

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended March 31, 2019 and 2018



BLACK DIAMOND

GROUP

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 as at March 31, 2019 and December 31, 2018

(Expressed in thousands)	2019	2018
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	246	3,175
Accounts receivable ^(note 3)	37,442	34,464
Prepaid expenses and other current assets	4,212	6,041
Total Current Assets	41,900	43,680
Non-Current		
Other long-term assets	507	813
Property and equipment ^(note 4)	336,633	339,894
Right-of-use assets ^(note 5)	20,411	—
Goodwill and intangible assets	18,757	18,882
Total Non-Current Assets	376,308	359,589
Total Assets	418,208	403,269
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	32,388	28,734
Deferred revenue	4,435	6,796
Current portion of lease liabilities ^(note 7)	4,304	—
Total Current Liabilities	41,127	35,530
Non-Current		
Long-term debt ^(note 6)	88,255	90,084
Asset retirement obligations	18,626	18,878
Long-term lease liabilities ^(note 7)	19,722	—
Other long-term liabilities	81	2,599
Deferred income taxes	29,150	31,404
Total Non-Current Liabilities	155,834	142,965
Total Liabilities	196,961	178,495
Shareholders' Equity		
Share capital ^(note 8)	379,192	377,567
Contributed surplus	15,408	16,436
Accumulated other comprehensive income	14,956	17,317
Accumulated deficit	(189,716)	(187,908)
Total Shareholders' Equity	219,840	223,412
Non-controlling interests	1,407	1,362
Total Equity	221,247	224,774
Total Liabilities and Equity	418,208	403,269

See accompanying notes to the unaudited interim condensed consolidated financial statements

Refer to Commitments in Note 13.

UNAUDITED CONSOLIDATED STATEMENT OF NET LOSS
 for the three month periods ended March 31,

(Expressed in thousands, except per share amounts)	2019	2018
	\$	\$
Revenue ^(notes 9 and 12)	45,377	40,944
Direct costs ^(note 9)	28,027	23,270
Gross profit	17,350	17,674
Expenses		
Administrative expenses ^(note 10)	9,238	9,107
Depreciation and amortization	9,495	9,224
Share based compensation ^(note 8)	593	496
Finance costs	1,888	1,447
Loss before income taxes	(3,864)	(2,600)
Income tax recovery		
Current	7	31
Deferred	(1,274)	(740)
Total income taxes	(1,267)	(709)
Loss before non-controlling interest	(2,597)	(1,891)
Profit (loss) attributable to non-controlling interest	133	31
Loss for the period	(2,730)	(1,922)
Loss per share - basic and diluted ^(note 11)	(0.05)	(0.03)

See accompanying notes to the unaudited interim condensed consolidated financial statements

**UNAUDITED CONSOLIDATED STATEMENT OF
 COMPREHENSIVE INCOME (LOSS)**
 for the three month periods ended March 31,

(Expressed in thousands)	2019	2018
	\$	\$
Loss for the period	(2,730)	(1,922)
Other comprehensive income (loss) to be reclassified to Consolidated Statement of Net Income in subsequent period:		
Translation adjustments	(2,361)	2,672
Total comprehensive income (loss)	(5,091)	750

See accompanying notes to the unaudited interim condensed consolidated financial statements

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 for the three month periods ended March 31, 2019 and 2018

(Expressed in thousands)	Issued Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Shareholders' Equity	Non- Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
As at January 1, 2018	377,814	14,907	9,876	(176,524)	226,073	2,043	228,116
Loss for the period	—	—	—	(1,922)	(1,922)	31	(1,891)
Translation adjustments	—	—	2,672	—	2,672	—	2,672
Distributions declared to partners	—	—	—	—	—	(97)	(97)
Vesting of shares in trust	497	(497)	—	—	—	—	—
Share based compensation expense ^(note 8)	—	404	—	—	404	—	404
As at March 31, 2018	378,311	14,814	12,548	(178,446)	227,227	1,977	229,204
As at December 31, 2018	377,567	16,436	17,317	(187,908)	223,412	1,362	224,774
IFRS 16 transition adjustment	—	—	—	922	922	—	922
Loss for the period	—	—	—	(2,730)	(2,730)	133	(2,597)
Translation adjustments	—	—	(2,361)	—	(2,361)	—	(2,361)
Distributions declared to partners	—	—	—	—	—	(88)	(88)
Vesting of shares in trust ^(note 8)	1,625	(1,625)	—	—	—	—	—
Share based compensation expense ^(note 8)	—	597	—	—	597	—	597
As at March 31, 2019	379,192	15,408	14,956	(189,716)	219,840	1,407	221,247

See accompanying notes to the unaudited interim condensed consolidated financial statements

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
 for the three month periods ended March 31,

(Expressed in thousands)	2019	2018
	\$	\$
Operating activities		
Loss for the period	(2,730)	(1,922)
Add (deduct) non-cash / non-operating activities:		
Share based compensation expense ^(note 8)	597	496
Depreciation and amortization	9,495	9,224
Finance costs	1,888	1,447
Deferred income taxes	(1,274)	(740)
Settlement of ARO liability	(635)	—
Profit (loss) attributable to non-controlling interest	133	31
Book value of used fleet sales ^(note 4)	1,374	2,339
	8,848	10,875
Change in long-term accounts receivable	306	322
Change in non-current deferred revenue	(21)	(506)
Change in non-cash working capital related to operating activities	2,844	5,256
Net cash flows from operating activities	11,977	15,947
Investing activities		
Purchase of property and equipment ^(note 4)	(7,846)	(1,332)
Additions to intangible assets	(426)	(15)
Change in non-cash working capital related to investing activities	(1,844)	(2,450)
Net cash flows used in investing activities	(10,116)	(3,797)
Financing activities		
Proceeds from long-term debt	550	24,074
Repayment of long-term debt	(2,422)	(31,706)
Net interest paid, including lease liability interest	(1,783)	(1,253)
Payment of lease liabilities	(1,022)	—
Distributions declared to non-controlling interest	(87)	(97)
Change in non-cash working capital related to financing activities	(74)	(1,272)
Net cash flows from (used in) financing activities	(4,838)	(10,254)
Increase (decrease) in cash and cash equivalents	(2,977)	1,896
Cash and cash equivalents, beginning of the period	3,175	2,497
Effect of foreign currency rate changes on cash and cash equivalents	48	(291)
Cash and cash equivalents, end of the period	246	4,102

See accompanying notes to the unaudited interim condensed consolidated financial statements

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended March 31, 2019 and 2018

1. GENERAL INFORMATION

The unaudited interim condensed consolidated financial statements ("interim financial statements") of Black Diamond Group Limited, its subsidiaries and its controlled limited partnerships (collectively "Black Diamond" or the "Company") for the three month periods ended March 31, 2019 and 2018 were authorized for issuance in accordance with a resolution of the Board of Directors on May 2, 2019. Black Diamond is headquartered in Calgary, Alberta. The Company was incorporated in Alberta on October 7, 2009. The address of the Company's registered office is Suite 4600, 525 – 8th Avenue S.W., Calgary, Alberta, Canada.

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

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The interim financial statements for the three month periods ended March 31, 2019 and 2018 have been prepared in accordance with International Accounting Standard 34 *Interim financial reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Presentation and Measurement

These interim financial statements have been prepared on a going concern basis.

Except as otherwise disclosed and for taxes on income, the same accounting policies and methods of computation were followed in the preparation of these interim financial statements as were applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2018 ("2018 Financial Statements"). Taxes on income in interim periods are accrued using the tax rate that would be applicable to the expected total annual profit. These interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2018 Financial Statements. Certain figures in the comparative financial statements have been reclassified to conform to the current period's presentation.

These interim financial statements are presented in Canadian dollars and all amounts are rounded to the nearest thousand (\$'000), except per share amounts or as otherwise noted.

Seasonality of operations

The Company's western Canadian operations, which form part of its Modular Space Solutions and Workforce Solutions business units, are exposed to a variable degree of seasonality. Drilling accommodations and surface rental assets of the Workforce Solutions business unit have higher utilization rates during the fall and winter months when drilling activity is higher than during the spring and summer months. Similarly, operations levels at camps operated by the Workforce Solutions business unit are generally higher in the winter. This seasonality is offset by Modular Space Solutions operations outside of the energy sector, which experience the highest customer demand in the summer months when construction is most active and relatively lower demand in the winter months.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended March 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosure

Leases

IFRS 16, *Leases* ("IFRS 16") specifies how to recognize, measure, present and disclose leases. Lessees are required to recognize right-of-use ("ROU") assets and lease liabilities while lessors continue to classify each lease as either an operating lease or a finance lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company adopted IFRS 16 using the modified retrospective transition approach and has not restated prior periods for the impact of IFRS 16.

On initial adoption, the Company applied the following practical expedients permitted under the standard. Some expedients are available on a lease-by-lease basis, while others are applicable by class of underlying asset.

- Certain short-term leases and leases of low value assets (<\$5,000) that have been identified at January 1, 2019 are not recognized on the Consolidated Statement of Financial Position.
- Leases with terms ending within 12 months of January 1, 2019 are treated as short-term leases and not recognized on the Consolidated Statement of Financial Position.
- In their initial measurement upon transition, some leases having similar characteristics are measured as a portfolio by applying a single discount rate.
- Initial direct costs were excluded from the measurement of ROU assets for the purpose of initial measurement on transition.
- At January 1, 2019, the previously recognized onerous contract provision was applied to the associated ROU asset. There was no impairment assessment made under IAS 36 *Impairment of assets* ("IAS 36").

The Company identified all contracts that contain leases as defined by IFRS 16 as at the transition date of January 1, 2019 and quantified the impact of IFRS 16 adoption on the 2019 opening statement of financial position. IFRS 16 increased the Company's total assets and liabilities, and impacted net income. Net income is impacted as the aggregate of depreciation of ROU assets and interest expense on lease liabilities does not correspond to the amount of lease payments in any given period. The weighted-average incremental borrowing rate for lease liabilities initially recognized as of January 1, 2019 was 5% per annum.

**NOTES TO UNAUDITED INTERIM
 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company's leases recognized on the Statement of Financial Position as at January 1, 2019 include leases of real estate, equipment and vehicles. The Company quantified the impact of IFRS 16 on its opening balance sheet as at January 1, 2019 as follows:

	\$
ROU asset	21,590
Increase to total assets, January 1, 2019	21,590
Lease liability	25,006
Other long-term liabilities ⁽¹⁾	(2,403)
Onerous contract provision	(1,013)
Deferred taxes	(922)
Retained deficit	922
Increase to total liabilities and shareholders' equity, January 1, 2019	21,590

(1) Amount relates to deferred lease incentives on office space.

The following table presents a reconciliation of commitments as at December 31, 2018 to lease liabilities as at January 1, 2019:

	\$
Off balance sheet lease obligation, December 31, 2018	41,594
Leases with a lease term of 12 months or less (short-term leases)	(790)
Non-lease components	(11,429)
Operating lease obligations, January 1, 2019 (undiscounted)	29,375
Effect of discounting cash flows	(4,369)
Total lease liabilities, January 1, 2019	25,006

The quantified impacts of IFRS 16 disclosed herein are subject to change in future periods pending updates to individual contract terms, assumptions, and other facts and circumstances arising subsequent to the date of these financial statements.

The Company assesses whether a contract contains a lease at inception by exercising judgment about whether a contract pertains to a specified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset. Certain classes of lease arrangements that contain both lease and non-lease components within the same contract are recognized as a single lease component.

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments (discounted at the interest rate implicit in the lease, if applicable, or the Company's incremental borrowing rate), plus initial direct costs and costs of obligations to retire the asset, less any incentives received. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if indicators of impairment are present.

**NOTES TO UNAUDITED INTERIM
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

When a lease contains an extension or purchase option that the Company is reasonably certain to exercise, the extension and/or cost of the option is included in the lease payments.

The Company has elected not to recognize ROU assets and lease liabilities for leases where the lease term is less than or equal to 12 months, or for leases of low value assets (<\$5,000). Payments for these leases are recognized in the Statement of Net Income (Loss) on a straight-line basis over the lease term.

The financial statement impact of IFRS 16 is subject to certain management judgments and estimates. Most notably, extension and termination provisions are included in certain lease contracts. In determining the lease term to be recognized, the Company considers all factors that create an economic incentive to exercise an extension option, or not to exercise a termination option.

3. ACCOUNTS RECEIVABLE

	March 31, 2019	December 31, 2018
	\$	\$
Current		
Trade and accrued receivables	37,590	34,599
Provision for doubtful accounts	(148)	(135)
Total current accounts receivable	37,442	34,464

4. PROPERTY AND EQUIPMENT

The Company added assets of \$7,846 (2018 - \$1,332) during the three months ended March 31, 2019, substantially all of which were fleet assets. There were also disposals of fleet assets with a net book value of \$1,374 (2018 - \$2,339) during the three months ended March 31, 2019, which is included in direct costs. The net realizations from the sale of fleet assets is included in gross profit.

**NOTES TO UNAUDITED INTERIM
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5. RIGHT-OF-USE ASSETS

	Real Estate	Vehicles & Equipment	Total
	\$	\$	\$
Cost			
January 1, 2019	20,624	966	21,590
Additions	80	—	80
Exchange rate adjustment	(33)	(6)	(39)
March 31, 2019	20,671	960	21,631
Accumulated Depreciation			
January 1, 2019	—	—	—
Charge for the period	1,137	83	1,220
March 31, 2019	1,137	83	1,220
Net Book Value			
January 1, 2019	20,624	966	21,590
March 31, 2019	19,534	877	20,411

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

	March 31, 2019	December 31, 2018
	\$	\$
Demand operating facilities	96	—
Committed extendible revolving operating facility	41,222	39,648
Senior secured notes	47,086	50,629
Costs associated with issue and restructuring of facilities	(149)	(193)
Total long-term debt	88,255	90,084

For a full description of the Company's debt instruments, refer to the 2018 Financial Statements.

Debt Covenants

At March 31, 2019, Black Diamond was in compliance with all of its debt covenants. Breach of any term or condition of the committed extendible revolving operating facility or the senior secured notes would result in an event of default in which case Black Diamond may have available specific cure periods to remedy such default. If the default is not remedied or waived, the lenders have the option to declare the obligations of Black Diamond under the extendible revolving operating facility and the senior secured notes to be immediately due and payable without presentment, demand, protest or further notice of any kind.

Covenant as at March 31, 2019	Required	Actual
Funded Debt to Bank EBITDA Ratio	≤ 4.25:1	2.84
Interest Coverage Ratio	≥ 3.00:1	5.31

7. LEASE LIABILITIES

	\$
Lease liabilities, January 1, 2019	25,006
Additions	80
Interest expense	311
Lease payments	(1,332)
Effect of movement in foreign exchange rates	(39)
Lease liabilities, March 31, 2019	24,026
Less: current portion	4,304
Long-term lease liabilities, March 31, 2019	19,722

**NOTES TO UNAUDITED INTERIM
 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
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7. LEASE LIABILITIES (continued)

Lease liabilities mature over the next five fiscal years and thereafter are as follows:

	March 31, 2019
	\$
Due within one year	4,304
Due later than one year and less than five	12,407
Due after five years	7,315
	24,026

Short-term lease payments were \$208 and sub-lease income was \$41 for the three month period ended March 31, 2019.

8. SHARE CAPITAL

a) Share capital

Authorized: An unlimited number of voting common shares with no par value and an unlimited number of preferred shares, issuable in series.

Issued - Common shares	Number of shares	\$
January 1, 2018	55,043	377,814
Purchase of shares in trust	(300)	(953)
Vesting of shares in trust	213	706
December 31, 2018	54,956	377,567
Vesting of shares in trust and RSUs	476	1,625
March 31, 2019	55,432	379,192

b) Share Based Compensation Plans

(i) Share option plan

As at March 31, 2019, there were 3,801 common shares (December 31, 2018 - 2,722) reserved for issuance from treasury upon the exercise of share options granted pursuant to the Company's Share Option Plan. The exercise price of each option equals the weighted average trading price of the common shares for the five trading days preceding the date of the grant. Outstanding options granted under the Share Option Plan generally vest on a straight line basis over three years and the option term is five years from the date of grant.

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

(expressed in thousands except per share amounts and years)

Grant date	Number of options outstanding	Exercise price per share	Remaining contractual life (years)	Number exercisable	Fair value at grant date
		\$			\$
January 9, 2015	455	12.35	0.78	445	1.46
March 11, 2016	339	4.72	1.95	339	1.03
March 21, 2017	638	3.60	2.97	425	0.81
August 14, 2017	411	1.74	3.37	137	0.74
September 12, 2017	120	1.91	3.45	40	0.83
September 22, 2017	60	1.86	3.48	20	1.00
March 15, 2018	699	2.53	3.96	233	0.86
March 14, 2019	1,079	1.96	4.92	—	0.86
Balance March 31, 2019	3,801			1,639	
Weighted average		3.80	3.65	5.83	⁽¹⁾

(1) Amount refers to the weighted average exercise price of the exercisable options as at March 31, 2019.

Black Diamond recorded the following share option activity during 2019 and 2018:

	Number of options outstanding	Weighted average exercise price per share
		\$
January 1, 2018	2,481	8.33
Granted	699	2.53
Expired	(458)	22.20
Forfeited	—	—
December 31, 2018	2,722	4.53
Granted	1,079	1.96
March 31, 2019	3,801	3.80

**NOTES TO UNAUDITED INTERIM
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8. SHARE CAPITAL (continued)

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

Date of grant	Dividend yield	Expected average volatility	Average risk-free rate
	%	%	%
January 9, 2015	8.00	34	1.00
March 11, 2016	11.61	52	0.49
March 21, 2017	8.33	51	1.02
August 14, 2017	—	54	1.52
September 12, 2017	—	54	1.76
September 22, 2017	—	54	1.81
March 15, 2018	—	61	1.78
March 14, 2019	—	60	1.65

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the expected life of the options is indicative of future trends, which may not occur.

Included in share-based compensation expense for the three months ended March 31, 2019 was \$118 (2018 - \$51) for the costs related to the Share Option Plan.

**NOTES TO UNAUDITED INTERIM
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8. SHARE CAPITAL (continued)

(ii) Other share-based plans

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

	Incentive Award Plan		Share Award Plan		Deferred Share Unit Plan ⁽¹⁾	
	Number of units	Weighted fair value per unit	Number of units	Weighted fair value per unit	Number of units	Weighted fair value per unit
		\$		\$		\$
January 1, 2018	369	4.19	546	3.13	94	3.91
Granted	231	2.58	473	2.53	79	2.57
Forfeited	(123)	3.61	—	—	—	—
Vested	(91)	5.19	(140)	2.71	—	—
December 31, 2018	386	3.18	879	2.87	173	3.30
Granted	875	1.96	601	1.96	54	1.95
Forfeited	(16)	3.29	(60)	2.53	—	—
Vested	(188)	3.81	(298)	3.72	(11)	4.18
March 31, 2019	1,057	2.06	1,122	2.17	216	2.92

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

The fair value of awards granted under these share-based plans is equal to the weighted average trading price of the Company's shares for the five trading days immediately preceding the date of grant.

As at March 31, 2019, these share-based plans include 67 units (December 31, 2018 - 49) that are expected to be settled in cash. A liability is included in accounts payable and accrued liabilities in the amount of \$40 (December 31, 2018 - \$66).

Included in share-based compensation expense for the three months ended March 31, 2019 was \$475 (2018 - \$445) for the costs related to the other share-based plans.

The Company established the Incentive Award Plan Trust and the Deferred Share Unit Plan Trust (collectively the "Trusts") which are consolidated in the Company's financial statements. Any shares held in the Trusts are accounted for as a reduction of share capital. As at March 31, 2019, there are 420 shares held in the Trusts (December 31, 2018 - 585).

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9. REVENUE AND DIRECT COSTS

	Three months ended March 31,	
	2019	2018
	\$	\$
Workforce Solutions		
Rental revenue	6,980	7,102
Lodging revenue	10,151	9,676
Sales revenue	918	2,015
Non-rental revenue	4,803	7,971
Total Workforce Solutions revenue	22,852	26,764
Modular Space Solutions		
Rental revenue	7,604	7,029
Sales revenue	5,629	2,411
Non-rental revenue	9,290	4,709
Total Modular Space Solutions revenue	22,523	14,149
Corporate and Other	2	31
Total Revenue	45,377	40,944

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

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

	Three months ended March 31,	
	2019	2018
	\$	\$
Direct Costs		
Used fleet sales	1,374	2,339
Construction and transportation services	9,456	4,786
Repairs and maintenance	3,107	2,258
Catering, utilities and other consumable costs	5,949	6,906
Subleased equipment	1,448	3,822
Personnel costs	1,841	1,557
New sales	4,386	1,000
Other direct costs	466	602
Total direct costs	28,027	23,270

**NOTES TO UNAUDITED INTERIM
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10. ADMINISTRATIVE EXPENSES

	Three months ended March 31,	
	2019	2018
	\$	\$
Personnel costs	5,413	4,879
General administrative expenses	2,215	1,958
Occupancy and insurance	1,610	2,270
Total administrative expenses	9,238	9,107

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

11. LOSS PER SHARE

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

	Three months ended March 31,	
	2019	2018
Reconciliation of weighted average number of shares		
Weighted average common shares outstanding - basic and diluted	55,006	55,046

Excluded from diluted weighted average number of shares are 3,801 anti-dilutive options for the three months ended March 31, 2019 (2018 - 2,817). Also excluded from diluted weighted average number of shares are 1,122 anti-dilutive Share Award Plan units for the three months ended March 31, 2019 (2018 - 990).

**NOTES TO UNAUDITED INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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12. SEGMENTED INFORMATION

Black Diamond has two operating segments: Modular Space Solutions and Workforce Solutions.

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

The Workforce Solutions business unit provides complete workforce housing solutions including rental of accommodations and surface equipment, provision of full turnkey lodging and provision of travel management logistics through LodgeLink. Workforce Solutions operates in Canada, the United States and Australia. The primary service offerings in Workforce Solutions are asset rental, lodging and travel management logistics. To support the core rental business, Workforce Solutions also offers associated services such as installation, transportation and dismantlement and at times, management will sell used fleet to ensure a current rentable asset base.

The Corporate and Other business unit includes costs related to administrative activities that support all segments. Included in Corporate and Other are revenues generated from subleasing of real estate properties.

**NOTES TO UNAUDITED INTERIM
 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
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12. SEGMENTED INFORMATION (continued)

	Three months ended March 31,	
	2019	2018
	\$	\$
Revenue		
Modular Space Solutions	22,523	14,149
Workforce Solutions	22,852	26,764
Corporate and Other	2	31
Total Revenue	45,377	40,944
Depreciation of Property and Equipment		
Modular Space Solutions	2,508	2,534
Workforce Solutions	5,125	5,945
Corporate and Other	238	291
Total Depreciation	7,871	8,770
Profit (loss)		
Modular Space Solutions	1,241	799
Workforce Solutions	185	992
Corporate and Other	(4,156)	(3,713)
Total Profit (Loss)	(2,730)	(1,922)
Capital Expenditures (Additions)		
Modular Space Solutions ⁽¹⁾	4,790	1,094
Workforce Solutions ⁽²⁾	3,387	149
Corporate and Other	95	104
Total Capital Expenditures	8,272	1,347

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

(2) Amount includes intangible asset additions.

**NOTES TO UNAUDITED INTERIM
 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
 For the three month periods ended March 31, 2019 and 2018

12. SEGMENTED INFORMATION (continued)

	March 31, 2019	December 31, 2018
	\$	\$
Property and Equipment		
Modular Space Solutions	145,706	145,274
Workforce Solutions	174,505	178,005
Corporate and Other	16,422	16,615
Total Property and Equipment	336,633	339,894
Intangible Assets		
Modular Space Solutions	6,414	6,837
Workforce Solutions	2,278	1,873
Total Intangible Assets	8,692	8,710
Goodwill		
Modular Space Solutions	10,065	10,172
Total Goodwill	10,065	10,172
Assets		
Modular Space Solutions	186,934	174,890
Workforce Solutions	209,760	203,688
Corporate and Other	21,514	24,691
Total Assets	418,208	403,269

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12. SEGMENTED INFORMATION (continued)

Geographic and customer information

	Three months ended March 31,	
	2019	2018
	\$	\$
Revenue		
Canada	27,781	31,531
United States	14,255	7,195
Australia	3,341	2,218
Total Revenue	45,377	40,944

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

	March 31, 2019	December 31, 2018
	\$	\$
Property and Equipment, Intangibles and Goodwill		
Canada	243,376	244,672
United States	100,234	102,016
Australia	11,780	12,088
Total Property and Equipment, Intangibles and Goodwill	355,390	358,776

13. COMMITMENTS

At March 31, 2019, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the amount of \$7,797 (December 31, 2018 - \$10,921).

Black Diamond rents head office space, Workforce Solutions accommodations and equipment, Modular Space Solutions rental premises, office equipment and vehicles under multiple 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:

	March 31, 2019	December 31, 2018
	\$	\$
Due within one year	7,235	7,092
Due later than one year and less than five	21,018	21,654
Due after five years	11,749	12,848
	40,002	41,594

**NOTES TO UNAUDITED INTERIM
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14. RELATED PARTY TRANSACTIONS

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

The following table provides the total amount of transactions that have been entered into with related parties during the three month periods ended March 31, 2019 and 2018, as well as balances with related parties as at March 31, 2019 and December 31, 2018.

	For the three months ended March 31,		Due to related party as at	
	2019	2018	March 31, 2019	December 31, 2018
	\$	\$	\$	\$
Non-controlling interests				
Limited partners				
Royalties and distributions declared	344	222	645	256

15. SUBSEQUENT EVENT

On April 29, 2019, Black Diamond announced a \$20 million rental contract for the Company's Workforce Solutions segment in the United States. The Company is supplying 1,584 beds to a customer based in California. The initial term of the contract is for a minimum of nine months, with an option to extend. The total contract value includes transportation services.