MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") was prepared as of May 1, 2012 and is provided to assist readers in understanding Black Diamond Group Limited's ("Black Diamond" or the "Company") financial performance for the three months ended March 31, 2012 and significant trends that may affect the future performance of Black Diamond. This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements of the Company for the three months ended March 31, 2012. The accompanying unaudited condensed consolidated financial statements of Black Diamond are prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). Black Diamond's common shares trade on the Toronto Stock Exchange under the symbol "BDI".

Additional information relating to Black Diamond, for the year ended December 31, 2011, may be found on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

All current and comparative share capital and earnings per share amounts have been adjusted for the two for one share split that occurred August 25, 2011.

Certain information set forth in this MD&A contains forward-looking statements including management's assessment of Black Diamond's future operations, performance, business prospects and opportunities. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of Black Diamond. These risks include, but are not limited to: the impact of general economic conditions, industry conditions, fluctuation of commodity prices, industry competition, availability of qualified personnel and management, stock market volatility and timely and cost effective access to sufficient capital from internal and external sources. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in Black Diamond's annual information form for the year ended December 31, 2011 and other reports on file with the Canadian Securities Regulatory Authorities which can be accessed through the SEDAR website at www.sedar.com. Readers are cautioned not to place undue reliance on these forward-looking statements. Furthermore, the forward-looking statements contained in this MD&A are made as at the date of this MD&A and Black Diamond does not undertake any obligation to update or revise any of the forward-looking statements, except as may be required by applicable securities laws.

EBITDA is not a recognized measure under GAAP. Management believes that in addition to net earnings, EBITDA is a useful supplemental measure as it provides an indication of the Company's ability to generate cash flow in order to fund working capital, service debt and fund capital programs. The Company's method of calculating EBITDA may differ from other entities and accordingly, may not be comparable to measures used by other entities. See "Non-GAAP Measures".

OVERVIEW OF THE COMPANY

Black Diamond was incorporated on October 7, 2009 under the laws of the Province of Alberta. Black Diamond was incorporated pursuant to the Business Corporations Act (Alberta) to participate in a plan of arrangement involving, among others, Black Diamond's predecessor Black Diamond Income Fund (the "Fund"), Black Diamond and the unit holders of the Fund. Effective December 31, 2009, pursuant to the plan of arrangement, the Fund restructured (the "Conversion") from an unincorporated open-ended income fund trust to Black Diamond, a publicly listed corporation.

Black Diamond, whose principal undertakings, through its wholly-owned subsidiaries, Black Diamond Limited Partnership, BOXX Modular Inc., Nortex Modular Leasing and Construction Company ("Nortex") and through its 50% participation in Black Diamond Dene Limited Partnership and Black Diamond West Moberly Limited Partnership, are to rent modular structures for use as workforce accommodation and temporary workspace, rent various types of oilfield equipment used in the exploration and production of oil and gas and to provide complementary services including operating remote lodging facilities, transportation, installation, dismantling, repair and maintenance of modular structures and oilfield equipment, as well as related services. Black Diamond operates through four operating divisions consisting of Black Diamond Camps, Black Diamond Logistics, BOXX Modular and Black Diamond Energy Services.

Camps provides workforce accommodation designed for remote site accommodation. The structures, when assembled together, form large dormitories, kitchen/dining facilities and recreation complexes. The majority of the business activity within this segment occurs in Western Canada.

Logistics operates remote lodging facilities for third parties, and including the Sunday Creek Lodge where the Company also owns the lodging facility. Logistics also provides the services of transportation, installation, dismantling, repair and maintenance of modular structures, as well as related services.

BOXX provides high quality, cost effective modular space solutions to a diverse customer base in Canada and the United States ("U.S."). The structures provided include office units, storage units, office complexes, training facilities, lavatories and custom manufactured structures.

Energy Services provides a complement of surface rental assets that would typically support a drilling or completions operation such as tanks for storage of liquids, equipment for handling liquids and containing solids, rig matting, and support equipment. Energy Services also provides, drill site accommodation units such as geologist/engineer quarters and staff quarters.

FIRST QUARTER 2012 HIGHLIGHTS

Revenue levels for the first quarter of 2012 increased by 6% to $59.0 million compared to the three month period ended March 31, 2011. Rental revenue was 29% higher at $25.2 million, while non-rental revenue decreased by 15% to $20.8 million and lodging revenue was 13% higher at $13.0 million.

One of the primary drivers of Black Diamond's business continues to be the rental income from fleet units. The 29% or $5.6 million increase in rental revenue generated relative to the prior year is due to the Company's portfolio of rental assets being 4% larger, but also due to the increase across all divisions in the utilization rates and increases in the rental rates charged for the equipment.

During the three month period ended March 31, 2012, the fleet of workforce accommodation units grew by 8% or 135 units, the space rentals fleet grew by 1% or 18 units and the Energy Services accommodations fleet decreased by 3% or 6 units, while the number of surface rental pieces of equipment increased by 12% or 266 units.

The utilization of these fleet assets was strong throughout the period averaging 91% for workforce accommodation in comparison to 97% for the comparative period. Space rental fleet utilization increased to an average of 76% from 74% for the period. Drilling accommodations and surface rental equipment utilization rates were 84% and 66%, respectively, versus 78% and 47% in the comparative period.

The Company's business continues to be driven by the resource sector with revenue generated from oil sands related projects amounting to 27% of consolidated revenue, 55% was sourced from non-oil sands related oil and gas activity in Western Canada, 3% coming from mining and metal extraction, with the balance of 15% generated from business not related to the resource sector.

The Administrative Expenses for the period ended March 31, 2012 were 13% of revenue, which is consistent with the 12% level of Administrative Expenses incurred in the comparative period.

EBITDA (see "Non-GAAP Measures") for the period ended March 31, 2012 was $26.5 million or 45% of revenue versus $21.9 million or 39% of revenue for the comparative period.

Net income for the period ended March 31, 2012 was $13.0 million versus $9.9 million for the comparative period. This equates to an earnings per share of $0.35 which is a 21% increase compared to 2011.

Black Diamond paid dividends of $0.055 per share per month ($0.66 equivalent per share for the year) resulting in a payout ratio (see "Non-GAAP Measures") for the period ended March 31, 2012 of 25%, compared to 25% for the prior year.

SELECTED FINANCIAL AND OPERATING INFORMATION

The following is a summary of selected financial and operating information that has been derived from, and should be read in conjunction with, the unaudited condensed consolidated financial statements of Black Diamond for the three months ended March 31, 2012.

	Three months ended March 31		
(in thousands, except as noted)	2012	2011	2010
Accounting base	*IFRS*	*IFRS*	*IFRS* [2]
Financial Highlights	$	$	$
Total revenue	58,957	55,732	30,971
Gross Profit	33,600	28,049	16,455
Gross Profit %	57%	50%	53%
Administrative expenses	7,689	6,627	4,816
Administrative expense %	13%	12%	16%
EBITDA [1]	26,479	21,862	12,424
EBITDA %	45%	39%	40%
Net income before taxes	16,961	13,971	6,388
Net income	13,043	9,897	4,521
Per share - Basic	0.35	0.29	0.15
- Diluted	0.34	0.29	0.15
Capital expenditures (Gross)	19,677	25,734	45,606
Property & equipment (NBV)	310,694	266,181	195,104
Total assets	440,601	373,389	268,835
Long-term debt and capital lease obligations	86,191	102,000	30,852
Dividends declared	6,187	4,705	4,101
Per share	0.165	0.14	0.13
Payout ratio	24%	25%	36%
Operational Highlights			
Camps Division			
Workforce accommodation units in fleet	1,896	1,548	869
Average utilization	91%	97%	86%
Workforce accomodation bedcount	7,612	6,338	4,133
Logistics Division			
Workforce accommodation units in operated camps	245	239	224
Utilization rate	100%	100%	100%
Workforce accomodation bedcount	1,000	956	918
BOXX Division			
Space rental units in fleet	2,768	2,576	2,350
Average utilization	76%	74%	69%
Energy Services Division			
Drilling accommodation units	216	196	228
Average utilization	84%	78%	62%
Drilling accomodation bedcount	828	926	1,148
Surface rental equipment	2,348	1,339	1,238
Average utilization	66%	47%	34%

Notes:

(1) EBITDA and payout ratio are supplemental non-GAAP measurements and do not have a standardized meaning prescribed by GAAP. Therefore, EBITDA and payout ratio may not be comparable to similar measures presented by other issuers. See “Non-GAAP Measures” for further details.

(2) The 2010 comparatives have been restated from previous Canadian GAAP upon transition to IFRS, as explained later in this document.

OUTLOOK

The first quarter of 2012 has delivered meaningful rental revenue growth and correspondingly stronger EBITDA margins. The higher margins are due to the increase in the rental fleet but also due in part to lower operations revenue as a percentage of consolidated revenue. Management believes that this is temporary and as a result of permit related project delays in the quarter. Management expects that operations revenue will increase in the second and third quarters as new project deployments advance. Rental revenues are also expected to rise in concert with further asset additions in all four operating divisions.

The resource industry continues to have very strong demand for workforce lodging and temporary workspace. This demand is being generated from oilsands development projects, unconventional oil and gas development, resource related infrastructure projects and mining developments. Black Diamond is also experiencing strong demand for drilling and completions support equipment leading to strengthening returns and incremental demand for additional surface rental assets. The aggregate of this demand from all four operating divisions has lead to an increase in the 2012 capital expenditure program from $70 million to $95 million. Management continues to have a high degree of visibility of capital returns given the longer term nature of contracts being secured.

Management expects that the increased capital program will continue to follow the historical allocation between divisions and that the balance of the increased capital budget will be expended more or less equally over the next three quarters with some commitments potentially carrying over into early 2013. It is anticipated that this expanded capital program will translate into revenue and EBITDA growth as corresponding operations and rental revenues build.

It is expected that continued high utilization, fleet growth and strong pricing will characterize the Camps and Logistics divisions over the next several quarters. The second quarter should experience a significant increase in operations revenue as the pace of new facility deployment accelerates. The operated lodges revenue is expected to remain strong due to high occupancy commitments.

The space rentals business is expected to continue to grow in terms of fleet size and revenue as the division strives to meet strong demand in Canada. The US branch activity is expected to see modest revenue growth in the second quarter as general construction activity strengthens and resource demand grows in the United States.

While oilfield equipment rentals will experience some seasonal decline of revenue due to spring break up in western Canada, the second quarter will remain profitable due to the increasing number of longer term contracts in place and the continued growth of the rental fleet.

Black Diamond continues to have an attractive and well-positioned competitive standing with a strong market position. Management anticipates that the second quarter will show incremental growth from the prior year period and from the recently completed first quarter.

Black Diamond's revenue and earnings are expected to grow in subsequent quarters in concert with the Company's increased capital investment. Furthermore, we foresee continued growth and stability throughout 2012 and into 2013 from our multi-service platform.

RESULTS OF OPERATIONS

Revenue

Consolidated

($ millions, except as noted)	Q1 2012	Q1 2011
	$	$
Revenue	58.96	55.73
Rental Revenue	25.21	19.41
% of Consolidated Revenue	43%	35%
Lodging Revenue	12.94	11.48
% of Consolidated Revenue	22%	21%
Non-Rental Revenue	20.81	24.84
% of Consolidated Revenue	35%	44%

There has been a significant increase in rental revenues from the prior year in the three months ended March 31, 2012 (hereafter referred to as the “Period”), reflecting the increase in the rental fleet which resulted from the purchase of new manufactured modular structures and oilfield service equipment in the past year, as well as improvements in utilization and rental rates due to increased economic activity in the majority of the markets in which the Company operates. This increase was accompanied by significant non-rental revenue in the Period from several sales of new manufactured and used fleet units through the Camps and BOXX divisions. The rental revenue stream generates gross margins generally in excess of 90%, whereas the lodging revenue stream generates gross margins of approximately 40% and the non-rental or ancillary revenue streams generate gross margins of 20-30%.

Camps Division

($ millions, except as noted)	Q1	
	2012	**2011**
	$	$
Revenue	17.43	15.93
% of Consolidated Revenue	30%	29%
Rental Revenue	12.51	10.49
% of Camps Revenue	72%	66%
Non-Rental Revenue	4.92	5.44
% of Camps Revenue	28%	34%
EBITDA	13.65	10.26
% of Camps Revenue	78%	64%
Utilization	91%	97%

Revenue increased in the Period relative to the three months ended March 31, 2011 due to a 19% increase in rental revenue, offset by a slight decrease in non-rental revenue.

The 19% increase in rental revenue in the Period is predominantly derived from the 22% increase in the fleet size, offset by a 6% reduction in utilization from the comparable period in 2011. The reduction in utilization was largely due to the repositioning of equipment from a contract that was cancelled in the previous quarter.

The continued high levels of utilization are a reflection of the type of equipment Black Diamond deploys as well as the longer term nature of the rental contracts Black Diamond has favored. The workforce accommodation units typically do not experience significant seasonality due to the longer term nature of the contracts on projects requiring larger complements of labour in remote areas, which tend to start and operate without regard to the time of year.

The increase in EBITDA margin in the Period over prior year is a direct result of a change in the sales mix as a greater proportion is being derived from rental revenue versus other revenue sources.

At March 31, 2012, the weighted average remaining rental term outstanding was approximately 13 months with total contracted revenue of approximately $49.1 million. Anticipated revenue for 2012 from rental contracts in place at March 31, 2012 is $29.3 million

Logistics Division

($ millions, except as noted)	Q1	
	2012	**2011**
	$	$
Revenue	15.98	18.84
% of Consolidated Revenue	27%	31%
Lodging Revenue	12.94	11.48
% of Logistics Revenue	81%	61%
Non-Rental Revenue	3.04	7.36
% of Logistics Revenue	19%	39%
EBITDA	4.91	5.58
% of Logistics Revenue	31%	30%

Revenue decreased as a result of a 59% decrease in non-rental revenue, offset by a 13% increase in lodging revenue during the Period.

Lodging revenue is generated from several full service camps including the Sunday Creek Lodge. There may be variability in revenue with respect to services related to daily occupancy levels in the given period.

The decrease in non-rental revenue reflects the decrease in operational activity associated with the deployment of several substantial projects in the prior year requiring transportation and installation. The Period saw several smaller installation projects and several significant sales of used fleet and new manufactured assets.

The increase in EBITDA margin in the Period over prior year is a direct result of a change in the sales mix as a greater proportion is being derived from lodging revenue versus other revenue sources.

An 18 month accommodation services contract at Sunday Creek Lodge commenced on April 1, 2011 that has committed revenues of approximately $15.9 million.

BOXX Division

Combined Canada and USA Operations

($ millions, except as noted)	**Q1**	
	2012	**2011**
	$	$
Revenue	13.48	12.26
% of Consolidated Revenue	23%	22%
Rental Revenue	5.55	4.70
% of BOXX Revenue	41%	38%
Non-Rental Revenue	7.93	7.56
% of BOXX Revenue	59%	62%
EBITDA	5.12	4.40
% of BOXX Revenue	38%	36%
Utilization	76%	74%

Revenue for the BOXX division for the Period was higher as a result of the increased utilization and a 7% growth in the rental fleet year over year, augmented by a 5% increase in non-rental activity in the Period.

The slight increase in utilization was predominately seen in the Canadian markets, with the utilization in the US markets remaining consistent. The increase in rental revenue had a direct effect on the EBITDA margin, as rental gross margins are significantly higher than non-rental gross margins.

The increase in non-rental revenue during the Period resulted from continued sales of new manufactured units to several key customers.

At March 31, 2012, the weighted average remaining contract term outstanding is approximately six months with total contracted revenue of approximately $10.4 million. Anticipated rental revenue for 2012 from contracts in place at March 31, 2012 is $6.3 million. This does not include several month-to-month projects that are expected to continue to contribute to rental revenue throughout the year.

Energy Services Division

($ millions, except as noted)	Q1	
	2012	**2011**
	$	**$**
Revenue	12.07	8.70
% of Consolidated Revenue	20%	16%
Rental Revenue	7.15	4.22
% of Energy Services Revenue	59%	49%
Non-Rental Revenue	4.92	4.48
% of Energy Services Revenue	41%	51%
EBITDA	5.69	3.57
% of Energy Services Revenue	47%	41%
Drilling Accommodation Utilization	84%	78%
Surface Rental Utilization	66%	47%

Revenue increased in the Period, as the size of the rental fleet increased by 67% and utilization rates continued to increase, due to the economic improvements and increased demand for year round energy services from customers.

The surface rental fleet amounted to 2,348 units compared to 1,339 units at March 31, 2011. During the prior year 475 units were acquired through an asset purchase, to strengthen the division's surface rental fleet in Saskatchewan. The increase in the utilization for all Energy Services equipment types was due to increased drilling and completion activity in the areas where the Company has this type of equipment. The drilling accommodations fleet amounted to 216 units at the end of March 2012 versus 196 units at March 2011. This total includes drill camps as well as a compliment of wellsite units, free standing sleepers and support units.

The 67% increase in the size of the rental fleet in concert with the increase in utilization and rental rates for this equipment explains the 69% increase of rental revenue from the comparable period in 2011. Rental revenue tends to have a higher degree of seasonality in this division. Drilling accommodations and the surface rental assets typically have higher utilization rates during the winter months when drilling activity is greater, and reduced utilization rates during the spring and summer months when drilling activity slows. In recent years the effect of the seasonality has somewhat diminished due to the escalation in year round drilling and completions activity.

At March 31, 2012, the Energy Services division had entered into two longer term contracts with average remaining contract terms outstanding of approximately 18 months with total revenue of approximately $16.8 million. Anticipated rental revenue for 2012 from these two contracts in place at March 31, 2012 is $9.1 million.

Direct Costs and Gross Profit

($ millions, except as noted)	Q1	
	2012	**2011**
	$	**$**
Direct Costs	25.36	27.68
% of Consolidated Revenue	43%	50%
Gross Profit	33.60	28.05
% of Consolidated Revenue	57%	50%

Gross profit increased in the Period from the comparable period in 2011 due to increased revenue. The margin percentage increased as a larger portion of Black Diamond's revenue was derived from rental revenue.

Direct costs attributable to revenue when arriving at the gross profit are the labor, fuel, materials, freight and maintenance required in maintaining, servicing and moving the units to the contracted sites. In addition, there are often opportunities for Black Diamond to sell some units from its fleet, rent equipment from third parties and re-rent the equipment, provide logistics services or to provide installation and other services to customers. The net book value of sold units, costs of units sub-leased from others and the cost of transport from third parties are included in the direct costs. Revenue streams ancillary to the rental revenue are generally at lower gross margins than the fleet rental operations. Therefore, depending on the proportion of revenue generated from these other activities in any given period, gross profit margins may fluctuate.

Administrative Expenses

($ millions, except as noted)	Q1	
	2012	**2011**
	$	**$**
Administrative expenses	7.69	6.63
% of Consolidated Revenue	13%	12%
Personnel	4.20	3.51
% of Administrative expenses	55%	53%
Occupancy & Insurance	1.11	0.75
% of Administrative expenses	14%	11%
Other Administrative Expenses	2.38	2.37
% of Administrative expenses	31%	36%

Administrative expenses increased in the Period, but remained fairly consistent as a percentage of revenue, predominately as a result of the increased scale of the business.

For the Period, personnel costs are the largest item representing approximately 55% of the administrative expenses. Occupancy and insurance costs increased during the Period as further corporate space was leased and several locations expanded in size. Other administrative expenses consist of items such as audit, legal, travel, meals and entertainment, bank charges and promotional items.

Stock-based compensation charges are reported within other administrative expenses and were $0.60 million for the Period compared with $0.43 million in the comparable period in 2011. Stock-based compensation was determined using the Black-Scholes valuation method. The increase in share based compensation year over year is a result of the increasing fair value of the options issued year over year.

EBITDA

($ millions, except as noted)	Q1	
	2012	**2011**
	$	**$**
EBITDA	26.48	21.86
% of Consolidated Revenue	45%	39%

The EBITDA percentage for the Period is higher than the comparative period in 2011, due to a higher percentage of revenue coming from rental activity.

This percentage margin may fluctuate from period to period depending on the level and mixture of the revenue generated from the rental of the fleet assets as compared to the ancillary revenue streams such as lodging services, custom manufactured sales, logistics, installation, sublease and services provided.

Included in EBITDA is $2.89 million of administrative expenses for the Period and $2.17 million for the comparative period in 2011, which relate to non-divisional corporate expenses.

Depreciation and Amortization

For the Period, the charge for depreciation and amortization was $7.53 million compared to $6.40 million in the comparative period in 2011. This included charges of $7.31 million with respect to depreciation taken on the property and equipment of Black Diamond, and $0.22 million relating to the amortization of the intangible assets. Depreciation and amortization for the comparative period of 2011 was $6.01 million and $0.39 million, respectively.

Finance Costs

Finance costs for the Period were $1.42 million compared with $1.05 million in the comparative period in 2011. This represents interest and stand by fees that were charged on the utilization of the long term credit facilities, the senior secured notes and on the capital lease in the respective periods. Average interest rates in the Period were 5.03%, compared with 4.60% in the comparative period in 2011. Average long-term debt in the Period was $20.6 million higher than that in the comparative period in 2011.

Income Taxes

For the period, Black Diamond incurred a current income tax provision of $3.12 million and incurred a future income tax provision of $1.04 million. This future income tax provision arises due to the differences in the book value and the tax value of the net assets held by Black Diamond that is expected to reverse after 2012. It has been calculated at the enacted tax rate of 26.5% in Canada and 40% in the US. Black Diamond is now liable to pay current taxes after the removal of certain tax legislation during the Period.

At March 31, 2012, the future tax liability was $39.58 million compared to $38.89 million at December 31, 2011. The increase is due to the provision for future income taxes incurred during 2011.

Non-controlling Interests

Earnings attributable to non-controlling interests were $(0.24) million during the Period due to capital transactions with partners, compared to $0.39 million for the same period in 2011. The non-controlling interests represent earnings attributable to the Fort Nelson First Nation’s 50% interest in the Black Diamond Dene Limited Partnership and the West Moberly First Nation’s 50% interest in the Black Diamond West Moberly Limited Partnership.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the previous eight quarters:

(in $000's, except for per share amounts)

	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Revenue	58,957	66,207	63,070	56,801
EBITDA	26,479	25,495	25,165	21,544
Net Income attributable to Black Diamond Group Limited	13,043	10,688	11,011	9,385
Per Share - Basic (2)	0.35	0.31	0.30	0.26
Per Share - Diluted (2)	0.34	0.29	0.29	0.25

	Q1 2011	Q4 2010 (1)	Q3 2010 (1)	Q2 2010 (1)
Revenue	55,732	43,410	34,221	31,160
EBITDA	21,865	15,127	12,446	10,369
Net Income attributable to Black Diamond Group Limited	9,897	6,048	3,844	3,028
Per Share - Basic (2)	0.29	0.22	0.12	0.09
Per Share - Diluted (2)	0.29	0.22	0.12	0.09

Notes:

(1) The 2010 figures have been restated upon transition to IFRS as explained subsequently in this document.

(2) All per share amounts have been adjusted for the two for one share split that occurred on August 25, 2011.

LIQUIDITY & CAPITAL RESOURCES

As of March 31, 2012, Black Diamond's principal sources of liquidity included:

- working capital of $57.4 million (see "Non-GAAP measures") excluding capital expenditure in accounts payable of $5.2 million,
- a committed revolving operating facility in the amount of $10.0 million of which all $10.0 million is available and $nil is drawn at March 31, 2012,
- a committed operating facility in the U.S. in the amount of US$3 million all of which is available and $nil is drawn at March 31, 2012
- a committed revolving capital expenditure facility of $115.0 million, $114.7 million which was available, and $25.0 million drawn at March 31, 2012, and
- senior secured notes issued in the amount of $62 million.

Management believes that Black Diamond has the liquidity, barring any unforeseen circumstances, to continue to operate through 2012 and beyond, and pursue its planned business objectives. This is due to the longer term nature of the contracts and the credit worthiness of Black Diamond's customers.

Based on Black Diamond's current business plan, internal forecasts and the risks that are present in the current global economy, management believes that cash generated from operations will continue to exceed the funds required to pay dividends. Management believes that the ongoing cash generated from operations will be sufficient to allow it to meet ongoing requirements for working capital, maintenance costs, administrative expenses, and interest costs. Black Diamond's cash generated from operations will be dependent upon future financial performance, which in turn will be subject to financial, business and other risk factors, including elements beyond Black Diamond's control. Management also believes that, dependent on capital market conditions, Black Diamond has the ability to raise additional debt or equity proceeds.

The Company is committed to maintaining a strong balance sheet and flexible capital structure.

Working Capital

The net working capital position of Black Diamond at March 31, 2012 was $57.4 million after extracting $5.2 million of capital expenditure in accounts payable, an increase from the working capital position of December 31, 2011 by $0.4 million.

Current assets at March 31, 2012 were $84.7 million, an increase of $4.8 million from December 31, 2011. The increase is as a result of an increase in accounts receivable of $9.1 million, an increase in due from related parties of $0.9 million and an increase in other current assets by $1.3 million, offset by a decrease in cash of $6.5. The increase in other current assets was as a result of deposits held with suppliers to satisfy supplier agreements for future manufacturing capacity.

Current liabilities at March 31, 2012 were $27.3 million, excluding $5.2 million of payables related to capital expenditure, a $4.4 million increase from December 31, 2011. This is due to accounts payable increasing by $1.6 million, current taxes payable increasing by $3.1 million and a decrease in due to related parties of $0.3 million.

Indebtedness

Black Diamond has established syndicated credit facilities with two Canadian chartered banks as follows: a committed revolving operating facility of $10.0 million, a committed revolving capital expenditure facility of $115.0 million as well as a hedging credit facility of $5.0 million. Drawings on the operating and capital expenditure facilities are charged interest based on the previous quarter's funded debt to EBITDA ratio as defined in Black Diamond's credit agreement. As at March 31, 2012, the interest rate applied to amounts drawn on the capital expenditure facility was 4.00%.

All facilities are collateralized by a general security agreement from Black Diamond, a guarantee and general security agreement from each of its material subsidiaries and a pledge of the shares or equity interests of such material subsidiaries. The revolving operating facility matures on

December 31, 2013; it is interest only until maturity and drawdown's may not exceed the sum of 75% of Canadian accounts receivable and 60% of US accounts receivable, in each case aged, less than 90 days. The revolving capital expenditure facility matures on December 31, 2013 and drawdown's may not exceed 60% of the net book value of tangible capital property and equipment less the principal and any accrued and unpaid interest on the senior secured notes. The capital expenditure facility is interest only payable monthly in arrears until December 31, 2012 and, if not extended by one year by December 31, 2012, will be reduced in 2013 by equal quarterly reductions in an amount equal to 1/16th of the commitment beginning on December 31, 2012.

The Company has issued $62.0 million of senior secured notes, which rank pari passu with the other senior credit facilities. They have an interest rate of 5.44% per annum and mature in 2019. Amortized repayments of the notes begin in 2015 of 1/5th of the principal repaid annually for the proceeding five years until 2019. Financial covenants and security for these notes are similar to those in respect of the syndicated credit facilities described herein.

Black Diamond's financial debt covenants are as follows:

Covenant	Required	Actual
Current Ratio	>1.25:1	2.76
Total Funded Debt to EBITDA	<2.50:1	0.71
Fixed Charge Coverage	>1.00:1	3.66
Tangible Net Worth	>$189.7M	$233.6M

Management includes a reconciliation from the cash flow provided by operations to the EBITDA used in the covenant calculations (see "Non-GAAP Measures"). EBITDA is a non-GAAP measure that management uses to assist in evaluation of Black Diamond's liquidity and is used by Black Diamond's bank lenders to calculate compliance with certain financial covenants.
As at March 31, 2012, Black Diamond was in compliance with all financial debt covenants. Management continues to monitor compliance with debt covenants carefully and believes that the Company will continue to be in compliance with debt covenants.

Black Diamond, through its wholly owned subsidiary, Nortex Modular Leasing and Construction Company, also has a U.S. $3 million committed revolving loan facility to fund working capital requirements in the U.S. The facility bears interest at a rate of U.S. prime plus 1% subject to a 5% minimum rate. At March 31, 2012, the effective rate was 5%. Interest on drawings is to be paid monthly with any principal outstanding to be repaid upon the maturity date. The facility is secured by a letter of credit issued by the Company's Canadian lenders. At March 31, 2012, there was $nil million drawn on the facility.

Commitments

Black Diamond has entered into operating leases outlined in the table presented in the Capital Expenditures section below. These operating leases pertain to rental of office and yard space for branch locations as well as vehicle leases.

Share Capital

At March 31, 2012, Black Diamond had 37.81 million common shares outstanding. In addition at March 31, 2012, Black Diamond had 3.43 million common shares reserved for issuance pursuant to the exercise of options which have been granted pursuant to Black Diamond's share option plan.

The following table summarizes Black Diamond's capitalization as at May 1, 2012:

Common shares	37,810,529
Stock options	3,428,337

Capital Expenditures

For the Period, Black Diamond expended $19.68 million (2011 – $27.81 million) on additions to property and equipment. The additions consisted of:

- $10.53 million (2011 – $19.16 million) on workforce accommodation structures and ancillary equipment in the Camps division;
- $3.98 million (2011 – $3.87 million) on space rental structures and ancillary equipment in the BOXX division;
- $3.49 million (2011 – $3.66 million) on Energy Services accommodation structures and surface rental equipment; and
- $1.68 million (2011 – $1.12 million) on land, leasehold improvements, computers, furniture and service related equipment.

At March 31, 2012, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the aggregate amount of $41.76 million for delivery in the next six months. It is management's intention to meet the funding requirements for these commitments through a combination of internally generated cash flow and available funds from credit facilities.

The table below outlines the timing of payments for Black Diamond’s contractual obligations.

	Payments Due by Period			
($ millions)	Total	Less than 1 year	1-5 years	After 5 years
Operating Leases	6.9	2.0	4.7	0.2
Purchase Obligations	41.8	41.8	-	-
Asset Retirement Obligations	1.9	-	-	1.9
Total Contractual Obligations	**50.6**	**43.7**	**4.7**	**2.1**

FINANCIAL INSTRUMENTS

All of Black Diamond’s financial instruments as at March 31, 2012 relate to standard working capital accounts, credit facility items, an interest rate swap and an asset retirement obligation. There are no significant differences between the carrying value of these financial instruments and their estimated fair values.

Black Diamond is subject to both cash flow and interest rate risk on its capital expenditure facility and interest rate fair value risk on the senior secured notes based on their fixed rate of interest. The required cash flow to service the credit facilities will fluctuate as a result of changes in market rates. On April 20, 2010, Black Diamond entered into a swap transaction to fix the rate of interest at 3.63% plus the credit spread on a notional $25 million of debt for a five year period expiring on April 10, 2015.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS & ESTIMATES

The nature of the business and timely preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions, and use judgment regarding assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions, collectability of accounts receivable, recognition of provisions and contingent obligations, the estimated useful lives of property and equipment, the fair value of the identifiable assets acquired in business combinations, the fair value and useful lives of intangible assets for the purposes of impairment, percentage complete for revenue recognition, the fair value of share-based compensation awards and the future cash flows used to estimate the fair value of cash-generating units for goodwill impairment purposes. Accordingly, actual results may differ from estimated amounts. Management has also used judgment in the determination of control, definition of a business, determination of cash generating units (“CGU’s”), effectiveness of hedging relationships and determination of functional currency.

The preparation of the financial statements and consolidation of subsidiary companies and limited partnerships requires management to determine where control exists. In management's opinion control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Company's interest is less than 100 percent, the interest attributable to outside shareholders is reflected in non-controlling interests.

The operating results of the Company's US operations, which have a functional currency of US Dollars, 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 within.

When utilizing the acquisition method of accounting for business combinations, the Company measures the cost of the acquisition as the aggregate of the consideration transferred, measured at the acquisition date fair value less any amount of non-controlling interest. The fair value of the net assets acquired is estimated by the Company through comparison to assets currently owned, depreciated replacement value and a detailed review of the assets current condition. When determining the nature of an acquisition, 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 the determination is the presence of processes to convert the inputs purchased into outputs, thus evidencing a business is purchased.

The value of property and equipment, intangible assets and goodwill are subject to market conditions in the industry sectors in which Black Diamond operates. Goodwill is assessed for impairment at least annually or whenever a potential impairment may arise as a result of an event or change in circumstances to ensure that the fair value of the CGU to which goodwill has been allocated is greater than or at least equal to its carrying value.

Each of those CGU's (or group of CGU's) 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. Fair value is determined using valuation models that take into account such factors as projected earnings, earnings multiples, discount rates, other available external information and market comparables.

The determination of fair value requires management to apply judgment in selecting the valuation models and assumptions and estimates to be used in such models and value determinations. These judgments affect the determination of fair value and any resulting impairment charges. An impairment test was performed on goodwill during the fourth quarter 2011 and the results concluded that the fair value was higher than the carrying amount so no impairment charge was required.

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.

Stock-based compensation expense, associated with stock options at the date of grant, is subject to changes in the variables used in the valuation of the options such as changes in the risk free rate, stock price volatility, forfeiture rate and dividend yields.

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. 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.

The provision of installation, transportation, maintenance and dismantlement services is recognized on the percentage-of-completion basis over the term of the contract. 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. Where the stage of completion is not clearly defined by contract, management will estimate the stage by reference to the costs incurred, foreman's reports and job files.

Depreciation and amortization are determined using the estimated useful lives of the assets. These estimates could change due to a number of factors including unusual wear and tear, technology, change in economic circumstances and obsolescence. Such changes could have a material effect on the amount of future operating results. See the notes to the audited consolidated financial statements for a schedule outlining the depreciation and amortization policies of Black Diamond.

The Company uses derivative financial instruments to manage its fixed to floating interest rate exposure on certain long-term debt. These instruments are entered into solely for hedging purposes and are not used for speculative purposes. The estimated fair value of the instruments has been based on appropriate valuation models using assumptions concerning the amount and timing of future cash flows and discount rates. The Company assesses the effectiveness of the hedging instrument by using the hypothetical derivative method. This compares the fair value of the hedging instrument, including the deal contingent option, with the fair value of the hedging instrument excluding the deal contingent option.

While management applies judgment based on assumptions believed to be reasonable in the circumstances, actual results can vary from these assumptions. It is possible that materially different results would be reported using different assumptions.

NON-GAAP MEASURES

The consolidated financial statements have been prepared in accordance with GAAP. Certain supplementary information and measures not recognized under GAAP are provided where management believes they assist the reader in understanding Black Diamond's results. Non-GAAP financial measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers for these non-GAAP measures. These measures include:

EBITDA refers to consolidated earnings before finance costs, tax expense, depreciation, amortization, accretion, foreign exchange, stock-based compensation, acquisition costs and non-controlling interest. Black Diamond uses EBITDA primarily as a measure of operating performance. Management believes that operating performance, as determined by EBITDA, is meaningful because it presents the performance of the operation on a basis which excludes the impact of how it has been financed.

The following is a reconciliation of consolidated Net Income to EBITDA:

For the three months ended March 31 (in thousands of dollars)	2012	2011	$ Change
Net income	13,043	9,897	3,146
Add:			
Depreciation and amortisation	7,534	6,403	1,131
Finance costs	1,416	1,048	368
Deferred tax expense	1,040	3,663	(2,623)
Current income tax expense	3,120	17	3,103
Non-controlling interest	(242)	394	(636)
Foreign exchange (gain)/loss - unrealized	(28)	8	(36)
Stock-based compensation	595	432	163
EBITDA	26,478	21,862	4,616

EBITDA Margin is calculated by dividing EBITDA by the revenue for the period.

Funds available for dividends is calculated as the cash flow from operating activities excluding the changes in non-cash working capital adjusted for 1) maintenance capital expenditures made in the period, 2) funding of long term unfunded contractual obligations arising from operations and 3) restrictions on dividends arising from compliance with financial covenants at the date of the calculation. Growth capital expenditures are excluded from this calculation. Management believes that Funds available for dividends is a useful measure as it provides an indication of the funds generated by the operations before working capital adjustments. Changes in non-cash working capital items have been excluded as such changes are financed using the operating line of Black Diamond's credit facility. Funds not distributed are available for re-investing in the business and funding the growth of Black Diamond.

The following is a reconciliation of Cash Flow from Operating Activities to Funds available for dividends:

For the three months ended March 31 *(in thousands of dollars)*	2012	2011	$ Change
Cash Flow from Operating Activities	19,798	(5,429)	25,227
Add:			
Current tax expense	3,120	17	
Changes in non-cash working capital	5,616	29,005	(23,389)
Sale of property and equipment relating to operating activities	(2,056)	(1,731)	(325)
Funds available for dividends	26,478	21,862	1,513

Gross Profit Margin is calculated by dividing gross profit by the revenue for the period.

Payout Ratio is calculated as the dividends declared for the period divided by Funds available for dividends.

Working Capital is calculated as current assets minus current liabilities (excluding debt and amounts for PP&E).

Readers are cautioned that the Non-GAAP measures are not alternatives to measures under GAAP and should not, on their own, be construed as an indicator of Black Diamond's performance or cash flows, a measure of liquidity or as a measure of actual return on the shares of Black Diamond. These Non-GAAP measures should only be used in conjunction with the consolidated financial statements of Black Diamond.

RISKS AND UNCERTAINTIES

The operations of Black Diamond face a number of risks and uncertainties in the normal course of business that may be beyond its control, but which could have a material adverse effect on Black Diamond's financial condition, results of operations and cash flow, and therefore on cash available for dividends. Many of these risk factors and uncertainties are outlined in the annual information form of Black Diamond for the year ended December 31, 2011 available on SEDAR at www.sedar.com. Additional risks and uncertainties that management may be unaware of may become important factors which affect Black Diamond.

DISCLOSURE CONTROLS AND PROCEDURES

Black Diamond's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to Black Diamond is made known to Black Diamond's Chief Executive Officer and Chief Financial Officer by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by Black Diamond in its annual filings, interim filings or other reports filed or

submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Black Diamond's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of Black Diamond's financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Black Diamond is required to disclose herein any change in Black Diamond's internal controls over financial reporting that occurred during the period beginning on January 1, 2012 and ended on March 31, 2012 that has materially affected, or is reasonably likely to materially affect, Black Diamond's internal controls over financial reporting. No material changes in Black Diamond's internal controls over financial reporting were identified during such period that have materially affected, or are reasonably likely to materially affect Black Diamond's internal controls over financial reporting.

It should be noted that a control system, including Black Diamond's disclosure and internal controls and procedures, no matter how well conceived or operated, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud

Additional information relating to Black Diamond, including Black Diamond's annual information form for the year ended December 31, 2011 is available on SEDAR at www.sedar.com.