MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three month periods ended March 31, 2015 and 2014

BLACK DIAMOND GROUP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") compares the financial performance of Black Diamond Group Limited ("Black Diamond", the "Company", "our" and "we") for the three months ended March 31, 2015 (the "Quarter") with the three months ended March 31, 2014 (the "Comparative Quarter"). 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, 2015 and 2014 and the audited consolidated financial statements of the Company for the years ended December 31, 2014 and 2013. The accompanying unaudited condensed consolidated financial statements of Black Diamond are prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A was prepared as of May 6, 2015 and, unless otherwise indicated, all amounts are stated in Canadian dollars. Black Diamond's common shares are listed on the Toronto Stock Exchange under the symbol "BDI".

Additional information relating to Black Diamond may be found on the Black Diamond website at www.blackdiamondgroup.com or on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Certain information set forth in this MD&A contains forward-looking statements including management's assessment of Black Diamond's future operations, financial performance, business prospects, opportunities, dividend levels, forecast 2015 capital expenditures of the Company, how such expenditures will be funded and the Company's belief that it stands a high probability of winning at least its market share of the total number of beds related to LNG projects coming into the marketplace as set out under the heading "Economic Developments and Outlook". With respect to the forward-looking statements in the MD&A, Black Diamond has made assumptions regarding, among other things: that Black Diamond will continue to conduct its operations in a manner consistent with past operations, that counter-parties to contracts will perform the contracts as written and that there will be no unforeseen material delays in contracted projects. Although Black Diamond believes that the expectations reflected in the forward-looking statements contained in this MD&A, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurances that such expectations or assumptions will prove to be correct. 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, the Company's ability to attract new customers, failure of counterparties to perform on contracts, industry competition, availability of qualified personnel and management, timely and cost effective access to sufficient capital from internal and external sources, political conditions, dependence on suppliers and stock market volatility. 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 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.

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EXECUTIVE SUMMARY

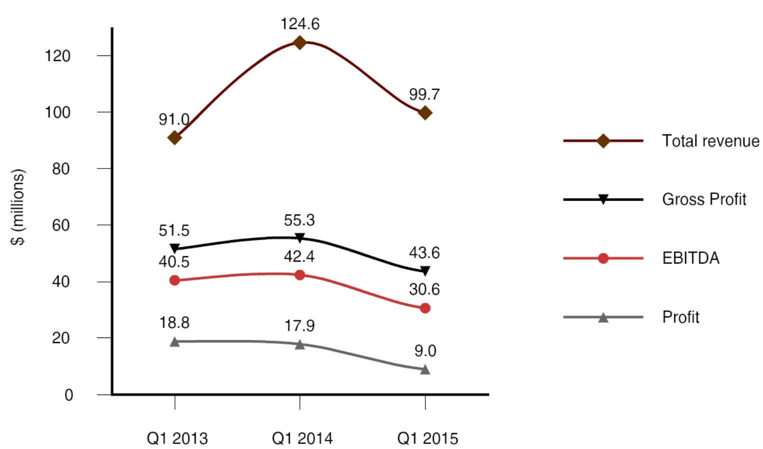
After reaching a low in November, utilization in our camps experienced a modest rebound to 73% during the first quarter of 2015 as the first phase of the 1,244 bed camp in Dawson Creek, BC started earning rent in January. The second phase of this camp started earning rent in April. In general, activity in the Western Canadian Sedimentary Basin has bifurcated with operations in gas rich areas such as the the Montney and Duvernay regions continuing to be active, whereas the oilsands continues to be slow.

The industry as a whole continues to anticipate additional announcements during the second quarter of 2015 that will provide further indication about the likelihood of the Pacific Northwest Liquefied Natural Gas project proceeding. Due to normal seasonality second quarter 2015 EBITDA is expected to be somewhat lower than the first quarter,

HIGHLIGHTS FOR THE QUARTER

- EBITDA for the Quarter was $30.6 million, which was modestly higher than our fourth quarter of 2014 and the guidance provided on March 4, 2015.
- Revenue for the Quarter was $99.7 million, down 20% or $24.9 million from a year ago primarily due to the impact of low commodity prices on business activity in the Structures, Energy Services and International business units.
- Administrative expenses for the Quarter were $14.3 million, up 3% or $0.4 million primarily due to severance expenses. Savings from Black Diamond's strategic cost initiative are expected to be realized in 2016.
- Net profit for the Quarter was $9.0 million, down 50% or $8.9 million from a year ago due primarily to the reasons described above. As a percentage, this decrease is larger than the decrease in EBITDA because depreciation stayed relatively static year over year.
- The Company continues to maintain a strong balance sheet. At March 31, 2015, the Net Debt to EBITDA ratio rose to 1.45 compared with 1.26 at December 31, 2014 as the result of capital expenditures related to the Dawson Creek 1,244 bed camp.
- The consolidated committed rental and lodging revenue yet to be earned from contracts in place at the end of the Quarter was $116.2 million (Comparative Quarter - $167.0 million). For comparison, consolidated committed rental and lodging revenue for the fourth quarter of 2014 was $130.3 million.

Financial Highlights

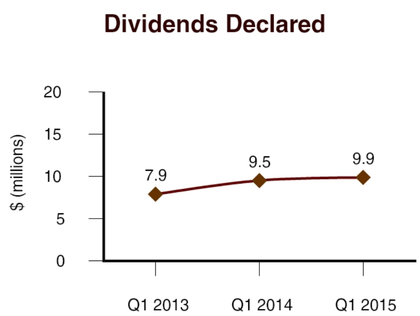


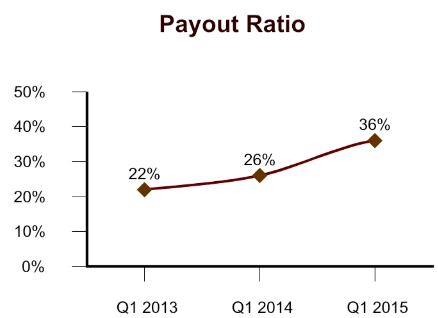
Capital Spending

Capital expenditures for the Quarter were $17.9 million compared with $19.2 million a year ago. Black Diamond has $15.9 million in outstanding capital commitments as at March 31, 2015. Black Diamond's 2015 capital program is $50 million.

Dividends and Payout Ratio

The payout ratio (see "Non-GAAP Measures") for the Quarter increased to 36% compared with 26% during the same period last year as the result of a dividend increase in August 12, 2014 and lower distributable cash flow.





WHO WE ARE

Black Diamond rents and sells portable workforce accommodation and workspace solutions to business customers in Canada, the United States and Australia. In addition to providing turnkey lodging and other support services related to remote workforce accommodation and workspaces, we also provide specialized field rentals to the oil and gas industries of Canada and the United States. From twenty locations around the world, we serve multiple sectors including oil and gas, mining, power, construction, engineering, military, government and education.

Black Diamond, through its subsidiaries and aboriginal partnerships, operates four complementary business units which include Black Diamond Structures, Black Diamond Logistics, Black Diamond Energy Services and Black Diamond International.

Black Diamond was founded in 2003, went public on the Toronto Stock Exchange in 2006 as Black Diamond Income Fund (an income trust), converted to a corporation at the end of 2009, and is currently listed on the Toronto Stock Exchange under the ticker "BDI". Black Diamond Group Limited was incorporated on October 7, 2009 under the laws of the Province of Alberta pursuant to Alberta's *Business Corporations Act*. Our head office is located at Suite 2000, 715 – 5th Avenue S.W., Calgary, Alberta, Canada.

BLACK DIAMOND'S STRATEGY

At its core, Black Diamond is a business-to-business renter of specialized equipment. Our team's extensive experience within the rental categories we operate, and our expertise in managing the logistics and supply chain for these assets, enable us to deliver higher returns on capital while also helping our clients save money.

The members of our commercial management team, each possessing more than 20 years of industry experience, have built a business platform around a concerted approach to capital allocation, risk management, business diversification and asset management.

Capital Allocation

We are focused on achieving industry leading returns on the capital we deploy. Our approach is to own quality rental assets and, through aggressive sales and disciplined management, realize a target return on capital invested in these rental assets through rental revenue, and the sale of associated services (lodging and non-rental revenue).

Achieving this is only possible through focus, efficiency and effective third party contracting. This means that we outsource functions that are not core to Black Diamond's expertise or where the capital risk is deemed high. We therefore outsource areas such as manufacturing, construction, catering, camp services, and any other functions that, while lucrative in a strong economy, might represent significant downside risk through the troughs of a commodity cycle.

Risk Management

Through careful selection and contracting with Black Diamond's counterparties, our management team strives to share risk appropriately, and promote mutually beneficial outcomes with both vendors and customers over the long-term. Where capital is being deployed, our preference is to tie that capital to a long-term customer commitment. Doing so allows us to offer our customers lower rates in return for the certainty of increased asset utilization. This ensures we attain our targeted return on capital, and our customers achieve price certainty relative to spot rates for rental assets.

Business Diversification

We have been actively working to diversify Black Diamond's business with respect to geographies, the types of assets and services offered, and variety of customers and industries served. Our entries into Australia and the United States of America ("United States" or "U.S.") in previous years were predicated on the fundamental belief that this diversification strategy can mitigate volatility during a downturn in any one geography, commodity, or asset class.

Asset Management

To ensure we are managing our assets (and capital) efficiently, the return targets we set for our business units are based on the original cost of their asset base. This creates discipline around the aging of our rental fleet, encouraging managers to regularly sell older, less economic rental assets on the secondary market, and replenish those with new rental assets. Generally, we sell our used assets for more than their book value and this is recorded as "non-rental" revenue, with the book value of the asset recorded as a non-cash item in our Consolidated Statement of Cash Flows.

ECONOMIC DEVELOPMENTS AND OUTLOOK

We expect second quarter 2015 EBITDA to be moderately lower than the first quarter as would be expected due to normal seasonality. We remain confident that with the core run rate of Black Diamond's business, current contract coverage, and diverse range of marketable assets, that we will be able to meet all of our financial obligations while continuing to pay a dividend that we have increased twice since the fourth quarter of 2013.

While we remain optimistic that liquefied natural gas project development on British Columbia's coast represents a positive opportunity for Black Diamond in 2015 and 2016, it is prudent to highlight the current uncertainty in the western Canadian oil and gas sector relative to future realized commodity pricing and the future of capital programs that are predicated on these economics.

Utilization Impacted by Oil and Gas Bear Market

Many oil and gas exploration and production companies operating in western Canada have announced capital expenditure reductions as a result of the current decline in oil prices. In general, lower capital spending from oil and gas participants negatively affects Black Diamond's near term growth prospects from this sector by reducing overall utilization.

The current condition of the oil and gas sector is also reflected in the forward contracted revenues of our Structures and Logistics business units, which have declined year-over-year by 19% and 51%, respectively, as at March 31, 2015. However, this is not necessarily indicative of forward utilization. We have a number of customers that, given the current environment, have held off on renewing their workforce accommodation contracts in favor of short-term extensions that provide them with greater flexibility in their capital programs as they work through this period of uncertainty. Should these customers move back into a long-term contract, forward contracted revenue would increase. We continue to work with our customers on finding balanced solutions that address their current circumstances while also ensuring we can meet our return on capital targets.

The competitive environment and its impact on our rental rates can be divided into three categories:

1. Where projects require new capital to be deployed, the rate of return, term of contract and pay back periods

are consistent with the Company's historical results;
2. On contract renewals, where our assets are already on location, the cost to demobilize and replace those assets represent a significant barrier to entry for competitive products, offering some price certainty; and
3. Assets in our inventory, which in some areas are currently facing an oversupply in the marketplace, must compete in the environment they are in. We do anticipate some softening of rental rates on pre-existing assets in areas experiencing a commodity down-turn.

Long-term, the cadence of projects in western Canada going into construction will likely slow until oil prices sustainably recover to levels that support the economics of the region's oil and gas sector.

Liquefied Natural Gas Projects a Potential Catalyst

Several oil and gas industry participants have announced their intention to export liquefied natural gas ("LNG") from the west coast of Canada. Of the 19 LNG export projects proposed for British Columbia, the two projects that have provided a time line for a final investment decision ("FID") within the next 18 to 24 months are Pacific Northwest LNG led by Petronas, and Canada LNG led by Shell. In this section we aggregate publicly available information about these projects to provide a sense of how they might impact the workforce accommodation industry as a whole.

Black Diamond's team has been very actively engaged in the pre-FID bidding process for a number of the projects outlined below. It is our belief that we are well positioned on the projects we have bid on, and that we stand a high probability of winning at least our market share of the total number of beds required for these projects.

The Company's $50 million 2015 capital program does not contemplate any capital spending related to these LNG projects. In the event of a positive commercial FID, in addition to announcing any material contracts won, Black Diamond would also hold an analyst day to provide the investment community with greater detail about how any contracts won would impact Black Diamond's operations, and what additional capital expenditures would be required.

We leave it to our investors to decide:

1. The likelihood of either project successfully acquiring all outstanding approvals that are required from the various First Nation groups and governmental regulatory authorities;
2. The likelihood of either project receiving a positive FID decision by the proponents; and
3. The share of work that may be won by Black Diamond relative to its competitors.

Pacific Northwest LNG

Pacific Northwest LNG ("PNW LNG"), led by Petronas, is a proposed LNG export facility on Lelu Island just outside of Port Edward on the coast of British Columbia. The consortium of companies backing this project also include Sinopec, JAPEX, Indian Oil Corporation and PetroleumBRUNEI. With off-take agreements in place for roughly two thirds of its expected capacity, PNW LNG is widely viewed as the project with the highest probability in the near-term to receive a positive FID by its proponents.

In recent months, Petronas has built momentum by successfully gaining tax concessions at both the provincial and federal levels, extracting lower costs from its suppliers, gaining support from local First Nation groups and receiving its Environmental Certificate from the BC Government.

Petronas has, on several occasions, committed to announcing their intentions for this project in June 2015. However, investors should not expect an unconditional FID to be provided by Petronas until the Canadian Environmental Assessment Agency ("CEAA") completes their review of the project, which is not expected until sometime in August or September.

PNW LNG represents three distinct opportunities for the workforce accommodation sector including construction camps for:
1. The Pacific Northwest LNG plant construction on Lelu island (www.pacificnorthwestlng.com);
2. The Prince Rupert Gas Transmission pipeline (www.princerupertgas.com); and

3. Upstream exploration and production which will not be explored here (www.progressenergy.com).

Pacific Northwest LNG Plant Construction:
The LNG facility on Lelu island would require between 3,500 and 4,500 construction workers at peak according to the PNW LNG Project Design Mitigation report filed with the CEAA on October 6, 2014.

The beds could be awarded to one or more proponents. For the successful proponent(s), it would likely take approximately one year following a positive commercial FID to prepare the land and build the first phase of an accommodation facility before beds could be on rent. It would take approximately two years after FID before peak beds would be ready to be on rent.

Prince Rupert Gas Transmission Pipeline ("PRGT")
A report dated March 15 and available on the PRGT website entitled All About Construction Camps, lays out the camp requirements for the pipeline to Port Edwards. The project is divided into three sections each with three camps (for a total of nine land based camps). Very shortly after a positive FID, all nine locations would require pioneer construction camps with capacity for between 200-400 workers. According to the report, each camp would peak at roughly 1,100 people roughly one year after FID.

Canada LNG
Canada LNG, led by Shell, is a proposed LNG export facility in the port of Kitimat on British Columbia's coast. The consortium of companies backing this project also includes KOGAS, Mitsubishi and PetroChina. While the FID for Canada LNG was expected in late 2016, the recent acquisition of BG Group by Shell may have an impact on this timing.

Canada LNG also represents three distinct opportunities for the workforce accommodation sector including construction camps for:

1. The LNG Canada plant construction in Kitimat (www.lngcanada.ca);
2. The Coastal GasLink Pipeline (www.coastalgaslink.com); and
3. Upstream exploration and production by Shell and their partners (www.shell.ca).

LNG Canada Plant Construction
According to the LNG Canada Plant Environmental Assessment Certificate Application, dated October 2014, the plant's construction will require temporary accommodation for a workforce of between 4,500 and 7,500 at peak.

The beds could be awarded to one or more proponents. For the successful proponent(s), it would likely take approximately one year following a positive commercial FID to prepare the land and build the first phase of an accommodation facility before beds could be on rent, and it would take approximately two years after FID before peak beds would be ready to be on rent.

The Coastal GasLink Pipeline
Coastal GasLink Pipeline's Application for an Environmental Assessment Certificate, dated March 2014, outlines a peak requirement for ten temporary workforce accommodation camps with a combined total of 7,350 beds. We would expect these to be deployed in a manner similar to PRGT with pioneer beds in place very quickly after a positive FID, and then peak beds approximately one year after a positive FID.

United States Economy on the Upswing
Low oil prices tend to stimulate the U.S. Economy. We are observing increased levels of construction activity in the United States, particularly along the Gulf Coast and in Florida. Structures' space rentals business in the U.S. is expected to benefit from this dynamic.

Eastern Canada Positioned to Benefit from Weak Oil Prices and Dollar
Low oil prices and a weak Canadian dollar are expected to stimulate the economies of those provinces that lie outside of oil producing areas. Structures' eastern Canadian space rentals business is expected to benefit from this dynamic.

Australia Still Challenged by Soft Mining Sector

Ongoing weakness in the Australian resource and energy sectors is continuing to impact demand for workforce accommodation units in the region.

SELECTED FINANCIAL 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 interim consolidated financial statements of Black Diamond for the Quarter and the Comparative Quarter.

	Three months ended March 31		
(in thousands, except as noted)	**2015**	**2014**	**Change**
Financial Highlights	**$**	**$**	**%**
Total revenue	99,695	124,576	(20)%
Gross Profit	43,636	55,343	(21)%
Administrative Expenses	14,304	13,855	3%
EBITDA [(1)]	30,628	42,384	(28)%
Profit before taxes	13,755	25,386	(46)%
Profit (loss)	9,029	17,903	(50)%
Earnings Per share - Basic	0.22	0.42	(48)%
- Diluted	0.22	0.41	(46)%
Capital expenditures	17,938	19,174	(6)%
Property & equipment (NBV)	551,071	484,506	14%
Total assets	711,086	701,306	1%
Long-term debt	197,509	166,299	19%
Dividends declared	9,861	9,531	3%
Per share ($)	0.24	0.23	4%
Payout ratio [(1)]	36%	26%	

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

Margin Analysis

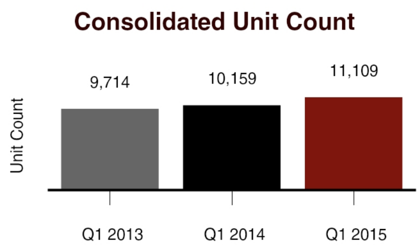
	Three months ended March 31		
(Percent of revenue)	**2015**	**2014**	**Change [(1)]**
Gross Profit	44%	44%	—
Administrative Expense	14%	11%	3
EBITDA	31%	34%	(3)

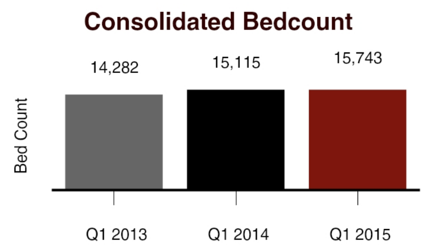
(1) Percentage point basis.

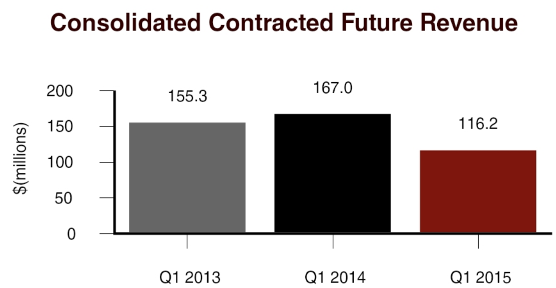
CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet increased to 11,109 units in the Quarter compared with 10,159 a year ago due to slight increases in workforce accommodation units and surface rental units. Consolidated unit count includes accommodation units, space rental units and surface rental units.







Fleet Utilization Rates

	Three months ended March 31		
	2015	**2014**	**Change (1)**
Structures:			
Workforce Accommodation	74%	93%	(19)
Space Rentals	70%	80%	(10)
Energy Services:			
Drilling accommodation unit utilization	60%	79%	(19)
Surface rental unit utilization	29%	39%	(10)
International	28%	67%	(39)

(1) Percentage point basis.

Black Diamond measures utilization on the basis of the net book value of assets on rent, divided by the net book value of the business unit's total assets available to rent. Year over year asset utilization in Structures, Energy Services and International was driven down by the impact of lower commodity pricing in North America and Australia. A cold winter in eastern Canada also drove down space rentals related to construction. That said, on a sequential basis, asset utilization in Workforce Accommodation improved compared with the fourth quarter of 2014.

Revenue

	Three months ended March 31		
($ millions, except as noted)	**2015**	**2014**	**Change %**
Rental Revenue	36.2	43.1	(16)%
Lodging Revenue	33.3	40.4	(18)%
Non-Rental Revenue	30.2	41.1	(27)%
Revenue	99.7	124.6	(20)%

	Three months ended March 31		
Percentage of consolidated revenue	**2015**	**2014**	**Change [(1)]**
Rental Revenue	36%	35%	1
Lodging Revenue	34%	32%	2
Non-Rental Revenue	30%	33%	(3)

(1) Percentage point basis.

Black Diamond's revenues are broken out into three categories: rental, lodging, and non-rental:

Rental revenues are associated with the rental of Black Diamond's owned assets to customers. This is the highest return aspect of the business.

Rental revenue for the Quarter was $36.2 million, down 16% or $6.9 million from a year ago due to a decline in utilization rates which was largely driven by the decline in commodity prices. In the Structures business unit, workforce accommodation's average utilization decreased to 74% in the Quarter from 93% a year ago, but improved on a sequential basis compared with 70% in the fourth quarter of 2014.

Lodging revenues are derived from the cost-plus and day-rate camps that are operated and/or managed by Black Diamond's Logistics business unit. These camps are turnkey solutions that provide the support services for workforce accommodation camps including catering and utilities delivered by third parties and managed by Black Diamond. In the day-rate model, the cost of both the accommodation and the services are combined into a per diem rate per bed. In the cost-plus model, services that are delivered to the camp are billed on a cost-plus basis.

Lodging revenue for the Quarter was $33.3 million, down 18% or $7.1 million from a year ago due to a reduction in beds under management.

Non-rental revenues are derived from the sale of both new and used assets, the sub-leasing of non-owned assets, wellsite catering activities, as well as the delivery, installation, construction, project management and ancillary products and services required to support the deployment and remobilization of these assets.

Non-rental revenue for the Quarter was $30.2 million, down 27% or $10.9 million from a year ago in line with reduction in rental and lodging revenue.

Total consolidated revenue for the Quarter was $99.7 million, down 20% or $24.9 million from a year ago for the reasons described above.

Forward Contracted Revenue

The consolidated committed rental and lodging revenue from contracts in place at the end of the Quarter was $116.2 million (Comparative Quarter - $167.0 million).

Direct Costs and Gross Profit

($ millions, except as noted)	Three months ended March 31 2015	2014	Change %
Direct Costs	56.1	69.2	(19)%
Gross Profit	43.6	55.3	(21)%

Percentage of Consolidated Revenue.	Three months ended March 31 2015	2014	Change [(1)]
Direct Costs	56%	56%	—
Gross Profit	44%	44%	—

(1) Percentage point basis

Gross profit margins fluctuate depending on the mix between rental, lodging and non-rental revenue streams. Revenue streams ancillary to rental revenue generally realize lower gross margins than fleet rental margins.

Gross profit for the quarter was $43.6 million, down 21% or $11.7 million from a year ago due to a decrease in revenue.

Direct costs include labour, fuel, materials, freight, maintenance and servicing of rental units. From time to time, Black Diamond will sell used units from its fleet, rent equipment from third parties and re-rent the equipment, provide logistics services, provide installation and render other services to customers. Direct costs from these activities include the net book value of used units that have been sold, the cost of units sub-leased from others, and the cost of third parties in delivering some of these services.

Direct costs for the Quarter were $56.1 million, down 19% or $13.1 million from a year ago due to lower business activity. Direct costs as a percentage of revenue were 56% for the Quarter consistent with the same period last year.

Administrative Expenses

($ millions, except as noted)	Three months ended March 31 2015	2014	Change %
Personnel	8.5	7.8	9%
Occupancy & Insurance	1.5	1.5	—
Other Administrative Expenses	4.3	4.6	(7)%
Administrative expenses	14.3	13.9	3%
% of Consolidated Revenue	14%	11%	

Percentage of Administrative expenses.	Three months ended March 31 2015	2014	Change [(1)]
Personnel	60%	56%	4
Occupancy & Insurance	10%	11%	(1)
Other Administrative Expenses	30%	33%	(3)

(1) Percentage point basis

Other administrative expenses includes audit, travel, meals and entertainment, bank charges, promotional items and yard/shop maintenance. Expenses related to share based compensation and Black Diamond's long-term incentive plan ("LTIP") are also included under other administrative expenses.

Administrative expenses for the Quarter were $14.3 million, up 3% or $0.4 million mainly due to increased personnel costs year over year related primarily to severance expenses. On a percentage of revenue basis administrative costs for the Quarter were 14%, up three percentage points from a year ago as revenue declined and administrative costs increased. The various components of Black Diamond's administrative expenses are broken out below:

Personnel costs for the Quarter were $8.5 million, up 9% or $0.7 million due primarily to severance costs and a modest year over year increase in headcount.

Occupancy and insurance costs for the Quarter were $1.5 million, unchanged from Comparative quarter.

Other administrative expenses for the Quarter were $4.3 million, down 7% or $0.3 million due to decreased traveling and entertainment costs.

EBITDA

	Three months ended March 31		
($ millions, except as noted)	**2015**	**2014**	**Change %**
EBITDA [(1)]	30.6	42.4	(28)%
% of Consolidated Revenue	31%	34%	

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

EBITDA as a percentage of consolidated revenue will fluctuate from period to period depending on the proportion of rental revenue compared to ancillary revenue streams such as lodging services, custom manufactured sales, logistics, installation, subleases and other services which generally yield a lower EBITDA margin.

EBITDA for the Quarter was $30.6 million, down 28% or $11.8 million from a year ago due to a decrease in revenues. EBITDA as a percentage of revenue for the Quarter was three percentage points lower than a year ago.

Depreciation and Amortization

	Three months ended March 31		
($ millions, except as noted)	**2015**	**2014**	**Change %**
Depreciation	13.1	13.7	(4)%
Amortization	0.2	0.4	(50)%

Depreciation for the Quarter was $13.1 million, down 4% or $0.6 million from a year ago.

Amortization for the Quarter was $0.2 million compared with $0.4 million a year ago due to the Australian intangible assets written off at December 2014.

Finance Costs

Average interest rates in the Quarter were 4.05% compared with 4.39% from a year ago.

	Three months ended March 31		
($ millions, except as noted)	**2015**	**2014**	**Change %**
Finance cost	2.2	2.0	10%

Finance costs for the Quarter were $2.2 million, up 10% or $0.2 million from a year ago as interest expenses increased due to increased draws on the committed extendible revolving operating facility in the Quarter when compared to the Comparative Quarter.

Income Tax

	Three months ended March 31		
($ millions, except as noted)	**2015**	**2014**	**Change %**
Current tax	3.1	5.2	(40)%
Deferred tax	0.6	1.2	(50)%

For the Quarter, Black Diamond incurred a current income tax provision of $3.1 million (2014 - $5.2 million) and a deferred income tax provision of $0.6 million (2014 - $1.2 million).

The deferred income tax provision for both periods arises due to the change in the book value and the tax value of the net assets held by Black Diamond. The tax provisions have been calculated at the enacted tax rate of 25.27% in Canada, 40% in the United States and 30% in Australia.

Non-Controlling Interest

The non-controlling interest ("NCI") represents earnings attributable to the Fort Nelson First Nations' approximate 50% interest in the Black Diamond Dene Limited Partnership, the West Moberly First Nation’s approximate 50% interest in the Black Diamond West Moberly Limited Partnership, and the Beaver Lake Cree Nation's approximate 50% interest in the Black Diamond Nehiyawak Limited Partnership.

	Three months ended March 31		
($ millions, except as noted)	**2015**	**2014**	**Change %**
Non-controlling interest	1.0	1.0	—

The NCI for the Quarter was $1.0 million, unchanged from a year ago.

Net Income

	Three months ended March 31		
($ millions, except as noted)	**2015**	**2014**	**Change %**
Net income	9.0	17.9	(50)%

Net profit for the Quarter was $9.0 million, down 50% or $8.9 million from a year ago due to decreased revenue.

SEGMENTED REVIEW OF FINANCIAL PERFORMANCE

The Company's senior management evaluates segment performance based on a variety of measures including profit, operating expenses, return on assets and EBITDA.

The following is a summary of the Company's segmented results for the Quarter and Comparative Quarter in 2014, detailing revenues and EBITDA by each of the Company's business units. The rental component of the Logistics business unit's service offerings is included in the Structures business unit through an inter-segment reclassification, while the service component remains in the Logistics business unit.

Segmented Revenue

Revenues presented by segment in the tables below include inter-segment revenue, as this is considered indicative of the level of each segment's activity.

	Three months ended March 31		
(in thousands, except where noted)	2015	2014	Change
	$	$	%
Revenue			
Structures	57,629	67,989	(15)%
Energy Services	7,265	11,751	(38)%
Logistics	33,272	40,421	(18)%
International	1,529	4,415	(65)%
Total Revenue	**99,695**	**124,576**	**(20)%**

Segmented EBITDA

EBITDA by segment excludes depreciation, amortization, finance costs, write-down of minority interest in an investee, provision for guarantee of debt of an investee, impairment loss, deferred and current taxes, non-controlling interest, and share based compensation.

	Three months ended March 31		
(in thousands, except where noted)	2015	2014	Change
	$	$	%
EBITDA			
Structures	25,466	33,682	(24)%
Energy Services	2,058	4,001	(49)%
Logistics	8,164	8,132	— %
International	257	1,760	(85)%
Corporate	(5,317)	(5,191)	2 %
Total EBITDA	**30,628**	**42,384**	**(28)%**

STRUCTURES BUSINESS UNIT REVIEW

The Structures business unit consists of our workforce accommodation and our space rental offerings:

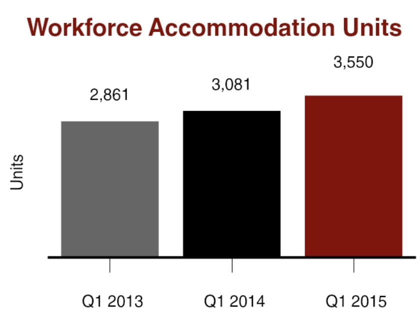
Workforce Accommodations are sold or rented to business clients who want to accommodate their workforce in remote locations where local accommodation infrastructure is either insufficient or non-existent. Our clients operate in the oil and gas, pipeline, mining, catering, engineering and construction industries, and include various levels of government. Our products include large dormitories, kitchen/diner complexes and recreation facilities.

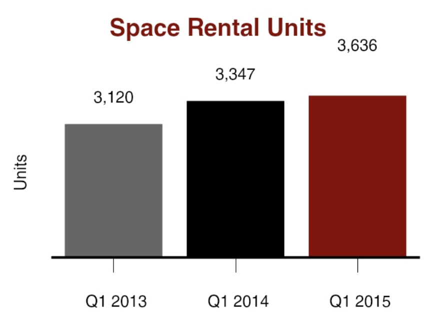
Space Rentals provide high quality, cost effective, portable workspaces to customers throughout North America. These customers operate in the construction, real estate development, manufacturing, education and resource industries, and also include government agencies. Products include office units, lavatories, storage units, large multi-unit office complexes, classroom facilities, custom manufactured modular facilities and blast resistant structures.

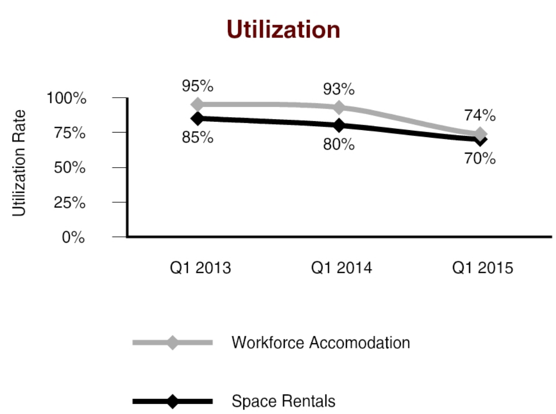
In addition, Black Diamond sells both new and used workforce accommodations and space rentals units and provides delivery, installation, project management and ancillary products and services which appear as "non-rental revenue".

Operational Highlights

	Three months ended March 31		
	2015	**2014**	**Change %**
Workforce accommodation units	3,550	3,081	15%
Average utilization	74%	93%	
Workforce accommodation bedcount	12,999	12,479	4%
Space rental units in fleet	3,636	3,347	9%
Average utilization	70%	80%	







Financial Highlights

($ millions, except as noted)	Three months ended March 31 2015	2014	Change %
Total Revenue	57.6	68.0	(15)%
Rental Revenue	30.6	34.2	(11)%
Non-Rental Revenue	27.0	33.8	(20)%
EBITDA	25.5	33.7	(24)%

Percentage of Structures Revenue	Three months ended March 31 2015	2014	Change (1)
Rental Revenue	53%	50%	3
Non-Rental Revenue	47%	50%	(3)
EBITDA	44%	50%	(6)

(1) Percentage point basis.

The rental revenue for the Structures business unit is directly proportional to the number of rental fleet units, the utilization rate for the fleet and the realized rental rates. Effective rental rates vary between periods due to the complexity of the fleet unit types available, their configurations, the number rented, project locations and contract duration.

The Structures business unit's total revenue for the Quarter was $57.6 million, down 15% or $10.4 million from a year ago. Year-over-year differences are reviewed in the breakdown of revenue into its various components below:

- Rental revenue for the Quarter was $30.6 million, down 11% or $3.6 million from a year ago due to a decrease in average utilization rates of the space rental and workforce accommodation fleets; and
- Non-rental revenue for the Quarter was $27.0 million, down 20% or $6.8 million from a year ago due to the sale of a large camp North of Fort McMurray in the first quarter of 2014.

EBITDA for the Quarter was $25.5 million, down 24% or $8.2 million primarily due to a significant reduction in revenue during the Quarter which also drove EBITDA as a percentage of revenue down to 44% from 50% a year ago as a result of lower margins on non-rental revenue.

Forward Contracted Revenue

At March 31, 2015, the weighted average remaining contract rental term outstanding was approximately 10 months (March 31, 2014 - 10 months). Contracted rental revenue commitments in place as at March 31, 2015 totaled $84.9 million (March 31, 2014 - $105.1 million).

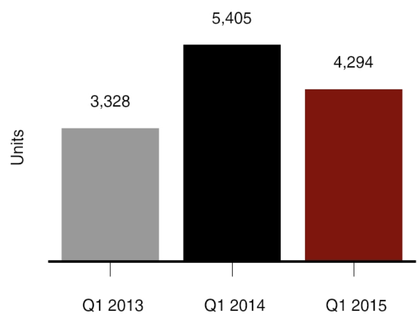
LOGISTICS BUSINESS UNIT REVIEW

The Logistics business unit provides turnkey workforce lodging services, remote facility management and supply chain solutions. This business unit manages both Black Diamond's and third party owned workforce housing facilities and provides associated services for customers. This business unit also provides sophisticated supply chain management services to large exploration and production customers to improve the efficiency of their remote workforce services, thereby helping customers realize significant savings.

Operational Highlights

	Three months ended March 31		
	2015	2014	Change %
Beds under management [(1)]	4,294	5,405	(21)%

(1) For the three months ended March 31, 2015, of the total beds under management in the Logistics business unit, 3,222 are owned by Black Diamond and included in the Structures business unit's workforce accommodation bedcount, 928 are leased from third parties and the remaining 144 beds are managed by Black Diamond on behalf of third parties.



Financial Highlights

($ millions, except as noted)	Three months ended March 31		
	2015	2014	Change %
Lodging Revenue [(1)]	33.3	40.4	(18)%
EBITDA	8.2	8.1	1%

Percentage of Lodging Revenue	Three months ended March 31		
	2015	2014	Change [(2)]
EBITDA	25%	20%	5

(1) Lodging revenue excludes room revenue
(2) Percentage point basis.

Lodging revenue in the Logistics business unit is directly proportional to the number of beds available to rent, occupancy levels at the camps, the type of camps being occupied, and the initiation and completion of large projects.

Black Diamond has two types of turnkey camps: Day-rate camps which have variable margins and Cost-plus camps which have fixed margins. Day-rate camps generally earn higher margins than cost plus camps where the Company manages the camps on behalf of its customers and earns a fixed margin with reduced risk.

Logistics' day-rate camps often have minimum man day commitments in place to protect these camps from downside risks and maintain a target return on capital. Lodging revenue for the Quarter was $33.3 million, down 18% or $7.1 million from a year ago due to the reduction in beds under management compared to a year ago.

Lodging EBITDA for the Quarter was $8.2 million, up 1% or $0.1 million due to an increase in occupancy at day-rate camps compared with the same period last year, thereby increasing the mix of day-rate beds relative to cost-plus beds. EBITDA margins as a percentage of Logistics revenue this Quarter were 5% higher than a year ago for the same reason as above.

Forward Contracted Revenue

Contracted minimum man day and lodging service revenue commitments in place as at March 31, 2015 totaled $26.3 million (March 31, 2014 - $54.1 million) for the camps operated by the Logistics business unit. This excludes the rental of equipment, which is reported in the Structures business unit.

ENERGY SERVICES BUSINESS UNIT REVIEW

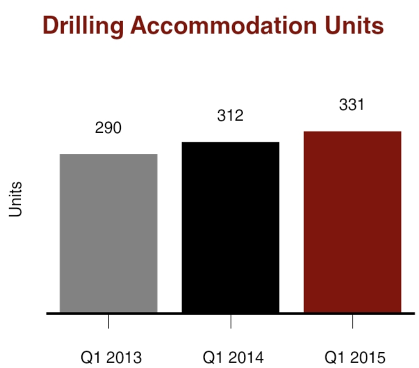
The Energy Services business unit's primary business is separated into two oilfield rental streams:

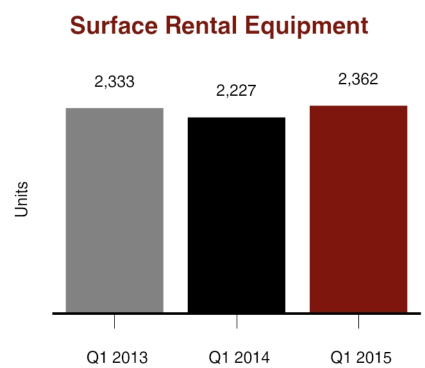
1. Surface rentals, which consist of various types of equipment that support drilling, completion and production activities; and
2. Accommodations, which consist of single unit (well sites) and multi-unit complexes (drill camps) which are highly mobile and durable.

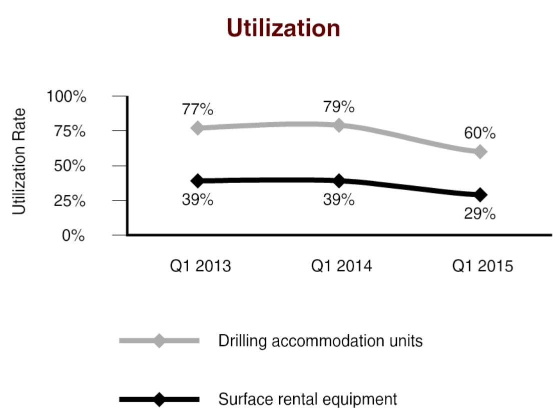
The business unit also provides complete installation and maintenance services (operations) for its rental assets.

Operational Highlights

	Three months ended March 31		
	2015	**2014**	**Change %**
Drilling accommodation units	331	312	6%
Average utilization	60%	79%	
Drilling accommodation bedcount	968	966	—
Surface rental units	2,362	2,227	6%
Average utilization	29%	39%	







Financial Highlights

($ millions, except as noted)	Three months ended March 31 2015	2014	Change %
Revenue	7.3	11.8	(38)%
Rental Revenue	4.3	6.2	(31)%
Non-Rental Revenue	3.0	5.6	(46)%
EBITDA	2.1	4.0	(48)%

Percentage of Energy Services Revenue	Three months ended March 31 2015	2014	Change [1]
Rental Revenue	59%	53%	6
Non-Rental Revenue	41%	47%	(6)
EBITDA	29%	34%	(5)

(1) Percentage point basis.

Rental revenue for the Energy Services business unit is directly proportional to the number of fleet units, their utilization rate and the realized rental rate.

Revenue tends to be more seasonal in the Energy Services business unit. Drilling accommodations and 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.

Revenue decreased in the Quarter by 38% over the Comparative Quarter due to decreases in rental and non-rental revenue. Rental revenue decreased by 31% due to a decrease in drilling and completions activity in western Canada in the Quarter over the Comparative Quarter. Non-rental revenue decreased by 46% in the Quarter over the Comparative Quarter mainly on account of a decrease in used fleet sales and lower catering activity. Further, an overall decrease in installation, charge back services, and sublease was slightly offset by an increase in transportation revenue.

The drilling accommodations fleet increased by 6% in the Quarter over the Comparative Quarter. The increase includes drill camps as well as a complement of wellsite units and support units. The surface rental fleet increased to 2,362 units in the Quarter from 2,227 units in the Comparative Quarter mainly on account of additional rig mats.

EBITDA and EBITDA as a percentage of revenue decreased in the Quarter compared to the Comparative Quarter mainly due to a decrease in overall revenue and gross margin due to price pressure as a result of current declines in drilling and completion activity due to lower commodity prices for oil and natural gas.

Forward Contracted Revenue

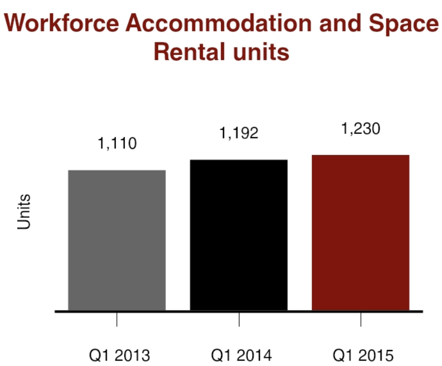
At March 31, 2015, the weighted average remaining contract rental term outstanding was approximately three months (March 31, 2014 - two months). Committed rental revenue from contracts in place as at March 31, 2015 was $3.1 million (March 31, 2014 - $4.2 million).

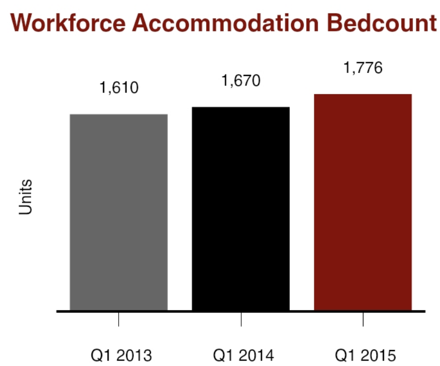
INTERNATIONAL BUSINESS UNIT REVIEW

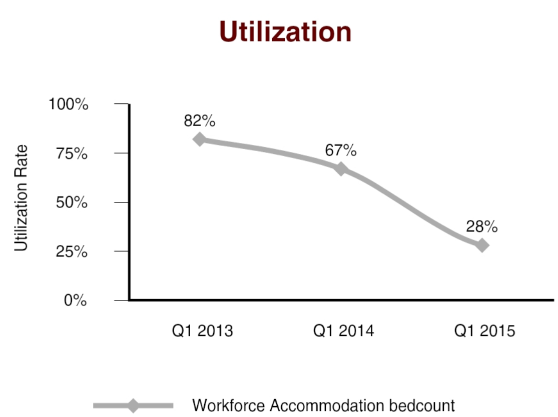
The International business unit rents and sells remote workforce housing and modular workspace solutions outside of North America. The primary geography for this business unit is Australia. Rental fleet assets are similar to assets which the Company operates in North America and are well-positioned in the resource-rich states of Queensland and Western Australia.The business unit's diverse customer base includes operations in resources, oil and gas, construction, general industry, government and education.

Operational Highlights

	Three months ended March 31		
	2015	**2014**	**Change %**
Workforce accommodation and space rental units	**1,230**	1,192	3%
Workforce accommodation bedcount	**1,776**	1,670	6%
Average utilization	**28%**	67%	







Financial Highlights

($ millions, except as noted)	Three months ended March 31 2015	2014	Change %
Revenue	1.5	4.4	(66)%
Rental Revenue	1.3	2.7	(52)%
Non-Rental Revenue	0.2	1.7	(88)%
EBITDA	0.3	1.7	(82)%

Percentage of International Revenue	Three months ended March 31 2015	2014	Change [(1)]
Rental Revenue	87%	61%	26
Non-Rental Revenue	13%	39%	(26)
EBITDA	20%	39%	(19)

(1) Percentage point basis.

The rental revenue for the International business unit is directly proportional to the number of rental units, their utilization rate and the realized rental rate.

The resource sector in Australia has historically been a major source of demand for the Company's assets primarily in Western Australia and Queensland. The current downturn in commodity prices has led to weakness in the Australian resource and oil and gas sectors. This has led to reduced asset utilization. This trend is anticipated to continue during 2015.

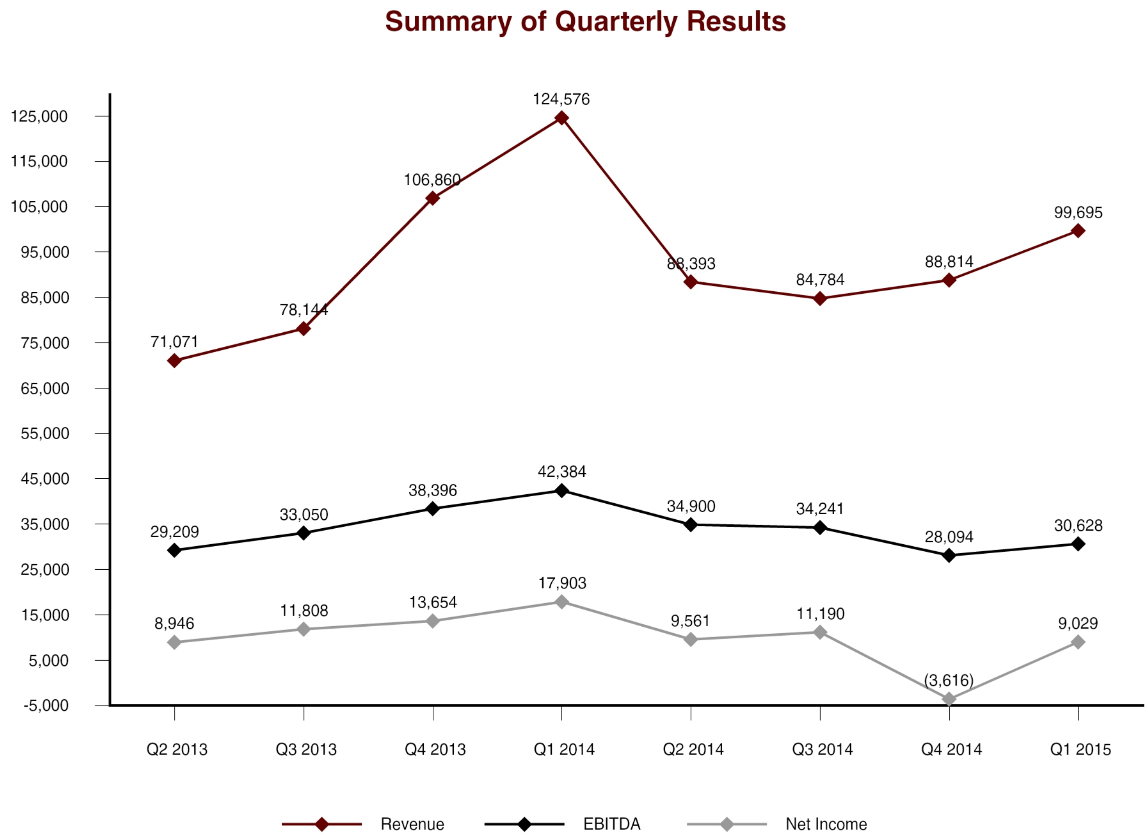
Revenue and EBITDA in the Quarter was lower than the Comparative Quarter reflecting lower average fleet utilization and rental rates.

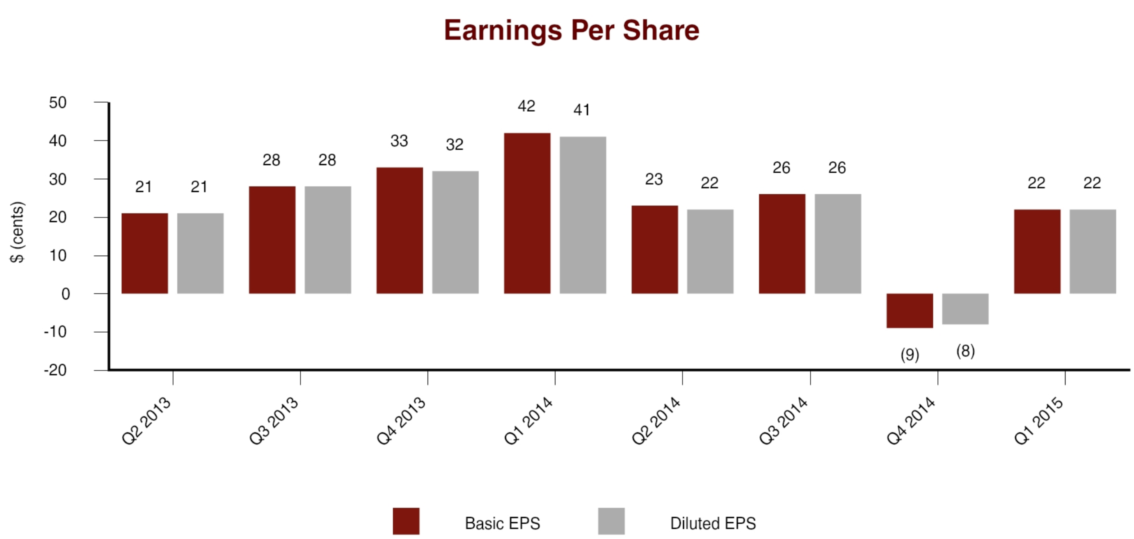
Forward Contracted Revenue

As at March 31, 2015, the weighted average remaining contract rental term outstanding was approximately four months (March 31, 2014 - five months) and the committed rental revenue from contracts in place was $1.9 million (March 31, 2014 - $3.6 million)

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the previous eight quarters:





LIQUIDITY & CAPITAL RESOURCES

Cash Requirements

Contractual Obligations and Other Commitments

At March 31, 2015, Black Diamond had capital expenditure commitments with key manufacturers of modular structures in the amount of $15.9 million for delivery of modular structures in the next six months. It is management's intention to meet the funding requirements for these commitments through internally generated cash flow.

Capital Expenditures

Black Diamond's capital expenditures relate primarily to:

- Structures business unit - workforce accommodation structures, space rental structures and ancillary equipment;
- Logistics business unit - site improvements;
- Energy Services business unit - accommodation structures and surface rental equipment;
- International business unit - workforce accommodation and space rental structures in Australia (this excludes capital acquired through the business combination); and
- Corporate - land, leasehold improvements, computers, furniture and service related equipment.

For the Quarter, Black Diamond expended $17.9 million (Comparative Quarter – $19.2 million) on additions to property and equipment. The additions consisted of:

	Three months ended March 31		
($ millions, except as noted)	**2015**	**2014**	**Change %**
Structures	13.2	10.5	26%
Energy Services	0.8	3.3	(76)%
Logistics	0.1	1.1	(91)%
International	3.7	3.6	3%
Corporate	0.1	0.7	(86)%
	17.9	19.2	(7)%

Sources and Uses of Cash

Cash flows from operating, investing and financing activities, as reflected in the Consolidated Statement of Cash Flows, are summarized in the following table:

	Three months ended March 31		
($ millions, except as noted)	**2015**	**2014**	**Change %**
Cash from operating activities	24.1	26.5	(9)%
Cash used in investing activities	(22.2)	(12.1)	83%
Cash used in financing activities	(10.6)	(29.0)	(63)%
Total cash decrease	(8.7)	(14.6)	(40)%

Liquidity needs can be met through a variety of sources, including: available cash, cash generated from operations, draw downs under the Company's revolving credit facility, issuances of common shares and short-term borrowings under the Company's operating facilities. Black Diamond's primary use of funds are operational expenses, sustaining and opportunity capital spending, dividends and interest, taxes and principal repayments.

Cash provided by operating activities was $2.4 million lower in 2015 than in 2014 primarily due to increased investment in working capital.

Cash used in investing activities was $10.1 million higher in 2015 than in 2014 due to higher capital spending made in the Quarter.

Cash used in financing activities was $18.4 million lower in 2015 than in 2014, primarily due to $18 million in net repayments of operating facility in the Comparative Quarter.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	March 31, 2015	December 31, 2014	Change %
Current assets	113.5	116.3	(2)%
Current liabilities	61.5	65.3	(6)%
Working capital	52.0	51.0	2%

The decrease in current assets of $2.8 million from December 31, 2014 was largely due to a decrease of $8.1 million in cash and cash equivalents partially offset by an increase in accounts receivable of $5.8 million. The increased accounts receivable balance is due to an increase in receivables relating to contract arrangements with longer financing terms.

The increase in current liabilities of $3.8 million from December 31, 2014 was largely due to an increase of $3.2 million of accounts payable due to timing of payments, offset by a decrease of $1.7 million of deferred revenue related to services to be rendered within the next 12 months.

Principal Debt Instruments:

As of March 31, 2015, Black Diamond's principal sources of debt included:

- a committed extendible revolving operating facility in the amount of $150.0 million, all of which is available and $96 million is drawn at March 31, 2015;
- a demand operating facility in the amount of $5.0 million, all of which is available and $0.4 is drawn at March 31, 2015;
- a demand operating facility in the U.S in the amount of US$3.0 million, all of which is available and $nil is drawn at March 31, 2015;
- a demand operating facility in Australia in the amount of AUD$5.0 million, all of which is available and $nil is drawn at March 31, 2015;
- $62.0 million principal amount of senior secured notes due on July 8, 2019, which rank pari passu with the senior credit facilities of the Company;
- $40.0 million principal amount of senior secured notes due on July 3, 2022, which rank pari passu with the senior credit facilities of the Company; and

Effective June 20, 2014, Black Diamond restructured and consolidated its senior secured credit facility into one extendible revolving operating facility of $150.0 million (December 31, 2013 - $130.0 million revolving capital expenditure facility and $15.0 million revolving operating facility) that matures April 30, 2018 and is available by way of prime rate advances, U.S. base rate advances, LIBOR advances, bankers acceptances and letters of credit using interest rates that fluctuate based on the ratio of net total funded debt to EBITDA. The facility is interest only payable monthly in arrears until the April 30, 2018 maturity date and incurs standby fees for any unused portion of the facility at rates that fluctuate based on the ratio of net total funded debt to EBITDA. The facility is collateralized by a general security agreement from Black Diamond, a guarantee and general security agreement from each of its material subsidiaries and a pledge of the equity interests owned by Black Diamond in such material subsidiaries. The facility has an accordion feature that allows for the expansion of the facility up to an aggregate of $250 million, upon lender commitment. If all or any portion of the $100 million accordion is not provided by the lenders, the extendible revolving operating facility authorizes the Company to obtain the remaining amount from any third party subject to certain conditions in the facility. For the three months ended March 31, 2015, the average interest rate applied to amounts drawn on the extendible revolving operating facility was 2.99% (2014 - 3.75).

Black Diamond, through one of its partnerships, has a $5.0 million operating facility to fund working capital requirements of the partnership. The facility bears interest at a rate of prime plus 1.15%. At March 31, 2015, the effective interest rate was 4.00% (December 31, 2014 - 4.15%). The facility is secured by assets of the partnership only, with no recourse to Black Diamond.

Black Diamond, through an indirect wholly owned U.S. subsidiary, has a U.S. $3.0 million demand 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 4% minimum rate. At March 31, 2015, the effective interest rate was 4% (2014 - 4%). 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 corporate guarantee issued by Black Diamond Limited Partnership.

Black Diamond, through an indirect wholly owned Australian subsidiary, has a AUD$5.0 million demand operating facility to fund working capital requirements in Australia. The facility bears interest at a rate of Australian Bank Bill Overdraft Rate plus 1.0%. At March 31, 2015, the effective interest rate was 3.31% (2014 - 3.69%). The facility is secured by a corporate guarantee issued by Black Diamond Limited Partnership.

On July 7, 2011, Black Diamond Limited Partnership completed a private placement of senior secured notes. These notes, which rank pari passu with the senior secured credit facility, have a principal amount of $62,000, 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 with the first annual payment beginning July 7, 2015. Black Diamond has the discretion to refinance the senior secured notes for at least twelve months through its extendible revolving operating facility and hence classified the obligation as long-term.

On July 3, 2013, Black Diamond Limited Partnership completed a private placement of senior secured notes. These notes, which rank pari passu with the senior secured credit facility, have a principal amount of $40,000, 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 payment beginning on July 3, 2020. On July 3, 2013, Black Diamond Limited Partnership also entered into a private shelf facility for senior secured notes which, subject to the sole discretion of the lender, may be drawn in an aggregate amount up to US $21.3 million for a term of no more than 11 years after the date of original issuance, to have an average life of no more than 10 years after the date of original issuance, and to bear interest as shall be determined at the date of issuance. The senior secured notes may be issued until the earlier of (i) July 3, 2016 or (ii) the 30th day after notice has been given to terminate the private shelf facility.

The Company issued a guarantee for AUD $5,168 as part of the purchase consideration for the Company's indirect 20% interest in APB Britco's manufacturing business, which serves to guarantee a portion of its debt and is repayable on demand. The Company took a $5.2 million provision for this guarantee in the second quarter of 2014. With this provision and the write-off of the Company's initial $1.8 million cash investment in the manufacturing business in 2013, the Company has completely written off its investment in APB Britco's manufacturing business.

The Company uses a combination of short-term and long-term debt to finance its operations. Management believes that Black Diamond has the liquidity, barring any unforeseen circumstances, to continue to operate through the foreseeable future, and pursue its planned business objectives. This is due to the Company's capitalization, the longer term nature of Black Diamond's customer contracts and the credit worthiness of Black Diamond’s customers.

Based on Black Diamond’s current business plan and internal forecasts, 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, interest costs, fund capital expenditures and maintain dividends payouts at current levels. 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 factors 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, if required.

The Company is committed to maintaining a strong balance sheet and flexible capital structure. Black Diamond’s financial debt covenants are as follows:

Debt Covenants

Black Diamond's financial debt covenants are as follows:

Covenant as at March 31, 2015	Required	Actual
Total Funded Debt to EBITDA	≤ 3.00:1	1.66
EBITDA to Interest Plus Distributions	≥ 2.00:1	2.63

Black Diamond controlled limited partnership's non-recourse financial debt covenants are as follows:

Covenant as at March 31, 2015	Required	Actual
Current Ratio	≥ 1.25:1	9.48
Interest Coverage Ratio	≥ 3.00:1	55.30

For the purposes of the covenant calculations, EBITDA is determined on a 12 month trailing basis. EBITDA is a non-GAAP measure that management uses to assist in the evaluation of Black Diamond's liquidity and is used by Black Diamond's lenders to calculate compliance with certain financial covenants.

Lender agreements also contain non-financial covenants that restrict, subject to certain thresholds, some of the Company's activities, including the Company's ability to dispose of assets, incur additional debt, pay dividends, create liens, make investments and engage in specified transactions with affiliates. As at March 31, 2015, Black Diamond was in compliance with all financial debt covenants.

Share Capital

At March 31, 2015, Black Diamond had 41.1 million (December 31, 2014 - 41.0 million) common shares outstanding. In addition, at March 31, 2015, Black Diamond had 4.0 million (December 31, 2014 - 3.3 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 equity capitalization as at May 6, 2015:

Common shares	41,070
Stock options	4,021

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are likely to have, a material current or future effect on the Company's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital expenses.

Contingent Liabilities

The Company has entered into indemnity agreements with its directors and officers whereby the Company indemnifies the directors and officers from all personal liability and loss that may arise in service to the Company, only as a supplementary measure.

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at March 31, 2015 relate to standard working capital accounts, credit facility items and an interest rate swap.

Black Diamond is subject to both cash flow and interest rate risk on its extendible revolving operating 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 operating facility will fluctuate as a result of changes in market rates.

NON-GAAP MEASURES

The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles ("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 is not a measure recognized under GAAP and does not have standardized meanings prescribed by GAAP. EBITDA refers to consolidated earnings before finance costs, tax expense, depreciation, amortization, accretion, foreign exchange, stock-based compensation, acquisition costs, non-controlling interests and write-down of investment in Britco Australia LP. 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 Company's operations on a basis which excludes the impact of how they have been financed and impairment write downs on goodwill and intangibles of its International business unit. In addition, management presents EBITDA because it considers it to be an important supplemental measure of the Company's performance and believes this measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures.

EBITDA has limitations as an analytical tool, and readers should not consider this item in isolation, or as a substitute for an analysis of the Company's results as reported under GAAP. Some of these limitations are that EBITDA:

- excludes certain income tax payments that may represent a reduction in cash available to the Company;
- does not reflect the Company's cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- does not reflect changes in, or cash requirements for, the Company's working capital needs;
- does not reflect the significant interest expense, or the cash requirements necessary to service interest payments on the Company's debt;
- depreciation and amortization are non-cash charges, thus the assets being depreciated and amortized will often have to be replaced in the future and EBITDA does not reflect any cash requirements for such replacements; and
- other companies in the industry may calculate EBITDA differently than the Company does, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of the Company's business. The Company compensates for these limitations by relying primarily on the Company's GAAP results and using EBITDA only supplementary.

Reconciliation of Consolidated Profit to EBITDA:

	Three months ended March 31		
(in thousands of dollars, except as noted)	2015	2014	Change %
Profit	9,029	17,903	(50)%
Add:			
Share-based compensation	1,296	896	45 %
Depreciation and amortization	13,339	14,084	(5)%
Finance costs	2,238	2,018	11 %
Current income taxes	3,128	5,240	(40)%
Deferred income taxes	620	1,211	(49)%
Non-controlling interest	978	1,032	(5)%
EBITDA	30,628	42,384	(28)%

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. 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 facilities. Funds not distributed are available for re-investing in the business and funding the growth of Black Diamond.

Reconciliation of Cash Flow from Operating Activities to Funds Available for Dividends:

	Three months ended March 31		
(in thousands of dollars, except as noted)	**2015**	**2014**	**Change %**
Cash Flow from Operating Activities	24,065	26,480	(9)%
Add/(Deduct):			
Book value of used fleet sales to operating activities	(2,548)	(11,087)	(77)%
Change in long-term accounts receivable	565	(551)	(203)%
Changes in non-cash working capital	5,418	22,302	(76)%
Funds available for dividends	27,500	37,144	(26)%

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 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, 2015 and ended on March 31, 2015 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 is available on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS & ESTIMATES

Judgments

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.

In addition to the estimates and judgments discussed in Note 2 in the audited consolidated financial statements of the Company for the year ended December 31, 2014 and 2013, management has made the following judgments,which have a significant effect on the amounts recognized in the consolidated financial statements:

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 modular structures, that it retains all the significant risks and rewards of ownership of these structures and accounts for the contracts as operating leases.

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. Management has determined that the Company does not exert significant influence over APB Britco LP in respect of which it holds a 20% interest (Of which 100% has been written off in 2013).

Definition of a business

Management applies judgments relating to its acquisitions with respect to whether the acquisitions were a business combination or an asset acquisition. Management applies a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of the respective acquisitions in order to reach a conclusion.

Determination of a CGU
Management's judgment is required in determining the Company's cash generating units for the impairment assessment of its indefinite-life intangible assets. The CGUs have been determined considering level of operating activities and independent cash flows generated from groups of assets.

Business combinations - purchase price allocation
Purchase price allocations involve uncertainty because management is required to make assumptions and judgments to estimate the fair value of the identifiable assets acquired and liabilities assumed in business combinations. Fair value estimates are based on quoted market prices and widely accepted valuation techniques, including discounted cash flow ("DCF") analysis. Such estimates include assumptions about inputs to the valuation techniques, industry economic factors and business strategies.

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.

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. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense 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.

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 the maintainable earnings 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.

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.

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 fair value less costs to sell ("FVLCTS") and its value in use ("VIU"). The FVLCTS 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 maintainable EBITDA levels. The VIU calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the Company's budget for the next two years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Asset retirement obligations

The Company has recognized a provision for decommissioning obligations associated with two 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 site and the expected timing of those costs.

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, collectibility of accounts receivable, recognition of provisions and contingent obligations, the estimated useful lives of property and equipment, useful lives of intangible assets, and percentage complete for certain types of revenue recognition. Accordingly, actual results may differ from estimated amounts. Management has also used judgment in the estimates used in pricing its options and long-term incentive plan awards, assessing the effectiveness of hedging relationships 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.

Changes in Accounting Policies and disclosure

Several new standards and amendments apply for the first time in 2015. The nature and the impact of each new standard/amendment is described below:

IFRS 2 Share-Based Payments - Amendments to IFRS 2

The standard amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'. The amendment did not have an impact to the Company as it reflects current accounting policy of the Company.

IAS 8 Operating Segments - Amendments to IAS 8.

The amended standard requires (i) disclosure of judgments made by management in aggregating segments, and (ii) a reconciliation of segmented assets to the Company's assets when segment assets are reported. The amendment did not have an impact to the disclosure and the financial results of the Company.

IFRS 13 Fair Value Measurement - Amendments to IFRS 13

The amended standard clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts if the effect of discounting is immaterial. It also clarifies that portfolio exception can be applied not only to financial assets and liabilities, but also to other contracts within scope of IFRS 39 and IFRS 9. The amendment did not have an impact to the Company as it reflects current accounting policy of the Company.

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 Company's consolidated financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective on or after January 1, 2016.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for the classification and measurement of financial assets, financial liabilities, impairment and includes the new general hedge accounting model. IFRS 9 *Financial Instruments (July 2014)* replaces earlier versions of IFRS 9 and supersedes IAS 39 *Financial instruments: Recognition and measurement* and the effective date of the new standard will be for annual periods beginning on or after January 1, 2018. The Company has not yet determined the impact of the standard on the Company's financial statements.

IFRS 15 Revenue from contracts with customers

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, 2017. Application of the standard is mandatory and early adoption is permitted. The Company has not yet determined the impact of the standards on the Company's financial statements.

Annual Improvements Project for 2012-2014 (Amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34)

Relatively minor amendments on these four standards were issued by the IASB under its Annual Improvements Project for 2012-2014. These amendments are effective for annual periods beginning on or after January 1, 2016. The Company has not yet determined the impact of the amendments 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.

Shareholder Protection Rights Plan

The Company's Board of Directors adopted a Shareholder Protection Rights Plan (the "Rights Plan") on March 4, 2015 under which a right is attached to each common share granting the holder thereof the right, under certain conditions, to purchase a common share issued from treasury at a substantial discount to the market price at such time. The Rights Plan is subject to ratification by shareholders at the annual and special meeting scheduled for May 7, 2015 and subsequent approval of the Toronto Stock Exchange. The Rights Plan is available on SEDAR and the Company's website.