UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six month periods ended June 30, 2014 and 2013

BLACK DIAMOND GROUP

BLACK DIAMOND GROUP

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30, 2014 and December 31, 2013

(Expressed in thousands)	2014 $	2013 $
ASSETS		
Current		
Cash and cash equivalents	19,600	31,786
Accounts receivable (note 3)	89,167	99,290
Prepaid expenses and other current assets	8,624	2,911
Total Current Assets	117,391	133,987
Non-Current		
Long-term accounts receivable (note 3)	4,447	3,299
Property and equipment (notes 4 and 11)	489,908	485,684
Deferred tax asset	794	—
Intangible assets (note 11)	11,865	12,363
Goodwill (note 11)	39,820	39,530
Total Non-Current Assets	546,834	540,876
Total Assets	664,225	674,863
LIABILITIES AND EQUITY		
Current		
Operating facility	1,827	491
Accounts payable and accrued liabilities (note 5)	43,630	34,750
Deferred revenue (note 5)	4,400	1,603
Due to related parties	680	2,171
Dividends payable	3,213	3,162
Income taxes payable	2,329	791
Total Current Liabilities	56,079	42,968
Non-Current		
Long-term debt (note 6)	126,331	184,266
Risk management liability	496	799
Asset retirement obligations	7,360	3,143
Deferred revenue (note 5)	5,000	—
Deferred income taxes	56,635	54,253
Total Non-Current Liabilities	195,822	242,461
Total Liabilities	251,901	285,429
Shareholders' Equity		
Share capital (note 7)	334,106	321,533
Contributed surplus	5,294	4,931
Accumulated other comprehensive income (loss)	(2,154)	(5,297)
Retained earnings	72,518	64,201
Total Shareholders' Equity	409,764	385,368
Non-controlling interests	2,560	4,066
Total Equity	412,324	389,434
Total Liabilities and Equity	664,225	674,863

See accompanying notes to the unaudited condensed consolidated interim financial statements

Refer to Commitments and Contingencies in Note 13.

BLACK DIAMOND GROUP

UNAUDITED CONSOLIDATED STATEMENT OF NET INCOME
for the three and six month periods ended June 30,

(Expressed in thousands, except per share amounts)	Three months ended June 30 2014 $	2013 $	Six months ended June 30 2014 $	2013 $
Revenue (notes 8 and 11)	88,393	71,071	212,969	162,051
Direct costs (note 4)	40,780	29,633	110,013	69,093
Gross Profit	47,613	41,438	102,956	92,958
Expenses				
Administrative expenses (note 9)	14,235	13,186	28,090	25,479
Depreciation of property and equipment (note 11)	12,221	12,388	25,881	23,212
Amortization of intangible assets	306	501	730	721
Total expenses	26,762	26,075	54,701	49,412
Operating profit	20,851	15,363	48,255	43,546
Finance costs	1,776	1,837	3,793	3,514
Provision for guarantee of debt of an investee (note 12)	5,202	—	5,202	—
Profit before income taxes	13,873	13,526	39,260	40,032
Income tax				
Current	3,404	1,786	8,644	6,424
Deferred	256	1,530	1,467	3,520
Total income taxes	3,660	3,316	10,111	9,944
Profit before non-controlling interest	10,213	10,210	29,149	30,088
Profit attributable to non-controlling interest	652	1,264	1,685	2,334
Profit for the period	**9,561**	**8,946**	**27,464**	**27,754**
Earnings per share (note 10)				
Basic	0.23	0.21	0.65	0.67
Diluted	0.22	0.21	0.63	0.66

See accompanying notes to the unaudited condensed consolidated interim financial statements

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three and six month periods ended June 30,

(Expressed in thousands)	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
	$	$	$	$
Profit for the period	**9,561**	**8,946**	**27,464**	**27,754**
Other comprehensive income (loss) to be re-classified to profit or loss in subsequent period:				
Realized portion of derivative designated as cash flow hedge (net of tax)	(115)	(112)	(226)	(225)
Unrealized gain portion of derivative designated as cash flow hedge (net of tax)	232	297	452	474
Translation adjustments	(2,998)	(3,705)	2,917	(2,163)
Net other comprehensive income (loss) to be re-classified to profit or loss in subsequent period	**(2,881)**	**(3,520)**	**3,143**	**(1,914)**
Total comprehensive income	**6,680**	**5,426**	**30,607**	**25,840**

See accompanying notes to the unaudited condensed consolidated interim financial statements

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six month period ended June 30, 2014 and June 30, 2013

(Expressed in thousands)	Issued Share Capital	Contributed Surplus	Accumulated Other Comprehensive (Loss) / Income	Retained Earnings	Total Shareholders' Equity	Non-Controlling interest	Total Equity
	$	$	$	$	$	$	$
As at January 1, 2013	**309,140**	**4,431**	**(3,285)**	**45,521**	**355,807**	**5,274**	**361,081**
Profit for the period	—	—	—	27,754	27,754	2,334	30,088
Realized loss on derivative instrument (gross)	—	—	(225)	—	(225)	—	(225)
Unrealized gain on derivative instrument (gross)	—	—	474	—	474	—	474
Translation adjustment	—	—	(2,163)	—	(2,163)	—	(2,163)
Dividends declared	—	—	—	(16,662)	(16,662)	—	(16,662)
Distributions to partners	—	—	—	—	—	(1,680)	(1,680)
Share capital issued on exercise of options (note 7)	9,185	(1,726)	—	—	7,459	—	7,459
Purchase of shares in trust (note 7)	(600)	—	—	—	(600)	—	(600)
Sale of shares in trust	65	(1)	—	—	64	—	64
Vesting of shares in trust (note 7)	395	(395)	—	—	—	—	—
Share based compensation expense (note 7)	—	1,956	—	—	1,956	—	1,956
As at June 30, 2013	**318,185**	**4,265**	**(5,199)**	**56,613**	**373,864**	**5,928**	**379,792**
As at January 1, 2014	**321,533**	**4,931**	**(5,297)**	**64,201**	**385,368**	**4,066**	**389,434**
Profit for the period	—	—	—	27,464	27,464	1,685	29,149
Realized loss on derivative instrument (gross)	—	—	(300)	—	(300)	—	(300)
Unrealized gain on derivative instrument (gross)	—	—	603	—	603	—	603
Tax effect of cash flow hedge	—	—	(77)	—	(77)	—	(77)
Translation adjustment	—	—	2,917	—	2,917	—	2,917
Dividends declared	—	—	—	(19,147)	(19,147)	—	(19,147)
Distributions to partners	—	—	—	—	—	(3,191)	(3,191)
Share capital issued on exercise of options (note 7)	12,708	(1,656)	—	—	11,052	—	11,052
Purchase of shares in trust (note 7)	(584)	—	—	—	(584)	—	(584)
Sale of shares in trust (note 7)	51	—	—	—	51	—	51
Vesting of shares in trust (note 7)	398	(398)	—	—	—	—	—
Share based compensation expense (note 7)	—	2,417	—	—	2,417	—	2,417
As at June 30, 2014	**334,106**	**5,294**	**(2,154)**	**72,518**	**409,764**	**2,560**	**412,324**

See accompanying notes to the unaudited condensed consolidated interim financial statements

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

for the three and six month periods ended June 30,

(Expressed in thousands)	Three months ended June 30 2014 $	Three months ended June 30 2013 $	Six months ended June 30 2014 $	Six months ended June 30 2013 $
Operating activities				
Profit for the period	9,561	8,946	27,464	27,754
Add (deduct) non-cash items:				
Depreciation of property and equipment	12,221	12,388	25,881	23,212
Amortization of intangible assets	306	501	730	721
Profit attributable to non-controlling interest	652	1,264	1,685	2,334
Finance costs	1,776	1,837	3,793	3,514
Provision for guarantee of debt of an investee (note 12)	5,202	—	5,202	—
Deferred income taxes	256	1,530	1,467	3,520
Share based compensation expense (note 7)	1,522	957	2,417	1,956
Book value of fleet assets sold (note 4)	3,624	1,226	14,711	2,144
	35,120	28,649	83,350	65,155
Change in long-term receivables	(1,699)	991	(1,148)	2,092
Change in deferred revenue - non current	5,000	—	5,000	—
Change in non-cash working capital related to operating activities	34,791	16,447	12,520	(7,582)
Net cash flows from operating activities	73,212	46,087	99,722	59,665
Investing activities				
Purchase of property and equipment (note 4)	(19,404)	(19,524)	(38,578)	(41,450)
Purchase of Australian Portable Buildings Pty. Ltd.	—	—	—	(39,349)
Purchase of minority interest in APB Britco LP	—	—	—	(1,792)
Change in non-cash working capital related to investing activities	(7,108)	4,960	13	2,494
Net cash flows used in investing activities	(26,512)	(14,564)	(38,565)	(80,097)
Financing activities				
Proceeds from long-term debt (note 6)	—	—	15,000	55,000
Repayment of long-term debt (note 6)	(40,000)	(5,000)	(73,000)	(15,000)
Net draw on operating facility	1,827	(7,469)	1,336	8,031
Interest paid in the period	(1,422)	(1,647)	(3,477)	(3,242)
Dividend payments	(9,585)	(8,754)	(19,096)	(16,196)
Distribution to non-controlling interests	(831)	(790)	(3,191)	(1,680)
Purchase of shares in trust (note 7)	—	—	(584)	(600)
Sale of shares in trust (note 7)	37	65	51	65
Share options exercised (note 7)	7,271	4,567	11,052	7,459
Change in non-cash working capital related to financing activities	(1,680)	(2,616)	(1,491)	(1,465)
Net cash flows (used in) / from financing activities	(44,383)	(21,644)	(73,400)	32,372
Increase (Decrease) in cash and cash equivalents	2,317	9,879	(12,243)	11,940
Cash and cash equivalents, beginning of period	17,645	4,763	31,786	2,697
Effect of foreign currency rate changes on cash and cash equivalents	(362)	115	57	120
Cash and cash equivalents, end of the period	**19,600**	**14,757**	**19,600**	**14,757**

See accompanying notes to the unaudited condensed consolidated interim financial statements

Total tax paid in cash during the three and six months ended June 30, 2014 was $2,627 and $7,398 (2013 - $3,006 and $14,758), respectively.

1. GENERAL INFORMATION

The unaudited condensed consolidated interim financial statements ("interim financial statements") of Black Diamond Group Limited for the three and six months ended June 30, 2014 and 2013 were authorized for issuance in accordance with a resolution of the Board of Directors on August 12, 2014. Black Diamond Group Limited, its subsidiaries and its controlled limited partnerships ("Black Diamond" or the "Company") are headquartered in Calgary, Alberta. 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

These interim financial statements for the three and six month periods ended June 30, 2014 and 2013 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 for derivative financial instruments measured at fair value.

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, 2013. 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, 2013. Certain figures in the prior year's interim financial statements have been reclassified to conform to the current year'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 Structures, Energy Services and Logistics 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 Logistics business units are generally higher in the winter. Although the Structures business unit has some exposure to the seasonality experienced in the western Canadian oil and natural gas drilling industry, seasonality has been actively managed and reduced 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 reduce the effect of seasonality on revenue.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosure

IFRIC 21 Levies
IFRIC 21 was developed by the IFRS Interpretations Committee and is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 "Income Taxes") and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. Lastly, the interpretation clarifies that a liability should not be recognized before the specified minimum threshold to trigger that levy is reached. The Company adopted this interpretation as of January 1, 2014 and it did not have a material impact on the Company's financial statements.

Standards issued but not yet effective

The nature and impact of any new standard, interpretation or amendment is described below:

IFRS 9 *Financial Instruments*
IFRS 9 sets out requirements for the classification and measurement of financial assets, first issued in November 2009 and, updated in October 2010, to incorporate financial liabilities and in November 2013 to include the new general hedge accounting model. IFRS 9 (2013) does not yet have a mandatory effective date, but early adoption is allowed. At its February 2014 meeting, IASB tentatively decided that the mandatory effective date of IFRS 9 will be for annual period beginning on or after January 1, 2018. The Company continues to review the standard as it is updated and monitor its impact to the Company.

IFRS 15 *Revenue from Contracts*
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, 2017. Application of the standard is mandatory and early adoption is permitted. The Company has not yet determined the impact of the amendments 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

	June 30, 2014	December 31, 2013
	$	$
Current		
Trade and accrued receivables	87,631	94,165
Revenue not yet contractually billable	696	3,589
Finance lease receivables where Company is the lessor	2,704	2,475
Provision for doubtful accounts	(1,864)	(939)
Total current accounts receivable	**89,167**	**99,290**
Non-current		
Finance lease receivables where Company is the lessor	1,947	2,989
Revenue not yet contractually billable	2,500	310
Total long-term accounts receivable	**4,447**	**3,299**

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:

	June 30, 2014	December 31, 2013
Trade and accrued receivable	$	$
Amounts not yet due	58,249	71,341
Past due not more than 30 days	9,362	10,397
Past due not more than 60 days	9,209	5,270
Past due not more than 90 days	4,518	4,499
Past due greater than 90 days	6,293	2,658
Total trade and accrued receivables	87,631	94,165

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) Revenue not yet contractually billable

This is comprised of the following:

- Revenue recognized for multiple services delivered within certain contracts are billable over the term of the contract. The amount of receivables recorded as long term consists of amounts to be invoiced in more than one year, with the services having been completed and the revenue recognized during current or previous periods, pursuant to agreements with customers which are considered to have high creditworthiness, and
- Receivables related to performance obligations yet to be performed.

c) Finance lease receivables where Company is the lessor

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

4. PROPERTY AND EQUIPMENT

The Company added assets of $19,404 and $38,578 (2013 - $19,524 and $41,450) during the three and six months ended June 30, 2014, respectively, substantially all of which were fleet assets. There were also disposals of fleet assets with a book value of $3,624 and $14,711 (2013 - $1,226 and $2,144) during the three and six months ended June 30, 2014, respectively, which is included in the direct costs. The net realizations from the sale of fleet assets is included in the gross profit.

The non-cash additions for asset retirement costs included in property and equipment amounted to $4,500 for the three and six months ended June 30, 2014 (2013 - $1,021).

5. ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND DEFERRED REVENUE

a) Accounts payable and accrued liabilities

	June 30, 2014 $	December 31, 2013 $
Current		
Trade payables	11,752	7,679
Accruals	21,328	24,210
Provision for guarantee of debt of an investee (note 12)	5,202	—
Other payables	5,348	2,861
Total current accounts payable and accrued liabilities	**43,630**	**34,750**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms.
- Accrued liabilities are estimates of amounts due for goods and services that have been received but not yet invoiced.
- Provision for guarantee of debt of an investee is payable on demand (refer to note 12).
- Other payables are non-interest bearing and are normally settled within one year.

b) Deferred revenue

	June 30, 2014 $	December 31, 2013 $
Current portion	4,400	1,603
Non-current portion	5,000	—
Total deferred revenue	**9,400**	**1,603**

Terms and conditions of the above:

- Deferred revenue is non-interest bearing and has an average term of less than a year except for the long term portion which has a term over a year.

6. LONG-TERM DEBT

	June 30, 2014 $	December 31, 2013 $
Committed Extendible Revolving Operating Facility	25,000	83,000
Senior Secured Notes	102,000	102,000
Costs associated with issue of Senior Secured Notes	(1,057)	(1,057)
Amortization of costs associated with issue	388	323
	126,331	184,266

Committed extendible revolving operating facility

Effective June 20, 2014, Black Diamond restructured and consolidated its senior secured credit facility into one extendible revolving operating facility of $150,000 (December 31, 2013 - $130,000 revolving capital expenditure facility and $15,000 revolving operating facility) that matures April 30, 2018 and is available by way of prime rate advances, U.S. base rate advances, LIBOR advances, bankers acceptances and letters of credit using interest rates that fluctuate based on the ratio of net total funded debt to EBITDA. The facility is interest only payable monthly in arrears until the April 30, 2018 maturity date and incurs standby fees for any unused portion of the facility at rates that fluctuate based on the ratio of net total funded debt to EBITDA. The facility is collateralized by a general security agreement from Black Diamond, a guarantee and general security agreement from each of its material subsidiaries and a pledge of the equity interests owned by Black Diamond in such material subsidiaries. The facility has an accordion feature that allows for the expansion of the facility up to an aggregate of $250 million, upon lender commitment. If all or any portion of the $100 million accordion is not provided by the lenders, the senior secured credit facility authorizes the Company to obtain the remaining amount from any third party subject to certain conditions in the senior secured credit facility.

As at June 30, 2014, the Company's draws under the committed extendible revolving operating facility were comprised of $ nil (December 31, 2013 - $58,000) of bankers' acceptances and $25,000 (December 31, 2013 - $25,000) of bankers acceptances for which the interest rate has been fixed through a swap contract.

For the three and six months ended June 30, 2014, the average interest rate applied to amounts drawn on the operating facility was 4.16% and 3.72% (2013 - 3.26% and 3.31%), respectively.

Senior Secured Notes

On July 8, 2011, Black Diamond 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 $62,000, an interest rate of 5.44% per annum and mature on July 8, 2019. The scheduled annual repayment of these senior secured notes begins July 7, 2015.

On July 3, 2013, Black Diamond 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 scheduled annual repayment of these senior secured notes begins July 3, 2020. On July 3, 2013, Black Diamond also entered into a private shelf facility for senior secured notes which, subject to the sole discretion of the lender, may be drawn in an aggregate amount up to US $21,315, for a term of no more than 11 years after the date of original issuance, to have an average life of no more than 10 years after the date of original issuance, and to bear interest as shall be determined at the date of issuance. These senior secured notes may be issued until the earlier of (i) July 3, 2016 or

6. LONG-TERM DEBT (continued)

Senior Secured Notes (continued)

(ii) the 30th day after notice has been given to terminate the private shelf facility.

Debt Covenants

At June 30, 2014, Black Diamond was in compliance with all of its debt covenants. Breach of any term or condition of the senior secured credit 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 senior secured credit facility and the senior secured notes to be immediately due and payable without presentment, demand, protest or further notice of any kind.

Offset Banking System

Effective April 1, 2013, the Company entered into an arrangement known as an offset banking system with Bank of Montreal ("BMO") whereby BMO will calculate its compensation for operation of the accounts and the availability of credit to the Company on a net basis over all its designated Canadian dollar accounts provided each account and the consolidation of all accounts is maintained within credit limits. Accordingly, the cash and cash equivalents for the Canadian dollar denominated accounts is reflected on a net basis in the Consolidated Statement of Financial Position.

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 (expressed in thousands)	Number	Amount $
January 1, 2013	**41,154**	**309,140**
Issued on exercise of options (note 7 (b))	957	10,162
Purchase of shares in trust (note 7 (c))	(28)	(600)
Sale of shares in trust (note 7 (c))	12	296
Vesting of shares in trust (note 7 (c))	21	395
Transfer from contributed surplus	—	2,140
December 31, 2013	**42,116**	**321,533**
Issued on exercise of options (note 7 (b))	672	11,052
Purchase of shares in trust (note 7 (c))	(17)	(584)
Sale of shares in trust (note 7 (c))	2	51
Vesting of shares in trust (note 7 (c))	21	398
Transfer from contributed surplus	—	1,656
June 30, 2014	**42,794**	**334,106**

7. SHARE CAPITAL (continued)

b) Share Option Plan

Black Diamond has a share option plan (the "Option Plan") pursuant to which options to purchase common shares may be granted to directors, officers, employees and consultants of Black Diamond in order to provide an opportunity for these individuals to obtain a proprietary interest in Black Diamond's long-term success.

The aggregate number of common shares of the Company that may be issued pursuant to the exercise of options granted under the Option Plan and all other share compensation arrangements of Black Diamond shall not exceed 10% of the outstanding common shares of Black Diamond from time to time. At June 30, 2014, there were 3,446 common shares (December 31, 2013 - 3,068) reserved for issuance upon the exercise of options granted pursuant to the 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 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)

Grant date	Number of options outstanding	Exercise price per share $	Remaining contractual life (years)	Number exercisable	Fair value at grant date $
April 1, 2010	70	9.81	0.75	70	2.58
March 25, 2011	428	12.97	1.74	428	1.73
March 22, 2012	725	20.61	2.73	417	2.39
April 5, 2012	332	19.94	2.77	192	2.63
June 5, 2012	60	22.60	2.93	35	3.17
March 22, 2013	666	20.98	3.73	177	3.30
May 21, 2013	30	22.60	3.89	10	3.71
November 15, 2013	85	27.43	4.38	—	5.21
March 21, 2014	1,050	33.27	4.73	—	6.60
Balance, June 30, 2014	**3,446**			**1,329**	
Weighted average		**23.53**	**3.43**	**17.60** (1)	

(1) Amount refers to the weighted average exercise price of the exercisable options as at June 30, 2014.

Black Diamond recorded the following share option activity during 2014 and 2013:

7. SHARE CAPITAL (continued)

(expressed in thousands except per share amounts)	Number of options outstanding	Weighted average exercise price per share $
January 1, 2013	3,389	15.62
Granted	965	21.60
Exercised	(957)	10.62
Cancelled / Forfeitures	(329)	19.54
December 31, 2013	**3,068**	**18.64**
Granted	1,050	33.27
Exercised	(672)	16.45
Cancelled / Forfeitures	—	—
June 30, 2014	**3,446**	**23.53**

During the three and six months ended June 30, 2014, the Company recorded share-based compensation expense of $1,375 and $2,214 (2013 – $787 and $1,617) related to options granted under the Option Plan. Options granted in the six months ended June 30, 2014 have a weighted average exercise price of $33.27 per option (December 31, 2013 - $21.60).

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	Expected life
	%	%	%	(years)
April 1, 2010	5.51	30	1.62	3.00
March 25, 2011	4.41	30	1.69	3.00
March 22, 2012	3.34	30	1.24	3.00
April 5, 2012	3.61	34	1.19	3.00
June 5, 2012	3.19	36	1.10	3.00
March 22, 2013	3.95	30	1.02	3.00
May 21, 2013	3.63	29	0.99	3.00
November 15, 2013	2.95	31	1.09	3.00
March 21, 2014	2.60	31	1.02	3.00

The expected life of the options 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)

c) Long Term Incentive Plan

During the three and six months ended June 30, 2014, the Company recorded share-based compensation expense of $147 and $203 (2013 – $170 and $339) related to the graded vesting of shares granted under the LTIP, with a corresponding increase to contributed surplus.

To satisfy the Company's obligation to deliver shares pursuant to the LTIP, the Company purchased 17 common shares of the Company (2013 - 28) on the open market for $584 (2013 - $600) during the period ended June 30, 2014.

These common shares are held in trust until the common shares vest to the participants. The Company is not exposed to fluctuations in the stock price in respect of the common shares held by the trustee, except when shares are forfeited by the employee pursuant to the LTIP and sold in the open market. The Company sold 2 common shares (2013 - 3) for proceeds of $51 (2013 - 65), as a result of forfeitures.

During the period ended June 30, 2014, 21 shares vested (2013 - 22), and were released to participants. The release of these shares triggered a transfer from contributed surplus to share capital in the amount of $398 (2013 – $395).

8. REVENUE

	Three months ended		Six months ended	
	June 30, 2014	**June 30, 2013** (note 14)	**June 30, 2014**	**June 30, 2013** (note 14)
	$	$	$	$
Rental revenue				
Workforce accommodation	28,121	26,209	60,908	56,130
Space rentals	8,568	7,865	16,589	15,647
Surface equipment	1,655	1,482	3,926	4,157
Total rental revenue	38,344	35,556	81,423	75,934
Lodging revenue	28,034	17,737	68,456	45,966
Non-rental revenue	22,015	17,778	63,090	40,151
Total revenue	**88,393**	**71,071**	**212,969**	**162,051**

9. ADMINISTRATIVE EXPENSES

	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	$	$	$	$
Personnel costs	7,731	6,736	15,572	12,521
General administrative expenses	3,492	3,999	7,075	7,749
Occupancy and insurance	1,490	1,494	3,026	2,953
Share based compensation (note 7)	1,522	957	2,417	1,956
Acquisition costs	—	—	—	300
Total administrative expenses	**14,235**	**13,186**	**28,090**	**25,479**

10. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated on the profit for the period per the Unaudited Consolidated Statement of Net Income.

Reconciliation of weighted average number of shares

	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Weighted average common shares outstanding - basic	42,631	41,683	42,456	41,525
Effect of share option plan	993	652	910	638
Weighted average common shares outstanding - diluted	**43,624**	**42,335**	**43,366**	**42,163**

Excluded from diluted weighted average number of shares are 1,050 anti-dilutive options for the three and six months ended June 30, 2014 (2013 - 1,975).

11. SEGMENTED INFORMATION

	Three month period ended		Six month period ended	
	June 30, 2014	June 30, 2013 (note 14)	June 30, 2014	June 30, 2013 (note 14)
	$	$	$	$
Revenue				
Structures	50,847	43,489	118,835	89,552
Energy Services	6,792	5,242	18,543	15,923
Logistics	28,034	17,737	68,456	45,965
International	2,720	4,603	7,135	10,611
Total Revenue	88,393	71,071	212,969	162,051
Depreciation of Property and Equipment				
Structures	7,995	8,010	16,592	15,654
Energy Services	1,593	1,670	3,116	3,282
Logistics	793	901	2,414	1,190
International	1,322	1,464	2,764	2,455
Corporate	518	343	995	631
Total Depreciation	12,221	12,388	25,881	23,212
Profit (Loss)				
Structures	23,573	19,110	48,762	40,894
Energy Services	51	(486)	2,294	2,319
Logistics	4,992	1,394	10,384	7,844
International	(1,232)	(32)	(1,147)	953
Corporate	(17,823)	(11,040)	(32,829)	(24,256)
Total Profit	9,561	8,946	27,464	27,754
Capital Expenditures (Gross)				
Structures	16,163	15,686	26,638	21,326
Energy Services	240	21	3,529	1,995
Logistics	1,437	672	2,528	4,217
International	770	242	4,413	10,963
Corporate	794	2,903	1,470	2,949
Total Capital Expenditures	19,404	19,524	38,578	41,450

11. SEGMENTED INFORMATION (continued)

	June 30, 2014	December 31, 2013
	$	$
Property and Equipment ("PP&E")		
Structures	356,458	359,162
Energy Services	55,904	56,736
Logistics	25,184	20,824
International	35,814	32,736
Corporate	16,548	16,226
Total PP&E	**489,908**	**485,684**
Intangible Assets		
Structures	8,767	9,032
Energy Services	70	70
International	3,025	3,257
Corporate	3	4
Total Intangible Assets	**11,865**	**12,363**
Goodwill		
Structures	33,480	33,472
Energy Services	1,369	1,369
International	4,971	4,689
Total Goodwill	**39,820**	**39,530**
Total Assets		
Structures	440,176	467,418
Energy Services	65,816	67,138
Logistics	65,590	44,216
International	47,984	47,010
Corporate	44,659	49,081
Total Assets	**664,225**	**674,863**

12. PROVISION FOR GUARANTEE OF DEBT OF AN INVESTEE

The Company issued a financial guarantee for $5,202 (AUS $5,168) ("Guarantee") as part of the purchase consideration for the Company's 20% interest in Britco APB's modular building manufacturing business ("Manufacturing Business"). Due to ongoing losses, the Manufacturing Business is being wound down through a voluntary administration process. The Company anticipates that payment under the Guarantee will be required though the timing and amount of such payment is uncertain. Due to this significant change in circumstances the Company has estimated the probability of this Guarantee being called as more likely than not. As at June 30, 2014, Black Diamond has therefore recognized a provision for the full amount of the Guarantee, payable on demand. The Company previously wrote off its original 20% investment in the

12. PROVISION FOR GUARANTEE OF DEBT OF AN INVESTEE (continued)

Manufacturing Business. As at June 30, 2014, Black Diamond also recognized a related deferred tax asset of $878 (2013: nil).

13. COMMITMENTS AND CONTINGENCIES

Capital Commitments

At June 30, 2014, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the amount of $70,561 (December 31, 2013 - $18,623) for delivery of modular structures in the next six months.

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 certain circumstances in service to the Company.

14. COMPARATIVE FIGURES

Certain figures in the prior period's interim financial statements have been reclassified to conform to the current period's presentation.

In order to better reflect the performance of individual business units and to conform to the current period's presentation, the Company has reclassified comparative revenues for the six month period ended June 30, 2013 from non-rental to lodging revenue in the amount of $2,401. This revenue reclassification increased Logistics revenue and decreased Structures revenue, with no impact on the total revenue for the three and six month periods ended June 30, 2013. The Company also reclassified comparative 2013 segment profit, which increased Structures profit by $1,095 and $4,311, decreased Logistics profit by $306 and $4,311 for the three and six month periods ended June 30, 2013, respectively, and reduced Corporate loss by $789 for the three month period ended June 30, 2013 with no impact on the total profit for the three and six month periods ended June 30, 2013. Refer to Notes 8 and 11.