UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and six month periods ended June 30, 2017 and 2016

BLACK DIAMOND GROUP

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at June 30, 2017 and December 31, 2016

(Expressed in thousands)	2017 $	2016 $
ASSETS		
Current		
Cash and cash equivalents	**4,516**	6,119
Accounts receivable (notes 3 and 14)	**23,569**	20,979
Prepaid expenses and other current assets	**8,690**	6,237
Total Current Assets	**36,775**	33,335
Non-Current		
Other long-term assets	**929**	973
Property and equipment (notes 4 and 5)	**451,148**	453,584
Goodwill and intangible assets (note 4)	**48,891**	43,764
Total Non-Current Assets	**500,968**	498,321
Total Assets	**537,743**	531,656
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	**26,531**	22,274
Deferred revenue (note 8)	**6,094**	17,544
Dividends payable	**1,381**	1,162
Total Current Liabilities	**34,006**	40,980
Non-Current		
Long-term debt (note 6)	**118,413**	110,701
Asset retirement obligations	**8,872**	8,790
Other long-term liabilities	**4,279**	4,087
Deferred income taxes	**57,726**	59,677
Total Non-Current Liabilities	**189,290**	183,255
Total Liabilities	**223,296**	224,235
Shareholders' Equity		
Share capital (note 7)	**377,491**	345,865
Contributed surplus	**13,330**	13,062
Accumulated other comprehensive income	**13,494**	16,068
Accumulated deficit	**(92,966)**	(71,891)
Total Shareholders' Equity	**311,349**	303,104
Non-controlling interests	**3,098**	4,317
Total Equity	**314,447**	307,421
Total Liabilities and Equity	**537,743**	531,656

See accompanying notes to the unaudited interim condensed consolidated financial statements

Refer to Commitments in Note 13.

UNAUDITED CONSOLIDATED STATEMENT OF NET INCOME (LOSS)

for the three and six month periods ended June 30,

(Expressed in thousands, except per share amounts)	Three months ended June 30, 2017 $	Three months ended June 30, 2016 $	Six months ended June 30, 2017 $	Six months ended June 30, 2016 $
Revenue (notes 8 and 12)	**37,122**	34,393	**75,325**	87,274
Direct costs (note 8)	**21,090**	16,921	**45,354**	42,111
Gross profit	**16,032**	17,472	**29,971**	45,163
Expenses				
Administrative expenses (note 9)	**10,707**	9,881	**20,611**	20,338
Depreciation and amortization (note 12)	**11,704**	13,114	**23,574**	26,267
Share based compensation (note 7)	**449**	(63)	**907**	272
Finance costs	**1,747**	1,635	**3,999**	3,493
Share of loss in associate	**—**	2,422	**—**	5,813
Restructuring costs (note 10)	**2,885**	—	**2,885**	—
Gain on sale of real estate assets (note 5)	**—**	—	**(2,467)**	—
Loss before income taxes	**(11,460)**	(9,517)	**(19,538)**	(11,020)
Income tax expense (recovery)				
Current	**(2,239)**	(840)	**(4,499)**	(519)
Deferred	**(1,158)**	(6)	**(1,200)**	(273)
Total income taxes	**(3,397)**	(846)	**(5,699)**	(792)
Loss before non-controlling interest	**(8,063)**	(8,671)	**(13,839)**	(10,228)
Profit (loss) attributable to non-controlling interest	**(282)**	(69)	**(604)**	795
Loss for the period	**(7,781)**	(8,602)	**(13,235)**	(11,023)
Loss per share - basic and diluted	**(0.14)**	(0.21)	**(0.26)**	(0.27)

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, 2017 $	Three months ended June 30, 2016 $	Six months ended June 30, 2017 $	Six months ended June 30, 2016 $
Loss for the period	**(7,781)**	(8,602)	**(13,235)**	**(11,023)**
Other comprehensive loss to be reclassified to Consolidated Statement of Net Income in subsequent period:				
Translation adjustments	**(2,495)**	(973)	**(2,574)**	(8,772)
Net other comprehensive loss to be reclassified to Consolidated Statement of Net Income in subsequent period	**(2,495)**	(973)	**(2,574)**	(8,772)
Total comprehensive loss	**(10,276)**	(9,575)	**(15,809)**	(19,795)

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, 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
Profit (loss) for the period	—	—	—	(11,023)	(11,023)	795	(10,228)
Translation adjustments	—	—	(8,772)	—	(8,772)	—	(8,772)
Dividends declared	—	—	—	(8,220)	(8,220)	—	(8,220)
Distributions declared to partners	—	—	—	—	—	(1,952)	(1,952)
Purchase of shares in trust (note 7)	(1,549)	—	—	—	(1,549)	—	(1,549)
Sale of shares in trust (note 7)	7	—	—	—	7	—	7
Vesting of shares in trust (note 7)	196	(206)	—	—	(10)	—	(10)
Share based compensation expense (note 7)	—	249	—	—	249	—	249
As at June 30, 2016	**319,704**	**12,182**	**12,449**	**(11,790)**	**332,545**	**3,169**	**335,714**
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 (note 7)	**841**	**—**	**—**	**—**	**841**	**—**	**841**
Vesting of shares in trust (note 7)	**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**

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,

	Three months ended June 30,		Six months ended June 30,	
(Expressed in thousands)	**2017**	2016	**2017**	2016
	$	$	**$**	$
Operating activities				
Loss for the period	**(7,781)**	(8,602)	**(13,235)**	(11,023)
Add (deduct) non-cash / non-operating activities:				
Share based compensation expense (note 7)	**449**	(63)	**907**	272
Depreciation and amortization	**11,704**	13,114	**23,574**	26,267
Share of loss in associate	**—**	2,422	**—**	5,813
Finance costs	**1,747**	1,635	**3,999**	3,493
Gain on sale of real estate assets (note 5)	**—**	—	**(2,467)**	—
Deferred income taxes	**(1,158)**	(6)	**(1,200)**	(273)
Profit (loss) attributable to non-controlling interest	**(282)**	(69)	**(604)**	795
Book value of used fleet sales (note 5)	**2,190**	2,905	**10,018**	4,952
	6,869	11,336	**20,992**	30,296
Change in long-term accounts receivable	**(99)**	(948)	**42**	(875)
Change in non-current deferred revenue	**147**	171	**746**	342
Change in non-cash working capital related to operating activities	**(4,581)**	10,895	**(13,496)**	6,483
Net cash flows from operating activities	**2,336**	21,454	**8,284**	36,246
Investing activities				
Purchase of property and equipment (note 5)	**(1,754)**	(1,688)	**(6,797)**	(4,714)
Business acquisitions (note 4)	**—**	—	**(42,025)**	—
Proceeds from sale of real estate	**—**	—	**11,350**	—
Change in non-cash working capital related to investing activities	**(1,911)**	(689)	**714**	(534)
Net cash flows used in investing activities	**(3,665)**	(2,377)	**(36,758)**	(5,248)
Financing activities				
Proceeds from long-term debt	**5,367**	14,722	**47,772**	33,231
Repayment of long-term debt	**—**	(27,000)	**(40,000)**	(47,000)
Costs associated with issue and restructuring of facilities	**(16)**	—	**(457)**	—
Net interest paid	**(1,571)**	(1,611)	**(3,146)**	(3,363)
Net proceeds from issuance of shares (note 7)	**—**	—	**29,955**	—
Dividends declared	**(4,138)**	(3,082)	**(7,840)**	(8,220)
Distributions declared to non-controlling interest	**(526)**	(334)	**(615)**	(1,952)
Net purchase of shares in trust (note 7)	**—**	(29)	**—**	(1,542)
Change in non-cash working capital related to financing activities	**547**	(1,960)	**1,050**	(1,304)
Net cash flows from (used in) financing activities	**(337)**	(19,294)	**26,719**	(30,150)
Increase (decrease) in cash and cash equivalents	**(1,666)**	(217)	**(1,755)**	848
Cash and cash equivalents, beginning of the period	**6,080**	6,933	**6,119**	5,889
Effect of foreign currency rate changes on cash and cash equivalents	**102**	(5)	**152**	(26)
Cash and cash equivalents, end of the period	**4,516**	6,711	**4,516**	6,711

See accompanying notes to the unaudited interim condensed consolidated financial statements

Total tax paid in cash for both the three and six month periods ended June 30, 2017 was $nil (2016 - $nil and $175).

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 and six month periods ended June 30, 2017 and 2016 were authorized for issuance in accordance with a resolution of the Board of Directors on August 3, 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 and six month periods ended June 30, 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.

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.

3. ACCOUNTS RECEIVABLE

	June 30, 2017 $	December 31, 2016 $
Current		
Trade and accrued receivables [(a)]	**24,133**	21,292
Finance lease receivables where Company is the lessor	**153**	259
Due from related parties [(note 14)]	**—**	421
Provision for doubtful accounts [(b)]	**(717)**	(993)
Total current accounts receivable	**23,569**	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:

	June 30, 2017 $	December 31, 2016 $
Amounts not yet due	**15,013**	11,735
Past due not more than 30 days, but not impaired	**6,568**	5,302
Past due not more than 60 days, but not impaired	**769**	1,238
Past due not more than 90 days, but not impaired	**437**	458
Past due greater than 90 days, but not impaired	**782**	2,246
Total current accounts receivable, net of provision for doubtful accounts	**23,569**	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.

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 $6,571 and $761, respectively. If the business combination occurred on January 1, 2017, the Company would have recognized pro forma revenue and profit for the six months ended June 30, 2017 of approximately $8,822 and $952, respectively. Acquisition costs of $636 are included in administrative expenses for the six months ended June 30, 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 $1,754 and $6,797 (2016 - $1,688 and $4,714) during the three and six month periods ended June 30, 2017, substantially all of which were fleet assets. There were also disposals of fleet assets with a net book value of $2,190 and $10,018 (2016 - $2,905 and $4,952) during the three and six month periods ended June 30, 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 13 Commitments.

6. LONG-TERM DEBT

	June 30, 2017	December 31, 2016
	$	$
Demand operating facilities	**3,192**	2,628
Committed extendible revolving operating facility	**38,426**	31,212
Senior secured notes	**77,200**	77,200
Costs associated with issue and restructuring of facilities	**(457)**	(1,942)
Amortization of costs associated with issue	**52**	1,603
Total long-term debt	**118,413**	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 June 30, 2017, the Company's draws under the committed extendible revolving operating facility were comprised of $4,453 related to an overdraft balance (December 31, 2016 - $6,212), and $33,973 of bankers' acceptance and LIBOR draws (December 31, 2016 - $25,000).

For the three and six month periods ended June 30, 2017, the average interest rate applied to amounts drawn on the committed extendible revolving operating facility was 3.85% and 3.82% (2016 - 2.57% and 2.60%), respectively.

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 June 30, 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

6. LONG-TERM DEBT (continued)

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, 2017	Required	Actual
Funded Debt to Bank EBITDA Ratio	≤ 4.50:1	3.47
Interest Coverage Ratio	≥ 3.00:1	5.28

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))	**235**	**841**
Purchase of shares in trust	**(7)**	**—**
Vesting of shares in trust	**53**	**310**
June 30, 2017	**54,890**	**377,491**

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.

7. SHARE CAPITAL (continued)

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%.

Included in dividends payable as at June 30, 2017 is $157 (June 30, 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 June 30, 2017, there were 2,150 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
		$			$
March 22, 2013	417	20.98	0.73	417	3.30
November 15, 2013	85	27.43	1.38	85	5.21
March 21, 2014	15	33.27	1.72	15	6.60
November 13, 2014	20	18.95	2.37	13	2.59
January 9, 2015	555	12.35	2.53	363	1.46
March 20, 2015	10	13.67	2.72	7	1.78
March 11, 2016	410	4.72	3.70	137	1.03
March 21, 2017	638	3.60	4.72	—	0.81
Balance June 30, 2017	2,150			1,037	
Weighted average		10.78	3.00	16.44 (1)	

(1) Amount refers to the weighted average exercise price of the exercisable options as at June 30, 2017.

7. SHARE CAPITAL (continued)

Black Diamond recorded the following share option activity during 2017 and 2016:

	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	**(1,006)**	**20.40**
Forfeited	**(336)**	**9.53**
June 30, 2017	**2,150**	**10.78**

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

Date of grant	Dividend yield	Expected average volatility	Average risk-free rate
	%	%	%
March 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 and six month periods ended June 30, 2017 was $67 and $129 (2016 - $(270) and $(43)) 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:

	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	48	3.60
Reinvested	14	3.75	11	3.61	3	3.67
Forfeited	(44)	5.44	(93)	4.03	(5)	3.60
Vested	(57)	6.96	—	—	—	—
June 30, 2017	440	4.28	340	3.99	89	4.18

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, 2017, these share-based plans include 124 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 $441 (December 31, 2016 - $81).

Included in share-based compensation expense for the three and six month periods ended June 30, 2017 was $382 and $778 (2016 - $207 and $315) 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 June 30, 2017 there are 356 shares held in the Trusts (December 31, 2016 - 391).

8. REVENUE AND DIRECT COSTS

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
Revenue	**$**	$	**$**	$
Rental revenue	**15,838**	13,679	**30,230**	30,136
Lodging revenue	**3,799**	8,296	**7,856**	31,601
Non-rental revenue	**17,485**	12,418	**37,239**	25,537
Total revenue	**37,122**	34,393	**75,325**	87,274

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 June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
Direct Costs	**$**	$	**$**	$
Construction and transportation services	**8,252**	5,614	**13,183**	10,043
Used fleet sales	**2,190**	2,905	**10,018**	4,952
Repairs and maintenance	**2,339**	1,533	**6,768**	4,377
Catering, utilities and other consumable costs	**2,824**	3,305	**5,820**	12,935
Subleased equipment	**1,741**	1,777	**3,534**	4,353
Personnel costs	**1,219**	1,339	**2,490**	3,087
Other direct costs	**2,525**	448	**3,541**	2,364
Total direct costs	**21,090**	16,921	**45,354**	42,111

9. ADMINISTRATIVE EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
	$	$	**$**	$
Personnel costs	**5,254**	5,244	**10,448**	11,212
General administrative expenses	**2,555**	2,549	**4,217**	4,902
Occupancy and insurance	**2,843**	2,088	**5,310**	4,224
Acquisition costs	**55**	—	**636**	—
Total administrative expenses	**10,707**	9,881	**20,611**	20,338

9. ADMINISTRATIVE EXPENSES (continued)

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

10. RESTRUCTURING COSTS

During the quarter, Black Diamond initiated a plan to reorganize its business units in an effort to streamline its operations and gain efficiencies. The Company recognized non-recurring restructuring costs of $2,885 related primarily to employee severance costs and fleet relocation costs, including a provision of $1,700 which is classified within accounts payable and accrued liabilities.

11. EARNINGS PER SHARE

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

	Three months ended June 30,		Six months ended June 30,	
Reconciliation of weighted average number of shares	**2017**	2016	**2017**	2016
Weighted average common shares outstanding - basic and diluted	**54,784**	40,713	**50,664**	40,841

Excluded from diluted weighted average number of shares are 2,150 anti-dilutive options for both the three and six month periods ended June 30, 2017 (2016 - 2,917). Also excluded from diluted weighted average number of shares are 340 anti-dilutive Share Award Plan units for both the three and six month periods ended June 30, 2017 (2016 - 165)

12. SEGMENTED INFORMATION

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 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 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.

12. SEGMENTED INFORMATION (continued)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
	$	$	**$**	$
Revenue				
BOXX Modular	**18,682**	10,284	**28,769**	23,598
Camps & Lodging	**11,266**	19,777	**32,635**	51,872
Energy Services	**4,962**	2,680	**10,001**	8,216
International	**2,002**	1,184	**3,494**	2,657
Corporate and Other	**210**	468	**426**	931
Total Revenue	**37,122**	**34,393**	**75,325**	**87,274**
Depreciation of Property and Equipment				
BOXX Modular	**2,580**	1,834	**4,446**	3,684
Camps & Lodging	**6,017**	6,855	**12,487**	13,820
Energy Services	**1,721**	2,851	**3,501**	5,596
International	**402**	1,029	**879**	2,074
Corporate and Other	**428**	420	**796**	842
Total Depreciation	**11,148**	**12,989**	**22,109**	**26,016**
Profit (loss)				
BOXX Modular	**2,628**	1,540	**2,593**	3,098
Camps & Lodging	**(2,341)**	1,339	**(2,598)**	9,975
Energy Services	**(1,142)**	(3,285)	**(2,938)**	(4,889)
International	**(249)**	(1,167)	**(867)**	(2,193)
Corporate and Other	**(6,677)**	(7,029)	**(9,425)**	(17,014)
Total Profit (Loss)	**(7,781)**	**(8,602)**	**(13,235)**	**(11,023)**
Capital Expenditures (Additions)				
BOXX Modular (1)	**2,103**	978	**4,986**	3,055
Camps & Lodging	**13**	10	**110**	80
Energy Services	**10**	13	**1,592**	490
International	**109**	320	**109**	772
Corporate and Other	**(481)**	367	**—**	317
Total Capital Expenditures	**1,754**	**1,688**	**6,797**	**4,714**

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

12. SEGMENTED INFORMATION (continued)

	June 30, 2017 $	December 31, 2016 $
Property and Equipment		
BOXX Modular	**150,721**	119,904
Camps & Lodging	**204,829**	224,500
Energy Services	**63,136**	66,562
International	**14,215**	14,896
Corporate and Other	**18,247**	27,722
Total Property and Equipment	**451,148**	453,584
Intangible Assets		
BOXX Modular	**9,495**	3,646
Camps & Lodging	**4,996**	5,558
Total Intangible Assets	**14,491**	9,204
Goodwill		
BOXX Modular	**9,929**	10,089
Camps & Lodging	**24,471**	24,471
Total Goodwill	**34,400**	34,560
Assets		
BOXX Modular	**177,852**	140,215
Camps & Lodging	**251,110**	271,150
Energy Services	**66,994**	70,614
International	**15,059**	16,869
Corporate and Other	**26,728**	32,808
Total Assets	**537,743**	531,656

12. SEGMENTED INFORMATION (continued)

Geographic and customer information

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
	$	$	**$**	$
Revenue				
Canada	**24,924**	27,853	**55,908**	70,948
United States	**10,196**	5,356	**15,923**	13,669
Australia	**2,002**	1,184	**3,494**	2,657
Total Revenue	**37,122**	34,393	**75,325**	87,274

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

	June 30, 2017	December 31, 2016
	$	$
Property and Equipment, Intangibles and Goodwill		
Canada	**383,574**	376,553
United States	**102,241**	105,889
Australia	**14,224**	14,906
Total Property and Equipment, Intangibles and Goodwill	**500,039**	497,348

13. COMMITMENTS

At June 30, 2017, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the amount of $6,120 (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. As at June 30, 2017, 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	**4,419**
	7,659

14. 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 and six month periods ended June 30, 2017 and 2016, as well as balances with related parties as at June 30, 2017 and December 31, 2016.

	For the three months ended June 30,		For the six months ended June 30,		Due from related party as at		Due to related party as at	
	2017	2016	**2017**	2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016
	$	$	**$**	$	**$**	$	**$**	$
Non-controlling interests								
Limited partners								
Royalties and distributions declared	**681**	247	**909**	2,312	**—**	—	**154**	306
Loan receivable	**(437)**	—	**(421)**	—	**—**	421	**—**	—
	244	247	**488**	2,312	**—**	421	**154**	306