs and used fleet sales. The increase was partially offset by reduced construction and transportation costs.

Gross profit for the Quarter was $13.9 million, down 23% or $4.1 million from the Comparative Quarter primarily due to an increase in catering, utilities and other consumable costs combined with increased repairs and maintenance costs.

Year to Date 2018 vs 2017

Direct costs for the YTD were $69.4 million, up 9% or $5.7 million from the Prior YTD due to an increase in catering, utilities and other consumable costs. This increase was partially offset by a reduction in costs related to used fleet sales and construction and transportation services.

Gross profit for the YTD was $51.1 million, up 6% or $3.0 million from the Prior YTD primarily due to an increase in gross profit related to rental revenue in MSS and lodging revenue in WFS, and by an increase in gross margin on sales of used fleet in MSS and WFS.

Administrative Expenses

($ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	Change	2018	2017	Change
Personnel costs	5.1	4.8	6%	15.0	15.2	(1)%
Other Administrative expenses	1.7	1.9	(11)%	6.3	6.1	3%
Occupancy and insurance	2.4	2.4	—%	7.2	7.7	(6)%
Acquisition costs	—	—	n/a	—	0.6	(100)%
Total Administrative expenses	**9.3**	**9.1**	**2%**	**28.4**	**29.7**	**(4)%**
% of Consolidated Revenue	25%	25%		24%	27%	

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

Q3 2018 vs Q3 2017

Total administrative expenses for the Quarter were $9.3 million, up 2% or $0.2 million from the Comparative Quarter primarily due to increased personnel costs, partially offset by a decrease in other administrative expenses. On a percentage of revenue basis, administrative costs for the Quarter were 25%, which is consistent with the Comparative Quarter.

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

- Personnel costs for the Quarter were $5.1 million, up 6% or $0.4 million from the Comparative Quarter primarily due to the filling of vacant positions during the Quarter.
- Other administrative expenses for the Quarter were $1.7 million, down 11% or $0.2 million from the Comparative Quarter primarily due to a decrease in professional and consulting fees.
- Occupancy and insurance costs were $2.4 million, which is consistent with the Comparative Quarter.

Year to Date 2018 vs 2017

Total administrative expenses for the YTD were $28.4 million, down 4% or $1.3 million from the Prior YTD primarily due to a decrease in insurance and personnel costs, offset by an increase in other administrative expenses. On a percentage of revenue basis, administrative costs for the Quarter were 24%, down 3 percentage points from the Comparative Quarter.

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

- Personnel costs for the YTD were $15.0 million, down 1% or $0.2 million from the Prior YTD primarily due to reductions in personnel headcount.
- Other administrative expenses for the YTD were $6.3 million, up 3% or $0.1 million from the Prior YTD mainly due to increased travel, consulting and legal costs.
- Occupancy and insurance costs for the YTD were $7.2 million, down 6% or $0.6 million from the Prior YTD primarily due to decreased insurance costs.
- Acquisition costs incurred for the Prior YTD relate to business acquisitions completed in MSS.

Adjusted EBITDA

($ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	Change	2018	2017	Change
Adjusted EBITDA (1)	4.6	9.0	(49)%	22.7	19.0	19%
% of Consolidated Revenue	13%	25%		19%	17%	

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

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

Q3 2018 vs Q3 2017

Adjusted EBITDA for the Quarter was $4.6 million, down 49% or $4.4 million from the Comparative Quarter due to a $3.3 million decrease in WFS and a $1.6 million decrease in MSS resulting primarily from a decrease in rental revenue and higher costs in MSS due to the transition of an operating yard in the U.S. market. Repairs and maintenance costs were also higher due to improving utilization year-to-date in Alberta. This was partially offset by a $0.5 million improvement in the Corporate and Other business unit due to lower administrative costs. Adjusted EBITDA as a percentage of revenue for the Quarter was 12% lower than the Comparative Quarter due to the decrease in gross margin and the result of rental revenue being proportionately lower than other sources of revenue.

Year to Date 2018 vs 2017

Adjusted EBITDA for the YTD was $22.7 million, up 19% or $3.7 million from the Prior YTD primarily due to a $2.0 million increase in WFS due to improved non-rental and lodging margins and increased utilization for U.S. wellsite accommodations, and a $1.8 million improvement in the Corporate and other business units due to lower personnel and insurance costs. Adjusted EBITDA as a percentage of revenue for the YTD was 2% higher than the Prior YTD due to the result of changes in the mix of the various revenue streams.

Depreciation and Amortization

($ millions, except as noted)	Three months ended September 30, 2018	2017	Change	Nine months ended September 30, 2018	2017	Change
Depreciation and amortization	9.2	11.7	(21)%	27.3	35.3	(23)%
% of Property and equipment	3%	3%		8%	8%	

Q3 2018 vs Q3 2017

Depreciation and amortization for the Quarter was $9.2 million, down 21% or $2.6 million from the Comparative Quarter primarily due to lower net book value of equipment for the Quarter.

Year to Date 2018 vs 2017

Depreciation and amortization for the YTD was $27.3 million, down 23% or $8.0 million from the Prior YTD primarily due to lower net book value of equipment for the YTD.

Finance Costs

($ millions, except as noted)	Three months ended September 30, 2018	2017	Change	Nine months ended September 30, 2018	2017	Change
Finance costs	1.6	1.7	(6)%	4.8	5.7	(16)%
Long-term debt	83.6	121.5	(31)%	83.6	121.5	(31)%
Average interest rate	4.88%	4.78%	2%	4.79%	4.72%	1%

Q3 2018 vs Q3 2017

Finance costs for the Quarter were $1.6 million, down 6% from the Comparative Quarter primarily due to lower debt levels.

Year to Date 2018 vs 2017

Finance costs for the YTD were $4.8 million, down 16% or $0.9 million from the Prior YTD primarily due to lower debt levels.

Income Tax

($ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	Change	2018	2017	Change
Current tax	(0.2)	(1.2)	(83)%	—	(5.7)	(100)%
Deferred tax	(1.6)	(0.7)	129%	(2.9)	(1.9)	53%
Total tax	(1.8)	(2.0)	(10)%	(2.9)	(7.7)	(62)%

Q3 2018 vs Q3 2017

For the Quarter, Black Diamond recognized a current income tax recovery of $0.2 million, a change of $1.0 million from the Comparative Quarter current tax recovery. The current income tax recovery in 2017 was a result of 2017 loss carry backs to prior years. The Company also recognized a deferred income tax recovery of $1.6 million, a change of $0.9 million from the Comparative Quarter. The tax recovery in the Quarter is reflective of continued losses which will be carried forward to future years. The tax provision has been calculated at the enacted tax rate of 27% in Canada, 27% in the U.S., and 30% in Australia. The U.S. reduced its federal corporate tax rate to 21% from 35%, effective January 1, 2018. When combined with anticipated state tax rates, the enacted 2018 U.S. tax rate has been reduced to 27%.

Year to Date 2018 vs 2017

For the YTD, Black Diamond recognized a current income tax charge of nil, a change of $5.7 million from the Prior YTD current tax recovery. The current income tax recovery in 2017 was a result of 2017 loss carry backs to prior years. The Company also recognized a deferred income tax recovery of $2.9 million, a change of $1.0 million from the Prior YTD. The increase in the tax recovery YTD is reflective of continued losses which will be carried forward to future years. The tax provision has been calculated at the enacted tax rate of 27% in Canada, 27% in the U.S., and 30% in Australia. The U.S. reduced its federal corporate tax rate to 21% from 35%, effective January 1, 2018. When combined with anticipated state tax rates, the enacted U.S. tax rate has been reduced to 27%.

Non-Controlling Interest

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

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	2018	2017	Change	2018	2017	Change
Non-controlling interest	(0.1)	—	n/a	(0.2)	(0.6)	(67)%

Q3 2018 vs Q3 2017

The NCI for the Quarter was $(0.1) million, compared to nil in the Comparative Quarter due to decreased rental and ancillary revenues earned through the limited partnerships. This is driven by lower utilization as a result of decreased activity in the areas where the partnerships are located.

Year to Date 2018 vs 2017

The NCI for the YTD was $(0.2) million, up 67% from $(0.6) million from the Prior YTD due to increased rental and ancillary revenues earned through the limited partnerships. This is driven by higher utilization as a result of increased activity in the areas where the partnerships are located during the first half of the year.

Net Loss

($ millions, except as noted)	Three months ended September 30, 2018	2017	Change	Nine months ended September 30, 2018	2017	Change
Net loss	(4.7)	(3.3)	42%	(7.6)	(16.6)	(54)%

Q3 2018 vs Q3 2017

Net loss for the Quarter was $4.7 million, up 42% or $1.3 million from the Comparative Quarter primarily due to lower operating income described in the sections above.

Year to Date 2018 vs 2017

Net loss for the YTD was $7.6 million, up 54% or $9.0 million from the Prior YTD primarily due to higher operating income described in the sections above and lower depreciation and amortization. Depreciation and amortization is a significant component of the decrease ($8.0 million) primarily due to lower net book value as a result of an impairment loss recorded in Q4 2017.

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, 2018 and 2017, 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)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
	$	**$**	**%**	**$**	**$**	**%**
Revenue						
Modular Space Solutions	16.3	16.3	—%	50.6	45.0	12 %
Workforce Solutions	20.5	20.2	1%	69.9	66.7	5 %
Corporate and Other	—	—	—%	—	0.1	(100)%
Total Revenue	36.8	36.5	1%	120.5	111.8	8 %

Segmented Adjusted EBITDA

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

	Three months ended September 30,			Nine months ended September 30,		
(in millions, except where noted)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
	$	**$**	**%**	**$**	**$**	**%**
Adjusted EBITDA (1)						
Modular Space Solutions	4.2	5.8	(28)%	13.3	13.4	(1)%
Workforce Solutions	2.9	6.2	(53)%	17.5	15.5	13 %
Corporate and Other	(2.5)	(3.0)	17 %	(8.1)	(9.9)	18 %
Total Adjusted EBITDA	4.6	9.0	(49)%	22.7	19.0	19 %

(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.

MODULAR SPACE SOLUTIONS BUSINESS UNIT

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

MSS provides a number of products and services that are complementary to the modular building and gives the customer a packaged solution that enhances their productivity and allows for immediate use. These value added products and services (VAPS) include furniture rental, steps and landings, wireless connectivity, maintenance programs, utility services, disaster recovery program, subleased equipment and more.

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

Revenue

There are three revenue streams to which these assets contribute.

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

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

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

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

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

Financial Highlights

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

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

Revenue by Stream ($ millions, except as noted)	**Three months ended September 30,**			**Nine months ended September 30,**		
	2018	**2017**	**Change**	**2018**	**2017**	**Change**
Rental Revenue	7.4	7.9	(6)%	21.8	22.2	(2)%
Sales Revenue	4.1	2.8	50%	13.4	8.3	61%
Non-rental Revenue	4.8	5.6	(14)%	15.4	14.5	6%
Total revenue	16.3	16.3	—%	50.6	45.0	12%
Adjusted EBITDA	4.2	5.8	(28)%	13.3	13.4	(1)%
Adjusted EBITDA as a % of revenue	26%	36%	(10)	26%	30%	(4)
Return on Assets (1)	10.4%	13.8%	(3.4)	10.9%	11.1%	(0.2)

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

Value Added Products & Services	**Three months ended September 30,**			**Nine months ended September 30,**		
	2018	**2017**	**Change**	**2018**	**2017**	**Change**
VAPS as a % of Total Rental Revenue	12.5%	10.4%	2.1	12.5%	10.5%	2.0

Revenue by Geography ($ millions, except as noted)	**Three months ended June 30,**			**Nine months ended September 30,**		
	2018	**2017**	**Change**	**2018**	**2017**	**Change**
Canada	11.0	10.2	8%	35.1	27.0	30%
United States	5.3	6.1	(13)%	15.5	18.0	(14)%
Total revenue	16.3	16.3	—%	50.6	45.0	12%

Q3 2018 vs Q3 2017

MSS business unit's total revenue for the Quarter was $16.3 million, flat with the Comparative Quarter.

- **Rental revenue** during the Quarter was $7.4 million, down 6% or $0.5 million from the Comparative Quarter due to a decline in rates and utilization within Alberta, offset by continued strength in utilization in regions outside of Alberta. Rental revenue outside of Alberta was 87% of total revenue, an increase from 77% in the Comparative Quarter.
- **Sales revenue** during the Quarter was $4.1 million, up 50% or $1.3 million from the Comparative Quarter due to increased sales of used fleet.

- **Non-rental** revenue during the Quarter was $4.8 million down 14% or $0.8 million from the Comparative Quarter due to a decrease in installation and dismantle activity partially offset by an increase in transportation activity.

Adjusted EBITDA for the Quarter was $4.2 million, down 28% or $1.6 million from the Comparative Quarter. Adjusted EBITDA as a percentage of revenue was down 10% to 26% as compared to the Comparative Quarter primarily due to a decrease in rental revenue and higher costs due to the transition of an operating yard in the U.S. market. Repairs and maintenance costs were also higher due to improving utilization year-to-date in Alberta.

Year to Date 2018 vs 2017

MSS business unit's total revenue for the YTD was $50.6 million, up 12% or $5.6 million from the Prior YTD.

- **Rental revenue** for the YTD was $21.8 million, down 2% or $0.4 million from the Prior YTD due to a decline in rates and utilization within Alberta, offset by a full nine month effect of the acquisition of Britco and improved utilization in regions outside of Alberta. Rental revenue outside of Alberta was 86% of total rental revenue; an increase from 74% in the Prior YTD.
- **Sales revenue** for the YTD was $13.4 million, up 61% or $5.1 million from the Prior YTD due to increased sales of used fleet.
- **Non-rental revenue** for the YTD was $15.4 million, up 6% or $0.9 million from the Prior YTD due to increased transportation, offset by a decrease in installation and dismantle activity.

Adjusted EBITDA for the YTD was $13.3 million down 1% or $0.1 million from the Prior YTD primarily due to lower rental revenue, offset by an increase in sales and non-rental revenue. Adjusted EBITDA as a percentage of revenue was down 4% to 26% as compared to the Prior YTD due to a lower proportion of rental revenue in the revenue mix.

Rental Term

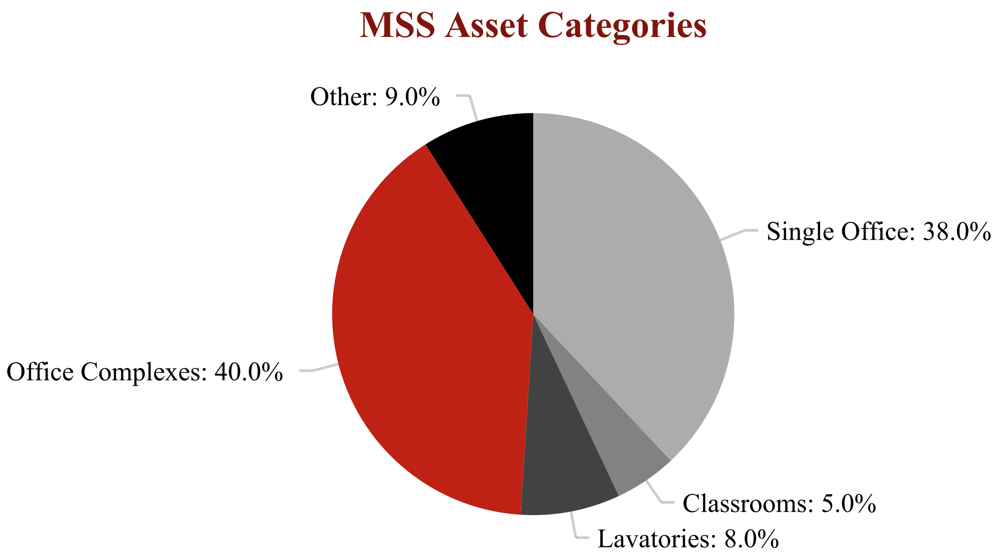
Rental durations typically exceed the initial contract terms and are renewable on a month to month basis. The average duration of the MSS lease portfolio as at September 30, 2018 was 27.4 months down 2.2 months from 29.6 months as at September 30, 2017, which is down due to the completion of large oil and gas sector contracts in Alberta, mostly offset by increasing duration of month-to-month contracts and new long term contracts signed since the beginning of the year.

Space Rental Assets and Average Utilization

The MSS fleet consisted of 5,782 units as at September 30, 2018, which decreased slightly from 5,897 units at September 30, 2017 due to used fleet sales partially offset by the addition of 283 new units.

Fleet Composition

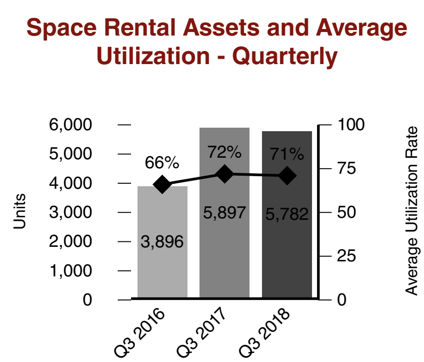
As at September 30, 2018, the MSS Property, Plant and Equipment Net Book Value was comprised of the following asset categories:



MSS Consolidated

MSS Assets, Utilizations, and Rates	Three months ended September 30, 2018	2017	Change	Nine months ended September 30, 2018	2017	Change
Property and Equipment Net Book Value ($ millions)	142.8	148.9	(4)%	142.8	148.9	(4)%
Modular Space Assets	5,782	5,897	(2)%	5,782	5,897	(2)%
Average Utilization (1)	71%	72%	(1)%	69%	69%	—%
Average Rental Rate	$568	$623	(9)%	$574	$681	(16)%

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



Q3 2018 vs Q3 2017

Utilization for the Quarter was 71%, a 1% decrease from 72% in the Comparative Quarter mainly due to decreased activity in Alberta, offset by an increase in other regions.

The average rental rate has declined as compared to the Comparative Quarter by 9% primarily due to higher rental rate contracts in Alberta that came to an end in Q4 2017 and Q1 2018.

Year to Date 2018 vs 2017

Utilization for the YTD remains consistent at 69%.

The average YTD rental rate has declined as compared to the Prior YTD by 16% primarily due to higher rental rate contracts in Alberta coming to an end, as well as the inclusion of Britco assets. These assets are primarily comprised of single office and other smaller scale modules. These modules attract a lower average rental rate, however, they have a consistent market demand and higher utilization.

WORKFORCE SOLUTIONS BUSINESS UNIT

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

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

The assets included in the rental business are:

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

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

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

The lodging business provides workforce housing accommodations assets installed as lodges in strategic locations on land leases held by Black Diamond earning lodging revenue. These lodges or open camps are available for booking through LodgeLink and often are contracted by customers to house workforces in remote locations. WFS currently operates three lodges in British Columbia (Sunset Prairie Lodge, Little Prairie Lodge and Horn River Lodge) and two in Alberta (Sunday Creek Lodge and Smoky River Lodge).

LodgeLink aggregates available remote accommodations rooms in a transparent online marketplace and allows customers to easily find the closest lodge to a remote work site. Customers can then use LodgeLink to select and book their preferred accommodations after assessing availability, proximity and price.

Revenue

There are four revenue streams to which these assets contribute.

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

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

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

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

Also included in non-rental revenue is the revenue earned on bookings at third party lodges and hotels through LodgeLink.

Financial Highlights

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

	Three months ended September 30,			Nine months ended September 30,		
Revenue by Stream ($ millions, except as noted)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Lodging Revenue	4.4	4.1	7%	22.9	11.7	96%
Rental Revenue	5.5	8.1	(32)%	17.5	24.0	(27)%
Sales Revenue	5.1	3.4	50%	7.5	14.5	(48)%
Non-rental Revenue	5.5	4.6	20%	21.9	16.5	33%
	20.5	20.2	1%	69.9	66.7	5%

Revenue by Geography ($ millions, except as noted)	**Three months ended September 30,**			**Nine months ended September 30,**		
Canada	13.4	14.5	(8)%	53.9	54.4	(1)%
United States	2.7	1.9	42%	7.1	5.0	42%
Australia	4.4	3.8	16%	8.9	7.3	22%
	20.5	20.2	1%	69.9	66.7	5%

Adjusted EBITDA	2.9	6.2	(53)%	17.5	15.5	13%
Adjusted EBITDA as a % of revenue	14%	31%	(17)	25%	23%	2
Return on Assets (1)	6%	10%	(4)	12%	7%	5

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

Q3 2018 vs Q3 2017

Adjusted EBITDA as a percentage of revenue decreased in the Quarter to 14% compared with 31% in the Comparative Quarter due to revenue mix and lower margins on sales revenue.

Return on assets decreased from the Comparative Quarter due to an decrease in Adjusted EBITDA.

Year to Date 2018 vs 2017

Adjusted EBITDA as a percentage of revenue increased for the YTD to 25% compared with 23% in the Prior YTD due to improved non-rental and lodging margins.

Return on assets increased from the Prior YTD, primarily due to an increase in Adjusted EBITDA and a lower book value of assets as a result of the impairment in Q4 2017.

Lodging

The following are key metrics used to measure and report on performance of lodging revenue. Average lodging occupancy is calculated for the Quarter by dividing the total man days occupied by total available for occupancy man days in the period. Average rooms under management are the total rooms available for occupancy in a Black Diamond lodge, averaged for the period. Average lodging rates per day are calculated as lodging revenue divided by the total man days paid for in the period.

	Three months ended September 30,			Nine months ended September 30,		
	2018	**2017**	**Change**	**2018**	**2017**	**Change**
Average Lodging Occupancy	18%	8%	125%	27%	10%	170%
Average Rooms Under Management	1,677	1,482	13%	1,746	1,790	(2)%
Average Lodging Rates per Day	158	212	(25)%	164	168	(2)%

Q3 2018 vs Q3 2017

Lodging revenue during the Quarter was $4.4 million, up 7% or $0.3 million from the Comparative Quarter due to an increase in occupancy at Sunday Creek Lodge and the conversion of Sunset Prairie Lodge from a rental only camp to an open camp in Q2 2018. The average lodging rates per day decreased due to higher occupancy at lodges where rates are comparably lower.

Year to Date 2018 vs 2017

Lodging revenue for the YTD was $22.9 million, up 96% or $11.2 million from the Prior YTD due to the conversion of Sunset Prairie Lodge from a rental only camp to an open camp in Q2 2018, an increase in occupancy at Sunday Creek Lodge, and opening of Little Prairie Lodge in Q4 2017.

Rental

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

	Three months ended September 30,			Nine months ended September 30,		
Average Asset Utilization	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Workforce Housing Accommodations: Rental Fleet	22%	35%	(13)	25%	37%	(12)
Wellsite Accommodations	75%	64%	11	70%	48%	22
Surface Equipment	17%	16%	1	19%	18%	1
Fleet Count (Units)						
Workforce Housing Accommodations: Rental Fleet	3,318	3,795	(13)%	3,530	3,797	(7)%
Wellsite Accommodations	676	706	(4)%	683	707	(3)%
Surface Equipment	2,138	2,240	(5)%	2,150	2,266	(5)%

Room Count by Geography						
Canada	12,601	13,360	(6)%	12,805	13,489	(5)%
United States	876	876	—%	876	862	2%
Australia	1,179	1,393	(15)%	1,277	1,629	(22)%
	14,656	15,629	(6)%	14,958	15,980	(6)%

Net Book Value by Geography ($ millions)						
Canada	132.1	217.3	(39)%	132.1	217.3	(39)%
United States	37.4	39.7	(6)%	37.4	39.7	(6)%
Australia	11.7	12.9	(9)%	11.7	12.9	(9)%
	181.2	270.0	(33)%	181.2	270.0	(33)%

Q3 2018 vs Q3 2017

Rental revenue during the Quarter was $5.5 million, down 32% or $2.6 million from the Comparative Quarter due to a decrease in utilization and rates in workforce housing accommodation rental fleet in Canada resulting from the conversion of Sunset Prairie Lodge from a rental only camp to an open camp in Q2 2018. This was partially offset by an increase in utilization and rates of wellsite accommodations in Texas and Colorado, a result of increased rig activity, and an increase in utilization in the Australian rental fleet.

Year to Date 2018 vs 2017

Rental revenue for the YTD was $17.5 million, down 27% or $6.4 million from the Prior YTD due to to a decrease in utilization and rates in workforce housing accommodation rental fleet in Canada resulting from the conversion of Sunset Prairie Lodge from a rental only camp to an open camp in Q2 2018. This was partially offset by an increase in utilization and rates of wellsite accommodations in Texas and Colorado, a result of increased rig activity, and an increase in utilization in the Australian rental fleet.

Sales and Non-Rental

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

LodgeLink revenue generated from bookings is typically based on a fee per room booked. When the room is booked in a third party lodge the revenue is categorized as non-rental revenue.

	Three months ended September 30,			Nine months ended September 30,		
LodgeLink	2018	2017	Change	2018	2017	Change
Total gross bookings ($ millions)	3.9	0.1	3,800%	11.8	0.5	2,260%
Total room nights booked	22,959	897	2,460%	62,370	3,295	1,793%

Q3 2018 vs Q3 2017

Sales revenue during the Quarter was $5.1 million, up 50% or $1.7 million from the Comparative Quarter due to the sale of unutilized fleet in the Quarter.

Non-rental revenue during the Quarter was $5.5 million, up 20% or $0.8 million from the Comparative Quarter due to an increase in catering activity at third party lodges and an increase in LodgeLink activity, partially offset by a decrease in installation and transportation revenue from the Comparative Quarter.

Year to Date 2018 vs 2017

Sales revenue for the YTD was $7.5 million, down 48% or $7.0 million from the Prior YTD due to a large fleet sale in the Comparative YTD.

Non-rental revenue for the YTD was $21.9 million, up 33% or $5.4 million from the Prior YTD due to the margin recognized on the future dismantlement of Sunset Prairie Lodge associated with the conversion from a rental only camp to an open camp in the YTD and an increase in LodgeLink activity. Installation and dismantle activity was higher in the Prior YTD partially offsetting the increases to non-rental revenue.

CORPORATE AND OTHER BUSINESS UNIT

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

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Property and Equipment Net Book Value	16.5	21.7	(24)%	16.5	21.7	(24)%
Adjusted EBITDA	(2.5)	(3.0)	17%	(8.1)	(9.9)	18%

Q3 2018 vs Q3 2017

Adjusted EBITDA for the Quarter was $(2.5) million, up 17% or $0.5 million from $(3.0) million in the Comparative Quarter primarily due to a decrease in personnel costs, consulting fees and insurance costs. The loss for the Quarter attributable to the Corporate and Other business unit was $(3.2) million as compared to $(4.2) million in the Comparative Quarter as a result of the reasons noted above.

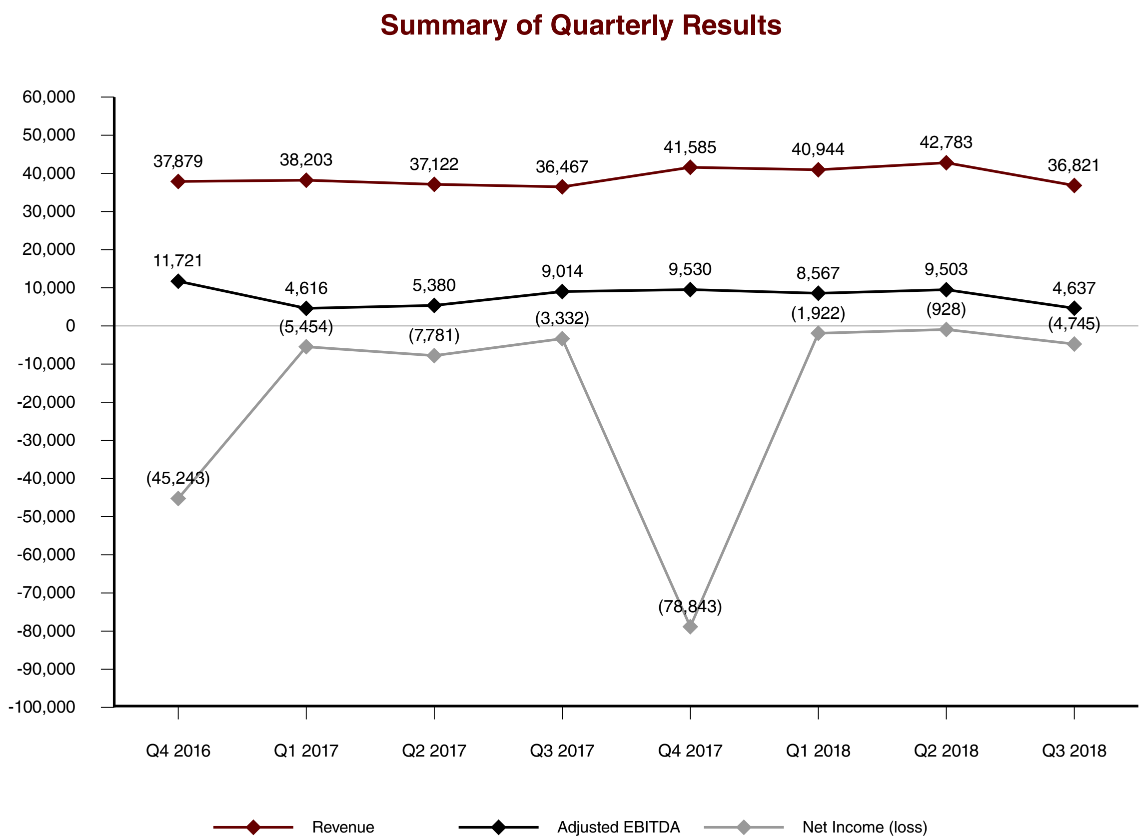
The decrease in property and equipment from the Comparative Quarter is mainly due to the disposition of certain real estate properties in the U.S. with a net book value of $4.0 million.

Year to Date 2018 vs 2017

Adjusted EBITDA for the YTD was $(8.1) million, up 18% or $1.8 million from $(9.9) million in the Prior YTD primarily due to a decrease in personnel costs. The loss for the YTD attributable to the Corporate and Other business unit was $(12.0) million as compared to $(11.8) million in the Prior YTD due to increased income tax expense, partially offset by a decrease in depreciation and finance costs.

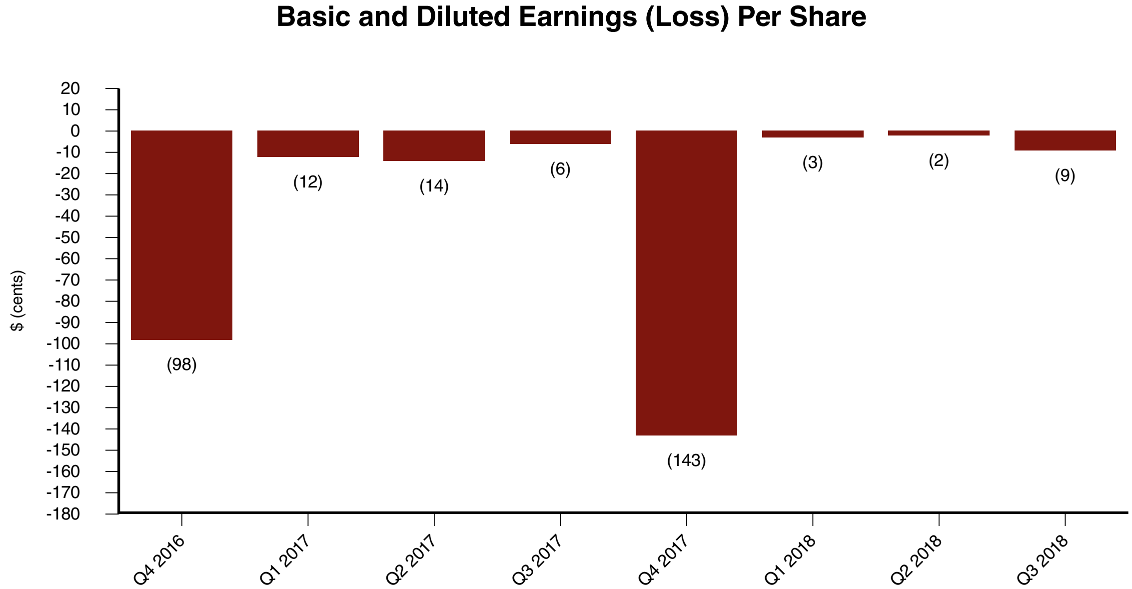
SUMMARY OF QUARTERLY RESULTS

The following is a summary of the previous eight quarters:



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

1. In Q4 2016, revenue and Adjusted EBITDA were positively impacted by non-rental revenue related to contract termination fees. The loss in Q4 2016 was due to impairment charges.
2. A gain of $2.5 million on the sale of real estate was realized in net income in Q1 2017.
3. Restructuring costs of $2.9 million were recognized in net income in Q2 2017.
4. In Q3 2017, the increase in Adjusted EBITDA was primarily due to the increased gross profit margins on higher rental revenue and used fleet sales combined with savings in administrative expenses due to the restructure announced in Q2 2017.
5. In Q4 2017, revenue and Adjusted EBITDA were positively impacted by higher utilization and increased used fleet sales. The loss in Q4 2017 was primarily due to impairment charges.
6. In Q1 2018, net income increased significantly from Q4 2017 due to lower depreciation and amortization as a result of a significant impairment in assets in Q4 2017.
7. In Q2 2018 revenue, Adjusted EBITDA and net income increased moderately from Q2 2017 due to higher MSS and WFS earnings and reduced Corporate and Other costs.
8. In the Quarter, Adjusted EBITDA and net income decreased from the Comparative Quarter due to changes in the revenue mix and lower margins on sales revenue in WFS.



LIQUIDITY AND CAPITAL RESOURCES

Cash Requirements

Contractual Obligations and Other Commitments

At September 30, 2018, Black Diamond had capital expenditure commitments in the amount of $6.8 million. Additionally, Black Diamond has a commitment of $45.6 million related to the Company's office and yard leases, which have varying terms over the next 10 years. It is management's intention to meet the funding requirements for these commitments through internally generated cash flow.

Capital Expenditures

Black Diamond's capital expenditures relate primarily to:

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

For the Quarter, Black Diamond expended $4.1 million (Comparative Quarter – $7.7 million) on additions to property and equipment. The additions are set out in the table below.

($ millions, except as noted)	Three months ended September 30, 2018	2017	Change %	Nine months ended September 30, 2018	2017	Change %
Modular Space Solutions	1.8	3.3	(45)%	4.3	8.3	(48)%
Workforce Solutions	2.3	0.3	667%	4.5	2.2	105%
Corporate and Other	—	4.1	(100)%	0.3	4.1	(93)%
	4.1	7.7	(47)%	9.1	14.5	(37)%

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, 2018	2017	Change %	Nine months ended September 30, 2018	2017	Change %
Cash from operating activities	11.4	5.5	107%	34.9	13.8	153%
Cash from (used in) investing activities	(5.5)	(6.7)	(18)%	(6.9)	(43.4)	(84)%
Cash from (used in) financing activities	(5.9)	(1.3)	354%	(28.4)	25.4	(212)%
Total cash (decrease) increase	—	(2.5)	(100)%	(0.4)	(4.2)	(90)%

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

Cash provided by operating activities was $5.9 million higher in the Quarter than in the Comparative Quarter primarily due to a decrease in non-cash working capital.

Cash used in investing activities was $1.2 million lower in the Quarter than in the Comparative Quarter primarily due to lower capital expenditures, partially offset by an increase in non-cash working capital.

Cash used in financing activities was $4.6 million higher in the Quarter than in the Comparative Quarter primarily due to net repayments of long-term debt in the Quarter, combined with the net purchase of shares in trust.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	September 30, 2018	December 31, 2017	Change %
Current assets	32.1	41.7	(23)%
Current liabilities	30.4	39.1	(22)%
Working capital	1.7	2.6	(35)%

The decrease in current assets of $9.6 million from December 31, 2017 was due to a decrease in accounts receivable of $3.9 million and a $4.9 million reduction in other current assets primarily due to collection of tax recovery.

The decrease in current liabilities of $8.7 million from December 31, 2017 was largely due to a decrease in accounts payable of $13.6 million, partially offset by an increase in deferred and contract liabilities of $4.9 million.

Principal Debt Instruments

As at September 30, 2018, Black Diamond's principal sources of debt included:

- a committed extendible revolving operating facility in the amount of $100.0 million, all of which is available and $29.6 million is drawn;
- $14.2 million principal amount of senior secured notes due on July 8, 2019, which rank pari passu with the senior credit facilities of the Company; and
- $40.0 million principal amount of senior secured notes due on July 3, 2022, which rank pari passu with the senior credit facilities of the Company.

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

As at September 30, 2018, the Company's draws under the committed extendible revolving operating facility were comprised of $10.6 million related to an overdraft balance (December 31, 2017 - $7.3 million), and $19.0 million of Canadian dollar advances (December 31, 2017 - $42.1 million).

For the nine months ended September 30, 2018, the average interest rate applied to amounts drawn on the committed extendible revolving operating facility was 4.79% (2017 - 4.72%).

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

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

The Company is committed to maintaining a strong balance sheet and flexible capital structure.

Debt Covenants

Black Diamond's financial debt covenants are as follows:

Covenant as at September 30, 2018	Required	Actual
Funded Debt to Bank EBITDA Ratio	≤ 4.50:1	2.43
Interest Coverage Ratio	≥ 3.00:1	6.08

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

Covenant as at September 30, 2018	Required	Actual
Current Ratio	≥ 1.25:1	38.71
Interest Coverage Ratio	≥ 3.00:1	41.70

Effective December 29, 2017, the Company reached an agreement with its lenders to extend the committed extendible revolving operating facility term by one year to April 2020 and to amend debt covenants. The committed extendible revolving operating facility Funded Debt to Bank EBITDA covenant was amended to a maximum ratio of:

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

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, 2018, Black Diamond was in compliance with all debt covenants.

Share Capital

At September 30, 2018, Black Diamond had 54.9 million (December 31, 2017 - 55.0 million) common shares outstanding. In addition, at September 30, 2018 Black Diamond had 3.7 million (December 31, 2017 - 3.0 million) common shares reserved for issuance pursuant to the exercise of options and restricted share units which have been granted pursuant to Black Diamond's share option plan and restricted and performance incentive award plan.

The following table summarizes Black Diamond's equity capitalization as at November 6, 2018 (in thousands):

Common shares	54,943
Stock options	2,817
Restricted share units	892

Off-Balance Sheet Arrangements

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

Contingent Liabilities

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

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at September 30, 2018 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, stock-based compensation, acquisition costs, non-controlling interests, write-down of property and equipment, impairment of goodwill, restructuring costs, and gains or losses on the sale of non-fleet assets.

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

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

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

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

Reconciliation of Consolidated Profit to Adjusted EBITDA:

($ millions, except as noted)	Three months ended September 30, 2018	2017	Change %	Nine months ended September 30, 2018	2017	Change %
Loss	**(4.7)**	(3.3)	42 %	**(7.6)**	(16.6)	(54)%
Add (deduct):						
Share-based compensation	**0.5**	0.8	(38)%	**1.7**	1.7	— %
Depreciation and amortization	**9.2**	11.7	(21)%	**27.3**	35.3	(23)%
Finance costs	**1.6**	1.7	(6)%	**4.8**	5.7	(16)%
Current income taxes	**(0.2)**	(1.2)	n/a	**—**	(5.7)	(100)%
Deferred income taxes	**(1.6)**	(0.7)	129 %	**(2.9)**	(1.9)	53 %
Gain on sale of real estate	**—**	—	n/a	**(0.4)**	(2.5)	(84)%
Acquisition Costs	**—**	—	n/a	**—**	0.6	(100)%
Restructuring costs	**—**	—	n/a	**—**	2.9	(100)%
Non-controlling interest	**(0.1)**	—	n/a	**(0.2)**	(0.6)	(67)%
Adjusted EBITDA	**4.6**	9.0	(49)%	**22.7**	19.0	19 %

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

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

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

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

($ millions, except as noted)	Three months ended September 30, 2018	2017	Change %	Nine months ended September 30, 2018	2017	Change %
Cash Flow from Operating Activities	**11.4**	5.5	107 %	**34.9**	13.8	153 %
Add/(Deduct):						
Change in long-term accounts receivable	**(0.1)**	1.2	n/a	**(0.9)**	1.1	n/a
Change in non-current deferred revenue	**0.3**	—	n/a	**1.1**	(0.8)	n/a
Changes in non-cash working capital	**(1.6)**	5.8	n/a	**(1.9)**	19.2	n/a
Funds from Operations	**10.0**	12.4	(19)%	**33.2**	33.3	— %

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

Working Capital is calculated as current assets minus current liabilities.

Funded Debt is calculated as long-term debt plus financial guarantees minus cash.

Funded Debt to Bank EBITDA is calculated as Funded Debt divided by Bank EBITDA.

Net Debt is calculated as debt minus cash and cash equivalents.

Return on assets is calculated as annualized adjusted EBITDA divided by average net book value cost.

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

RISKS AND UNCERTAINTIES

The operations of Black Diamond face a number of risks and uncertainties in the normal course of business that may be beyond its control, but which could have a material adverse effect on Black Diamond's financial condition, results of operations and cash flows. Many of these risk factors and uncertainties are outlined in the annual information form of Black Diamond for the year ended December 31, 2017 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, 2018, designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to Black Diamond is made known to Black Diamond's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by Black Diamond in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

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

Black Diamond is required to disclose herein any change in Black Diamond's ICFR that occurred during the period beginning on January 1, 2018 and ended on September 30, 2018 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, 2017 is available on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

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

Judgments

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

Impairment of non-financial assets

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

Determination of a Cash Generating Unit ("CGU")

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

Operating lease commitments – Company as lessor

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

Fair value measurement of financial instruments

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

Determination of control and significant influence

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

Income Taxes

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

Estimates and Assumptions

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

Revenue recognition

IFRS 15, *Revenue from contracts with customers* ("IFRS 15") supersedes IAS 18, *Revenue*, IAS 11, *Construction contracts*, and a number of revenue-related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. A five-step model is used to account for revenue arising from contracts with customers. Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires management to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Black Diamond has applied a full retrospective transition method in adopting IFRS 15. The adoption of IFRS 15 has not had a material impact on the Company's financial statements. As such, prior year opening and/or comparative amounts were not adjusted with the exception of contract liabilities as noted below.

Black Diamond is in the business of providing rental of specialized equipment, plus the support services for these assets including transportation, installation, catering, utilities, security and sub-contracting third party service providers for other specific requirements of our customers. Revenue is recognized by Black Diamond under both IFRS 15 and IAS 17, *Leases*.

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

Asset Retirement Obligations

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

Onerous Contracts

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

Additional estimates

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

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

Changes in Accounting Policies and Disclosure

The standard that is issued, but not yet effective, up to the date of issuance of the interim financial statements is disclosed below. The Company intends to adopt this standard when it becomes effective.

Leases

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 intends to adopt IFRS 16 using the modified retrospective transition approach. The Company is currently in the contract assessment phase of implementation, and is working towards identifying all contracts that contain leases as defined by IFRS 16. It is anticipated that the adoption of IFRS 16 will have a material impact on the Company's Consolidated Statement of Financial Position due to material operating lease commitments.

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