UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and six month periods ended June 30, 2018 and 2017

BLACK DIAMOND GROUP

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at June 30, 2018 and December 31, 2017

(Expressed in thousands)	2018 $	2017 $
ASSETS		
Current		
Cash and cash equivalents	**1,668**	2,497
Accounts receivable (note 3)	**25,463**	28,929
Prepaid expenses and other current assets	**4,654**	10,320
Total Current Assets	**31,785**	41,746
Non-Current		
Other long-term assets	**914**	1,697
Property and equipment (note 4)	**352,107**	369,285
Goodwill and intangible assets	**17,627**	18,167
Total Non-Current Assets	**370,648**	389,149
Total Assets	**402,433**	430,895
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	**23,415**	35,318
Contract liabilities	**6,128**	3,807
Total Current Liabilities	**29,543**	39,125
Non-Current		
Long-term debt (note 5)	**86,462**	115,059
Asset retirement obligations (note 6)	**19,300**	9,923
Other long-term liabilities	**3,050**	3,852
Deferred income taxes	**33,686**	34,820
Total Non-Current Liabilities	**142,498**	163,654
Total Liabilities	**172,041**	202,779
Shareholders' Equity		
Share capital (note 7)	**378,432**	377,814
Contributed surplus	**15,333**	14,907
Accumulated other comprehensive income	**14,266**	9,876
Accumulated deficit	**(179,374)**	(176,524)
Total Shareholders' Equity	**228,657**	226,073
Non-controlling interests	**1,735**	2,043
Total Equity	**230,392**	228,116
Total Liabilities and Equity	**402,433**	430,895

See accompanying notes to the unaudited interim condensed consolidated financial statements

Refer to Commitments in Note 12.

UNAUDITED CONSOLIDATED STATEMENT OF NET LOSS

for the three and six month periods ended June 30,

(Expressed in thousands, except per share amounts)	Three months ended June 30, 2018 $	Three months ended June 30, 2017 $	Six months ended June 30, 2018 $	Six months ended June 30, 2017 $
Revenue (notes 8 and 11)	**42,732**	37,122	**83,676**	75,325
Direct costs (note 8)	**23,228**	21,090	**46,498**	45,354
Gross profit	**19,504**	16,032	**37,178**	29,971
Expenses				
Administrative expenses (note 9)	**10,002**	10,707	**19,109**	20,611
Depreciation and amortization	**8,898**	11,704	**18,122**	23,574
Share based compensation (note 7)	**669**	449	**1,165**	907
Finance costs	**1,739**	1,747	**3,186**	3,999
Restructuring costs	**—**	2,885	**—**	2,885
Gain on sale of real estate assets (note 4)	**(378)**	—	**(378)**	(2,467)
Loss before income taxes	**(1,426)**	(11,460)	**(4,026)**	(19,538)
Income tax expense (recovery)				
Current	**176**	(2,239)	**207**	(4,499)
Deferred	**(525)**	(1,158)	**(1,265)**	(1,200)
Total income taxes	**(349)**	(3,397)	**(1,058)**	(5,699)
Loss before non-controlling interest	**(1,077)**	(8,063)	**(2,968)**	(13,839)
Loss attributable to non-controlling interest	**(149)**	(282)	**(118)**	(604)
Loss for the period	**(928)**	(7,781)	**(2,850)**	(13,235)
Loss per share - basic and diluted (note 10)	**(0.02)**	(0.14)	**(0.05)**	(0.26)

See accompanying notes to the unaudited interim condensed consolidated financial statements

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

for the three and six month periods ended June 30,

(Expressed in thousands)	Three months ended June 30, 2018 $	Three months ended June 30, 2017 $	Six months ended June 30, 2018 $	Six months ended June 30, 2017 $
Loss for the period	**(928)**	(7,781)	**(2,850)**	(13,235)
Other comprehensive income (loss) to be reclassified to Consolidated Statement of Net Income in subsequent period:				
Translation adjustments	**1,718**	(2,495)	**4,390**	(2,574)
Total comprehensive income (loss)	**790**	(10,276)	**1,540**	(15,809)

See accompanying notes to the unaudited interim condensed consolidated financial statements

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three and six month periods ended June 30, 2018 and 2017

(Expressed in thousands)	Issued Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Shareholders' Equity	Non-Controlling interest	Total Equity
	$	$	$	$	$	$	$
As at January 1, 2017	345,865	13,062	16,068	(71,891)	303,104	4,317	307,421
Loss for the period	—	—	—	(13,235)	(13,235)	(604)	(13,839)
Translation adjustments	—	—	(2,574)	—	(2,574)	—	(2,574)
Dividends declared	—	—	—	(7,840)	(7,840)	—	(7,840)
Distributions declared to partners	—	—	—	—	—	(615)	(615)
Share capital issued (note 7)	31,900	—	—	—	31,900	—	31,900
Share issue costs, net of tax (note 7)	(1,425)	—	—	—	(1,425)	—	(1,425)
Shares issued under DRIP	841	—	—	—	841	—	841
Vesting of shares in trust	310	(310)	—	—	—	—	—
Share based compensation expense (note 7)	—	578	—	—	578	—	578
As at June 30, 2017	**377,491**	**13,330**	**13,494**	**(92,966)**	**311,349**	**3,098**	**314,447**
As at January 1, 2018	377,814	14,907	9,876	(176,524)	226,073	2,043	228,116
Loss for the period	—	—	—	**(2,850)**	**(2,850)**	**(118)**	**(2,968)**
Translation adjustments	—	—	**4,390**	—	**4,390**	—	**4,390**
Distributions declared to partners	—	—	—	—	—	**(190)**	**(190)**
Vesting of shares in trust (note 7)	**618**	**(618)**	—	—	—	—	—
Share based compensation expense (note 7)	—	**1,044**	—	—	**1,044**	—	**1,044**
As at June 30, 2018	**378,432**	**15,333**	**14,266**	**(179,374)**	**228,657**	**1,735**	**230,392**

See accompanying notes to the unaudited interim condensed consolidated 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, 2018 $	Three months ended June 30, 2017 $	Six months ended June 30, 2018 $	Six months ended June 30, 2017 $
Operating activities				
Loss for the period	**(928)**	(7,781)	**(2,850)**	(13,235)
Add (deduct) non-cash / non-operating activities:				
Share based compensation expense (note 7)	**548**	449	**1,044**	907
Depreciation and amortization	**8,898**	11,704	**18,122**	23,574
Finance costs	**1,739**	1,747	**3,186**	3,999
Gain on sale of real estate assets	**(378)**	—	**(378)**	(2,467)
Deferred income taxes	**(525)**	(1,158)	**(1,265)**	(1,200)
Profit (loss) attributable to non-controlling interest	**(149)**	(282)	**(118)**	(604)
Book value of used fleet sales (note 4)	**3,111**	2,190	**5,450**	10,018
	12,316	6,869	**23,191**	20,992
Change in long-term accounts receivable	**461**	(99)	**783**	42
Change in non-current deferred revenue	**(296)**	147	**(802)**	746
Change in non-cash working capital related to operating activities	**(4,951)**	(4,581)	**304**	(13,496)
Net cash flows from operating activities	**7,530**	2,336	**23,476**	8,284
Investing activities				
Purchase of property and equipment (note 4)	**(3,623)**	(1,754)	**(4,970)**	(6,797)
Business acquisitions	**—**	—	**—**	(42,025)
Proceeds from sale of real estate (note 4)	**4,381**	—	**4,381**	11,350
Change in non-cash working capital related to investing activities	**1,571**	(1,911)	**(879)**	714
Net cash flows used in investing activities	**2,329**	(3,665)	**(1,468)**	(36,758)
Financing activities				
Proceeds from long-term debt	**2,054**	5,367	**26,128**	47,772
Repayment of long-term debt	**(23,103)**	—	**(54,809)**	(40,000)
Costs associated with issue and restructuring of debt	**—**	(16)	**—**	(457)
Net interest paid	**(1,663)**	(1,571)	**(2,916)**	(3,146)
Net proceeds from issuance of shares (note 7)	**—**	—	**—**	29,955
Dividends declared	**—**	(4,138)	**—**	(7,840)
Consideration on assumption of ARO Liability	**9,339**	—	**9,339**	—
Distributions declared to non-controlling interest	**(93)**	(526)	**(190)**	(615)
Change in non-cash working capital related to financing activities	**1,298**	547	**26**	1,050
Net cash flows from (used in) financing activities	**(12,168)**	(337)	**(22,422)**	26,719
Increase (decrease) in cash and cash equivalents	**(2,309)**	(1,666)	**(413)**	(1,755)
Cash and cash equivalents, beginning of the period	**4,102**	6,080	**2,497**	6,119
Effect of foreign currency rate changes on cash and cash equivalents	**(125)**	102	**(416)**	152
Cash and cash equivalents, end of the period	**1,668**	4,516	**1,668**	4,516

See accompanying notes to the unaudited interim condensed consolidated financial statements

1. GENERAL INFORMATION

The unaudited interim condensed consolidated financial statements ("interim financial statements") of Black Diamond Group Limited, its subsidiaries, and its controlled limited partnerships (collectively “Black Diamond” or the “Company”) for the three and six month periods ended June 30, 2018 and 2017 were authorized for issuance in accordance with a resolution of the Board of Directors on August 8, 2018. 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 4600, 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 and six month periods ended June 30, 2018 and 2017 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.

Except as otherwise disclosed and for taxes on income, the same accounting policies and methods of computation were followed in the preparation of these interim financial statements as were applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2017 ("2017 Financial Statements"). Taxes on income in interim periods are accrued using the tax rate that would be applicable to the expected total annual profit. 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 2017 Financial Statements. Certain figures in the comparative 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's western Canadian operations, which form part of its Modular Space Solutions and Workforce Solutions business units, are exposed to a variable degree of seasonality. Drilling accommodations and surface rental assets of the Workforce Solutions 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 Workforce Solutions business unit are generally higher in the winter. This seasonality is offset by Modular Space Solutions 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosure

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 is for annual periods beginning on or after January 1, 2018. The Company has applied IFRS 9 retrospectively, with the initial application date of January 1, 2018. No changes were required to the comparative period.

Revenue Recognition

IFRS 15 Revenue from Contracts with Customers 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. Incremental costs of obtaining a contract are paid over the life of the contract.

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 does not have 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 Revenue from Contracts with Customers and under IAS 17 Leases.

(a) Rental

Rental revenue is associated with the rental of Black Diamond's owned assets to customers and is recognized in the period the equipment is used by the customer based on a straight-line basis over the term of the related rental agreement. Rental revenue is out of scope of IFRS 15 and will continue to be accounted for under IAS 17 Leases. There are no significant revenue recognition differences identified.

(b) Sales

Revenue from the sale of new units, custom manufactured equipment and used rental equipment generally include one performance obligation. Black Diamond has concluded that revenue from the sale of equipment should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The adoption of IFRS 15 had no impact on the timing or the amount of sales revenue recognized.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Non-Rental

Non-rental revenue includes delivery, pickup, installation, transportation, maintenance (together, "Operations"), dismantlement of assets, catering services, subleased equipment and stand-by fees on disaster recovery contracts. Non-rental revenue services are usually bundled together with sales or rental contracts. Black Diamond reviews and assesses bundled contracts to determine that performance obligations related to various services or goods provided within the same contract are distinct and clearly identifiable. The amount of revenue is based on the prices outlined in the contracts and is recognized at the time when the distinct performance obligation is satisfied and the customer receives and consumes the benefits of the services or goods provided by the Company. When a price or multiple prices outlined within a contract are not reasonably comparable to stand-alone pricing for the various performance obligations, the Company re-allocates the total contract consideration based on the relative stand-alone selling prices.

Revenue from catering services, subleased equipment and stand-by fees on disaster recovery are recognized over the time the service is provided to the customer on a straight-line basis.

Revenue from delivery, pickup, installation, transportation, maintenance and dismantlement of assets will continue to be recognized over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Company.

(d) Lodging

Lodging revenue is generated from provision of full turnkey lodging services provided to customers. Revenue is recognized in the period the service is provided to the customer. The adoption of IFRS 15 had no impact on lodging revenue and the Company continues to recognize it at the time when the services are provided based on set man day rates through LodgeLink or at specific contracted rates with customers.

Presentation and disclosure requirements

As required for the interim financial statements, Black Diamond disaggregates revenue recognized from contracts with customers into main streams that depict how the nature, timing and uncertainty of the revenue and cash flows are affected by economic factors. Refer to Note 8 for the disclosures on disaggregated revenue.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable and accruals, contract assets, and contract liabilities on the Consolidated Statement of Financial Position. In some contracts, amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. When a performance obligation is achieved and revenue is recognized but the timing does not match to the contractual terms for billing, then a contract asset results. When an amount is received as an advance or a deposit from a customer, prior to the recognition of revenue, a contract liability results. These amounts were previously included in accrued receivables and deferred revenue but are now reclassified as contract assets and contract liabilities on the Consolidated Statement of Financial Position. Black Diamond has no contract assets at June 30, 2018 or December 31, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2019.

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 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.

3. ACCOUNTS RECEIVABLE

	June 30, 2018	December 31, 2017
	$	$
Current		
Trade and accrued receivables	**25,576**	29,187
Finance lease receivables where Company is the lessor	**78**	91
Provision for doubtful accounts	**(191)**	(349)
Total current accounts receivable	**25,463**	28,929

4. PROPERTY AND EQUIPMENT

The Company added assets of $3,623 and $4,970 (2017 - $1,754 and $6,797) during the three and six month periods ended June 30, 2018. Additions consisted of leasehold improvements to Sunset Prairie Lodge of $1,603, along with additions to fleet assets. There were also disposals of fleet assets with a net book value of $3,111 and $5,450 (2017 - $2,190 and $10,018) during the three and six month periods ended June 30, 2018, which is included in direct costs. The net realizations from the sale of fleet assets is included in gross profit. During the Quarter, Black Diamond completed several sales of real estate properties for cash consideration of $4,381, resulting in a gain of $378.

5. LONG-TERM DEBT

	June 30, 2018 $	December 31, 2017 $
Demand operating facilities	—	1,216
Committed extendible revolving operating facility	**29,020**	49,400
Senior secured notes	**57,714**	64,800
Costs associated with issue and restructuring of long-term debt	**(272)**	(357)
Total long-term debt	**86,462**	115,059

For a full description of the Company's debt instruments, refer to the annual audited consolidated financial statements.

Debt Covenants

At June 30, 2018, 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.

Covenant as at June 30, 2018	Required	Actual
Funded Debt to Bank EBITDA Ratio	≤ 4.50:1	2.30
Interest Coverage Ratio	≥ 3.00:1	6.39

6. ASSET RETIREMENT OBLIGATIONS

Black Diamond's asset retirement obligations relate to closure and post-closure costs related to camps where the Company has assumed the land lease obligations. Management has estimated the value of this obligation at June 30, 2018 to be $19,300 (December 31, 2017 - $9,923) using an inflation rate of 2.0% (December 31, 2017 - 2.0%) and pre-tax weighted average risk-free interest rate of 2.0% (December 31, 2017 - 1.5%) that reflects current market assessments of the time value of money. These obligations are expected to be incurred over an estimated period from 2016 to 2026.

These estimates are based upon current and proposed reclamation and closure techniques in view of current environmental laws and regulations. Therefore, it is possible the costs could change in the future and changes to these estimates could have a significant effect on Black Diamond's consolidated financial statements. Black Diamond recorded the following asset retirement obligation activity during the periods noted:

	Six months ended June 30, 2018 $	Year ended December 31, 2017 $
Balance, beginning of period	**9,923**	8,790
Additions	**9,339**	1,842
Accretion in year	**185**	86
Revisions / settled	**(147)**	(795)
Balance, end of period	**19,300**	9,923

Additions to asset retirement obligations during the first half of 2018 related to the dismantlement and reclamation liabilities assumed on the conversion of a lodge from a rental camp to an open camp.

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, 2017	46,102	345,865
Issued on share offering	8,507	31,900
Share issue costs, net of tax	—	(1,425)
Issued under DRIP	408	1,237
Purchase of shares in trust	(27)	(73)
Vesting of shares in trust	53	310
December 31, 2017	**55,043**	**377,814**
Vesting of shares in trust and RSUs	**151**	**618**
June 30, 2018	**55,194**	**378,432**

b) Share Based Compensation Plans

(i) Share option plan

As at June 30, 2018, there were 2,817 common shares (December 31, 2017 - 2,481) 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.

7. SHARE CAPITAL (continued)

(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
		$			$
November 15, 2013	85	27.43	0.38	85	5.21
January 9, 2015	455	12.35	1.53	445	1.46
March 20, 2015	10	13.67	1.72	10	1.78
March 11, 2016	339	4.72	2.70	226	1.03
March 21, 2017	638	3.60	3.72	213	0.81
August 14, 2017	411	1.74	4.12	—	0.74
September 12, 2017	120	1.91	4.20	—	0.83
September 22, 2017	60	1.86	4.23	—	1.00
March 15, 2018	699	2.53	4.71	—	0.86
Balance June 30, 2018	2,817			979	
Weighted average		5.26	3.47	10.01 (1)	

(1) Amount refers to the weighted average exercise price of the exercisable options as at June 30, 2018.

Black Diamond recorded the following share option activity during 2018 and 2017:

	Number of options outstanding	Weighted average exercise price per share
		$
January 1, 2017	**2,686**	**16.38**
Granted	**1,397**	**2.83**
Expired	**(1,006)**	**20.40**
Forfeited	**(596)**	**10.62**
December 31, 2017	**2,481**	**8.33**
Granted	**699**	**2.53**
Expired	**(363)**	**20.98**
June 30, 2018	**2,817**	**5.26**

7. SHARE CAPITAL (continued)

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
	%	%	%
November 15, 2013	2.95	31	1.09
January 9, 2015	8.00	34	1.00
March 20, 2015	7.31	37	0.46
March 11, 2016	11.61	52	0.49
March 21, 2017	8.33	51	1.02
August 14, 2017	—	54	1.52
September 12, 2017	—	54	1.76
September 22, 2017	—	54	1.81
March 15, 2018	—	61	1.78

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.

Included in share-based compensation expense for the three and six month periods ended June 30, 2018 was $110 and $162 (2017 - $67 and $129) for the costs related to the Share Option Plan.

7. SHARE CAPITAL (continued)

(ii) Other share-based plans

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

	Incentive Award Plan		Share Award Plan		Deferred Share Unit Plan (1)	
	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, 2017	297	5.52	153	4.72	43	4.78
Granted	230	3.60	466	2.80	57	3.40
Reinvested	23	3.04	20	2.93	5	2.92
Forfeited	(124)	4.78	(93)	4.03	(11)	4.19
Vested	(57)	6.97	—	—	—	—
December 31, 2017	369	4.19	546	3.13	94	3.91
Granted	221	2.53	473	2.53	64	2.51
Forfeited	(14)	4.36	—	—	—	—
Vested	(91)	5.19	(74)	3.60	—	—
June 30, 2018	485	3.24	945	2.79	158	3.34

(1) DSU's are reported as fully vested once settled.

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.

As at June 30, 2018, these share-based plans include 61 units (December 31, 2017 - 139) that are expected to be settled in cash.

Included in share-based compensation expense for the three and six month periods ended June 30, 2018 was $559 and $1,003 (2017 - $382 and $778) for costs related to the other share-based plans.

The Company established the Incentive Award Plan Trust and the Deferred Share Unit Plan Trust (collectively the "Trusts") which are consolidated in the Company's financial statements. Any shares held in the Trusts are accounted for as a reduction of share capital. As at June 30, 2018 there are 288 shares held in the Trusts (December 31, 2017 - 365).

8. REVENUE AND DIRECT COSTS

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	**2018**	2017
Workforce Solutions	**$**	$	**$**	$
Rental revenue	**4,905**	7,799	**12,007**	15,892
Lodging revenue	**8,840**	3,605	**18,516**	7,662
Sales revenue	**368**	1,065	**2,383**	11,084
Non-rental revenue	**8,502**	5,947	**16,473**	11,871
Total Workforce Solutions revenue	**22,615**	18,416	**49,379**	46,509
Modular Space Solutions				
Rental revenue	**7,324**	8,022	**14,353**	14,306
Sales revenue	**6,903**	4,610	**9,314**	5,127
Non-rental revenue	**5,888**	6,051	**10,597**	9,337
Total Modular Space Solutions revenue	**20,115**	18,683	**34,264**	28,770
Corporate and Other	**2**	23	**33**	46
Total Revenue	**42,732**	37,122	**83,676**	75,325

Non-rental revenues are derived from the delivery, installation, construction, project management and value-added products & services required to support the deployment and remobilization of assets that have been rented or sold to customers. Sales revenues are derived from the sale of both new and used assets.

Customer deposits relating to non-rental revenue for used fleet sales and operations are included in contract liabilities in the Consolidated Statement of Financial Position. These amounts are expected to be recognized within the next twelve months.

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	**2018**	2017
Direct Costs	**$**	$	**$**	$
Used fleet sales	**3,111**	2,190	**5,450**	13,183
Construction and transportation services	**5,806**	8,252	**10,592**	10,018
Repairs and maintenance	**2,444**	2,339	**5,031**	6,768
Catering, utilities and other consumable costs	**5,845**	2,824	**12,751**	5,820
Subleased equipment	**1,870**	1,741	**5,692**	3,534
Personnel costs	**1,436**	1,219	**2,993**	2,490
Other direct costs	**2,716**	2,525	**3,989**	3,541
Total direct costs	**23,228**	21,090	**46,498**	45,354

9. ADMINISTRATIVE EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Personnel costs	**4,977**	5,254	**9,856**	10,448
General administrative expenses	**2,549**	2,555	**4,507**	4,217
Occupancy and insurance	**2,476**	2,843	**4,746**	5,310
Acquisition costs	**—**	55	**—**	636
Total administrative expenses	**10,002**	10,707	**19,109**	20,611

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

10. LOSS PER SHARE

Basic and diluted loss per share is calculated on the loss attributable to Black Diamond for the period.

	Three months ended June 30,		Six months ended June 30,	
Reconciliation of weighted average number of shares	**2018**	2017	**2018**	2017
Weighted average common shares outstanding - basic and diluted	**55,172**	54,784	**55,110**	50,664

Excluded from diluted weighted average number of shares are 2,817 anti-dilutive options for the six months ended June 30, 2018 (2017 - 2,150). Also excluded from diluted weighted average number of shares are 945 anti-dilutive Share Award Plan units for the six months ended June 30, 2018 (2017 - 340).

11. SEGMENTED INFORMATION

Effective January 1, 2018, 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 BOXX Modular, Camps & Lodging, Energy Services and International. The new segments are Modular Space Solutions and Workforce Solutions and are based on the type of product and service offering. The comparative numbers at June 30, 2017 or December 31, 2017 have been restated to conform to this segmentation.

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

The Workforce Solutions 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. Workforce Solutions operates in Canada, the United States and Australia. The primary service offerings in Workforce Solutions are asset rental, lodging and travel management logistics. To support the core rental business, Workforce Solutions also offers associated services such as installation, transportation and dismantlement and at times, management will sell used fleet to ensure a modern rentable asset base.

The Corporate and Other business unit includes costs related to administrative activities that support all segments. Included in Corporate and Other are revenues generated from subleasing of real estate properties. Certain prior period information has been restated based on the restructured business units.

11. SEGMENTED INFORMATION (continued)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Revenue				
Modular Space Solutions	**20,115**	18,683	**34,264**	28,770
Workforce Solutions	**22,615**	18,416	**49,379**	46,509
Corporate and Other	**2**	23	**33**	46
Total Revenue	**42,732**	**37,122**	**83,676**	**75,325**
Depreciation of Property and Equipment				
Modular Space Solutions	**2,556**	2,580	**5,090**	4,445
Workforce Solutions	**5,605**	8,148	**11,550**	16,881
Corporate and Other	**298**	420	**589**	783
Total Depreciation	**8,459**	**11,148**	**17,229**	**22,109**
Profit (loss)				
Modular Space Solutions	**2,286**	2,432	**3,085**	2,202
Workforce Solutions	**1,867**	(4,410)	**2,859**	(7,763)
Corporate and Other	**(5,081)**	(5,803)	**(8,794)**	(7,674)
Total Profit (Loss)	**(928)**	**(7,781)**	**(2,850)**	**(13,235)**
Capital Expenditures (Additions)				
Modular Space Solutions (1)	**1,423**	2,101	**2,517**	4,984
Workforce Solutions	**2,078**	250	**2,226**	1,769
Corporate and Other	**122**	(597)	**227**	44
Total Capital Expenditures	**3,623**	**1,754**	**4,970**	**6,797**

(1) Amount does not include property and equipment added through business acquisitions.

11. SEGMENTED INFORMATION (continued)

	June 30, 2018	December 31, 2017
	$	$
Property and Equipment		
Modular Space Solutions	**146,394**	150,875
Workforce Solutions	**188,530**	197,407
Corporate and Other	**17,183**	21,003
Total Property and Equipment	**352,107**	369,285
Intangible Assets		
Modular Space Solutions	**7,638**	8,422
Total Intangible Assets	**7,638**	8,422
Goodwill		
Modular Space Solutions	**9,989**	9,745
Total Goodwill	**9,989**	9,745
Assets		
Modular Space Solutions	**169,760**	178,549
Workforce Solutions	**210,002**	217,436
Corporate and Other	**22,671**	34,910
Total Assets	**402,433**	430,895

11. SEGMENTED INFORMATION (continued)

Geographic and customer information

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Revenue				
Canada	**32,022**	24,924	**63,553**	55,908
United States	**8,429**	10,196	**15,624**	15,923
Australia	**2,281**	2,002	**4,499**	3,494
Total Revenue	**42,732**	37,122	**83,676**	75,325

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

	June 30, 2018	December 31, 2017
	$	$
Property and Equipment, Intangibles and Goodwill		
Canada	**255,497**	271,233
United States	**101,681**	103,216
Australia	**12,556**	13,003
Total Property and Equipment, Intangibles and Goodwill	**369,734**	387,452

12. COMMITMENTS

At June 30, 2018, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the amount of $2,381 (December 31, 2017 - $2,535).

Black Diamond rents head office space, Workforce Solutions accommodations and equipment, Modular Space Solutions rental premises, office equipment and vehicles under multiple operating leases with varying expiration dates. No arrangements have been entered into for contingent rental payments. The minimum lease payments over the next five fiscal years and thereafter are as follows:

	June 30, 2018	**December 31, 2017**
	$	
Due within one year	**6,914**	**6,831**
Due later than one year and less than five	**21,639**	**21,070**
Due after five years	**15,225**	**17,302**
	43,778	**45,203**

13. RELATED PARTY TRANSACTIONS

The amounts due to related parties include distributions and royalties payable to the non-controlling interests. They are non-interest bearing and due on demand.

The following table provides the total amount of transactions that have been entered into with related parties during the three and six month periods ended June 30, 2018 and 2017, as well as balances with related parties as at June 30, 2018 and December 31, 2017.

	For the three months ended June 30,		For the six months ended June 30,		Due to related party as at	
	2018	2017	**2018**	2017	**June 30, 2018**	December 31, 2017
	$	$	**$**	$	**$**	$
Non-controlling interests						
Limited partners						
Royalties and distributions declared	**285**	681	**507**	909	**244**	246