UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month periods ending March 31, 2013 and 2012

BLACK DIAMOND GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

as at March 31, 2013 and December 31, 2012

(Expressed in thousands)	2013	2012
	$	$
ASSETS		
Current		
Cash and cash equivalents	4,763	2,697
Trade and accrued receivables	89,735	76,578
Due from related parties	150	121
Prepaid expenses and other current assets	9,337	7,477
	103,985	86,873
Non-Current		
Long-term receivables	1,607	2,708
Investment in associate (note 3)	1,739	—
Property and equipment (note 4)	464,325	423,281
Intangible assets	13,606	9,757
Goodwill	40,203	34,577
	625,465	557,196
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	1,556	—
Accounts payable and accrued liabilities	33,041	39,486
Due to related parties	2,325	1,174
Dividends payable	2,907	2,472
Income taxes payable	1,758	8,524
	41,587	51,656
Non-Current		
Long-term debt (note 5)	155,362	96,359
Risk management liability	1,238	1,324
Asset retirement obligations	2,255	1,955
Deferred income taxes	47,974	44,821
	248,416	196,115
Shareholders' equity		
Share capital (note 6)	312,560	309,140
Contributed surplus	4,302	4,431
Non-controlling interest	5,454	5,274
Accumulated other comprehensive loss	(1,676)	(3,285)
Retained earnings	56,409	45,521
	377,049	361,081
	625,465	557,196

See accompanying notes to the unaudited condensed consolidated interim financial statements

CONSOLIDATED STATEMENT OF NET INCOME (unaudited)

for the three month periods ended March 31,

(Expressed in thousands, except per share amounts)

	2013	2012
	$	$
Revenue (note 8)	90,980	58,957
Direct costs	39,458	25,357
Gross Profit	51,522	33,600
Expenses		
Administrative expenses (note 9)	12,311	7,689
Depreciation of property and equipment	10,824	7,314
Amortization of intangibles	220	220
	23,355	15,223
Operating profit	28,167	18,377
Finance costs	1,652	1,416
Equity in loss of associate	53	—
Income before income taxes	26,462	16,961
Income tax		
Current	4,638	3,120
Deferred	1,990	1,040
	6,628	4,160
Net income	19,834	12,801
Net income (loss) attributable to non-controlling interest	1,070	(242)
Net income attributable to Black Diamond Group Limited	18,764	13,043
Net income per share (note 7)		
Basic	0.46	0.35
Diluted	0.46	0.34

See accompanying notes to the unaudited condensed consolidated interim financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

for the three month periods ended March 31,

(Expressed in thousands)	2013	2012
	$	$
Net income attributable to Black Diamond Group Limited	18,764	13,043
Items that can be reclassified to profit or loss in subsequent periods:		
Realized gain/(loss) of derivative designated as cash flow hedge (net of tax)	(113)	117
Unrealized gain on derivative financial instrument designated as cash flow hedge (net of tax)	177	195
Cumulative translation adjustment	1,545	(1,154)
Other Comprehensive Income/(Loss)	1,609	(842)
Comprehensive income attributable to Black Diamond Group Limited	20,373	12,201

See accompanying notes to the unaudited condensed consolidated interim financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY(unaudited)
for the three month periods ended March 31, 2013 and March 31, 2012

(Expressed in thousands)

	Share Capital	Contributed Surplus	Non-Controlling interest	Accumulated Other Comprehensive loss	Retained earnings	Total
	$	$	$	$	$	$
January 1, 2012	**240,350**	**4,778**	**1,359**	**(2,889)**	**25,811**	**269,409**
Net income (loss) for the quarter	—	—	(242)	—	13,043	12,801
Realized derivative gain (net)	—	—	—	117	—	117
Unrealized gain on derivative instrument (net)	—	—	—	195	—	195
Cumulative translation adjustment	—	—	—	(1,154)	—	(1,154)
Dividends declared	—	—	—	—	(6,187)	(6,187)
Capital transactions with partners	—	—	759	—	—	759
Share capital issued on exercise of options	5,062	(1,952)	—	—	—	3,110
Purchase of shares in trust	(993)	—	—	—	—	(993)
Vesting of shares in trust	136	(136)	—	—	—	—
Share based compensation expense (note 6)	—	595	—	—	—	595
March 31, 2012	**244,555**	**3,285**	**1,876**	**(3,731)**	**32,667**	**278,652**
January 1, 2013	**309,140**	**4,431**	**5,274**	**(3,285)**	**45,521**	**361,081**
Net income for the quarter	—	—	1,070	—	18,764	19,834
Realized derivative loss (net)	—	—	—	(113)	—	(113)
Unrealized gain on derivative instrument (net)	—	—	—	177	—	177
Cumulative translation adjustment	—	—	—	1,545	—	1,545
Dividends declared	—	—	—	—	(7,876)	(7,876)
Capital transactions with partners	—	—	(890)	—	—	(890)
Share capital issued on exercise of options (note 6)	3,625	(733)	—	—	—	2,892
Purchase of shares in trust (note 6)	(600)	—	—	—	—	(600)
Vesting of shares in trust	395	(395)	—	—	—	—
Share based compensation expense (note 6)	—	999	—	—	—	999
March 31, 2013	**312,560**	**4,302**	**5,454**	**(1,676)**	**56,409**	**377,049**

See accompanying notes to the unaudited condensed consolidated interim financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

for the three month periods ended March 31,

(Expressed in thousands)

	2013	2012
	$	$
Operating activities		
Net Income attributable to Black Diamond Group Limited	18,764	13,043
Add (deduct) non-cash items:		
Depreciation of property and equipment	10,824	7,314
Amortization of intangible assets	220	220
Equity in loss of associate	53	—
Net income/(loss) attributable to non-controlling interest	1,070	(242)
Unrealized foreign exchange loss/(gain) (note 9)	25	(28)
Finance costs	1,652	1,416
Deferred income taxes	1,990	1,040
Share-based compensation expense (note 9)	999	595
	35,597	23,358
Book value of used fleet sales in operating activities	918	2,056
Change in long-term receivables	1,101	—
Change in non-cash working capital related to operating activities	(24,038)	(5,616)
Net cash from operating activities	**13,578**	19,798
Investing activities		
Purchase of property and equipment (note 4)	(21,926)	(19,677)
Purchase of Australian Portable Buildings Pty. Ltd. (note 3)	(39,349)	—
Purchase of minority interest in APB Britco LP (note 3)	(1,792)	—
Change in non-cash working capital related to investing activities	(2,466)	(1,024)
Net cash used in investing activities	**(65,533)**	(20,701)
Financing activities		
Proceeds from long-term debt (note 5)	55,000	—
Repayment of long-term debt (note 5)	(10,000)	—
Net draw on operating facility (note 5)	13,944	—
Interest paid in the period	(1,595)	(1,340)
Dividend payments	(7,442)	(5,875)
Distribution to non-controlling interest	(890)	—
Purchase of shares in trust (note 6)	(600)	(993)
Increase in bank indebtedness	1,556	—
Share options exercised (note 6)	2,892	3,110
Change in non-cash working capital related to financing activities	1,151	(534)
Net cash from/(used in) financing activities	**54,016**	(5,632)
Decrease in cash and cash equivalents	2,061	(6,535)
Cash and cash equivalents, beginning of Period	2,697	22,990
Effect of foreign currency rate changes on cash and cash equivalents	5	(5)
Cash and cash equivalents, end of Period	**4,763**	**16,450**

See accompanying notes to the unaudited condensed consolidated interim financial statements

Total tax paid in cash for the Period ended March 31, 2013 were $11.72 million.

1. GENERAL INFORMATION

The unaudited condensed consolidated interim financial statements of Black Diamond Group Limited for the three months ended March 31, 2013 were authorized for issuance in accordance with a resolution of the Board of Directors on May 9, 2013. 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 head office is Suite 2000, 715 – 5th Avenue S.W., Calgary, Alberta, Canada. The business of Black Diamond, through its direct and indirect wholly-owned subsidiaries and its approximate 50% equity participation in certain aboriginal limited partnerships, operates four complementary business units comprised of Structures, Logistics, Energy Services and International in strategic locations across Canada, the United States and Australia. Black Diamond Structures rents and sells remote workforce housing and modular workspace solutions and provides associated services; Black Diamond Logistics provides turnkey lodging services, remote facility management and supply chain solutions; Black Diamond Energy Services rents and sells a complement of oilfield equipment and services and Black Diamond International rents and sells remote workforce housing and modular workspace solutions and provides associated services outside of North America.

The common shares of the Company are listed on the Toronto Stock Exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These unaudited condensed consolidated interim financial statements for the three months ended March 31, 2013 and 2012 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 unaudited condensed consolidated 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, 2012.

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars rounded to the nearest thousand, except per share amounts or as otherwise noted, and are prepared on a going concern basis under the historical cost basis, except for derivative financial instruments measured at fair value.

Changes in accounting policy and disclosure

The Company applies, for the first time, certain standards and amendments that require restatement of previous financial statements. As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12 *Disclosure of Interest in Other Entities* would result in additional disclosures in the annual consolidated financial statements. Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Company or the condensed consolidated interim financial statements of the Company.

The nature and the impact of each new standard/amendment is described below:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 1 *Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*
The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only in the Company's Consolidated Statement of Comprehensive Income and had no impact on the Company's financial position or performance.

IAS 34 *Interim financial reporting and segment information for total assets and liabilities* (Amendment)
The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Company regularly provides total asset figures to the chief operating decision maker for each reportable segment and has historically included disclosure of total segment assets in the Company's annual and interim consolidated financial statements. See Note 10.

IFRS 7 *Financial Instruments: Disclosures* - *Offsetting Financial Assets and Financial Liabilities* - *Amendments to IFRS 7*
The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Company is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Company.

IFRS 10 *Consolidated Financial Statements* and IAS 27 *Separate Financial Statements*
IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. The definition of control under IFRS 10 did not change the conclusion of control over the entities the Company has consolidated in the past. IFRS 10's definition of control was used in assessing the Company's acquisitions of Australian Portable Buildings Pty. Ltd ("APB") and the portable manufacturing business of APB. IFRS 10 also assisted in setting out guidelines for how to consolidate and present the Company's controlling interest in APB. See Note 3.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 11 *Joint Arrangements* and IAS 28 *Investment in Associates and Joint Ventures*
IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. IFRS 11 had no effect on the Company when it was adopted in fiscal 2013 as the Company does not have any joint arrangements.

IFRS 12 *Disclosure of Interests in Other Entities*
IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Company has not made such disclosures relating to its Investment in an associate with the exception of describing the nature of the investment. See Note 3.

IFRS 13 *Fair Value Measurement*
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has resulted in the same fair value measurement methods as the those used to calculate fair value in previous periods by the Company and therefore has had no impact on these condensed consolidated interim financial statements.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period.

In addition to the above-mentioned amendments and new standards, IFRS 1 *First-time Adoption of International Financial Reporting Standards* was amended with effect for reporting periods starting on or after January 1, 2013. The Company is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Company.

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

Investment in associate

Black Diamond's investment in an associate is accounted for using the equity method. An associate is an entity in which the Company has significant influence.

Under the equity method, the investment in the associate is carried on the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortized.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The income statement reflects the Company's share of the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, Black Diamond recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

Black Diamond's share of profit of an associate is shown on the face of the statement of income. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as Black Diamond. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, Black Diamond determines whether it is necessary to recognize an additional impairment loss on its investment in its associate. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit of an associate' in the income statement.

Upon loss of significant influence over the associate, Black Diamond would measure and recognize any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers, determined to be the Board of Directors and the C-suite executives, as these are the individuals that make strategic decisions that will affect the direction of the Company.

Beginning in fiscal 2013, the business of Black Diamond changed in a manner that caused the composition of reportable segments to change to four reportable segments: Structures (combination of Camps and BOXX Modular), Logistics, Energy Services and International. Previously, the reportable segments were disclosed as Camps and Logistics, BOXX Modular and Energy Services. The basis for the change is to better represent the unique skill sets and services of each business unit. Structures is the management of camps while Logistics is the management of services, and each business unit can be run distinctly from one another.
The change had an impact on the segment information reported but did not change the aggregate financial information reported for Black Diamond. To enable users to understand the changes and to assess trends, prior period segment information that is included in the financial statements for comparative purposes was restated to reflect the new business structure.

3. BUSINESS COMBINATIONS AND INVESTMENT IN AN ASSOCIATE

Effective January 1, 2013, Black Diamond completed the purchase of 90% of the shares of the modular rental business of Australian Portable Buildings Pty. Ltd ("APB"). In March 2013, Black Diamond completed the purchase of the remaining 10% share interest in APB. Consequently, there is no non-controlling interest associated with Black Diamond's interest in APB at March 31, 2013. As at the effective date, APB owned 913 modular accommodation and workspace units that were rented to a diverse customer base throughout Australia. The transactions were at arms length and have been accounted for as a business acquisition.

The preliminary allocation of the $39,349 purchase price of 100% cash with no contingent consideration is based on fair values as follows:

Fair value of assets acquired:	
Accounts receivable	4,520
Other current assets	1,635
Property, plant and equipment	29,192
Deferred tax asset	349
Intangible and other assets	3,955
Goodwill	5,483
Total assets	45,134
Current liabilities	5,785
Net assets acquired for cash	39,349

The goodwill comprises the fair value of expected synergies arising from acquisition. None of the goodwill is deductible for tax purposes. There were no contingent assets or liabilities acquired.

For the three months ended March 31, 2013, the Company included in its consolidated results revenue of $6,008 and profit after tax of $1,068 relating to the acquisition of APB.

Applicable transaction costs for these acquisitions of $707 were charged to administrative expenses in 2012 with an additional $300 being expensed in the first quarter of 2013.

The allocation of the purchase price is preliminary, has not been finalized and is subject to change in future periods due to possible adjustments in the valuation of identifiable assets.

Effective January 1, 2013 the Company also completed the purchase of 20% of the portable building manufacturing business of APB Britco LP for cash consideration of $1,792. Black Diamond has determined that it has significant influence based on the equity ownership and professional judgment. This transaction is accounted for using the equity method of accounting, with the carrying amount recognized on the statement of financial position being increased or decreased to recognize Black Diamond's 20% share of the portable building manufacturing business's profit or loss.

4. PROPERTY AND EQUIPMENT

The Company added assets of $21,926 (2012 - $19,677) during the three months ended March 31, 2013, substantially all of which were fleet assets. There were also disposals of fleet assets with a book value of $918 (2012 - $2,056) in the period.

5. LONG-TERM DEBT

	March 31, 2013 $	December 31, 2012 $
Committed Revolving Operating Facility	13,944	—
Committed Revolving Capital Expenditure Facility	80,000	35,000
Senior Secured Notes	62,000	62,000
Costs associated with issue of Senior Secured notes	(949)	(949)
Amortization of costs associated with issue	367	308
	155,362	**96,359**

Committed Revolving Operating Facility

Black Diamond has a committed revolving operating loan facility of $15,000 (December 31, 2012 - $15,000) that matures December 31, 2016 and is available by way of overdraft, prime rate advances, LIBOR advances, bankers acceptances and letters of credit using interest rates that fluctuate based on the ratio of funded debt to EBITDA. The facility may not exceed the aggregate of 75% of Canadian trade accounts receivable and 60% of US trade accounts receivable, in each case, less than 90 days old. As at March 31, 2013, $15,000 was available under the facility and the Company had drawn $13,944 (December 31, 2012 - $15,000 available and $nil drawn). 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 shares or equity interests of such material subsidiaries. The revolving operating loan facility incurs standby fees for any unused portion of the facility at rates that fluctuate based on the ratio of funded debt to EBITDA.

Committed revolving capital expenditure facility

Black Diamond has a committed revolving capital expenditure facility of $130,000 (December 31, 2012 - $130,000) that matures December 31, 2016 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 funded debt to EBITDA. The facility may not exceed 60% of the net book value of tangible capital property and equipment less the principal and any accrued and unpaid interest on the senior secured notes of the Company. As at March 31, 2013, $130,000 (December 31, 2012 - $130,000) was available prior to any drawdowns on the facility. The facility is interest only payable monthly in arrears until December 31, 2015 and if the interest only period is not extended the facility, in aggregate, will be reduced beginning March 31, 2016 by equal quarterly payments in an amount equal to 1/16th of the outstanding commitment on December 31, 2015. 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 shares of equity interests of such material subsidiaries. The committed revolving capex facility matures December 31, 2016.

5. LONG-TERM DEBT (continued)

As at March 31, 2013, the Corporation's draws under the committed revolving capital expenditure facility were comprised of $55,000 (December 31, 2012 - $10,000) by way of bankers' acceptances and $25,000 (December 31, 2012 - $25,000) by way of bankers acceptances that have been swapped for a fixed interest rate. Additional draws by way of issued letters of credit were as follows: US $3,000 (December 31, 2012 - US $3,000) to secure an operating facility in the USA; AU$5,168 as part of the purchase consideration for the Company's 20% interest in APB Britco LP, as well as AU$5,000 to guarantee the operating facility Black Diamond has in Australia.

As at March 31, 2013, the average interest rate applied to amounts drawn on both the operating and capital expenditure facilities was 3.24% (December 31, 2012 - 4.34%). The revolving capital expenditure facility incurs standby fees for any unused portion of the facility at rates that fluctuate based on the ratio of funded debt to EBITDA.

Senior Secured Notes

The $62,000 principal amount of the senior secured notes of the Company rank pari passu with the senior credit facilities with the same collateral, at an interest rate of 5.44% per annum and mature on July 8, 2019. The scheduled annual repayment of the Notes begins July 7, 2015.

At March 31, 2013, Black Diamond was in compliance with all of its debt covenants. Breach of any term or condition of the facilities described above and 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 credit facilities to be immediately due and payable without presentment, demand, protest or further notice of any kind.

6. 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	Amount
		$
January 1, 2012	**37,240**	**240,350**
Issued on public offering, net of costs	2,750	57,465
Tax savings from share issuance costs	—	857
Issued on exercise of options	1,178	7,587
Purchase of shares in Trust	(47)	(993)
Sale of shares in trust	10	203
Vesting of shares in trust	23	136
Transfer from contributed surplus	—	3,535
December 31, 2012	**41,154**	**309,140**
Issued on exercise of options (note 6(b))	319	2,892
Purchase of shares in trust (note 6(c))	(28)	(600)
Vesting of shares in trust	22	395
Transfer from contributed surplus	—	733
March 31, 2013	**41,467**	**312,560**

b) Share Option Plan

Black Diamond has established a share option plan (the "Option Plan") pursuant to which options 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 March 31, 2013, there were 3,919 common shares (March 31, 2012 - 3,428) 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. This exercise price is not substantially different than the market value on the date of the grant. Options granted under the Option Plan vest on a straight line basis over three years and the option term is five years from the date of grant.

6. SHARE CAPITAL (continued)

(expressed in thousands except per share amounts)

Grant date	Number of options outstanding	Exercise price	Remaining contractual life (years)	Number exercisable	Weighted average exercise price for exercisable options
		$			$
March 9, 2009	46	2.81	0.94	46	0.12
April 1, 2010	592	9.81	2.00	200	1.89
March 25, 2011	757	12.97	2.99	445	5.54
March 25, 2012	1,050	20.61	3.98	350	6.93
April 5, 2012	519	19.94	4.01	—	—
May 15, 2012	30	19.68	4.12	—	—
June 5, 2012	75	22.60	4.18	—	—
March 23, 2013	850	20.98	4.98	—	—
March 31, 2013	3,919			1,041	
Weighted average		17.32	3.68		14.48

Black Diamond recorded the following share option activity:

	Number of options outstanding	Weighted average exercise price
		$
January 1, 2012	**2,972**	**9.16**
Granted	1,674	20.47
Exercised	(1,178)	6.48
Forfeited	(79)	11.77
December 31, 2012	**3,389**	**15.62**
Granted	850	20.98
Exercised	(319)	9.06
March 31, 2013	**3,919**	**17.32**

During the period ended March 31, 2013, the Company recorded share-based compensation expense of $830 (2012 – $426) related to options granted under the Option Plan. Options granted in the period ended March 31, 2013 have a weighted average fair value of $2.74 per option (2012 - $3.93).

6. 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 the following assumptions:

Date of grant	Dividend yield	Expected average volatility	Average risk-free rate	Expected life
	%	%	%	(years)
March 25, 2011	4.41	30	1.69	3.00
March 25, 2012	3.34	30	1.24	3.00
April 5, 2012	3.61	34	1.19	3.00
May 15, 2012	3.66	34	1.42	3.00
June 6, 2012	3.19	36	1.10	3.00
March 22, 2013	4.33	30	1.33	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 life of the options is indicative of future trends, which may not necessarily be the actual outcome.

c) Long Term Incentive Plan

Black Diamond has a long term incentive plan ("LTIP") pursuant to which common shares of the Company are purchased in trust for participants. One-third of the shares that are the subject of a right granted under the LTIP will vest on each anniversary of the grant over a three year period. During the period ended March 31, 2013, the Company recorded share-based compensation expense of $169 (2012 – $169) 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 28,434 common shares of the Company (2012 - 47,300) on the open market for $600 (2012 - $993) during the period ended March 31, 2013.

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.

During the period ended March 31, 2013, 22,131 shares vested, and were released to participants. The release of these shares triggered a transfer from contributed surplus to share capital in the amount of $395 (2012 – $136).

For accounting purposes, the cost of the purchase of common shares of the Company held in trust has been accounted for as a reduction in outstanding common shares and the trust has been consolidated as it meets the definition of a special purpose entity with the Company as the primary beneficiary.

7. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated on the net income attributable to Black Diamond per the Consolidated Statement of Net Income for the period.

Reconciliation of weighted average number of shares

	March 31, 2013	March 31, 2012
Weighted average common shares outstanding - basic	40,368	37,320
Effect of share option plan	650	1,061
Weighted average common shares outstanding - diluted	41,018	38,381

Excluded from diluted weighted average number of shares are 1,975 anti-dilutive options for the period ended March 31, 2013 (2012 - 1,050).

8. REVENUE

	March 31, 2013 $	March 31, 2012 $
Rental revenue	40,379	26,654
Lodging revenue	25,827	11,705
Non-rental revenue	24,774	20,598
	90,980	58,957

9. AMOUNTS CHARGED IN ARRIVING AT OPERATING PROFIT

	March 31, 2013 $	March 31, 2012 $
Direct costs of operations	39,458	25,357
Administrative expenses		
Personnel costs	5,392	4,203
Administrative expenses	4,371	1,813
Occupancy and insurance	1,224	1,106
Share based compensation	999	595
Acquisition costs	300	—
Unrealized foreign exchange (gain)/loss	25	(28)
Total Administrative expenses	12,311	7,689
Depreciation of property and equipment	10,824	7,314
Amortization of intangibles	220	220
Total Costs before Operating Profit	62,813	40,580

10. SEGMENTED INFORMATION

Black Diamond determines its reportable segments based on the structure of its operations in a manner consistent with the internal reporting provided to the chief operating decision makers. Operations are primarily focused in four business segments – Structures, Logistics, Energy Services and International. This determination is based primarily on product offering.

Black Diamond Structures provides modular structures designed for remote site accommodation and space rentals. The remote site accommodations, when assembled together, form large dormitories, kitchen/dining facilities and recreation complexes. Space rental modular structures, provide high quality, cost effective modular space solutions to a diverse customer base in Canada and the United States. The space rentals fleet includes office units, storage units, office complexes, training facilities, lavatories and custom manufactured structures. The primary revenue sources consist of rental revenue for this equipment, and non-rental revenue consisting primarily of sales of modular units, as well as transportation and installation revenues.

Black Diamond Logistics operates remote lodging facilities for third parties, and includes the Sunday Creek Lodge, where the Company also owns the lodging facility. The primary revenue sources consist of turnkey lodging services for camps operated by Black Diamond, remote facility management and supply chain solutions. The majority of the business activity within this segment occurs in Western Canada.

Black Diamond Energy Services provides an accommodations fleet for drill camps, geologist/engineer quarters and staff quarters. Energy Services also provides a complement of surface rental assets that would typically support a drilling or completions operation such as solid and liquids containment, rig matting, and support equipment. Activity levels of Energy Services have been directly impacted by the seasonality of drilling operations, whereby activity is traditionally higher in the first and fourth quarters of the year and lower in the second and third quarters.

Black Diamond International provides modular structures for remote workforce housing and modular workspace solutions and provides associated services in Australia and areas outside of North America.

Black Diamond changed the basis of its business unit structure for reporting purposes beginning in the 2013 fiscal year. Previously, the reportable segments were disclosed as Camps, Logistics, BOXX Modular, Energy Services. The change had an impact on the segment information reported but did not change aggregate financial information reported for Black Diamond. To enable users to understand the changes and to assess trends, prior period segment information included in the financial statements for comparative purposes, was restated to reflect the new business structure.

10. SEGMENTED INFORMATION (continued)

For the three months ended	March 31, 2013			March 31, 2012
	North America $	International $	Total $	North America (restated) $
Revenue(1)				
Structures	48,464	—	48,464	35,293
Energy Services	10,681	—	10,681	11,959
Logistics	25,827	—	25,827	11,705
International	—	6,008	6,008	—
	84,972	6,008	90,980	58,957

(1) All intersegment revenue eliminated is in respect to inter-divisional services provided within the Company.

Depreciation of Property and Equipment				
Structures	7,644	—	7,644	5,713
Energy Services	1,612	—	1,612	1,231
Logistics	289	—	289	123
International	—	991	991	—
Corporate	288	—	288	247
	9,833	991	10,824	7,314
Net Income (Loss) attributable to Black Diamond Group Limited				
Structures	18,568	—	18,568	14,055
Energy Services	2,804	—	2,804	4,419
Logistics	10,455	—	10,455	2,907
International	—	985	985	—
Corporate	(14,048)	—	(14,048)	(8,338)
	17,779	985	18,764	13,043
Capital Expenditures (gross)				
Structures	5,640	—	5,640	14,507
Energy Services	1,974	—	1,974	3,486
Logistics	3,545	—	3,545	—
International	—	10,721	10,721	—
Corporate	46	—	46	1,684
	11,205	10,721	21,926	19,677

10. SEGMENTED INFORMATION (continued)

As at	March 31, 2013			December 31, 2012
	North America	International	Total	North America
	$	$	$	(restated) $
Property and Equipment				
Structures	327,658	—	327,658	337,859
Energy Services	61,768	—	61,768	61,553
Logistics	18,954	—	18,954	7,290
International	—	39,609	39,609	—
Corporate	16,336	—	16,336	16,579
	424,716	**39,609**	**464,325**	**423,281**
Intangible Assets				
Structures	9,498	—	9,498	9,669
Energy Services	79	—	79	83
International	—	4,024	4,024	—
Corporate	5	—	5	5
	9,582	**4,024**	**13,606**	**9,757**
Goodwill				
Structures	33,284	—	33,284	33,208
Energy Services	1,369	—	1,369	1,369
International	—	5,550	5,550	—
	34,653	**5,628**	**40,203**	**34,577**
Total Assets				
Structures	424,053	—	424,053	429,803
Energy Services	70,695	—	70,695	70,597
Logistics	49,220	—	49,220	35,442
International	—	60,970	60,970	—
Corporate	20,527	—	20,527	21,354
	564,495	**63,619**	**625,465**	**557,196**

11. COMMITMENTS

Black Diamond has committed to purchase $15,267 of fleet equipment for delivery in the next six months. These purchases will be financed through a combination of operating cash flow and draws on Black Diamond's credit facilities.