

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended March 31, 2017 and 2016



BLACK DIAMOND
GROUP



UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 as at March 31, 2017 and December 31, 2016

(Expressed in thousands)	2017 \$	2016 \$
ASSETS		
Current		
Cash and cash equivalents	6,080	6,119
Accounts receivable (notes 3 and 13)	16,633	20,979
Prepaid expenses and other current assets	8,546	6,237
Total Current Assets	31,259	33,335
Non-Current		
Other long-term assets	832	973
Property and equipment (notes 4 and 5)	465,289	453,584
Goodwill and intangible assets (note 4)	49,284	43,764
Total Non-Current Assets	515,405	498,321
Total Assets	546,664	531,656
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	25,165	22,274
Deferred revenue (note 8)	6,054	17,544
Dividends payable	1,377	1,162
Total Current Liabilities	32,596	40,980
Non-Current		
Long-term debt (note 6)	113,018	110,701
Asset retirement obligations	8,851	8,790
Other long-term liabilities	4,408	4,087
Deferred income taxes	59,063	59,677
Total Non-Current Liabilities	185,340	183,255
Total Liabilities	217,936	224,235
Shareholders' Equity		
Share capital (note 7)	376,769	345,865
Contributed surplus	13,111	13,062
Accumulated other comprehensive income	15,989	16,068
Accumulated deficit	(81,047)	(71,891)
Total Shareholders' Equity	324,822	303,104
Non-controlling interests	3,906	4,317
Total Equity	328,728	307,421
Total Liabilities and Equity	546,664	531,656

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)	2017	2016
	\$	\$
Revenue (notes 8 and 11)	38,203	52,881
Direct costs (note 8)	24,264	25,190
Gross profit	13,939	27,691
Expenses		
Administrative expenses (note 9)	9,904	10,457
Depreciation and amortization (note 11)	11,870	13,153
Share based compensation (note 7)	458	335
Finance costs	2,252	1,858
Share of loss in associate	—	3,391
Gain on sale of real estate assets (note 5)	(2,467)	—
Loss before income taxes	(8,078)	(1,503)
Income tax expense (recovery)		
Current	(2,260)	321
Deferred	(42)	(267)
Total income taxes	(2,302)	54
Loss before non-controlling interest	(5,776)	(1,557)
Profit (loss) attributable to non-controlling interest	(322)	864
Loss for the period	(5,454)	(2,421)
Loss per share - basic and diluted	(0.12)	(0.06)

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)	2017	2016
	\$	\$
Loss for the period	(5,454)	(2,421)
Other comprehensive loss to be reclassified to Consolidated Statement of Net Income in subsequent period:		
Translation adjustments	(79)	(7,799)
Net other comprehensive loss to be reclassified to Consolidated Statement of Net Income in subsequent period	(79)	(7,799)
Total comprehensive loss	(5,533)	(10,220)
<i>See accompanying notes to the unaudited interim condensed consolidated financial statements</i>		

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three month periods ended March 31, 2017 and 2016

(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, 2016	321,050	12,139	21,221	7,453	361,863	4,326	366,189
Loss for the period	—	—	—	(2,421)	(2,421)	864	(1,557)
Translation adjustments	—	—	(7,799)	—	(7,799)	—	(7,799)
Dividends declared	—	—	—	(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 7)	—	335	—	—	335	—	335
As at March 31, 2016	319,598	12,413	13,422	(106)	345,327	3,572	348,899
As at January 1, 2017	345,865	13,062	16,068	(71,891)	303,104	4,317	307,421
Loss for the period	—	—	—	(5,454)	(5,454)	(322)	(5,776)
Translation adjustments	—	—	(79)	—	(79)	—	(79)
Dividends declared	—	—	—	(3,702)	(3,702)	—	(3,702)
Distributions declared to partners, net of contributions	—	—	—	—	—	(89)	(89)
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 ^(note 7)	261	—	—	—	261	—	261
Vesting of shares in trust ^(note 7)	168	(168)	—	—	—	—	—
Share based compensation expense ^(note 7)	—	217	—	—	217	—	217
As at March 31, 2017	376,769	13,111	15,989	(81,047)	324,822	3,906	328,728

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)	2017 \$	2016 \$
Operating activities		
Loss for the period	(5,454)	(2,421)
Add (deduct) non-cash / non-operating activities:		
Share based compensation expense ^(note 7)	458	335
Depreciation and amortization	11,870	13,153
Share of loss in associate	—	3,391
Finance costs	2,252	1,858
Gain on sale of real estate assets ^(note 5)	(2,467)	—
Deferred income taxes	(42)	(267)
Profit (loss) attributable to non-controlling interest	(322)	864
Book value of used fleet sales ^(note 5)	7,828	2,047
	14,123	18,960
Change in long-term accounts receivable	141	73
Change in non-current deferred revenue	599	171
Change in non-cash working capital related to operating activities	(8,915)	(4,412)
Net cash flows from operating activities	5,948	14,792
Investing activities		
Purchase of property and equipment ^(note 5)	(5,043)	(3,328)
Business acquisitions ^(note 4)	(42,025)	—
Proceeds from sale of real estate	11,350	—
Change in non-cash working capital related to investing activities	2,625	457
Net cash flows used in investing activities	(33,093)	(2,871)
Financing activities		
Proceeds from long-term debt	42,405	18,509
Repayment of long-term debt	(40,000)	(20,000)
Costs associated with issue and restructuring of facilities	(441)	—
Net interest paid	(1,575)	(1,752)
Net proceeds from issuance of shares ^(note 7)	29,955	—
Dividends declared	(3,702)	(5,138)
Distributions declared to non-controlling interest	(89)	(1,618)
Net purchase of shares in trust ^(note 7)	—	(1,513)
Change in non-cash working capital related to financing activities	503	656
Net cash flows from (used in) financing activities	27,056	(10,856)
Increase (decrease) in cash and cash equivalents	(89)	1,065
Cash and cash equivalents, beginning of the period	6,119	5,889
Effect of foreign currency rate changes on cash and cash equivalents	50	(21)
Cash and cash equivalents, end of the period	6,080	6,933

See accompanying notes to the unaudited interim condensed consolidated financial statements

Total tax paid in cash for the three months ended March 31, 2017 was \$nil (2016 - \$175).

**NOTES TO UNAUDITED INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
For the three month periods ended March 31, 2017 and 2016

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 (collectively "Black Diamond" or the "Company") for the three month periods ended March 31, 2017 and 2016 were authorized for issuance in accordance with a resolution of the Board of Directors on May 10, 2017. 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 month periods ended March 31, 2017 and 2016 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 were applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2016 ("2016 Financial Statements"). 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 2016 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 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 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.

**NOTES TO UNAUDITED INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
For the three month periods ended March 31, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosure

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 was effective for annual periods beginning on or after January 1, 2017. The adoption of this amended standard did not have a material impact on the Company's financial statements.

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, 2018.

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.

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. Black Diamond continues to evaluate the impact of IFRS 15 on the Company's financial statements. Further analysis is underway and an assessment of the significant revenue recognition reporting differences will be made upon completion of this review.

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.

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
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3. ACCOUNTS RECEIVABLE

	March 31, 2017	December 31, 2016
	\$	\$
Current		
Trade and accrued receivables ^(a)	17,000	21,292
Finance lease receivables where Company is the lessor	209	259
Due from related parties ^(note 13)	437	421
Provision for doubtful accounts ^(b)	(1,013)	(993)
Total current accounts receivable	16,633	20,979

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 current accounts receivables is as follows:

	March 31, 2017	December 31, 2016
	\$	\$
Amounts not yet due	8,888	11,735
Past due not more than 30 days, but not impaired	5,279	5,302
Past due not more than 60 days, but not impaired	740	1,238
Past due not more than 90 days, but not impaired	368	458
Past due greater than 90 days, but not impaired	1,358	2,246
Total current accounts receivable, net of provision for doubtful accounts	16,633	20,979

Credit risk arises from the possibility that the counterparties for which Black Diamond provides rentals and/or services are unable to meet their payment obligations, leading to financial loss. Black Diamond manages customer risk by assessing the creditworthiness of its customers on an ongoing basis subject to the Company's established policies, procedures and controls relating to customer credit risk management.

b) Provision for doubtful accounts

Management expects full collection on accounts receivable that are not impaired. A provision exists 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. BUSINESS COMBINATIONS

Effective March 1, 2017, Black Diamond acquired all of the rental assets, trade name, working capital and associated customer contracts from Britco LP ("Britco") for cash consideration of \$41,000. The acquisition has been accounted for as a business combination in the BOXX Modular segment. The business acquired was comprised of space rentals fleet in British Columbia with the majority of the remaining value attributable to the Britco trademark, non-compete agreement and customer relationships.

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4. BUSINESS COMBINATIONS (continued)

The Company has made a preliminary determination of the fair value of net assets assumed in the acquisition. The final allocation of the fair value of the net assets acquired and aggregate consideration may be different from the preliminary allocation as presented below.

	March 1, 2017
Fair value of net assets acquired:	\$
Accounts receivable	1,379
Inventory and other current assets	554
Property and equipment	33,342
Intangible assets ⁽¹⁾	6,484
Accounts payable and accrued liabilities	(306)
Customer deposits	(453)
Net assets	41,000

(1) Intangible assets include a trade name, non-compete agreement and customer relationships

Since the acquisition date, Black Diamond has recognized revenue and profit contributed by Britco of approximately \$925 and \$97, respectively. If the business combination occurred on January 1, 2017, the Company would have recognized pro forma revenue and profit for the three months ended March 31, 2017 of approximately \$3,176 and \$288, respectively. Acquisition costs of \$581 are included in administrative expenses for the three months ended March 31, 2017.

On January 16, 2017, Black Diamond acquired 116 modular units from Travelite Trailers Inc. ("Travelite") for total cash consideration of \$1,025. The acquisition has been accounted for as a business combination in the BOXX Modular segment. The Company has made a final determination of the fair value of net assets assumed in the acquisition, with \$965 allocated to property and equipment and \$60 allocated to other current assets.

5. PROPERTY AND EQUIPMENT

The Company added assets of \$5,043 (2016 - \$3,328) during the three months ended March 31, 2017, substantially all of which were fleet assets. There were also disposals of fleet assets with a net book value of \$7,828 (2016 - \$2,047) during the three months ended March 31, 2017, which is included in direct costs. The net realizations from the sale of fleet assets is included in gross profit.

On March 30, 2017, Black Diamond completed the sale of certain real estate properties for cash consideration of \$11,350, resulting in a gain of \$2,467. The Company contemporaneously entered into an agreement to lease these assets from the purchaser. Refer to Note 12 Commitments.

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
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6. LONG-TERM DEBT

	March 31, 2017	December 31, 2016
	\$	\$
Demand operating facilities	829	2,628
Committed extendible revolving operating facility	35,430	31,212
Senior secured notes	77,200	77,200
Costs associated with issue and restructuring of facilities	(441)	(1,942)
Amortization of costs associated with issue	—	1,603
Total long-term debt	113,018	110,701

Committed Extendible Revolving Operating Facility

Effective March 31, 2017, the committed extendible revolving operating facility was amended to reduce the maximum principal amount to \$100,000 with an accordion feature that allows for the expansion of the facility up to an aggregate of \$150,000, upon lender commitment. The accordion feature may not be drawn while the ratio of Funded Debt to Bank EBITDA exceeds 3.00:1.

As at March 31, 2017, the Company's draws under the committed extendible revolving operating facility were comprised of \$2,123 related to an overdraft balance (December 31, 2016 - \$6,212), and \$33,307 of bankers' acceptance and LIBOR draws (December 31, 2016 - \$25,000).

For the three months ended March 31, 2017, the average interest rate applied to amounts drawn on the committed extendible revolving operating facility was 3.79% (2016 - 2.62%).

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 committed extendible revolving operating facility, have a principal amount of \$37,200 (December 31, 2016 - \$37,200) and mature on July 8, 2019. Effective March 31, 2017, the notes were amended to increase the interest rate by 0.50% to 5.94% per annum. The senior secured notes are repaid through annual payments in July, each in the amount of \$12,400. Because Black Diamond has the discretion to refinance the senior secured notes for at least twelve months through its committed extendible revolving operating facility the current portion has been classified 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 and mature on July 3, 2022. Effective March 31, 2017, the notes were amended to increase the interest rate by 0.50% to 5.08% per annum. The senior secured notes are repaid through annual repayments, each in the amount of \$13,333 with the first annual payment on July 3, 2020.

Debt Covenants

At March 31, 2017, 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

**NOTES TO UNAUDITED INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
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6. LONG-TERM DEBT (continued)

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 March 31, 2017	Required	Actual
Funded Debt to Bank EBITDA Ratio	≤ 4.50:1	3.01
Interest Coverage Ratio	≥ 3.00:1	6.04

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, 2016	41,024	321,050
Issued on share offering	5,394	27,240
Share issue costs, net of tax	—	(1,168)
Purchase of shares in trust	(338)	(1,493)
Sale of shares in trust	1	7
Vesting of shares in trust	21	229
December 31, 2016	46,102	345,865
Issued on share offering ^{(note 7(b))}	8,507	31,900
Share issue costs, net of tax ^{(note 7(b))}	—	(1,425)
Issued under DRIP ^{(note 7(c))}	68	261
Purchase of shares in trust	(7)	—
Vesting of shares in trust	42	168
March 31, 2017	54,712	376,769

b) Share offering

On March 27, 2017 the Company completed a bought deal financing arrangement issuing 8,507 common shares, inclusive of the over-allotment option exercised by the syndicate of underwriters, at a price of \$3.75 per common share. Transaction costs of \$1,945 were paid as part of the common share issuance, which resulted in net proceeds of \$29,955. The Company also recognized a deferred tax asset of \$520 related to the share issuance costs.

c) Dividend Reinvestment Plan

Effective for the January 31, 2017 record date, Black Diamond implemented a Dividend Reinvestment Plan ("DRIP"). The DRIP provides the option for eligible shareholders to have their cash dividends reinvested into additional common shares at a discount rate of 3%.

**NOTES TO UNAUDITED INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
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7. SHARE CAPITAL (continued)

Included in dividends payable as at March 31, 2017 is \$186 (March 31, 2016 - \$nil) for dividends declared under the DRIP to be settled in shares not yet issued.

d) Share Based Compensation Plans

(i) Share option plan

As at March 31, 2017, there were 2,751 common shares (December 31, 2016 - 2,686) 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
		\$			\$
April 5, 2012	313	19.94	0.01	313	2.71
March 22, 2013	502	20.98	0.98	502	3.30
November 15, 2013	85	27.43	1.63	85	5.21
March 21, 2014	15	33.27	1.97	15	6.60
November 13, 2014	20	18.95	2.62	13	2.59
January 9, 2015	590	12.35	2.78	398	1.46
March 20, 2015	10	13.67	2.97	7	1.78
March 11, 2016	410	4.72	3.95	137	1.03
March 21, 2017	806	3.60	4.95	—	0.81
Balance March 31, 2017	2,751			1,470	
Weighted average		11.72	2.91	17.35	⁽¹⁾

(1) Amount refers to the weighted average exercise price of the exercisable options as at March 31, 2017.

**NOTES TO UNAUDITED INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
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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, 2016	2,988	18.41
Granted	492	4.72
Expired	(323)	22.35
Forfeited	(471)	17.81
December 31, 2016	2,686	16.38
Granted	806	3.60
Expired	(568)	20.61
Forfeited	(173)	17.12
March 31, 2017	2,751	11.72

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
	%	%	%
April 5, 2012	3.61	34	1.19
March 22, 2013	3.95	30	1.02
November 15, 2013	2.95	31	1.09
March 21, 2014	2.60	31	1.02
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	0.49
March 21, 2017	8.33	51	1.02

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 months ended March 31, 2017 was \$62 (2016 - \$227) for the costs related to the Share Option Plan.

**NOTES TO UNAUDITED INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
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7. SHARE CAPITAL (continued)

(ii) Other share-based plans

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, 2016	44	15.14	—	—	—	—
Granted	293	4.72	164	4.72	41	4.78
Reinvested	15	4.46	8	4.70	2	4.60
Forfeited	(41)	6.35	(19)	4.72	—	—
Vested	(14)	15.14	—	—	—	—
December 31, 2016	297	5.52	153	4.72	43	4.78
Granted	230	3.60	269	3.60	42	3.60
Reinvested	5	4.49	2	4.50	1	4.48
Forfeited	(20)	5.76	(10)	4.72	—	—
Vested	(45)	4.72	—	—	—	—
March 31, 2017	467	4.63	414	3.99	86	4.20

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 March 31, 2017, these share-based plans include 118 units (December 31, 2016 - 63) that are expected to be settled in cash. A liability is included in accounts payable and accrued liabilities in the amount of \$345 (December 31, 2016 - \$81).

Included in share-based compensation expense for the three months ended March 31, 2017 was \$396 (2016 - \$108) for the 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 March 31, 2017 there are 358 shares held in the Trusts (December 31, 2016 - 391).



**NOTES TO UNAUDITED INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
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8. REVENUE AND DIRECT COSTS

	Three months ended March 31,	
	2017	2016
Revenue	\$	\$
Rental revenue	14,392	16,457
Lodging revenue	4,057	23,305
Non-rental revenue	19,754	13,119
Total revenue	38,203	52,881

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.

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

	Three months ended March 31,	
	2017	2016
Direct Costs	\$	\$
Used fleet sales	7,828	2,047
Construction and transportation services	4,931	4,429
Repairs and maintenance	4,429	2,844
Catering, utilities and other consumable costs	2,996	9,630
Subleased equipment	1,793	2,576
Personnel costs	1,271	1,748
Other direct costs	1,016	1,916
Total direct costs	24,264	25,190

9. ADMINISTRATIVE EXPENSES

	Three months ended March 31,	
	2017	2016
	\$	\$
Personnel costs	5,194	5,968
General administrative expenses	1,662	2,353
Occupancy and insurance	2,467	2,136
Acquisition costs	581	—
Total administrative expenses	9,904	10,457

**NOTES TO UNAUDITED INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
For the three month periods ended March 31, 2017 and 2016**9. ADMINISTRATIVE EXPENSES (continued)**

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

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	2017	2016
Weighted average common shares outstanding - basic and diluted	46,498	41,101

Excluded from diluted weighted average number of shares are 2,751 anti-dilutive options for the three months ended March 31, 2017 (2016 - 3,125). Also excluded from diluted weighted average number of shares are 414 anti-dilutive Share Award Plan units for the three months ended March 31, 2017 (2016 - 164)

**NOTES TO UNAUDITED INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
For the three month periods ended March 31, 2017 and 2016

11. SEGMENTED INFORMATION

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 states in the midwest and 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 operates in the mining, oil and gas, construction, government and education sectors, among others.

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.



**NOTES TO UNAUDITED INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
 For the three month periods ended March 31, 2017 and 2016

11. SEGMENTED INFORMATION (continued)

	Three months ended March 31,	
	2017	2016
	\$	\$
Revenue		
Camps & Lodging	21,369	32,095
BOXX Modular	10,087	13,314
Energy Services	5,039	5,536
International	1,492	1,473
Corporate and Other	216	463
Total Revenue	38,203	52,881
Depreciation of Property and Equipment		
Camps & Lodging	6,470	6,965
BOXX Modular	1,866	1,850
Energy Services	1,780	2,745
International	477	1,045
Corporate and Other	368	422
Total Depreciation	10,961	13,027
Profit (loss)		
Camps & Lodging	(257)	8,636
BOXX Modular	(35)	1,558
Energy Services	(1,796)	(1,604)
International	(618)	(1,026)
Corporate and Other	(2,748)	(9,985)
Total Profit (Loss)	(5,454)	(2,421)
Capital Expenditures (Additions)		
Camps & Lodging	97	360
BOXX Modular ⁽¹⁾	2,883	1,962
Energy Services	1,582	477
International	—	448
Corporate and Other	481	81
Total Capital Expenditures	5,043	3,328

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



**NOTES TO UNAUDITED INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
 For the three month periods ended March 31, 2017 and 2016

11. SEGMENTED INFORMATION (continued)

	March 31, 2017	December 31, 2016
	\$	\$
Property and Equipment		
Camps & Lodging	210,832	224,500
BOXX Modular	154,653	119,904
Energy Services	65,923	66,562
International	14,994	14,896
Corporate and Other	18,887	27,722
Total Property and Equipment	465,289	453,584
Intangible Assets		
Camps & Lodging	5,130	5,558
BOXX Modular	9,630	3,646
Total Intangible Assets	14,760	9,204
Goodwill		
Camps & Lodging	24,471	24,471
BOXX Modular	10,053	10,089
Total Goodwill	34,524	34,560
Assets		
Camps & Lodging	253,630	271,150
BOXX Modular	179,575	140,215
Energy Services	70,714	70,614
International	16,269	16,869
Corporate and Other	26,476	32,808
Total Assets	546,664	531,656



**NOTES TO UNAUDITED INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
 For the three month periods ended March 31, 2017 and 2016

11. SEGMENTED INFORMATION (continued)

Geographic and customer information

	Three months ended March 31,	
	2017	2016
	\$	\$
Revenue		
Canada	30,984	43,095
United States	5,727	8,313
Australia	1,492	1,473
Total Revenue	38,203	52,881

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

	March 31, 2017	December 31, 2016
	\$	\$
Property and Equipment, Intangibles and Goodwill		
Canada	393,476	376,553
United States	106,093	105,889
Australia	15,004	14,906
Total Property and Equipment, Intangibles and Goodwill	514,573	497,348

12. COMMITMENTS

At March 31, 2017, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the amount of \$3,220 (December 31, 2016 - \$3,075).

On March 30, 2017, Black Diamond entered into a sale and leaseback agreement to lease real estate properties in Alberta. The minimum lease payments over the next five fiscal years and thereafter relating to this agreement are as follows. These amounts are in addition to the commitments disclosed in the Consolidated Financial Statements for the year ended December 31, 2016:

	\$
Due within one year	810
Due later than one year and less than five	2,430
Due after five years	4,621
	7,861



**NOTES TO UNAUDITED INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
 For the three month periods ended March 31, 2017 and 2016

13. RELATED PARTY TRANSACTIONS

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

The following table provides the total amount of transactions that have been entered into with related parties during the three months ended March 31, 2017 and 2016, as well as balances with related parties as at March 31, 2017 and December 31, 2016.

	For the three months ended March 31,		Due from related party as at		Due to related party as at	
	2017	2016	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
	\$	\$	\$	\$	\$	\$
Non-controlling interests						
Limited partners						
Royalties and distributions declared	228	2,065	—	—	545	306
Loan receivable	16	—	437	421	—	—
	244	2,065	437	421	545	306