UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2016 and 2015

BLACK DIAMOND GROUP

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at March 31, 2016 and December 31, 2015

(Expressed in thousands)	2016 $	2015 $
ASSETS		
Current		
Cash and cash equivalents	**6,933**	5,889
Accounts receivable (note 3)	**39,955**	39,037
Prepaid expenses and other current assets	**5,152**	6,032
Total Current Assets	**52,040**	50,958
Non-Current		
Long-term accounts receivable (note 3)	**289**	362
Note receivable (notes 4 and 13)	**3,722**	5,550
Investment in associate (note 4)	**—**	1,563
Property and equipment (note 5)	**526,974**	546,571
Intangible assets	**7,493**	7,744
Goodwill	**34,380**	34,740
Total Non-Current Assets	**572,858**	596,530
Total Assets	**624,898**	647,488
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	**32,338**	33,734
Deferred revenue	**4,393**	5,184
Dividends payable	**1,028**	2,055
Total Current Liabilities	**37,759**	40,973
Non-Current		
Long-term debt (note 6)	**157,707**	159,163
Asset retirement obligations	**7,645**	7,337
Deferred revenue	**2,191**	2,020
Deferred income taxes	**70,697**	71,806
Total Non-Current Liabilities	**238,240**	240,326
Total Liabilities	**275,999**	281,299
Shareholders' Equity		
Share capital (note 7)	**319,598**	321,050
Contributed surplus	**12,413**	12,139
Accumulated other comprehensive income	**13,422**	21,221
Retained earnings/(deficit)	**(106)**	7,453
Total Shareholders' Equity	**345,327**	361,863
Non-controlling interests	**3,572**	4,326
Total Equity	**348,899**	366,189
Total Liabilities and Equity	**624,898**	647,488

See accompanying notes to the unaudited interim condensed consolidated financial statements

Refer to Commitments in Note 12.

UNAUDITED CONSOLIDATED STATEMENT OF NET INCOME (LOSS)

for the three month periods ended March 31,

(Expressed in thousands, except per share amounts)	**2016** $	2015 $
Revenue (notes 8 and 11)	**52,881**	99,695
Direct costs (note 8)	**25,190**	56,059
Gross profit	**27,691**	43,636
Operating expenses		
Administrative expenses (note 9)	**10,792**	14,304
Depreciation of property and equipment (note 11)	**13,027**	13,098
Amortization of intangible assets	**126**	241
Total operating expenses	**23,945**	27,643
Operating profit	**3,746**	15,993
Finance costs	**1,858**	2,238
Share of loss in associate (note 4)	**3,391**	—
Profit (loss) before income taxes	**(1,503)**	13,755
Income taxes		
Current	**321**	3,128
Deferred	**(267)**	620
Total income taxes	**54**	3,748
Profit (loss) before non-controlling interest	**(1,557)**	10,007
Profit attributable to non-controlling interest	**864**	978
Profit (loss) for the period	**(2,421)**	9,029
Earnings (loss) per share		
Basic (note 10)	**(0.06)**	0.22
Diluted	**(0.06)**	0.22

See accompanying notes to the unaudited interim condensed consolidated financial statements

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

for the three month periods ended March 31,

(Expressed in thousands)	2016 $	2015 $
Profit (loss) for the period	**(2,421)**	9,029
Other comprehensive income (loss) to be reclassified to Consolidated Statement of Net Income in subsequent period:		
Realized portion of derivative designated as cash flow hedge (net of tax)	—	(113)
Unrealized gain portion of derivative designated as cash flow hedge (net of tax)	—	215
Translation adjustments	**(7,799)**	9,166
Net other comprehensive income (loss) to be reclassified to Consolidated Statement of Net Income in subsequent period	**(7,799)**	9,268
Total comprehensive income (loss)	**(10,220)**	18,297

See accompanying notes to the unaudited interim condensed consolidated financial statements

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three month periods ended March 31, 2016 and 2015

(Expressed in thousands)	Issued Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders ' Equity	Non-Controlling interest	Total Equity
	$	$	$	$	$	$	$
As at January 1, 2015	321,444	7,789	1,391	36,039	366,663	5,148	371,811
Profit for the period	—	—	—	9,029	9,029	978	10,007
Realized loss on derivative instrument (gross)	—	—	(151)	—	(151)	—	(151)
Unrealized gain on derivative instrument (gross)	—	—	287	—	287	—	287
Tax effect of cash flow hedge	—	—	(34)	—	(34)	—	(34)
Translation adjustments	—	—	9,166	—	9,166	—	9,166
Dividends declared	—	—	—	(9,861)	(9,861)	—	(9,861)
Distributions declared to partners	—	—	—	—	—	(1,104)	(1,104)
Sale of shares in trust (note 7)	16	—	—	—	16	—	16
Vesting of shares in trust (note 7)	269	(269)	—	—	—	—	—
Share based compensation expense (note 9)	—	1,296	—	—	1,296	—	1,296
As at March 31, 2015	**321,729**	**8,816**	**10,659**	**35,207**	**376,411**	**5,022**	**381,433**
As at January 1, 2016	321,050	12,139	21,221	7,453	361,863	4,326	366,189
Profit (loss) for the period	**—**	**—**	**—**	**(2,421)**	**(2,421)**	**864**	**(1,557)**
Translation adjustments	**—**	**—**	**(7,799)**	**—**	**(7,799)**	**—**	**(7,799)**
Dividends declared (note 10)	**—**	**—**	**—**	**(5,138)**	**(5,138)**	**—**	**(5,138)**
Distributions declared to partners	**—**	**—**	**—**	**—**	**—**	**(1,618)**	**(1,618)**
Purchase of shares in trust (note 7)	**(1,520)**	**—**	**—**	**—**	**(1,520)**	**—**	**(1,520)**
Sale of shares in trust (note 7)	**7**	**—**	**—**	**—**	**7**	**—**	**7**
Vesting of shares in trust (note 7)	**61**	**(61)**	**—**	**—**	**—**	**—**	**—**
Share based compensation expense (note 9)	**—**	**335**	**—**	**—**	**335**	**—**	**335**
As at March 31, 2016	**319,598**	**12,413**	**13,422**	**(106)**	**345,327**	**3,572**	**348,899**

See accompanying notes to the unaudited interim condensed consolidated financial statements

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

for the three month periods ended March 31,

(Expressed in thousands)	2016 $	2015 $
Operating activities		
Profit (loss) for the period	**(2,421)**	9,029
Add (deduct) non-cash / non-operating activities:		
Share based compensation expense (note 9)	**335**	1,296
Depreciation and amortization	**13,153**	13,339
Share of loss in associate (note 4)	**3,391**	—
Finance costs	**1,858**	2,238
Deferred income taxes	**(267)**	620
Profit attributable to non-controlling interest	**864**	978
Book value of used fleet sales (note 5)	**2,047**	2,548
	18,960	30,048
Change in long-term accounts receivable	**73**	(565)
Change in non-current deferred revenue	**171**	—
Change in non-cash working capital related to operating activities	**(4,412)**	(5,418)
Net cash flows from operating activities	**14,792**	24,065
Investing activities		
Purchase of property and equipment (note 5)	**(3,328)**	(17,938)
Change in non-cash working capital related to investing activities	**457**	(4,293)
Net cash flows used in investing activities	**(2,871)**	(22,231)
Financing activities		
Proceeds from long-term debt	**18,509**	28,579
Repayment of long-term debt	**(20,000)**	(27,500)
Net draws (repayments) on operating facility	**—**	395
Net interest paid	**(1,752)**	(2,191)
Dividends declared (note 10)	**(5,138)**	(9,861)
Distributions declared to non-controlling interest	**(1,618)**	(1,104)
Net purchase of shares in trust (note 7)	**(1,513)**	16
Change in non-cash working capital related to financing activities	**656**	1,113
Net cash flows used in financing activities	**(10,856)**	(10,553)
Increase/(decrease) in cash and cash equivalents	**1,065**	(8,719)
Cash and cash equivalents, beginning of the period	**5,889**	20,500
Effect of foreign currency rate changes on cash and cash equivalents	**(21)**	612
Cash and cash equivalents, end of the period	**6,933**	12,393

See accompanying notes to the unaudited interim condensed consolidated financial statements

Total tax paid in cash for the three month period ended March 31, 2016 was $175 (2015 - $2,800).

1. GENERAL INFORMATION

The unaudited interim condensed consolidated financial statements ("interim financial statements") of Black Diamond Group Limited, its subsidiaries, associate and its controlled limited partnerships ("Black Diamond" or the "Company") for the three months ended March 31, 2016 and 2015 were authorized for issuance in accordance with a resolution of the Board of Directors on May 2, 2016. Black Diamond is headquartered in Calgary, Alberta. The Company was incorporated in Alberta on October 7, 2009. The address of the Company's registered office is Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta, Canada.

The common shares of the Company are listed on the Toronto Stock Exchange (TSX: BDI).

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The interim financial statements for the three month periods ended March 31, 2016 and 2015 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Presentation and Measurement

These interim financial statements have been prepared on a going concern basis using the historical cost basis.

Except as otherwise disclosed, the same accounting policies and methods of computation were followed in the preparation of these interim financial statements as for the year ended December 31, 2015. These interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited annual consolidated financial statements as at December 31, 2015. Certain figures in the prior period's financial statements have been reclassified to conform to the current period's presentation.

These interim financial statements are presented in Canadian dollars and all amounts are rounded to the nearest thousand ($'000), except per share amounts or as otherwise noted.

Seasonality of operations

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosure

IAS 1 Presentation of Financial Statements

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

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective on or after January 1, 2017.

Disclosure Initiative (Amendments to IAS 7)

In January 2016, the IASB issued Disclosure Initiative - Amendments to IAS 7 Statement of Cash Flows, which require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This standard is effective for annual periods beginning on or after January 1, 2017. Early adoption of the standard is permitted and entities are not required to provide comparative information for preceding periods. The Company has not yet determined the impact of the standard on the Company's financial statements.

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

In January 2016, the IASB issued amendments to IAS 12 Income Taxes, clarifying the accounting for deferred tax assets for unrealised losses. Entities must consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Guidance is also provided on how to determine future taxable profits and explains the circumstances whereby taxable profit may include the recovery of some assets for more than their carrying amount. This standard is effective for annual periods beginning on or after January 1, 2017. Early adoption of the standard is permitted. The Company has not yet determined the impact of the standard on the Company's financial statements.

IFRS 9 Financial Instruments

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 15 Revenue

IFRS 15 specifies how and when to recognize revenue and requires entities to provide users of financial statements with more informative, relevant disclosures. This standard supersedes IAS 18 Revenue, IAS 11

Construction Contracts, and a number of revenue-related interpretations. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018. Application of the standard is mandatory and early adoption is permitted. The Company has not yet determined the impact of the standard on the Company's financial statements.

IFRS 16 Leases

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

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

3. ACCOUNTS RECEIVABLE

	March 31, 2016	December 31, 2015
	$	$
Current		
Trade and accrued receivables (a)	**40,531**	39,426
Finance lease receivables where Company is the lessor (b)	**281**	324
Due from related parties (note 13)	**—**	123
Provision for doubtful accounts (c)	**(857)**	(836)
Total current accounts receivable	**39,955**	39,037
Non-current		
Finance lease receivables where Company is the lessor	**289**	362
Total long-term accounts receivable	**289**	362

a) Trade and accrued receivables

Trade receivables are aged from the date of invoicing, with normal payment terms being net 30 days.

The aging of the trade and accrued receivables is as follows:

3. ACCOUNTS RECEIVABLE (continued)

	March 31, 2016	December 31, 2015
	$	$
Amounts not yet due	**20,079**	28,208
Past due not more than 30 days	**12,473**	4,829
Past due not more than 60 days	**1,742**	3,307
Past due not more than 90 days	**3,341**	927
Past due greater than 90 days	**2,896**	2,155
Total trade and accrued receivables	**40,531**	39,426

Credit risk arises from the possibility that the entities to which Black Diamond provides rentals and/or services are unable to meet their payment obligations. Black Diamond manages this risk by assessing the creditworthiness of its customers on an ongoing basis and by monitoring the age of receivable balances outstanding. To date, Black Diamond's bad debts have been within expectations and are limited to specific customer circumstances.

b) Finance lease receivables where Company is the lessor

The Company provides multi-year finance leases for space rentals.

c) Provision for doubtful accounts

A provision for amounts that have been individually determined not to be collectible in full, because of known financial difficulties of the debtor or evidence of default or delinquency in payment.

4. NOTE RECEIVABLE AND INVESTMENT IN ASSOCIATE

On July 31, 2015, the Company sold its construction services operation to Northern Frontier Corp. for base consideration of $9,800 consisting of 4.5 million shares of Northern Frontier Corp. and a promissory note receivable of $7,400 due October 31, 2018 bearing interest at 10% per annum payable quarterly.

The Company recorded its share of loss in associate for the quarter of $1,563, which reduced the investment to zero. The reduction is based on prior quarter net loss of Northern Frontier Corp. and management's assessment, using publicly available information, of the impact of ongoing operating losses.

As at March 31, 2016, the fair value of the note receivable from Northern Frontier Corp. was recalculated and resulted in a write-down of $1,828. This write-down is also recorded in share of loss in associate for a total share of loss in associate of $3,391.

The fair value of the note receivable was determined using a probability weighted discounted cash flow model. The Company used different scenarios and probabilities than at year end to reflect what is currently believed to be the most likely range of outcomes. As negotiations with Northern Frontier Corp. are ongoing, the scenarios and probabilities used in future periods will continue to change to match managements view of the most likely range of outcomes.

5. PROPERTY AND EQUIPMENT

The Company added assets of $3,328 (2015 - $17,938) during the three months ended March 31, 2016, substantially all of which were fleet assets. There were also disposals of fleet assets with a net book value of $2,047 (2015 - $2,548) during the three months ended March 31, 2016, which is included in direct costs. The net realizations from the sale of fleet assets is included in gross profit.

6. LONG-TERM DEBT

	March 31, 2016 $	December 31, 2015 $
Committed extendible revolving operating facility	**68,544**	70,034
Senior secured notes	**89,600**	89,600
Costs associated with issue and restructuring of facilities	**(1,942)**	(1,942)
Amortization of costs associated with issue	**1,505**	1,471
Total long-term debt	**157,707**	159,163

Committed Extendible Revolving Operating Facility

The maximum principal amount of the committed extendible revolving operating facility is $168,000 with a maturity on April 30, 2019. The facility also has an accordion feature that allows for the expansion of the facility up to an aggregate of $268,000, upon lender commitment.

As at March 31, 2016, the Company's draws under the committed extendible revolving operating facility were comprised of $4,544 related to an overdraft balance (December 31, 2015 - $1,034), and $64,000 of bankers' acceptance (December 31, 2015 - $69,000).

For the three months ended March 31, 2016, the average interest rate applied to amounts drawn on the committed extendible revolving operating facility was 2.62% (2015 - 2.99%).

Senior Secured Notes

On July 7, 2011, Black Diamond Limited Partnership completed a private placement of senior secured notes. These notes, which rank pari passu with the senior secured credit facility, have a principal amount of $49,600 (December 31, 2015 - $49,600), an interest rate of 5.44% per annum and mature on July 8, 2019. The senior secured notes are repaid through annual payments in July, each in the amount of $12,400. The next annual principal repayment is due on July 8, 2016. Black Diamond has the discretion to refinance the senior secured notes for at least twelve months through its committed revolving operating facility and hence classified the current portion of the obligation as long-term.

On July 3, 2013, Black Diamond Limited Partnership completed a private placement of senior secured notes. These notes, which rank pari passu with the senior secured credit facility, have a principal amount of $40,000, an interest rate of 4.58% per annum and mature on July 3, 2022. The senior secured notes are repaid through annual repayments, each in the amount of $13,333 with the first annual payment beginning July 3, 2020.

Debt Covenants

At March 31, 2016, Black Diamond was in compliance with all of its debt covenants. Breach of any term or condition of the committed extendible revolving operating facility or the senior secured notes would result in an event of default in which case Black Diamond may have available specific cure periods to remedy such default. If the default is not remedied or waived, the lenders have the option to declare the obligations of Black Diamond under the extendible revolving operating facility and the senior secured notes to be immediately due and payable without presentment, demand, protest or further notice of any kind.

7. SHARE CAPITAL

a) Share capital

Authorized: An unlimited number of voting common shares with no par value and an unlimited number of preferred shares, issuable in series.

Issued - Common shares	Number of shares	$
January 1, 2015	41,048	321,444
Issued on exercise of options (note 7b)	15	195
Purchase of shares in trust	(64)	(941)
Sale of shares in trust	4	57
Vesting of shares in trust	21	269
Transfer from contributed surplus	—	26
December 31, 2015	**41,024**	**321,050**
Purchase of shares in trust	**(319)**	**(1,520)**
Sale of shares in trust	**1**	**7**
Vesting of shares in trust	**8**	**61**
March 31, 2016	**40,714**	**319,598**

7. SHARE CAPITAL (continued)

b) Share Based Compensation Plans

(i) Share option plan

As at March 31, 2016, there were 3,125 common shares (December 31, 2015 - 2,988) reserved for issuance from treasury upon the exercise of share options granted pursuant to the Company's Share Option Plan. The exercise price of each option equals the weighted average trading price of the common shares for the five trading days preceding the date of the grant. Outstanding options granted under the Share Option Plan generally vest on a straight line basis over three years and the option term is five years from the date of grant.

(expressed in thousands except per share amounts and years)

Grant date	Number of options outstanding	Exercise price per share	Remaining contractual life (years)	Number exercisable	Fair value at grant date
		$			$
March 25, 2012	693	20.61	0.98	693	2.47
April 5, 2012	313	19.94	1.01	313	2.71
March 22, 2013	532	20.98	1.98	532	3.30
November 15, 2013	85	27.43	2.63	57	5.21
March 21, 2014	15	33.27	2.97	10	6.60
August 21, 2014	200	28.04	3.39	67	4.61
November 13, 2014	20	18.95	3.62	7	2.59
January 9, 2015	765	12.35	3.78	252	1.46
March 20, 2015	10	13.67	3.97	3	1.78
March 11, 2016	492	4.72	4.95	—	1.03
Balance March 31, 2016	3,125			1,934	
Weighted average		16.77	2.70	20.03 (1)	

(1) Amount refers to the weighted average exercise price of the exercisable options as at March 31, 2016.

7. SHARE CAPITAL (continued)

Black Diamond recorded the following share option activity during 2016 and 2015:

	Number of options outstanding	Weighted average exercise price per share
		$
January 1, 2015	3,311	24.09
Granted	775	12.37
Exercised	(15)	12.97
Cancelled	(1,083)	31.52
December 31, 2015	2,988	18.41
Granted	492	4.72
Expired	(355)	13.84
March 31, 2016	3,125	16.77

The Black-Scholes option pricing model was used in determining the fair values of these options using a forfeiture rate of 5%, based on historical experience and future expectations, and the following assumptions:

Date of grant	Dividend yield	Expected average volatility	Average risk-free rate
	%	%	%
March 25, 2012	3.34	30	1.24
April 5, 2012	3.61	34	1.19
June 5, 2012	3.19	36	1.10
March 22, 2013	3.95	30	1.02
November 15, 2013	2.95	31	1.09
March 21, 2014	2.60	31	1.02
August 21, 2014	3.39	29	1.09
November 13, 2014	5.11	30	1.05
January 9, 2015	8.00	34	1.00
March 20, 2015	7.31	37	0.46
March 11, 2016	11.61	52	0.43

The expected life of the options is three years and is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the expected life of the options is indicative of future trends, which may not occur.

7. SHARE CAPITAL (continued)

(ii) Other share-based plans

Restricted and Performance Award Incentive Plan ("Share Award Plan")

The Company has a Share Award Plan which provides for the grant of restricted awards ("RAs") and performance awards. The outstanding RAs entitle the holders to a sum (the "Award Value") to be paid on the third anniversary of the date of grant (the "Payment Date"). The Award Value is calculated at the Payment Date by multiplying the number of RAs by the fair market value of the common shares of the Company. On the Payment Date, the Company has the option of settling the Award Value to which a holder of RAs is entitled in the form of either cash or in common shares which may either be acquired by the Company on the stock exchange or issued from the treasury of the Company, or some combination thereof. The Company's intention is to settle the Award Value in common shares and it has therefore accounted for the RAs as equity-settled. Provided the Company maintains this intention and settles the Award Value through the issuance of common shares, it will continue to account for the RAs as equity-settled throughout their vesting period.

Deferred Share Unit Plan ("DSU Plan")

The Company has a DSU Plan pursuant to which it may make an annual grant of Deferred Share Units ("DSUs") to non-employee directors and non-employee directors may make an election to receive all or part of, in increments of 25%, their total annual remuneration in the form of DSUs. Pursuant to the DSU Plan, DSUs awarded as part of an annual grant typically vest on the first anniversary of the date of grant and DSUs granted in lieu of total annual remuneration vest on the date of grant; however, in each instance, such DSUs will not be released until the non-employee director has ceased to be a member of the board of directors of the Company. DSUs are settled at the Company's option in cash and/or common shares acquired by the Company on the stock exchange based on the common share price plus accrued dividends. It is the intention of the Company to settle DSUs in common shares.

Incentive Award Plan ("IA Plan")

The Company has an IA Plan which provides for the grant of incentive awards ("IAs"). Subject to the terms and conditions of the IA Plan, the outstanding IAs either entitle the holder to a sum (the "IA Value") to be paid in equal tranches on the first, second and third anniversaries of the date of grant or to be paid on the third anniversary of the date of grant. The IA Value is calculated at the payment date(s) by multiplying the number of IAs by the fair market value of the common shares of the Company. On the applicable payment date, the Company has the option of settling the IA Value to which a holder of IAs is entitled in the form of either cash or in common shares which are acquired by the Company on the stock exchange or some combination thereof. The Company's intention is to settle the IA Value in common shares and it has therefore accounted for the fair value of the IAs as equity-settled. Provided the Company maintains this intention and settles the IA Value through the issuance of common shares, it will continue to account for the IAs as equity-settled throughout their vesting period.

7. SHARE CAPITAL (continued)

Changes in the number of units, with their weighted average fair value, are summarized below:

	IA Plan		Share Award Plan		DSU Plan	
	Number of units	Weighted fair value per unit	Number of units	Weighted fair value per unit	Number of units	Weighted fair value per unit
		$		$		$
January 1, 2015	—	—	—	—	—	—
Granted	59	15.14	—	—	—	—
Forfeited	(15)	15.14	—	—	—	—
December 31, 2015	44	15.14	—	—	—	—
Granted	293	4.72	164	4.72	30	4.72
Forfeited	(2)	15.14	—	—	—	—
March 31, 2016	335	6.13	164	4.72	30	4.72

The fair value of awards granted under these share-based plans is equal to the weighted average trading price of the Company's shares for the five trading days immediately preceding the date of grant.

Included in share-based compensation expense was $108 for the costs related to the IA Plan, Share Award Plan and DSU Plan.

8. REVENUE AND DIRECT COSTS

	Three months ended March 31,	
	2016	2015
Revenue	**$**	$
Rental revenue	**16,457**	28,213
Lodging revenue	**23,305**	41,281
Non-rental revenue	**13,119**	30,201
Total revenue	**52,881**	**99,695**

Non-rental revenues are derived from the sale of both new and used assets, the sub-leasing of non-owned assets as well as the delivery, installation, construction, project management and ancillary products and services required to support the deployment and remobilization of these assets.

	Three months ended March 31,	
	2016	2015
Direct Costs	**$**	$
Catering, utilities and other consumable costs	**9,630**	20,141
Construction and transportation services	**4,429**	17,341
Repairs and maintenance	**2,844**	3,979
Subleased equipment	**2,576**	4,620
Personnel costs	**1,748**	3,557
New and used asset sales and other direct costs	**3,963**	6,421
Total direct costs	**25,190**	**56,059**

9. ADMINISTRATIVE EXPENSES

	Three months ended March 31,	
	2016	2015
	$	$
Personnel costs	**5,968**	8,533
General administrative expenses	**2,353**	2,587
Occupancy and insurance	**2,136**	1,888
Share based compensation (note 7)	**335**	1,296
Total administrative expenses	**10,792**	**14,304**

General administrative expenses includes costs related to auditors, legal fees, tax services, travel, meals, entertainment, office administration, communication, corporate sponsorship and advertising.

10. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated on the profit attributable to Black Diamond for the period.

	Three months ended March 31,	
Reconciliation of weighted average number of shares	**2016**	2015
Weighted average common shares outstanding - basic	**41,101**	41,086
Effect of treasury share-based plans	**169**	—
Weighted average common shares outstanding - diluted	**41,270**	**41,086**

Excluded from diluted weighted average number of shares are 3,125 anti-dilutive options for the three month period ended March 31, 2016 (2015 - 4,021).

On March 31, 2016, the Company declared a 50% reduction in its dividend to $0.025/share from $0.05/share. This change was effective for the March dividend paid April 15, 2016.

11. SEGMENTED INFORMATION

Effective January 1, 2016, Black Diamond changed the basis of its segmentation for reporting purposes to align with how the information is being reported internally to the chief operating decision makers. Previously, the segments were disclosed as Structures, Logistics, Energy Services and International. The new segments are Camps & Lodging, BOXX Modular, Energy Services and International and are based on the type of product and service offering and geography in the case of International.

The Camps & Lodging segment provides workforce accommodation solutions ranging from basic accommodation unit rental to full turnkey lodging. Lodging services provide camps with on-site management of all catering and housekeeping personnel, front desk services as well as fresh water and waste water management, electricity, television, telephone, internet and the provision of consumables such as fuel. Accommodation units are modular structures that can be assembled into camps with a variety of dormitory configurations, kitchen/diner complexes and recreation facilities to house workforces in remote locations where local accommodation infrastructure is either insufficient or non-existent. These assets are often necessary for operations relating to oil and gas, mining, infrastructure and construction projects, and other industries.

The BOXX Modular segment provides high quality, cost effective, modular space rentals to customers throughout North America. These customers operate in the construction, real estate development, manufacturing, education and resource industries, and also include government agencies. Products include office units, lavatories, storage units, large multi-unit office complexes, classroom facilities, custom manufactured modular facilities and blast resistant structures. BOXX Modular also sells both new and used space rentals units and provides delivery, installation, project management and ancillary products and services.

The Energy Services segment provides high quality, cost effective equipment rentals and accommodations to customers in the oil and gas industry throughout western Canada and the western United States. The rentals are separated into two oilfield rental streams:

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

The segment also provides complete installation, maintenance and catering services.

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

The Corporate and Other segment includes costs related to administrative activities that support all segments. Included in Corporate and Other are revenues generated from camp management services that are not significant enough to report on their own.

The change to segments had an impact on the segment information reported but did not change aggregate financial information reported for Black Diamond. To enable users to understand the changes and to assess trends, prior period segment information included in the financial statements for comparative purposes were restated to reflect the new business structure. Transactions between operating segments are priced on an arm's length basis in a manner similar to transactions with third parties.

11. SEGMENTED INFORMATION (continued)

	Three months ended March 31,	
	2016	2015
	$	$
Revenue		
Camps & Lodging	**32,095**	71,598
BOXX Modular	**13,314**	15,312
Energy Services	**5,536**	10,665
International	**1,473**	1,529
Corporate and Other	**463**	591
Total Revenue	**52,881**	**99,695**
Depreciation of Property and Equipment		
Camps & Lodging	**6,965**	7,228
BOXX Modular	**1,850**	1,820
Energy Services	**2,745**	2,526
International	**1,045**	1,032
Corporate and Other	**422**	492
Total Depreciation	**13,027**	**13,098**
Profit (Loss)		
Camps & Lodging	**8,636**	19,477
BOXX Modular	**1,558**	3,236
Energy Services	**(1,604)**	788
International	**(1,026)**	(775)
Corporate and Other	**(9,985)**	(13,697)
Total Profit (Loss)	**(2,421)**	**9,029**
Capital Expenditures (Additions)		
Camps & Lodging	**360**	2,204
BOXX Modular	**1,962**	3,544
Energy Services	**477**	8,429
International	**448**	3,733
Corporate and Other	**81**	28
Total Capital Expenditures	**3,328**	**17,938**

11. SEGMENTED INFORMATION (continued)

	March 31, 2016 $	December 31, 2015 $
Property and Equipment		
Camps & Lodging	**245,806**	252,393
BOXX Modular	**116,209**	120,959
Energy Services	**102,998**	109,101
International	**36,357**	37,716
Corporate and Other	**25,604**	26,402
Total Property and Equipment	**526,974**	546,571
Intangible Assets		
Camps & Lodging	**5,760**	5,836
BOXX Modular	**1,733**	1,908
Total Intangible Assets	**7,493**	7,744
Goodwill		
Camps & Lodging	**24,471**	24,471
BOXX Modular	**9,909**	10,269
Total Goodwill	**34,380**	34,740
Assets		
Camps & Lodging	**307,649**	328,608
BOXX Modular	**138,274**	139,944
Energy Services	**106,022**	110,319
International	**39,094**	41,191
Corporate and Other	**33,859**	27,426
Total Assets	**624,898**	647,488

11. SEGMENTED INFORMATION (continued)

Geographic and customer information

	Three months ended March 31,	
	2016	2015
	$	$
Revenue		
Canada	**43,095**	89,828
United States	**8,313**	8,338
Australia	**1,473**	1,529
Total Revenue	**52,881**	99,695

The allocation of sales to the geographic segments is based upon the customer location where the product is utilized.

	March 31, 2016	December 31, 2015
	$	$
Property and Equipment, Intangibles and Goodwill		
Canada	**425,034**	434,627
United States	**107,456**	116,712
Australia	**36,357**	37,716
Total Property and Equipment, Intangibles and Goodwill	**568,847**	589,055

12. COMMITMENTS

At March 31, 2016, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the amount of $2,587 (December 31, 2015 - $2,700) for delivery of modular structures in the next six months.

13. RELATED PARTY TRANSACTIONS

The amounts due to related parties include distribution and royalties payable to the non-controlling interests and trade payables to the investment in associate, are non-interest bearing and are due on demand. The amount due from related party relates to current interest receivable on the note receivable.

The following table provides the total amount of transactions that have been entered into with related parties during the three months ending March 31, 2016 and 2015, as well as balances with related parties as at March 31, 2016 and December 31, 2015.

	For the three months ended March 31,		Due from related party as at		Due to related party as at	
	2016	2015	**March 31, 2016**	December 31, 2015	**March 31, 2016**	December 31, 2015
	$	$	**$**	$	**$**	$
Associate						
Northern Frontier						
Interest income on note receivable	**—**	—	**—**	123	**—**	—
Construction services operation expenses	**1,760**	—	**—**	—	**1,269**	349
Non-controlling interests						
Limited partnerships						
Royalties and distributions declared	**(2,065)**	(1,311)	**—**	—	**3,003**	1,185
	(305)	(1,311)	**—**	123	**4,272**	1,534