CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2017 and 2016

BLACK DIAMOND GROUP

To the Shareholders of Black Diamond Group Limited:

We have audited the accompanying consolidated financial statements of Black Diamond Group Limited, which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of net income (loss), comprehensive income (loss), changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Black Diamond Group Limited as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Professional Accountants

Calgary, Canada
March 6, 2018

BLACK DIAMOND GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at December 31,

(Expressed in thousands)	2017	2016
	$	$
ASSETS		
Current		
Cash and cash equivalents	**2,497**	6,119
Accounts receivable (notes 5 and 28)	**28,929**	20,979
Prepaid expenses and other current assets (note 14)	**10,320**	6,237
Total Current Assets	**41,746**	33,335
Non-Current		
Other long-term assets (note 5)	**1,697**	973
Property and equipment (notes 8, 10 and 27)	**369,285**	453,584
Goodwill and intangible assets (notes 9, 10 and 27)	**18,167**	43,764
Total Non-Current Assets	**389,149**	498,321
Total Assets	**430,895**	531,656
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (notes 11, 12, 24 and 28)	**35,318**	22,274
Deferred revenue (note 21)	**3,807**	17,544
Dividends payable (note 13)	**—**	1,162
Total Current Liabilities	**39,125**	40,980
Non-Current		
Long-term debt (note 15)	**115,059**	110,701
Asset retirement obligations (note 18)	**9,923**	8,790
Other long-term liabilities (note 12)	**3,852**	4,087
Deferred income taxes (note 14)	**34,820**	59,677
Total Non-Current Liabilities	**163,654**	183,255
Total Liabilities	**202,779**	224,235
Shareholders' Equity		
Share capital (note 19)	**377,814**	345,865
Contributed surplus	**14,907**	13,062
Accumulated other comprehensive income	**9,876**	16,068
Retained deficit	**(176,524)**	(71,891)
Total Shareholders' Equity	**226,073**	303,104
Non-controlling interests (note 20)	**2,043**	4,317
Total Equity	**228,116**	307,421
Total Liabilities and Equity	**430,895**	531,656

See accompanying notes to the consolidated financial statements

Refer to Commitments and Contingencies in Note 29.

On behalf of the Board of Directors

Signed “Robert Herdman”

Signed “Robert Wagemakers”

CONSOLIDATED STATEMENT OF NET INCOME (LOSS)
for the years ended December 31,

(Expressed in thousands, except per share amounts)	**2017**	2016
	$	$
Revenue (notes 21 and 27)	**153,377**	152,593
Direct costs (note 21)	**86,517**	71,461
Gross profit	**66,860**	81,132
Expenses		
Administrative expenses (note 22)	**38,956**	38,894
Depreciation and amortization (notes 8, 9 and 27)	**47,079**	52,514
Share-based compensation (note 19)	**2,536**	1,328
Finance costs (note 23)	**7,652**	6,540
Impairment loss (notes 8, 9 and 10)	**98,158**	49,934
Restructuring costs (note 24)	**2,885**	—
Gain on sale of real estate assets (note 8)	**(2,762)**	—
Onerous contract (note 12)	**—**	3,316
Share of loss in associate (note 6)	**—**	5,813
Loss before income taxes	**(127,644)**	**(77,207)**
Income tax recovery (note 14)		
Current	**(7,399)**	(2,834)
Deferred	**(23,833)**	(11,256)
Total income tax recovery	**(31,232)**	(14,090)
Loss before non-controlling interest	**(96,412)**	(63,117)
Profit (loss) attributable to non-controlling interest (note 20)	**(1,002)**	1,033
Loss for the year	**(95,410)**	(64,150)
Earnings (loss) per share (note 25)		
Basic	**(1.81)**	(1.49)
Diluted	**(1.81)**	(1.49)

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
for the years ended December 31,

(Expressed in thousands)	**2017**	2016
	$	$
Loss for the year	**(95,410)**	(64,150)
Other comprehensive loss to be re-classified to Consolidated Statement of Net Income in subsequent period:		
Translation adjustments	**(6,192)**	(5,153)
Net other comprehensive loss to be re-classified to Consolidated Statement of Net Income in subsequent period	**(6,192)**	(5,153)
Total comprehensive loss	**(101,602)**	(69,303)

See accompanying notes to the consolidated financial statements

BLACK DIAMOND GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the years ended December 31, 2017 and 2016

(Expressed in thousands)	Issued Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	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 year	—	—	—	(64,150)	(64,150)	1,033	(63,117)
Translation adjustment	—	—	(5,153)	—	(5,153)	—	(5,153)
Dividends declared (note 13)	—	—	—	(15,194)	(15,194)	—	(15,194)
Distributions declared to partners, net of contributions	—	—	—	—	—	(1,042)	(1,042)
Shares capital issued (note 19)	27,240	—	—	—	27,240	—	27,240
Share issue costs, net of tax (note 19)	(1,168)	—	—	—	(1,168)	—	(1,168)
Purchase of shares in trust (note 19)	(1,493)	—	—	—	(1,493)	—	(1,493)
Sale of shares in trust (note 19)	7	—	—	—	7	—	7
Vesting of shares in trust (note 19)	229	(240)	—	—	(11)	—	(11)
Share-based compensation (note 19)	—	1,163	—	—	1,163	—	1,163
As at December 31, 2016	345,865	13,062	16,068	(71,891)	303,104	4,317	307,421
Loss for the year	**—**	**—**	**—**	**(95,410)**	**(95,410)**	**(1,002)**	**(96,412)**
Translation adjustments	**—**	**—**	**(6,192)**	**—**	**(6,192)**	**—**	**(6,192)**
Dividends declared (note 13)	**—**	**—**	**—**	**(9,223)**	**(9,223)**	**—**	**(9,223)**
Distributions declared to partners, net of contributions	**—**	**—**	**—**	**—**	**—**	**(1,272)**	**(1,272)**
Share capital issued (note 19)	**31,900**	**—**	**—**	**—**	**31,900**	**—**	**31,900**
Share issue costs, net of tax (note 19)	**(1,425)**	**—**	**—**	**—**	**(1,425)**	**—**	**(1,425)**
Shares issued under DRIP (note 13 and 19)	**1,237**	**—**	**—**	**—**	**1,237**	**—**	**1,237**
Purchase of shares in trust (note 19)	**(73)**	**—**	**—**	**—**	**(73)**	**—**	**(73)**
Vesting of shares in trust (note 19)	**310**	**(310)**	**—**	**—**	**—**	**—**	**—**
Share-based compensation (note 19)	**—**	**2,155**	**—**	**—**	**2,155**	**—**	**2,155**
As at December 31, 2017	**377,814**	**14,907**	**9,876**	**(176,524)**	**226,073**	**2,043**	**228,116**

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
for the years ended December 31,

(Expressed in thousands)	2017 $	2016 $
Operating activities		
Profit (loss) for the year	**(95,410)**	(64,150)
Add (deduct) non-cash / non-operating activities:		
Share-based compensation (note 19)	**2,536**	1,328
Depreciation and amortization (notes 8, 9, and 27)	**47,079**	52,514
Finance costs (note 23)	**7,652**	6,540
Share of loss in associate (note 6)	**—**	5,813
Onerous contract (note 12)	**—**	3,316
Gain on sale of real estate assets (note 8)	**(2,762)**	—
Impairment loss (notes 8, 9 and 10)	**98,158**	49,934
Deferred income taxes (note 14)	**(23,833)**	(11,256)
Profit attributable to non-controlling interest (note 20)	**(1,002)**	1,033
Book value of used fleet sales (note 8)	**14,835**	6,001
	47,253	51,073
Change in long-term accounts receivable	**(724)**	(611)
Change in non-current deferred revenue	**767**	(52)
Change in non-cash working capital related to operating activities (note 26)	**(15,950)**	19,309
Net cash flows from operating activities	**31,346**	69,719
Investing activities		
Purchase of property and equipment (notes 8 and 27)	**(23,581)**	(15,179)
Business acquisitions (note 7)	**(42,025)**	(5,481)
Proceeds from sale of real estate assets (note 8)	**12,249**	—
Change in non-cash working capital related to investing activities (note 26)	**867**	1,930
Net cash flows used in investing activities	**(52,490)**	(18,730)
Financing activities		
Proceeds from long-term debt (note 15)	**88,729**	70,470
Repayment of long-term debt (note 15)	**(84,255)**	(119,065)
Costs associated with issue and restructuring of facilities	**(815)**	—
Net interest expensed (note 23)	**(6,487)**	(6,139)
Net proceeds from issuance of shares (note 19)	**29,955**	25,644
Dividends declared (note 13)	**(9,223)**	(15,194)
Distributions declared to non-controlling interest	**(1,272)**	(2,077)
Net purchase of shares in trust (note 19)	**—**	(1,486)
Change in non-cash working capital related to financing activities (note 26)	**699**	(3,001)
Net cash flows used in financing activities	**17,331**	(50,848)
Increase (decrease) in cash and cash equivalents	**(3,813)**	141
Cash and cash equivalents, beginning of the year	**6,119**	5,889
Effect of foreign currency rate changes on cash and cash equivalents	**191**	89
Cash and cash equivalents, end of the year	**2,497**	6,119

See accompanying notes to the consolidated financial statements

1. GENERAL INFORMATION

The consolidated financial statements of Black Diamond Group Limited, its subsidiaries and its controlled limited partnerships ("Black Diamond" or the "Company") for the years ended December 31, 2017 and 2016 were authorized for issuance in accordance with a resolution of the Board of Directors on March 6, 2018. Black Diamond is headquartered in Calgary, Alberta. The Company was incorporated in Alberta on October 7, 2009. The address of the Company's registered office is Suite 4600, 525 – 8th Avenue S.W., Calgary, Alberta, Canada.

The common shares of the Company are listed on the Toronto Stock Exchange (TSX: BDI).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared on a going concern basis using the historical cost basis, except for derivative financial instruments measured at fair value, and have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The same accounting policies and methods of computation were followed in the preparation of these consolidated financial statements as at and for the year ended December 31, 2016. Certain figures in the prior year's financial statements have been reclassified to conform to the current year's presentation.

The consolidated 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.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries and its controlled limited partnerships as at December 31, 2017. Control is achieved when the Company 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. Specifically, the Company controls an investee if and only if the Company has:

- Power over the the investee (ie. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements, and
- The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

are included in the Consolidated Statement of Financial Position and the Consolidated Statement of Comprehensive Income from the date the Company gains control until the date the Company ceases to control the subsidiary.

The Consolidated Statement of Net Income and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- De-recognizes the assets (including goodwill) and liabilities of the subsidiary,
- De-recognizes the carrying amount of any non-controlling interests,
- De-recognizes the translation differences recorded in equity,
- Recognizes the fair value of the consideration received,
- Recognizes any surplus or deficit in Consolidated Statement of Net Income,
- Reclassifies the parent's share of components previously recognized in OCI to Consolidated Statement of Net Income or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities, and
- Recognizes the fair value of the remaining investment.

The consolidated financial statements of Black Diamond Group Limited include the following significant operational entities listed below. The ultimate holding entity of the companies listed below is Black Diamond Group Limited.

		Equity Interest	
Name	**Country of formation**	**2017**	2016
Black Diamond Limited Partnership	Canada	**100%**	100%
Black Diamond Dene Limited Partnership	Canada	**50%**	50%
Black Diamond West Moberly Limited Partnership	Canada	**50%**	50%
Black Diamond Nehiyawak Limited Partnership	Canada	**50%**	50%
Whitecap Black Diamond Limited Partnership	Canada	**49%**	49%
Black Diamond Energy Services Inc.	United States	**100%**	100%
BOXX Modular Holdings Inc.	United States	**100%**	100%
Nortex Modular Leasing and Construction Company	United States	**100%**	100%
MPA Systems, LLC	United States	**100%**	100%
Black Diamond Modular Buildings Pty Ltd.	Australia	**100%**	100%

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business acquisitions

The acquisition method of accounting is used to account for the combination of subsidiaries by the Company. The cost of the acquisition is the aggregate of the consideration transferred, measured at the acquisition date, and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets on a historical cost basis. Acquisition costs incurred are expensed and included in administrative expenses in the Consolidated Statement of Net Income.

When determining the nature of an acquisition, as either a business combination or an asset acquisition, management defines a business as an integrated set of activities and assets that is capable of being conducted and managed for the purposes of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. The primary focus in management's determination is the presence of processes capable of converting the inputs purchased into outputs, evidencing a business is purchased. If these processes are not present then this suggests an asset purchase and not a business combination.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the combination date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the combination date fair value of the Company's previously held equity interest in the acquiree is remeasured to fair value at the combination date through Consolidated Statement of Net Income. Any contingent consideration to be transferred by the Company is recognized at fair value at the combination date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with *IAS 39 - Financial Instruments: Recognition and Measurement* either in Consolidated Statement of Net Income or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of combination is less than the fair value of the Company's share of the net assets of the subsidiary acquired, the difference is recognized directly in the Consolidated Statement of Net Income.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks, short term investments with maturity at the time of purchase of less than 90 days, other short-term highly liquid investments, and bank overdrafts. Bank overdrafts outside of the committed extendible revolving facility are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position to the extent that there is no right of offset and no practice of net settlement with cash balances.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade receivables

Trade receivables are recognized initially at fair value and measured subsequently at amortized cost using the effective interest method, less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due, according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the loss is recognized in the Consolidated Statement of Net Income. Determining the recoverability of a balance involves estimation as to the likely financial condition of the customer and their ability to make payment. Trade receivables are written off against the provision when recoverability is assessed as being remote. Subsequent recoveries of amounts previously written off are added back to the provision in the period received.

Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost is the fair value of the consideration given to acquire the asset at the time of acquisition and includes the direct cost of bringing the asset to the location and condition necessary for operation. Property and equipment are depreciated over their estimated useful lives using the following rates and methods:

Computers, furniture and service equipment	30% declining balance
Space rentals fleet equipment	6% declining balance
Workforce accommodation rental	10% declining balance
Surface rental equipment	10% - 50% declining balance
Buildings	5% declining balance
Carry-on options	Straight-line over two years
Leasehold improvements	Straight-line over term of lease
Asset retirement obligation	Straight-line over four to ten years

Land and deposits on equipment are not subject to depreciation.

The residual values and useful lives of property and equipment are reviewed and adjusted if appropriate at each Consolidated Statement of Financial Position date. Black Diamond uses estimates in determining appropriate useful lives and residual values.

Intangible assets

Separately acquired intangible assets with finite lives are recorded at cost, net of accumulated amortization and accumulated impairment. The cost of intangible assets acquired in business combinations is their fair value on acquisition date. Intangible assets are amortized over their estimated useful lives on a straight-line basis over 1 to 20 years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arises when the acquisition cost of an acquired business exceeds the sum of the amounts allocated to the net assets acquired on a fair value basis. Goodwill is allocated as at the acquisition date to the cash-generating units ("CGUs") of Black Diamond's operations that are expected to benefit from the business combination.

Goodwill is not amortized, but is evaluated on an annual basis for impairment, or when an event occurs that more likely than not reduces the recoverable value of a CGU below its carrying value.

Goodwill is allocated to CGUs (or groups of CGUs) for the purpose of impairment testing. Each of those CGUs (or groups of CGUs) represents the lowest level within the Company at which the associated goodwill is monitored for management purposes based on shared infrastructure, geographical proximity, exposure to market risk and product offering and is not larger than the operating segments determined in accordance with *IFRS 8 - Operating Segments*. Goodwill impairments are not reversed.

Impairment of long-lived assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or CGUs recoverable amount. The recoverable amount is the higher of an asset's or CGUs fair value less costs of disposal (FVLCD) and its value in use (VIU). Impairment losses are recognized to the extent that the carrying amount of an asset or CGU exceeds its recoverable amount.

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining FVLCD, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on estimated five-year after tax discounted cash flow approach, cross-checked by comparable market transactions and public company trading multiples. Where available, these calculations are corroborated by implied valuation multiples for comparable industry participants or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Company estimates the asset's or CGUs recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease obligations

Where the Company is the lessee, leases are classified as finance or operating. A lease which transfers substantially all the risks and rewards of ownership of the asset is classified as a finance lease. Factors reviewed in this determination include, but are not limited to, the term of the lease, whether ownership is transferred at the end of the term, bargain purchase arrangements and a comparison of the present value of the minimum lease payments versus the fair value of the asset.

At the inception of the finance lease, an asset is capitalized in the Consolidated Statement of Financial Position and depreciated over the shorter of the lease term or the asset's useful life. The asset is recorded at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease. The capital elements of future obligations under finance leases are included in liabilities in the Consolidated Statement of Financial Position and classified between current and non-current amounts. The interest elements of future obligations under finance leases are charged to the Consolidated Statement of Net Income over the periods of the lease and represent a constant proportion of the balance of capital repayments outstanding in accordance with the effective interest rate method.

All other leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases and are not recognized on the Company's Consolidated Statement of Financial Position. The cost of operating leases is charged to the Statement of Net Income on a straight line basis over the periods of the leases.

Tenant inducements are recorded as a long-term liability and amortized over the lease term as a reduction of rent expense.

Financial instruments

The Company classifies its financial assets and liabilities in the following categories: financial assets at fair value through profit or loss, loans and receivables and financial liabilities measured at amortized cost.

(a) Financial assets at fair value through profit or loss
Financial assets designated at fair value through profit and loss are subsequently measured at fair value with changes in those fair values charged immediately to the Consolidated Statement of Net Income. Cash and cash equivalents are classified as fair value through profit and loss.

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date, which are classified as non-current assets. Loans and receivables are initially measured at fair value and then subsequently at amortized cost. Impairment tests are conducted when factors suggest impairment is required. Loans and receivables include accounts receivable, long-term accounts receivable and note receivable.

(c) Financial liabilities measured at amortized cost
Financial liabilities measured at amortized cost are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market and with no intention of being traded. They

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

are included in current liabilities, except for maturities greater than 12 months after the Consolidated Statement of Financial Position date, which are classified as non-current liabilities. Financial liabilities include trade payables and all borrowings, and are initially recognized at fair value of the consideration received net of transaction costs and subsequent measurements are recorded at amortized cost using the effective interest rate method.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. In establishing such provisions the Company takes into account the relevant facts and circumstances of each matter and considers advice of professional advisors where needed. The ultimate liability may vary from the amounts currently provided and may be dependent upon the discovery of facts that are currently uncertain.

Black Diamond recognizes asset retirement obligations ("ARO") associated with its operations as required. The present value of the ARO is recognized in the period in which the obligations are incurred. The estimated present value of the ARO is the discounted expected future cash flows to settle the ARO at a pre-tax risk free interest rate that reflects current market assessments of the time value of money. The present value of the ARO is sensitive to estimates of the future obligations and interest rate used.

Asset retirement costs are capitalized and depreciated over its estimated remaining useful life. In subsequent periods, the ARO is adjusted for the passage of time through accretion expense, which is recognized as a finance cost and for changes in the amount or timing of the underlying future cash flows. Changes in the estimated future costs or in the discount rate applied are added to, or deducted from, the cost of the asset. Actual expenditures are charged against the provision when incurred with any differences between actual costs and estimated costs recorded in net income.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is determined by estimating the present value of payments in excess of the expected benefits.

Share capital

The Company currently has one class of outstanding voting common shares, which is classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a reduction, net of tax, from the proceeds.

Share-based compensation

Black Diamond maintains share-based compensation plans, consisting of a share option plan and Other share-based plans. Options granted pursuant to the share option plan to employees, officers and directors are accounted for using the fair value method. Share-based compensation expense is recorded along with

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a corresponding increase in contributed surplus, based on the fair values determined through the use of an option pricing model when the options are granted. The calculation of the fair value of option grants is sensitive to the expected forfeiture rate, volatility, dividend yield and expected life of the option. Any consideration paid to Black Diamond on the exercise of the options plus the attributed contributed surplus is recorded to share capital at the time of exercise. The fair value of awards granted under the Other 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.

Share-based compensation cost is recognized on a graded amortization basis over the vesting period. Forfeitures are estimated at the date of grant, with adjustments being made over the vesting period for changes in expectations due to actual forfeitures through failure to satisfy vesting conditions. Costs related to surrendered or canceled options are recognized immediately for the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

The Company has directed an independent trustee to purchase and hold common shares in trust for the participants of the Other share-based plans until the applicable vesting date. The cost of the purchase of common shares held in trust is accounted for as a reduction in outstanding common shares and the trust is consolidated as a special purpose entity. Compensation expense for equity-settled share-based plans, based on the fair value of the common shares underlying the rights granted, is recognized on a graded amortization basis over the vesting period with a corresponding increase to contributed surplus. Upon vesting, share capital is increased and contributed surplus is decreased.

Cash-settled share-based payments are measured on the fair value of the cash liability with a corresponding amount recorded as compensation expense at the grant date. Each subsequent period the liability is remeasured with a corresponding adjustment to compensation expense.

Revenue classification

Revenue is classified in three categories:
Rental - Relates to arrangements where the customer pays a rental rate related to the amount of time the equipment is used. Rental revenue is recognized under the criteria described by section (a) below.

Non-Rental - Primarily relates to the transportation and installation of the Company's fleet units to and from customer sites, servicing of fleet, catering, sale of new and used fleet units and equipment, and the revenue generated from subleased equipment. Non-rental revenue is recognized under the criteria described by sections (b), (c) and (d) below.

Lodging - Relates to the income generated by providing operated and open camps charged on an occupancy, or per man-day utilized, basis. Lodging revenue is recognized under the criteria described by section (d) below.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. Where the Company acts as an agent, only the Company's interest in the transaction is recorded. In some instances, a single contract may contain multiple revenue sources that are recognized under different revenue recognition criterion. The specific recognition criteria described below must be met before revenue is recognized.

(a) Rental
Rental revenue is recognized in the period the equipment is used by the customer based on a straight-line basis over the term of the related rental agreement.

(b) Sale of Units
Revenue from the sale of new units, custom manufactured equipment and used rental equipment is recognized at the time the units are delivered to the customer, or at such time as the risks and rewards of ownership have transferred.

(c) Installation, Transportation, Maintenance and Dismantlement Revenue
The provision of installation, transportation, maintenance and dismantlement services is recognized on the percentage-of-completion basis over the term of the service delivery period. Under this method, revenue for services is recognized proportionately with its percentage of completion at any given time. The percentage of completion is estimated by dividing the cumulative costs incurred as at the Consolidated Statement of Financial Position date by the sum of the incurred costs and anticipated costs for completing the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. When the outcome of a service contract cannot be estimated reliably, revenue is recognized only to the extent of costs incurred that are probable of recovery.

(d) Other Sub-contracted Services
Revenue from sub-contracted services such as catering is recognized when the services are provided.

Income Taxes

The Company accounts for income taxes using the liability method, whereby deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities measured using substantively enacted tax rates and laws that are expected to be in effect when the deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset and they relate to income taxes levied by the same tax authority on the same taxable entity. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries and investments subject to significant influence, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized to the extent that future realization of the tax benefit is probable.

Current income taxes are amounts expected to be payable or recoverable as a result of operations in the current year and any adjustments to tax payable in respect of previous years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

The operating results of the Company's United States and Australian operations, which have a functional currency of United States Dollars ("USD") and Australian Dollars ("AUD"), respectively, are translated into Canadian Dollars using the rate of exchange on the date of the transaction. The Company determines the functional currency to be that of the primary economic environment in which the undertaking operates. The Statement of Financial Position of the United States and Australian operations are translated into Canadian Dollars at the rates of exchange at the period end. Exchange differences arising between the translation into Canadian Dollars of the net assets of these operations at rates at the beginning and end of the period are recognized in other comprehensive income.

In the event that a foreign subsidiary is sold, the gain or loss on disposal recognized in the Consolidated Statement of Net Income is determined after taking into account the cumulative currency translation differences that are attributed to the subsidiary concerned.

Foreign currency transactions entered into by the Company during the year through the Canadian operations are translated into Canadian Dollars at the rates of exchange on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the Consolidated Statement of Financial Position date. Non-monetary assets denominated in foreign currency are translated at historical exchange rates. All foreign currency transaction translation differences relating to the Canadian operations are recorded in the Consolidated Statement of Net Income.

Per share amounts

Basic net income per share is computed by dividing net income attributable to Black Diamond by the weighted average number of shares outstanding during the period.

The treasury stock method is used to determine the diluted per share amounts. Under this method, the diluted weighted average number of shares is calculated assuming the proceeds that arise from the exercise of outstanding, in-the-money options are used to purchase shares of Black Diamond at their estimated average market price during the period, and the difference between Black Diamond shares issued upon the exercise of the options and the number of options exercisable under this method, on a weighted average basis, is added to the number of shares outstanding. Anti-dilutive options are not considered in computing diluted earnings per share.

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 senior executives, as these are the individuals that make strategic decisions and resource allocations.

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 financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective on or after January 1, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 adoption of this standard will not have a material 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 has completed its assessment to evaluate the impact of IFRS 15 on the Company's financial statements. The Company will be applying the full retrospective transition method. The adoption of this standard will not have a material impact on the Company's financial statements.

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. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments,which have a significant effect on the amounts recognized in the consolidated financial statements:

Impairment of non-financial assets

Goodwill is reviewed annually for impairment. Property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment review requires estimates in a variety of areas including the determination of fair value, selling costs, timing and size of forecasted cash flows, long-term growth rates, anticipated gross margin, discount rates, and other valuation variables; the application of these variables in valuation models requires judgment.

Determination of a CGU

Management's judgment is required in determining the Company's CGUs for the impairment assessment of its property, plant and equipment, goodwill and indefinite-life intangible assets. The CGUs have been determined considering level of operating activities and independent cash flows generated from groups of assets. Management determined the smallest identifiable group of assets that independently generates cash inflows and whose cash flow is largely independent of the cash inflows from other assets or groups of assets as follows: Camps & Lodging, BOXX Modular East, BOXX Modular West, BOXX Modular US, Energy Services, and International.

Operating lease commitments – Company as lessor

The Company has entered into rental contracts for its fleet. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the fleet, that it retains all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including discounted cash flow models and trading multiples. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 17 for further disclosures.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

Determination of control and significant influence

Management has used judgment in assessing whether the Company exerts control and significant influence over its subsidiaries and investments, respectively. In general, significant influence is presumed to exist when the Company has between 20% and 50% of voting power. Significant influence may also be evidenced by other qualitative factors, including but not limited to the Company's representation on the board of directors.

Income Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. As a multinational group of legal entities and businesses, the Company has undertaken various cross border transactions. These transactions are subject to the review and audit of various tax authorities. The judgment used when developing and entering into these transactions is based on existing tax policies in each jurisdiction. Future changes in tax policies may necessitate associated adjustments to tax recoveries and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Company's legal entities.

Aggregation of interest in subsidiaries

Management has used judgment in determining whether it is appropriate to aggregate the disclosures required by IFRS 12 for the Company's interests in subsidiaries. In reaching a determination, management considered such factors as its interests in the subsidiaries' nature of business, their industry classification and their geographical location.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Revenue recognition

The Company has recognized revenue in certain types of contracts using the percentage of completion method. In determining the percentage of completion, estimates and assumptions are made in relation to costs incurred and the costs to complete the contracts. When the outcome of the transaction cannot be estimated reliably, estimates and assumptions are made on whether the Company will recover the transaction costs incurred. If it is probable that the costs will be recoverable, revenue is recognized only to the extent of costs. If it is not probable that the costs incurred will be recovered, revenue is not recognized and the costs incurred are recognized as an expense.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its FVLCD and its VIU. The FVLCD calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on estimated future cash flows. The FVLCD calculation is based on a DCF model. The cash flows are derived from the Company's forecast for the next year and does not include significant future investments that could enhance the asset's performance of the CGU being tested. Estimates for revenue growth and EBITDA margins were based on a review of historical information for each CGU, consideration of achievable rates and utilizations during the forecast period, and consideration of future prospects given management's understanding of the operating environment. The discount rates used for each CGU were estimated based on the assumed weighted average cost of capital for a notional purchaser of each CGU. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows, margins, and the growth rate used for extrapolation purposes.

The Company is required to make judgments regarding the need for impairment at each reporting date by evaluating conditions specific to the organization that may lead to the impairment of assets.

Asset Retirement Obligations

The Company has recognized a provision for asset retirement obligations associated with land leases held by the Company. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the camps from the leases and the expected timing of those costs.

Onerous Contracts

The Company has recognized a provision relating to an onerous contract for a portion of a head office lease held by the Company. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates and the economic benefits expected to be received under the contract.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Additional estimates

Other estimates that management is required to make to conform with IFRS and prepare timely consolidated financial statements includes accrual of unsettled transactions, collectability of accounts receivable, recognition of provisions and contingent obligations, the estimated useful lives of property and equipment, and useful lives of intangible assets. Accordingly, actual results may differ from estimated amounts. Management has also used judgment in the estimates used in pricing its options and long-term share-based compensation plans and the determination of functional currency.

If the underlying estimates and assumptions, upon which the consolidated financial statements are based, change in future periods, actual amounts may differ from those included in the accompanying consolidated financial statements.

4. CAPITAL MANAGEMENT

Black Diamond's primary objectives when managing capital are:

- to maintain the strength of its statement of financial position, ensuring Black Diamond's strategic objectives are met, while retaining an appropriate amount of leverage; and
- to provide an appropriate return to shareholders relative to the risk of Black Diamond's underlying assets.

Black Diamond manages its capital structure within guidelines approved by the Board of Directors of the Company, and makes adjustments in light of changes in economic conditions, planned requirements, and the requirements of financial covenants. Black Diamond considers its capital structure to include shareholders' equity, short and long term credit facilities, and working capital. Black Diamond has the ability to adjust its capital structure by issuing or repurchasing equity or issuing or repaying debt, selling assets to reduce debt, controlling the amount it dividends to the shareholders and making adjustments to its capital expenditure program. The only restriction Black Diamond has on its capital is in respect of certain financial covenants contained in its credit facilities and senior secured notes disclosed in Note 15. Breaches in meeting the financial covenants would permit its lenders to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current or past periods.

Effective March 6, 2017 and December 29, 2017, Black Diamond has amended its facilities. Refer to Note 15 Long-Term Debt.

Black Diamond monitors capital using the Funded Debt to Bank EBITDA[(1)] ratio. Funded Debt in a non-GAAP measure calculated as long-term debt excluding deferred financing costs and demand operating facilities plus debt guaranteed by subsidiaries. At December 31, 2017, the Funded Debt to Bank EBITDA[(1)] ratio is 3.53 (December 31, 2016 - 2.64). Bank EBITDA, a non-GAAP measure, is defined as follows:

	December 31, 2017	December 31, 2016
	$	$
Loss for the year	**(95,410)**	(64,150)
Add (Deduct):		
Share-based compensation (note 19)	**2,536**	1,328
Depreciation (note 8) and amortization (note 9)	**47,079**	52,514
Finance costs (note 23)	**7,652**	6,540
Onerous contracts (note 12)	**—**	3,316
Restructuring costs (note 24)	**2,885**	—
Impairment loss (notes 8, 9 and 10)	**98,158**	49,934
Share of loss in associate (note 6)	**—**	5,813
Current income taxes (note 14)	**(7,399)**	(2,834)
Deferred income taxes (note 14)	**(23,833)**	(11,256)
Pre-acquisition EBITDA of acquired entities	**781**	895
Bank EBITDA (1)	**32,449**	42,100

(1) Bank EBITDA is not a recognized measure under IFRS. Bank EBITDA is a useful supplemental measure in calculating the Company's bank covenants. The Company's method of calculating Bank EBITDA may differ from other entities and accordingly, may not be comparable to measures used by other entities.

5. ACCOUNTS RECEIVABLE

	December 31, 2017	December 31, 2016
	$	$
Current		
Trade and accrued receivables	**29,187**	21,292
Finance lease receivables where Company is the lessor	**91**	259
Due from related parties (note 28)	**—**	421
Provision for doubtful accounts	**(349)**	(993)
Total current accounts receivable	**28,929**	20,979
Other long-term assets	**1,697**	973

a) Trade and accrued receivables

Trade receivables are aged from the date of invoicing, with normal payment terms being net 30 days.

The aging of the trade and accrued receivables is as follows:

	December 31, 2017	December 31, 2016
Current accounts receivable, net of provision for doubtful accounts	$	$
Amounts not yet due	**15,197**	11,735
Past due not more than 30 days, but not impaired	**9,203**	5,302
Past due not more than 60 days, but not impaired	**1,768**	1,238
Past due not more than 90 days, but not impaired	**1,275**	458
Past due greater than 90 days, but not impaired	**1,486**	2,246
Total current accounts receivable, net of provision for doubtful accounts	**28,929**	20,979

Credit risk is the risk that Black Diamond will experience financial loss if a customer does not fulfill its contractual obligations to the Company. Refer to Note 16 Financial Instruments for further analysis and discussion of credit risk.

b) Provision for doubtful accounts

Management expects full collection on accounts receivable that are neither past due nor impaired. A provision 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.

	December 31, 2017	December 31, 2016
Movement in provision for doubtful accounts	**$**	$
As at January 1,	**993**	836
Amount provided in year	**314**	1,058
Written off in year	**(958)**	(901)
As at December 31,	**349**	993

6. SHARE OF LOSS IN ASSOCIATE

On July 31, 2015, the Company sold its construction services operation to Northern Frontier Corp. ("Northern Frontier") for base consideration of $9,800 consisting of shares of Northern Frontier and a promissory note receivable. The consideration also included an option to convert a portion of the note receivable into a prepaid lease expense upon execution of a land lease. The land lease was signed in May 2016.

As of July 12, 2016, the Company no longer had significant influence over Northern Frontier.

On July 14, 2016, Northern Frontier announced that their senior secured lenders demanded repayment under their credit facilities and entered into receivership. As a result, Black Diamond reduced the note receivable from Northern Frontier to $nil and recorded a share of loss in associate of $5,813 for the year ended December 31, 2016. The Company expects to continue to lease yard space for fleet storage under the five year land lease and has recorded a prepaid lease expense.

7. 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 closed on March 6, 2017 and 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.

The final allocation of the fair value of the net assets acquired and aggregate consideration is presented below.

	March 1, 2017
Fair value of net assets acquired:	$
Accounts receivable	939
Inventory and other current assets	620
Property and equipment	33,566
Intangible assets (1)	6,857
Accounts payable and accrued liabilities	(531)
Customer deposits	(451)
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 this business of approximately $17,312 and $1,998, respectively. If the business combination had occurred on January 1, 2017, the Company would have recognized pro forma revenue and profit for the twelve months ended December 31, 2017 of approximately $19,562 and $2,273, respectively. EBITDA for the ten month period from the closing date to December 31, 2017 was $6,070. EBITDA is a non-GAAP measure calculated as earnings before finance costs, tax expense, depreciation, and amortization. Acquisition costs of $636 are included in administrative expenses for the twelve months ended December 31, 2017. The proforma results are not necessarily indicative of the results from operations had the transaction actually closed on January 1, 2017 nor of future results.

On January 16, 2017, Black Diamond acquired 116 modular units from Travelite Trailers Inc. 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.

8. PROPERTY AND EQUIPMENT

	Land and improvements	Building	Leasehold improvements	Computers, furniture, service equipment and websites	Space rentals fleet equipment	Workforce accommodation rental fleet	Surface rental equipment	Carry-on options	Deposits on equipment	ARO	Total
	$	$	$	$	$	$	$	$	$	$	$
Cost											
January 1, 2017	19,935	5,291	25,077	15,636	173,970	494,479	38,174	9,867	504	8,528	791,461
Additions	3,559	820	2,539	254	46,489	1,904	—	2,539	8	1,842	59,954
Disposals	(7,975)	(1,983)	—	(112)	(6,768)	(24,668)	(960)	(342)	—	—	(42,808)
Transfers	—	—	—	541	(290)	(90)	(58)	(5)	(98)	—	—
Translation and other adjustments	(410)	(37)	(23)	(94)	(4,040)	(3,761)	—	(33)	(81)	(883)	(9,362)
December 31, 2017	15,109	4,091	27,593	16,225	209,361	467,864	37,156	12,026	333	9,487	799,245
Accumulated Depreciation											
January 1, 2017	887	2,010	16,718	11,122	49,028	215,237	30,449	8,776	—	3,650	337,877
Charge for the year	155	230	1,997	1,626	9,443	27,342	928	1,053	—	1,608	44,382
Impairment (note 10)	—	—	1,867	356	30	66,707	—	—	—	—	68,960
Disposals	(405)	(531)	—	(92)	(1,484)	(15,377)	(802)	(260)	—	—	(18,951)
Transfers	—	—	—	53	(57)	54	(45)	(5)	—	—	—
Translation and other adjustments	(31)	(36)	(23)	(70)	(1,089)	(1,037)	—	(22)	—	—	(2,308)
December 31, 2017	606	1,673	20,559	12,995	55,871	292,926	30,530	9,542	—	5,258	429,960
Net Book Value											
December 31, 2017	14,503	2,418	7,034	3,230	153,490	174,938	6,626	2,484	333	4,229	369,285

Total additions of $23,581 (December 31, 2016 - $15,179) excludes $34,531 of assets acquired in business combinations (see Note 7) and non-cash additions of $1,842 relating to ARO. The purchase of land and property in Texas was $4,132, with the remainder of additions substantially all fleet assets.

Included in direct costs on the Consolidated Statement of Net Income (Loss) are disposals of assets with a net book value of $14,835 (December 31, 2016 - $6,001).

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 29 Commitments. Black Diamond completed other sales of real estate properties for cash consideration of $899, resulting in a gain of $295. Costs related to the real estates sales for the year were $465.

Transfers include reclassifications between asset categories to reflect the re-purposing of assets and the application of deposits.

8. PROPERTY AND EQUIPMENT (continued)

	Land and improvement s	Buildin g	Leasehold improvement s	Computer s, furniture and service equipment	Space rentals fleet equipment	Workforce accommodatio n rental fleet	Surface rental equipment	Carry-on options	Deposits on equipment	ARO	Total
	$	$	$	$	$	$		$	$	$	$
Cost											
January 1, 2016	20,139	5,345	22,526	14,239	171,657	497,507	38,851	11,041	504	7,178	788,987
Additions	8	0	1,924	1,398	10,666	4,756	41	6	23	1,376	20,198
Disposals	—	—	—	(563)	(3,408)	(6,317)	(664)	(193)	—	—	(11,145)
Transfers	—	(34)	647	648	608	(856)	(54)	(948)	(11)	—	—
Translation adjustment	(212)	(20)	(20)	(86)	(5,553)	(611)	—	(39)	(12)	(26)	(6,579)
December 31, 2016	19,935	5,291	25,077	15,636	173,970	494,479	38,174	9,867	504	8,528	791,461
Accumulated Depreciation											
January 1, 2016	741	1,743	13,788	9,121	39,793	148,676	16,468	9,355	—	2,731	242,416
Charge for the period	156	331	2,279	1,556	8,104	34,697	3,033	911	—	919	51,986
Impairment	—	—	—	431	3,053	34,916	11,534	—	—	—	49,934
Disposals	—	—	—	(262)	(1,012)	(3,279)	(558)	(33)	—	—	(5,144)
Transfers	—	(47)	667	322	170	353	(28)	(1,437)	—	—	—
Translation adjustment	(10)	(17)	(16)	(46)	(1,080)	(126)	—	(20)	—	—	(1,315)
December 31, 2016	887	2,010	16,718	11,122	49,028	215,237	30,449	8,776	—	3,650	337,877
Net Book Value											
December 31, 2016	**19,048**	**3,281**	**8,359**	**4,514**	**124,942**	**279,242**	**7,725**	**1,091**	**504**	**4,878**	**453,584**

9. GOODWILL AND INTANGIBLE ASSETS

Goodwill	2017 $	2016 $
As at January 1,	**34,560**	34,740
Impairment loss (note 10)	**(24,471)**	—
Translation adjustment (net)	**(344)**	(180)
As at December 31,	**9,745**	34,560

Goodwill is allocated to the reportable segments as reflected in the segmented information (note 27).

Intangible Assets	2017 $	2016 $
Cost		
January 1,	**17,853**	15,954
Additions (note 7)	**6,857**	2,053
Translation adjustment	**(448)**	(154)
December 31,	**24,262**	17,853
Accumulated amortization		
January 1,	**8,649**	8,210
Charge for the year	**2,697**	528
Impairment loss (note 10)	**4,727**	—
Translation adjustment	**(233)**	(89)
December 31,	**15,840**	8,649
Net Book Value		
December 31,	**8,422**	9,204

Intangible assets consists mainly of customer relationships, non-compete agreements and trademarks. Intangible assets belong to the reportable segments as reflected in the segmented information (note 27).

10. IMPAIRMENT

Per IAS 36 requirements, all CGUs with goodwill were tested. This included Camps & Lodging and the group of CGUs BOXX Modular West, BOXX Modular East, and BOXX Modular US. The BOXX CGUs were tested for impairment at the aggregated BOXX North America level because together they meet the aggregation criteria, specifically that the group of CGUs are expected to benefit together from the synergies created by the acquisitions on which the goodwill arose.

This resulted in a total pre-tax impairment charge to Camps & Lodging of $98,158, which includes a charge to goodwill of $24,471. The remaining excess of carrying amount of assets over the recoverable amount resulted in an impairment charge to property and equipment of $68,960 and intangible assets of $4,727.

10. IMPAIRMENT (continued)

The circumstances that led to the recognition of impairment in the Camps & Lodging CGU are primarily the ongoing impact of low commodity prices on our customer's activities, including decreasing demand and oversupply in the market of fleet with shared washrooms, the temporary shut down of a certain lodge, and the absence of long-term rental contracts in a quarter where activity typically increases.

The Company calculated FVLCD using a discounted cash flow method that projects future cash flows over a 5-year period. Revenue and cash flow assumptions were based on a combination of past results and expectations of future growth throughout a business cycle, not the cash flows based on trough or peak earnings. These cash flows are estimated with reference to assumptions about rates and utilization levels, the Company's cost of capital, capital expenditures, future energy and mined minerals prices, anticipated capital spending by customers, anticipated government infrastructure spending, and industry and local market conditions that might directly impact the individual CGUs' operations in the future. These fair value measurements are categorized as Level 3 in the fair value hierarchy as certain significant inputs are not observable. In addition, a terminal value is estimated, using a capitalized cash flow approach with a long-term growth rate of 2%. These cash flows are then discounted using a long-term weighted average cost of capital based on an estimate of investment returns that would be required by a market participant. A change in any of these assumptions could result in a change in the impairment charge.

The following table summarizes the key assumptions of the impairment test for each CGU:

CGU	Recoverable Amount	Terminal Growth Rate	Discount Rate
Camps & Lodging	123,600	2.0%	12.5%
BOXX Modular West	91,100	2.0%	10.8%
BOXX Modular East	19,300	2.0%	10.8%
BOXX Modular US	54,900	2.0%	10.8%

The estimation of FVLCD involves significant judgment in the determination of inputs to the discounted cash flow model and is most sensitive to changes in terminal growth rate and discount rates. These key assumptions were tested for sensitivity by applying a reasonably possible change to those assumptions. Future terminal growth rates were reduced by 0.5% and discount rates were increased by 0.5%. For the group of BOXX Modular CGUs, these assumption changes had no impact to the impairment charge. For Camps & Lodging, a 0.5% reduction in the terminal growth rate would result in an increased impairment charge of $3,800 and a 0.5% increase in discount rate would result in an increased impairment charge of $3,500.

The non-cash impairment loss does not affect the Company’s liquidity, cash flows from operating activities, or debt covenants and does not impact the future operations of the CGUs.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2017	December 31, 2016
	$	$
Trade payables	**15,015**	9,720
Accruals	**14,901**	5,238
Onerous contract provision (note 12)	**1,105**	1,105
Interest payable	**873**	964
Provision for guarantee of debt of an investee	**799**	2,073
Due to related parties (note 28)	**246**	306
Other payables	**2,379**	2,868
Total accounts payable and accrued liabilities	**35,318**	22,274

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Accrued liabilities are estimates of amounts due for goods and services that have been received but not yet invoiced.
- Provision for guarantee of debt of an investee is payable on demand.

12. ONEROUS CONTRACT

In 2016, the Company recognized $3,316 relating to an onerous contract provision for a portion of a head office lease. The provision represents management's estimate of the minimum unavoidable future lease obligations relating to space to be unoccupied. This estimate may vary as a result of changes in the estimated economic benefits expected to be received under the contract. There have been no changes to the provision estimate for 2017. As at December 31, 2017 long-term liabilities associated with the provision were $1,013 (December 31, 2016 - $2,119) and current liabilities classified under accounts payable and accrued liabilities were $1,105 (December 31, 2016 - $1,105).

13. DIVIDENDS

Effective August 3, 2017, Black Diamond suspended its dividend and Dividend Reinvestment Plan ("DRIP").

During the year ended December 31, 2017 and 2016, Black Diamond's dividends on common shares of record were as follows:

	2017			2016		
	Dividends per share	**Dividends**		Dividends per share	Dividends	
Month Ended	**$**	**$**		$	$	
January	**0.025**	**1,162**	(a)	0.050	2,055	
February	**0.025**	**1,163**	(a)	0.050	2,055	
March	**0.025**	**1,377**	(a)	0.025	1,028	
April	**0.025**	**1,378**	(a)	0.025	1,028	
May	**0.025**	**1,379**	(a)	0.025	1,028	
June	**0.025**	**1,381**	(a)	0.025	1,028	
July	**0.025**	**1,383**	(a)	0.025	1,162	
August	—	—		0.025	1,162	
September	—	—		0.025	1,162	
October	—	—		0.025	1,162	
November	—	—		0.025	1,162	
December	—	—		0.025	1,162	(a) (b)
Total dividends declared		**9,223**			15,194	

(a) - Dividend payments made in 2017
(b) - Dividends payable

The total dividends declared consists of $8,059 (December 31, 2016 - $15,194) that were paid in cash and 408 common shares that were issued under the DRIP valued at $1,237 (December 31, 2016 -$nil).

14. INCOME TAXES

Deferred Tax Liabilities and Assets

The following are the major deferred tax liabilities and assets recognized by the Company and movements thereon during the year:

	Property & Equipment	Partnership deferral	Goodwill and intangible assets	Finance fees	Tax loss carry forward	Other	Total
	$	$	$	$	$	$	$
January 1, 2016	83,677	1,964	3,507	(337)	(16,767)	(238)	71,806
Recognized in loss for the year	(3,884)	(1,964)	(235)	279	(4,707)	(745)	(11,256)
Recognized in equity	—	—	—	(430)	—	—	(430)
Recognized in OCI	(814)	—	(27)	—	398	—	(443)
December 31, 2016	78,979	—	3,245	(488)	(21,076)	(983)	59,677
Recognized in loss for the year	**(24,826)**	**—**	**(1,996)**	**210**	**2,340**	**439**	**(23,833)**
Recognized in equity	**—**	**—**	**—**	**(520)**	**—**	**—**	**(520)**
Recognized in OCI	**(1,664)**	**—**	**(34)**	**—**	**1,194**	**—**	**(504)**
December 31, 2017	**52,489**	**—**	**1,215**	**(798)**	**(17,542)**	**(544)**	**34,820**

No deferred tax liability has been recognized for temporary differences associated with investments in subsidiaries and joint ventures as the Company is in a position to control the entities and it is considered probable that these timing differences will not reverse in the foreseeable future.

Unrecognized Tax Assets

Deferred tax assets were not recognized on the following deductible temporary differences:

	2017	2016
	$	$
Canadian net capital losses	**2,502**	4,735
International non-capital losses and property and equipment	**35,368**	36,886
Total	**37,870**	41,621

Effective Tax Rate

The following is a reconciliation of income tax recovery calculated at the statutory Canadian income tax rate to the income tax provision included in the Consolidated Statement of Net Income (Loss).

14. INCOME TAXES (continued)

	2017	2016
	$	$
Loss before income taxes	**(127,644)**	(77,207)
Provision for income taxes at statutory rate of 26.80% (2015 - 26.85%)	**(34,209)**	(20,730)
Increase (decrease) in income taxes due to:		
Non-deductible items	**759**	700
Non-controlling interests	**286**	(279)
Changes in tax rates impacting deferred taxes	**(1,973)**	30
Foreign jurisdiction rate difference	**(468)**	(1,979)
Change in unrecognized tax benefits	**(782)**	8,876
Impairment of goodwill	**6,557**	—
Other	**(1,402)**	(708)
Income tax recovery for the year	**(31,232)**	(14,090)

The statutory rate decreased from 26.9% in 2016 to 26.8% in 2017 due to a change in provincial tax rates. On December 22, 2017, United States President Donald Trump signed into law "H.R.1", formerly known as the "Tax Cuts and Job Act", which, among other items, reduced the federal corporate tax rate to 21% (from 35%) effective January 1, 2018. Black Diamond reduced its deferred tax liability by $1,729 as a result of this tax rate change.

There is a current income tax receivable balance of $7,664 (2016 - $3,240) recorded in prepaid expenses and other current assets on the Consolidated Statement of Financial Position related to 2017 capital and non–capital loss carrybacks that are expected to be utilized when the 2017 tax returns are filed with the tax authorities.

15. LONG-TERM DEBT

	December 31, 2017	December 31, 2016
	$	$
Demand operating facilities	**1,216**	2,628
Committed extendible revolving operating facility	**49,400**	31,212
Senior secured notes	**64,800**	77,200
Costs associated with issue and restructuring of facilities	**(357)**	(1,942)
Amortization of costs associated with issue	—	1,603
Total long-term debt	**115,059**	110,701

Committed Extendible Revolving Operating Facility

Effective March 31, 2017, the committed extendible revolving facility was amended to reduce the maximum principal amount to $100,000 (December 31, 2016 - $168,000) with a maturity on April 30, 2019. The facility

15. LONG-TERM DEBT (continued)

has an accordion feature that allows for the expansion of the facility up to an aggregate of $150,000 (December 31, 2016 - $268,000), upon lender commitment. If all or any portion of the $50,000 accordion is not provided by the lenders, the committed extendible revolving operating facility authorizes the Company to obtain the remaining amount from any third parties subject to certain conditions in the committed extendible revolving operating facility. The accordion feature may not be drawn while the ratio of Funded Debt to Bank EBITDA exceeds 3.00:1. The facility is collateralized by a general security agreement from Black Diamond and a guarantee and general security agreement from each of its material subsidiaries. On December 29, 2017, the facility was further amended to increase the accordion to $75,000 and extend the maturity to April 30, 2020.

As at December 31, 2017, the Company's draws under the committed extendible revolving operating facility were comprised of $7,331 related to an overdraft balance (December 31, 2016 - $6,212), and $42,069 of bankers' acceptance and LIBOR draws (December 31, 2016 - $25,000).

For the year ended December 31, 2017, the average interest rate applied to amounts drawn on the committed extendible revolving operating facility was 4.15% (December 31, 2016 - 2.84%).

Demand Operating Facility

Black Diamond, through one of its partnerships, has a $5,000 operating facility to fund working capital requirements of the partnership. The facility bears interest at a rate of prime plus 1.15% and incurs standby fees of 0.25% for any unused portion of the authorized amount whereby the authorized limit is 75% of good accounts receivable calculated at the end of each month. At December 31, 2017, the effective interest rate was 4.10% (December 31, 2016 - 3.85%). The facility is secured by assets of the partnership, with no recourse to Black Diamond. As at December 31, 2017, the Company's draws under the demand operating facility were $1,216 (December 31, 2016 - $563). Black Diamond has the discretion to refinance the demand operating facility for at least twelve months through its committed revolving operating facility and hence classified the obligation as long-term.

Senior Secured Notes

On July 7, 2011, Black Diamond Limited Partnership completed a private placement of senior secured notes "the 2011 Notes"). These notes, which rank pari passu with the senior secured credit facility, have a principal amount of $24,800 (December 31, 2016 - $37,200), an interest rate of 5.44% per annum and mature on July 8, 2019. The senior secured notes are repaid through annual payments, each in the amount of $12,400.

On July 3, 2013, Black Diamond Limited Partnership completed a private placement of senior secured notes ("the 2013 Notes"). These notes, which rank pari passu with the senior secured credit facility, have a principal amount of $40,000, an interest rate of 4.58% per annum and mature on July 3, 2022. The senior secured notes are repaid through annual repayments, each in the amount of $13,333 with the first annual payment beginning July 3, 2020.

Effective March 31, 2017, both notes were amended to increase the interest rate by 0.50% per annum (amended interest rate for the 2011 Notes - 5.94% and 5.08% for the 2013 Notes). On December 29, 2017, the notes were further amended to increase the interest rate by another 0.50% per annum (amended interest rate for the 2011 notes - 6.44% and 5.58% for the 2013 notes), restructure the 2011 notes' annual principal

15. LONG-TERM DEBT (continued)

payments to quarterly payments of $3,543 starting January 7, 2018 and introduce an additional 0.50% interest payment for any quarterly reporting periods where Funded Debt to Bank EBITDA exceeds 4.00. Black Diamond has the discretion to refinance the senior secured notes for at least twelve months through its committed revolving operating facility and hence classified the current portion of obligation as long-term.

Debt Covenants

Effective March 31, 2017, the committed extendible revolving operating facility debt covenants, restriction on dividends and restriction on capital expenditures where amended. On December 29, 2017, the committed extendible revolving operating facility debt covenants were further amended to include a fixed charge covenant and the Funded Debt to Bank EBITDA ratio covenant is amended to a maximum ratio of:

a. 4.50:1 for fiscal quarters ending March 31, 2017 through to and including December 31, 2018;
b. 4.25:1 for fiscal quarters ending March 31, 2019;
c. 4.00:1 for the fiscal quarter ending June 30, 2019;
d. 3.75:1 for the fiscal quarter ending September 30, 2019;
e. 3.50:1 for the fiscal quarter ending December 31, 2019; and
f. 3.00:1 for all fiscal quarters thereafter.

The restriction on dividends covenant calculation was amended such that the annualized current quarter cash distributions cannot exceed trailing twelve month Adjusted EBITDA less non-controlling interest, adjusted for acquisitions or disposals, less current income tax expense, less interest expense, less capital lease payments, less $10,000 (previously $20,000). When Funded Debt to Bank EBITDA ratio is above 3.00:1, lender approval would be required whenever organic net capital expenditures exceed $25,000 for a calendar year. Further, lender approval would be required whenever any business acquisition capital expenditure exceeds $5,000. Corresponding covenant amendments were also granted under Black Diamond's senior secured notes.

At December 31, 2017, Black Diamond was in compliance with all of its debt covenants. Breach of any term or condition of the extendible revolving operating facility, demand operating facilities, or the senior secured notes would result in an event of default in which case Black Diamond may have available specific cure periods to remedy such default. If the default is not remedied or waived, the lenders have the option to declare the obligations of Black Diamond under the extendible revolving operating facility and the senior secured notes to be immediately due and payable without presentment, demand, protest or further notice of any kind.

Covenant as at December 31, 2017	Required	Actual
Funded Debt to Bank EBITDA Ratio	≤ 4.50:1	3.53
Interest Coverage Ratio	≥ 3.00:1	5.06
Fixed Charge Covenant	≥ 1.00:1	2.55

15. LONG-TERM DEBT (continued)

Offset Banking System

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

The Company also entered into an account consolidation agreement which allows for the inclusion of US dollar accounts in the compensation calculation noted above.

16. FINANCIAL INSTRUMENTS

Analysis of financial assets and liabilities

	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at amortized cost
	$	$	$
Cash and cash equivalents	**2,497**	**—**	**—**
Current accounts receivable	**—**	**28,929**	**—**
Other long-term assets	**—**	**1,697**	**—**
Accounts payable and accrued liabilities	**—**	**—**	**35,318**
Long-term debt [(a)]	**—**	**—**	**115,416**
December 31, 2017	**2,497**	**30,626**	**150,734**
Cash and cash equivalents	6,119	—	—
Current accounts receivable	—	20,979	—
Long-term accounts receivable	—	973	—
Accounts payable and accrued liabilities [(a)]	—	—	22,274
Long-term debt [(a)]	—	—	111,040
December 31, 2016	6,119	21,952	133,314

(a) The amounts in the table above exclude deferred financing costs (note 15) as they are not considered financial assets.

Black Diamond had no held to maturity investments, available for sale financial assets or liabilities at fair value through profit or loss at December 31, 2017 or December 31, 2016.

Fair value of financial instruments

The fair value of the Company's senior secured notes is considered to be level 2 and determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. There is no material difference between the fair value of the senior secured notes and their carrying value of $64,800 (December 31, 2016 - $77,200).The Company's own non-performance risk as at December 31, 2017 was assessed to be insignificant.

There are no other material differences in the carrying amounts of those instruments classified as financial assets at fair value through profit or loss, loans and receivables, available for sale financial assets, or financial liabilities measured at amortized cost and their estimated fair values.

Financial risk management objectives and policies

The Company's principal financial liabilities are comprised of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables and cash that derive directly from its operations.

16. FINANCIAL INSTRUMENTS (continued)

The Company is exposed to interest rate risk, liquidity risk and credit risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk and treasury department that advises on financial risks and the appropriate financial risk governance and cash management strategies for the Company.

a) Interest rate risk

Interest rate risk arises from the possibility of the future cash flows of a financial instrument fluctuating as a result of changes in the market rates of interest. Black Diamond is subject to both cash flow interest rate risk on its committed extendible revolving operating facility and fair value risk on the senior secured notes based on their fixed rate of interest. The required cash flow to service certain credit facilities will fluctuate as a result of changes in market rates.

A 1% increase in interest rates in the year, assuming debt patterns consistent with those that actually occurred in 2017, when annualized, would have resulted in a 2017 net income sensitivity of approximately $529 (2016 - $617).

b) Liquidity risk

Black Diamond is exposed to liquidity risk, which is the risk that the Company may be unable to generate or obtain sufficient cash resources to meet its commitments as they come due. Black Diamond mitigates this risk through its management of cash, debt, capital expenditures and its level of dividends.

The table below summarizes the maturity profile of the Company's financial liabilities and commitments based on contractual undiscounted payments, including interest on the senior secured notes.

	Less than 3 months	3-12 months	1-5 years	Greater than 5 years	Total
	$	$	$	$	$
Accounts payable and accrued liabilities	**34,519**	**799**	**—**	**—**	**35,318**
Long-term debt	**3,914**	**12,700**	**108,693**	**—**	**125,307**
Commitments (note 29)	**1,138**	**5,693**	**21,070**	**17,302**	**45,203**
December 31, 2017	**39,571**	**19,192**	**129,763**	**17,302**	**205,828**
Accounts payable and accrued liabilities	20,201	2,073	—	—	22,274
Dividends payable	1,162	—	—	—	1,162
Long-term debt	—	—	109,002	13,947	122,949
Commitments	800	3,999	13,720	17,420	35,939
December 31, 2016	22,163	6,072	122,722	31,367	182,324

16. FINANCIAL INSTRUMENTS (continued)

Black Diamond maintains sufficient unused capacity in its revolving credit facilities to meet short-term working capital requirements. Black Diamond manages its liquidity requirements through the use of short and long-term cash forecasts maintaining conservative working capital balances as well as a conservative payout ratio in respect of its dividend policy.

On a regular basis, management monitors its ability to meet long-term debt, capital lease and asset retirement obligations as well as the commitments as disclosed in Note 29. Management believes the Company has adequate liquidity to meet these obligations, due to the unused capacity of the committed extendible revolving operating facility as well as the unleveraged value of its assets.

c) Credit risk

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 credit 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. Credit quality of a customer is assessed based on credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and the allowance for doubtful accounts are monitored by management on a weekly basis. Accounts receivable are considered for impairment on a case-by-case basis when they are past due to determine if there is any objective evidence of impairment that a customer will default. Accounts receivable that are past due but not impaired are receivables where customers have failed to make payments when contractually due, but we expect the full amount to be collected.

The maximum exposure to credit risk at the reporting date relating to the counterparties to which Black Diamond provides rentals and/or services, is the carrying value of the Company's accounts receivables as disclosed in Note 5. Management assesses impairment after taking into consideration the customer's payment history, their credit worthiness, the current economic environment in which the customer operates and their establishment within their respective industries. To date, Black Diamond's bad debts have not been significant and are limited to specific customer circumstances.

Given the current economic operating environment for the oil and gas industry, certain customer's ability to fulfill their payment obligations can change suddenly and without notice. Based on the physical location of the majority of the fleet, Black Diamond Camps & Lodging has a concentration of credit risk in the oil and gas industry with three (December 31, 2016 - two) customers having approximately 25% (December 31, 2016 - 30%) of total trade accounts receivable. These customers are significant participants in the oil and gas industry and have a proven track record of payment.

d) Foreign currency sensitivity

The impact on the Company's profit before tax due to changes in the fair value of the monetary assets and liabilities denominated in USD and AUD exchange rates is not material. The impact on the Company's other comprehensive income of a 10% change in the USD and AUD exchange rates at the reporting date for the year ended December 31, 2017 is $10,519 (December 31, 2016 - $13,546).

17. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of assets and liabilities measured at fair value:

		Fair value measurement using		
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$	$	$	$
December 31, 2017				
Assets measured at fair value:				
Cash and cash equivalents	2,497	2,497	—	—
December 31, 2016				
Assets measured at fair value:				
Cash and cash equivalents	6,119	6,119	—	—

18. ASSET RETIREMENT OBLIGATIONS

Black Diamond's asset retirement obligations relate to closure and post-closure costs related to camps where the Company has assumed the land lease obligations. Black Diamond estimates the undiscounted, inflation-adjusted cash flows required to settle these obligations at December 31, 2017 to be $10,725 (December 31, 2016 - $9,593). Management has estimated the present value of this obligation at December 31, 2017 to be $9,923 (December 31, 2016 - $8,790) using an inflation rate of 2.0% (December 31, 2016 - 2.0%) and pre-tax weighted average risk-free interest rate of 1.5% (December 31, 2016 - 1.0%) that reflects current market assessments of the time value of money. These obligations are expected to be incurred over an estimated period from 2019 to 2024.

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

	December 31, 2017	December 31, 2016
	$	$
As at January 1,	**8,790**	7,337
Additions	**1,842**	1,087
Accretion in year (note 23)	**86**	77
Revisions	**(795)**	289
As at December 31,	**9,923**	8,790

19. 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.

	December 31, 2017		December 31, 2016	
	Number	**Amount**	Number	Amount
Issued - Common shares		**$**		$
As at January 1,	**46,102**	**345,865**	41,024	321,050
Issued on share offering (note 19 (b))	**8,507**	**31,900**	5,394	27,240
Share issue costs, net of tax	**—**	**(1,425)**	—	(1,168)
Issued under DRIP (note 19 (c))	**408**	**1,237**	—	—
Net purchase of shares in trust (note 19 (d))	**(27)**	**(73)**	(337)	(1,486)
Vesting of shares in trust (note 19 (d))	**53**	**310**	21	229
As at December 31,	**55,043**	**377,814**	46,102	345,865

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 August 3, 2017, Black Diamond suspended its dividend and 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 of 3%.

d) Share-Based Compensation Plans

(i) Share option plan

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

The aggregate number of common shares of the Company that may be issued pursuant to the exercise of options granted under the Option Plan and all other share compensation arrangements of Black Diamond shall not exceed 10% of the outstanding common shares of Black Diamond from time to time. At December 31, 2017, there were 2,481 common shares (December 31, 2016 - 2,686) reserved for issuance upon the exercise of options granted pursuant to the Option Plan. The exercise price of each option equals the weighted average trading price of the common shares for the five trading days preceding the date of the grant. Outstanding

19. SHARE CAPITAL (continued)

options granted under the Option Plan generally vest on a straight line basis over three years and the option term is five years from the date of grant.

(expressed in thousands except per share amounts 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	363	20.98	0.22	363	3.30
November 15, 2013	85	27.43	0.87	85	5.21
January 9, 2015	455	12.35	2.02	297	1.46
March 20, 2015	10	13.67	2.22	7	1.78
March 11, 2016	339	4.72	4.19	113	1.03
March 21, 2017	638	3.60	4.21	—	0.81
August 14, 2017	411	1.74	4.62	—	0.74
September 12, 2017	120	1.91	4.70	—	0.83
September 22, 2017	60	1.86	4.73	—	1.00
Balance December 31, 2017	2,481			865	
Weighted average		8.33	3.07	16.47 (1)	

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

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

	2017		2016	
	Number of options outstanding	**Weighted average exercise price per share**	Number of options outstanding	Weighted average exercise price per share
		$		$
As at January 1,	**2,686**	**16.38**	2,988	18.41
Granted	**1,397**	**2.83**	492	4.72
Expired	**(1,006)**	**20.40**	(323)	22.35
Forfeited	**(596)**	**10.62**	(471)	17.81
As at December 31,	**2,481**	**8.33**	2,686	16.38

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:

19. SHARE CAPITAL (continued)

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
January 9, 2015	8.00	34	1.00
March 20, 2015	7.31	37	0.46
March 11, 2016	11.61	52	0.49
March 21, 2017	8.33	51	1.02
August 14, 2017	—	54	1.52
September 12, 2017	—	54	1.76
September 22, 2017	—	54	1.81

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 year ended December 31, 2017 was $860 (2016 – $231) for the costs related to the Share Option Plan.

19. SHARE CAPITAL (continued)

(ii) Other share-based plans

Restricted and Performance Award Incentive Plan ("Share Award Plan")

The Company has a Share Award Plan which provides for the grant of restricted awards ("RAs") and performance awards. The outstanding RAs entitle the holders to a sum (the "Award Value") to be paid on the third anniversary of the date of grant (the "Payment Date"). The Award Value is calculated at the Payment Date by multiplying the number of RAs by the fair market value of the common shares of the Company plus accrued dividends. On the Payment Date, the Company has the option of settling the Award Value to which a holder of RAs is entitled in the form of either cash or in common shares which may either be acquired by the Company on the stock exchange or issued from the treasury of the Company, or some combination thereof. The Company's intention is to settle the Award Value in common shares and it has therefore accounted for the RAs as equity-settled. Provided the Company maintains this intention and settles the Award Value through the issuance or purchase of common shares, it will continue to account for the RAs as equity-settled throughout their vesting period.

Deferred Share Unit Plan ("DSU Plan")

The Company has a DSU Plan pursuant to which it may make an annual grant of Deferred Share Units ("DSUs") to non-employee directors and non-employee directors may make an election to receive all or part of, in increments of 25%, their total annual remuneration in the form of DSUs. Pursuant to the DSU Plan, DSUs awarded as part of an annual grant typically vest on the first anniversary of the date of grant and DSUs granted in lieu of total annual remuneration vest on the date of grant; however, in each instance, such DSUs will not be released until the non-employee director has ceased to be a member of the board of directors of the Company. The Award Value is calculated at the Payment Date by multiplying the number of DSUs by the fair market value of the common shares of the Company plus accrued dividends. DSUs are settled at the Company's option in cash and/or common shares acquired by the Company on the stock exchange based on the common share price plus accrued dividends. The Company's intention is to settle the DSU Plan in common shares and it has therefore accounted for the DSU awards as equity-settled.

Incentive Award Plan ("IA Plan")

The Company has an IA Plan which provides for the grant of incentive awards ("IAs"). Subject to the terms and conditions of the IA Plan, the outstanding IAs either entitle the holder to a sum (the "IA Value") to be paid in equal tranches on the first, second and third anniversaries of the date of grant or to be paid on the third anniversary of the date of grant. The IA Value is calculated at the payment date(s) by multiplying the number of IAs by the fair market value of the common shares of the Company plus accrued dividends. On the applicable payment date, the Company has the option of settling the IA Value to which a holder of IAs is entitled in the form of either cash or in common shares which are acquired by the Company on the stock exchange or some combination thereof. The awards granted to employees outside Canada are settled in cash and are accounted for as a liability and the awards granted to employees in Canada are settled in common shares and are accounted for as equity-settled.

19. SHARE CAPITAL (continued)

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	—	—
Settled	(14)	15.14	—	—	—	—
December 31, 2016	297	5.52	153	4.72	43	4.78
Granted	230	3.60	466	2.80	57	3.40
Reinvested	23	3.04	20	2.93	5	2.92
Forfeited	(124)	4.78	(93)	4.03	(11)	4.19
Settled	(57)	6.97	—	—	—	—
December 31, 2017	369	4.19	546	3.13	94	3.91

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 December 31, 2017, these share-based plans include 139 units (December 31, 2016 - 63) that will be settled in cash. A liability is included in accounts payable and accrued liabilities in the amount of $493 (December 31, 2016 - $81).

Included in share-based compensation expense for the year ended December 31, 2017 was $1,676 related to the IA Plan, Share Award Plan and DSU Plan (December 31, 2016 - $1,097), $381 of which relates to cash settled awards.

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 December 31, 2017 there are 365 shares held in the Trusts (December 31, 2016 - 391).

20. NON-CONTROLLING INTERESTS

The non-controlling interests represent earnings attributable to the Fort Nelson First Nation's interest in the Black Diamond Dene Limited Partnership ("BDDLP"), the West Moberly First Nation's interest in the Black Diamond West Moberly Limited Partnership ("BDWMLP"), the Beaver Lake Cree Nation's interest in the Black Diamond Nehiyawak Limited Partnership ("BDNLP") and the Whitecap Dakota First Nation's interest in Whitecap Black Diamond Limited Partnership ("WCBDLP"). Management determines that the Company has control of all of these limited partnerships as it controls the general partner in all cases.

On September 28, 2009, Black Diamond Group Inc., as general partner, Black Diamond Limited Partnership and the Fort Nelson First Nation, as limited partners, formed Black Diamond Dene Limited Partnership through which Black Diamond and the Fort Nelson First Nation work together to provide services to resource development companies as well as other commercial and industrial activity in the Fort Nelson First Nation territory in northeastern British Columbia.

On October 1, 2010, Black Diamond Group Inc., as general partner, Black Diamond Limited Partnership and West Moberly First Nations, as limited partners, formed Black Diamond West Moberly Limited Partnership through which Black Diamond and the West Moberly First Nations work together to provide services to resource development companies as well as other commercial and industrial activity in the West Moberly First Nations territory in northeastern British Columbia.

On June 14, 2012, Black Diamond Group Inc., as general partner, Black Diamond Limited Partnership and the Beaver Lake Cree Nation, as limited partners, formed Black Diamond Nehiyawak Limited Partnership through which Black Diamond and the Beaver Lake Cree Nation work together to provide services to resource development companies as well as other commercial and industrial activity in the Beaver Lake Cree Nation territory in northeastern Alberta.

On December 2, 2014, Black Diamond Group Inc., as general partner, Black Diamond Limited Partnership and the Whitecap Dakota First Nation, as limited partners, formed Whitecap Black Diamond Limited Partnership through which Black Diamond and Whitecap Dakota First Nation work together to provide services to resource development companies as well as other commercial and industrial activity in the Whitecap Dakota Nation territory in central Saskatchewan.

The summarized aggregate financial information of these subsidiaries is provided below. Aggregate financial information is appropriate as the Company's subsidiaries are involved in a similar course of business in the same industry, as well as operating in western Canada. The information below is based on amounts before inter-company eliminations.

	2017	2016
Extract of Statement of Net Income:	**$**	$
Revenue	**23,033**	46,491
Direct costs	**22,772**	43,072
Gross profit	**261**	3,419
Profit (loss) for the year	**(2,004)**	2,065

20. NON-CONTROLLING INTERESTS (continued)

Summarized Statement of Financial Position:	December 31, 2017 $	December 31, 2016 $
Total current assets	**3,889**	9,188
Property and equipment and other non-current assets	**4,143**	7,291
Trade and other payables	**(2,697)**	(2,651)
Asset retirement obligation	**(720)**	(4,557)
Total net assets	**4,615**	9,271

21. REVENUE AND DIRECT COSTS

Revenue	2017 $	2016 $
Rental revenue	**61,906**	57,347
Lodging revenue	**16,877**	41,642
Non-rental revenue	**74,594**	53,604
Total revenue	**153,377**	152,593

During the year ended December 31, 2017, the Company had two significant customers in Canada (December 31, 2016 - three customers) that contributed greater than 10% of the Company's consolidated revenue, for a total of 31% (December 31, 2016 - 36%).

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 will be recognized within the next twelve months.

Direct Costs	2017 $	2016 $
Construction and transportation services	**26,992**	18,530
Used fleet sales (note 8)	**14,835**	6,001
Catering, utilities and other consumable costs	**13,333**	19,895
Repairs and maintenance	**10,704**	7,801
Subleased equipment	**7,559**	7,725
Personnel costs	**4,969**	5,560
Other direct costs	**8,125**	5,949
Total direct costs	**86,517**	71,461

21. REVENUE AND DIRECT COSTS (continued)

Operating lease commitments as lessor

Operating leases with the Company as lessor may include rentals of modular structures. Future minimum rentals receivable under non-cancellable operating leases are as follows:

	December 31, 2017	December 31, 2016
	$	$
Due within one year	**20,471**	26,625
Due later than one year and less than five	**8,471**	11,958
	28,942	38,583

22. ADMINISTRATIVE EXPENSES

	2017	2016
	$	$
Personnel costs	**19,795**	21,084
General administrative expenses	**8,393**	9,098
Occupancy and insurance	**10,132**	8,712
Acquisition costs	**636**	—
Total administrative expenses	**38,956**	38,894

23. FINANCE COSTS

	2017	2016
	$	$
Interest expense - net	**6,487**	6,139
Debt renewal and other lending fees (note 15)	**879**	130
Amortization of long-term debt set-up costs (note 15)	**200**	194
Accretion of asset retirement obligation (note 18)	**86**	77
Total finance costs	**7,652**	6,540

24. RESTRUCTURING COSTS

During the second quarter of 2017, 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. As at December 31, 2017 a remaining provision of $607 was classified within accounts payable and accrued liabilities.

25. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share are calculated on the profit attributable to Black Diamond per the Consolidated Statement of Net Income (Loss) for the period.

Reconciliation of weighted average number of shares	2017	2016
Weighted average common shares outstanding - basic and diluted	**52,857**	43,107

Excluded from diluted weighted average number of shares are 2,481 anti-dilutive options for the year ended December 31, 2017 (2016 - 2,686). Also excluded from diluted weighted average number of shares are 546 anti-dilutive Share Award Plan units for the year ended December 31, 2017 (2016 - 153).

26. SUPPLEMENTAL CASH FLOW INFORMATION

	December 31, 2017	December 31, 2016
	$	$
Decrease (increase) in accounts receivable	**(8,439)**	17,938
Decrease (increase) in prepaid expenses and other current assets	**(4,147)**	465
Decrease in accounts payable and accrued liabilities and other current liabilities	**(1,798)**	(165)
Change in non-cash working capital	**(14,384)**	18,238
Attributable to operating activities	**(15,950)**	19,309
Attributable to investing activities	**867**	1,930
Attributable to financing activities	**699**	(3,001)

The difference between the amounts disclosed above and the difference between balances per the Consolidated Statement of Financial Position is due to foreign currency translation adjustments.

Total tax received in cash for the year ended December 31, 2017 was $2,948 (December 31, 2016 - tax paid in cash was $175).

27. 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.

27. SEGMENTED INFORMATION (continued)

	2017	2016
	$	$
Revenue		
BOXX Modular	**65,052**	47,928
Camps & Lodging	**56,932**	80,686
Energy Services	**21,146**	15,424
International	**8,875**	6,659
Corporate and Other	**1,372**	1,896
Total Revenue	**153,377**	152,593
Depreciation of Property and Equipment		
BOXX Modular	**9,698**	7,487
Camps & Lodging	**24,493**	27,317
Energy Services	**6,924**	11,318
International	**1,727**	4,146
Corporate and Other	**1,540**	1,718
Total Depreciation	**44,382**	51,986
Profit (Loss)		
BOXX Modular	**8,037**	6,338
Camps & Lodging	**(102,826)**	13,857
Energy Services	**(3,608)**	(40,216)
International	**437**	(24,681)
Corporate and Other	**2,550**	(19,448)
Total Profit	**(95,410)**	(64,150)
Capital Expenditures (Additions)		
BOXX Modular (1)	**14,367**	7,069
Camps & Lodging	**2,558**	668
Energy Services	**1,592**	518
International	**733**	3,746
Corporate and Other	**4,331**	3,178
Total Capital Expenditures	**23,581**	15,179

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

27. SEGMENTED INFORMATION (continued)

	December 31, 2017	December 31, 2016
	$	$
Property and Equipment		
BOXX Modular	**150,875**	119,904
Camps & Lodging	**126,154**	224,500
Energy Services	**57,870**	66,562
International	**12,996**	14,896
Corporate and Other	**21,390**	27,722
Total Property and Equipment	**369,285**	453,584
Intangible Assets		
BOXX Modular	**8,422**	3,646
Camps & Lodging	**—**	5,558
Total Intangible Assets	**8,422**	9,204
Goodwill		
BOXX Modular	**9,745**	10,089
Camps & Lodging	**—**	24,471
Total Goodwill	**9,745**	34,560
Total Assets		
BOXX Modular	**178,549**	140,215
Camps & Lodging	**133,069**	271,150
Energy Services	**64,625**	70,614
International	**16,665**	16,869
Corporate and Other	**37,987**	32,808
Total Assets	**430,895**	531,656

27. SEGMENTED INFORMATION (continued)

Geographic and customer information

	2017	2016
	$	$
Revenue		
Canada	**108,652**	117,160
United States	**35,850**	28,774
Australia	**8,875**	6,659
Total Revenue	**153,377**	152,593

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

	December 31, 2017	December 31, 2016
	$	$
Property and Equipment, Intangibles and Goodwill		
Canada	**271,233**	376,553
United States	**103,216**	105,889
Australia	**13,003**	14,906
Total Property and Equipment, Intangibles and Goodwill	**387,452**	497,348

28. RELATED PARTY TRANSACTIONS

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

Key Management Personnel Compensation

	2017	2016
	$	$
Salaries, bonuses, fees and other short-term employee benefits	**2,042**	2,448
Share-based compensation	**1,216**	531
Total Compensation	**3,258**	2,979

The Company has defined key management personnel as senior executive officers and all members of the board of directors, as they have the collective authority and responsibility for planning, directing and controlling the activities of the Company. The amounts disclosed in the table above are the amounts recognized as an expense during the reporting period related to key management personnel.

28. RELATED PARTY TRANSACTIONS (continued)

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

	For the years ended December 31,		Due from related party as at December 31,		Due to related party as at December 31,	
	2017	2016	**2017**	2016	**2017**	2016
	$	$	**$**	$	**$**	$
Non-controlling interests						
Limited partners						
Royalties and distributions declared	**1,809**	2,707	**—**	—	**246**	306
Loan receivable	**—**	—	**—**	421	**—**	—
	1,809	2,707	**—**	421	**246**	306

29. COMMITMENTS AND CONTINGENCIES

As Lessee

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

	December 31, 2017	December 31, 2016
	$	$
Due within one year	**6,831**	4,799
Due later than one year and less than five	**21,070**	13,720
Due after five years	**17,302**	17,420
	45,203	35,939

Capital Commitments

At December 31, 2017, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the amount of $2,535 (December 31, 2016 - $3,075), of which $1,320 represents long term commitments.

Contingent Liabilities

The Company indemnifies its directors and officers from all personal liability and loss that may arise in service to the Company.

30. SUBSEQUENT EVENTS

Effective January 1, 2018, the Company re-organized its business units to streamline its operations and gain efficiencies.The new Modular Space Solutions business unit is comprised of the previous BOXX Modular business unit. The new Workforce Solutions business unit combines the previous Camps & Lodging, Energy Services, and International business units. Segmented information for 2017 will be restated in 2018 to reflect this change in organizational structure, with no impact to consolidated net income.