

Black Diamond Group Reports Improved Second Quarter 2018 Results

Calgary, Alberta, August 8, 2018 - Black Diamond Group Limited ("Black Diamond Group", the "Company" or "we"), (TSX:BDI), a leading provider of space rental and workforce accommodation solutions, today announced its operating and financial results for the three and six months ended June 30, 2018 (the "Quarter") compared with the three and six months ended June 30, 2017 (the "Comparative Quarter"). All financial figures are expressed in Canadian dollars.

The Company significantly improved its leverage position and increased operating cash flow during the first half of 2018. Meaningful progress has been made towards the strengthening of the business on several fronts.

- During and subsequent to the Quarter, the Company signed new large contracts worth roughly \$68.5 million in revenues.
 - The Workforce Solutions ("WFS") business unit was awarded \$58.6 million of which, \$42.5 million came from the conditional award of the Coastal GasLink contract, \$7.8 million related to two contracts in the Company's Australian operations, and roughly \$8.3 million which includes rentals in the large format camps segment.
 - The Modular Space Solutions ("MSS") business unit was awarded roughly \$9.9 million for two permanent modular construction contracts, both of which originated in the US.
- The Company generated \$42.7 million in revenues and \$9.5 million of Adjusted EBITDA (see "Non-GAAP Measures") in the Quarter, an increase of 15% and 76% respectively over the Comparative Quarter.
- The Company generated meaningful cash flow from operations of \$12.3 million, up from \$3.2 million in Q1 2018.
- Net debt (see "Non-GAAP Measures") was reduced to \$84.8 million, a reduction of 25% from Q4 2017 and 18% from Q1 2018. This reduced the Company's Funded Debt:EBITDA ratio to 2.30.

Second Quarter 2018 Financial Highlights

(in millions, except where noted)	Three months ended June 30,		
	2018	2017	Change
	\$	\$	
Revenue			
Modular Space Solutions	20.1	18.7	7%
Workforce Solutions	22.6	18.4	23%
Total Revenue	42.7	37.1	15%
Total Adjusted EBITDA	9.5	5.4	76%
Funds from Operations	12.3	6.9	78%
Per share (\$)	0.22	0.13	69%
Loss	(0.9)	(7.8)	(88)%
Loss per share - Basic and diluted	(0.02)	(0.14)	(86)%
Capital expenditures	3.6	1.8	100%
Property & equipment (NBV)	352.1	451.1	(22)%
Total assets	402.4	537.7	(25)%
Long-term debt	86.5	118.4	(27)%

The improving cash flow from operations and recent contract awards are expected to contribute significantly to strengthening overall business performance in the fourth quarter of 2018 and into 2019. A positive final investment decision on the LNG Canada project would significantly amplify this improvement. Given this outlook as well as the recent significant debt reduction, the Company is in a position to begin allocating a higher proportion of its cash flows to growth capital investment. Management continues to focus on using a wealth of historical data to influence capital investment decisions targeted at opportunities that will generate strong risk adjusted financial return while maintaining a diversified business model. With a much improved leverage position, the Company has added financial flexibility and capacity to assess a number of capital allocation options which should result in a more stabilized business model today and in the future.

The MSS business unit's Adjusted EBITDA was \$5.3 million in the Quarter, which was relatively flat from the Comparative Quarter. The rental business has moderately improved since experiencing what Management believes to be the trough in the Alberta market in Q1 2018. Although utilization and rates in Alberta are lower year-over-year, they are gradually recovering month-over-month while regions outside of Alberta continue to improve. The first half of the year experienced relatively light new manufactured sales, but the business is expected to continue to benefit from improvement in the core run rate and recent large contract awards. Used fleet sales also contributed to a 7% year-over-year increase in MSS revenue as the business focused on monetizing underutilized assets in Alberta. In addition to used fleet sales, asset relocations since the Britco acquisition have contributed to the right-sizing of the Alberta fleet as the business has moved \$6.7 million in book value of MSS assets in to the British Columbia market.

The WFS business unit displayed strong results during the first half of 2018 as general activity in resource related end markets continues to improve. WFS Adjusted EBITDA for the Quarter was up 108% from the Comparative Quarter, primarily due to increased occupancy at existing open lodges and the margin earned on the future dismantle of Sunset Prairie Lodge, which was triggered by the transaction to convert this camp from a rental camp to an open camp. The recent contract awards for large format camps in western Canada follow on an increasing level of bidding activity that the Company has been pursuing over the past several quarters, which is supportive of the improving outlook in this market. The Company's Energy Services US business continues to grow its rental revenue through sustained high levels of activity in the Permian and improving market conditions in Colorado and North Dakota. Operations in Australia also continue to improve on the back of increased demand from the natural resource sector, evidenced by two large contract awards recently signed, as well as strong demand for space rentals assets from the education and infrastructure development markets.

Net capital expenditures through the first half of the year have been close to zero as the focus has remained on selling underutilized assets and reducing the Company's leverage position. Management anticipates that capital additions will increase through the balance of the year as significant progress has been made on our near-term target for reducing debt leverage. Moreover, the Company is generating significant Funds From Operations which can be deployed to expand its large diversified asset base. The business continues to provide ample opportunities to deploy capital at attractive returns, most notably in its US Operations.

Financial Review

- Revenue for the Quarter was \$42.7 million, up 15% or \$5.61 million from the Comparative Quarter due to increased used fleet sales in MSS and an increase in lodging occupancy in WFS.
- Administrative expenses for the Quarter were \$10.0 million, down 7% or \$0.7 million from the Comparative Quarter primarily due to savings generated by the previously announced restructuring in 2017.
- Adjusted EBITDA (see "Non-GAAP Measures") for the Quarter was \$9.5 million, up 76% or \$4.1 million from the Comparative Quarter primarily due to increased revenue and the future dismantle associated with the conversion of Sunset Prairie Lodge to an open camp from a rental only camp.

Outlook

- In the Quarter, the MSS business experienced rental revenue growth in all of its markets, including Alberta. In the third quarter, the core run rate is expected to remain steady, but overall performance should be somewhat weaker given a lighter backlog of sales opportunities. Improvement is expected in the fourth quarter and into 2019 driven by increased rental revenue and a larger backlog of custom sales projects.
- Rental and Lodging revenue in Q3 from the large format camps business in western Canada is expected to be generally in line with that of Q2, but improving based on contract visibility in the fourth quarter and further strengthening into 2019.
- Wellsite revenue is expected to continue to strengthen in the US as west Texas remains busy while activity in Colorado and North Dakota modestly improves as well.
- Market conditions in Australia continue to improve driving increased rental revenue in both the camps and space rentals business. Mining customers are increasingly assessing opportunities for new mines or the expansion of existing ones, which is having a positive effect on the performance and outlook of our Australian operations.
- Significant debt reduction was achieved during the Quarter bringing the Company's leverage closer to the target of 2:1 debt to Adjusted EBITDA. The current leverage position provides the Company with added financial flexibility and capacity to deploy more substantial amounts of growth capital investment while creating immediate shareholder value.

2018 Capital Plan

The Company is generating increasing cash flows from operations, which management anticipates will lead to ongoing 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 \$3.6 million and capital commitments were \$2.4 million as at June 30, 2018. This included leasehold improvements of \$1.6 million on the transaction to convert Sunset Prairie Lodge to an open camp from a rental only camp. This is compared with capital expenditures of \$1.8 million and capital commitments of \$6.1 million in the Comparative Quarter. Capital expenditures for the Quarter included maintenance capital of \$0.1 million, compared to \$0.3 million in the Comparative Quarter.

Proceeds from used fleet asset sales in the Quarter were \$4.9 million compared with \$2.2 million in the Comparative Quarter.

Additional Information

A copy of the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2018 and 2017 and related management's discussion and analysis have been filed with the Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) and www.blackdiamondgroup.com.

Conference Call

Black Diamond Group will hold a conference call and webcast tomorrow, August 9, 2018, at 9:00 a.m. MT (11:00 a.m. ET).

CEO Trevor Haynes and CFO Toby LaBrie will discuss Black Diamond Group's financial results for the Quarter and then take questions from investors and analysts.

To access the conference call by telephone dial toll free 1-855-435-1153. International callers should use (210) 229-8824 (Conference ID: 5879333). Please connect approximately 10 minutes prior to the beginning of the call.

Please log into the webcast 10 minutes before the start time at: <https://edge.media-server.com/m6/p/mvpcyf3j>.

Following the conference call, an audio archive will be available in the Investor Events section of the Company's website at www.blackdiamondgroup.com.

About Black Diamond Group

Black Diamond Group rents and sells space rental solutions and modular workforce accommodations to business customers in Canada, the United States and Australia. The Company also provides specialized field rentals to the oil and gas industries of Canada and the United States. In addition, Black Diamond Group provides turnkey lodging services, as well as a host of related services that include transportation, installation, dismantling, repairs, maintenance and ancillary field equipment rentals. From twenty-two locations, the Company serves multiple sectors including oil and gas, mining, power, construction, engineering, military, government and education.

Black Diamond Group has two core business units: Workforce Solutions and Modular Space Solutions. Learn more at www.blackdiamondgroup.com.

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Reader Advisory

Forward-Looking Statements

Certain information set forth in this news release contains forward-looking statements including, but not limited to, the amount of funds that will be expended on the 2018 capital plan, how such capital will be expended, Management's assessment of Black Diamond Group's future operations and what may have an impact on them, financial performance, business prospects and opportunities, changing operating environment including increased activity levels, amount of revenue anticipated to be derived from current contracts, anticipated debt levels and the anticipated reduction thereof, 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 news release, Black Diamond Group has made assumptions regarding, among other things: future commodity prices, that Black Diamond Group will continue to conduct its operations in a manner consistent with past operations, that counter-parties to contracts will perform the contracts as written and that there will be no unforeseen material delays in contracted projects. Although Black Diamond Group believes that the expectations reflected in the forward-looking

statements contained in this news release, 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 Group. 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 Group's operations and financial results are included in Black Diamond Group'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 news release are made as at the date of this news release and Black Diamond Group does not undertake any obligation to update or revise any of the forward-looking statements, except as may be required by applicable securities laws.

Non-GAAP Measures

In this news release, the following terms have been referenced: Adjusted EBITDA and Net Debt. Readers are cautioned that these measures are not defined under International Financial Reporting Standards ("IFRS"). Readers are cautioned that these non-GAAP measures are not alternatives to measures under IFRS and should not, on their own, be construed as an indicator of the Company's performance or cash flows, a measure of liquidity or as a measure of actual return on the common shares of the Company. These Non-GAAP measures should only be used in conjunction with the consolidated financial statements of the Company. A reconciliation between these measures and measures defined under IFRS is included in management's discussion and analysis for the three month period ended June 30, 2018 filed on SEDAR.