MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2013 and 2012

BLACK DIAMOND
GROUP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") was prepared as of March 12, 2014 and is provided to assist readers in understanding Black Diamond Group Limited's ("Black Diamond" or the "Company") financial performance for the three months and year ended December 31, 2013 and significant trends that may affect the future performance of Black Diamond. This MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the years ended December 31, 2013 and 2012. The accompanying audited consolidated financial statements of Black Diamond are prepared in accordance with International Financial Reporting Standards ("IFRS"). 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 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, performance, business prospects and opportunities, and statements relating to future operational and financial results and dividend levels and management's future expectations regarding the financial performance of the Company and its business units, forecast 2014 capital expenditures of the Company and how such expenditures will be funded set out under the heading "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.

OVERVIEW OF THE COMPANY

Black Diamond Group Limited was incorporated on October 7, 2009, under the laws of the Province of Alberta 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 Group Limited and the unit holders of the Fund. Effective December 31, 2009, pursuant to the plan of arrangement, the Fund restructured from an unincorporated open-ended income fund trust to Black Diamond Group Limited, a publicly listed corporation.

Black Diamond Group Limited's ("Black Diamond" or the "Company") head office is located at Suite 2000, 715 – 5th Avenue S.W., Calgary, Alberta, Canada. The business of Black Diamond, through its subsidiaries and its approximate 50% equity participation in certain aboriginal partnerships is to rent modular structures for use as workforce accommodation and temporary workspace; and, rent various types of oilfield equipment used in the exploration and production of oil and gas; and provide lodging services and complementary services including transportation, installation, dismantling, repair and maintenance of modular structures and oilfield rental equipment. As of January 1, 2013, Black Diamond operated through four complementary business units in strategic locations across Canada, the United States and Australia, consisting of Black Diamond Structures, Black Diamond Logistics, Black Diamond Energy Services and Black Diamond International.

Black Diamond changed the basis of its business unit structure for reporting purposes beginning January 1, 2013 to five reportable segments: Structures, Logistics, Energy Services, International and Corporate. Previously, the reportable segments were disclosed as Camps and Logistics, BOXX Modular, Energy Services and Corporate. The change had an impact on the segment information reported but did not change the aggregate financial information reported for Black Diamond. To enable readers to understand the changes and to assess trends, prior period segment information included in the financial statements and this MD&A for comparative purposes, was restated to reflect the new business structure.

Black Diamond Structures provides workforce housing and associated services through its Black Diamond Camps operating division to a diversified client base which includes natural resource exploration and development companies, large catering and food services providers, engineering and construction companies, drillers, general contractors, pipeline constructors and municipal, provincial and federal governments. Black Diamond Camps' operate primarily in Western Canada and its products include large dormitories, kitchen/diner complexes and recreation facilities. This division offers customers flexible and expedient solutions to accommodate their workforce in remote locations where local accommodation infrastructure is either insufficient or non-existent. In addition to workforce housing rental units, this division offers both new and used units for sale and provides delivery, installation, project management and ancillary products and services. Black Diamond Structures also provides modular workspace solutions throughout North America through its BOXX Modular operating division. This division provides high quality, cost effective modular space solutions to a diversified client base which includes general contractors, construction trades, real estate developers, manufacturers, commercial businesses, government agencies, and various companies involved in the resource industry. BOXX Modular's products include 'single wide' office units, lavatories, storage units, large multi-unit office complexes, training (classroom) facilities, custom manufactured modular facilities and blast resistant structures. These products offer customers flexible and expedient solutions to meet their temporary and permanent workspace and storage needs.

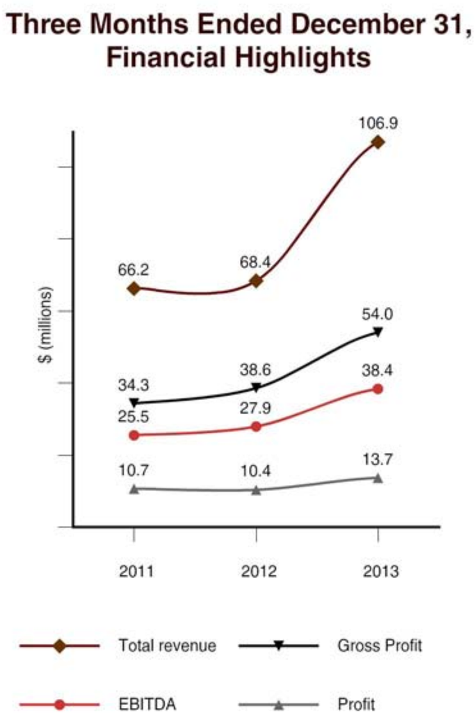
Black Diamond Logistics provides turnkey lodging services, remote facility management and supply chain solutions. This business unit manages a number of workforce housing facilities both for the Company's and third party owned assets and provides associated services for customers. This business unit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

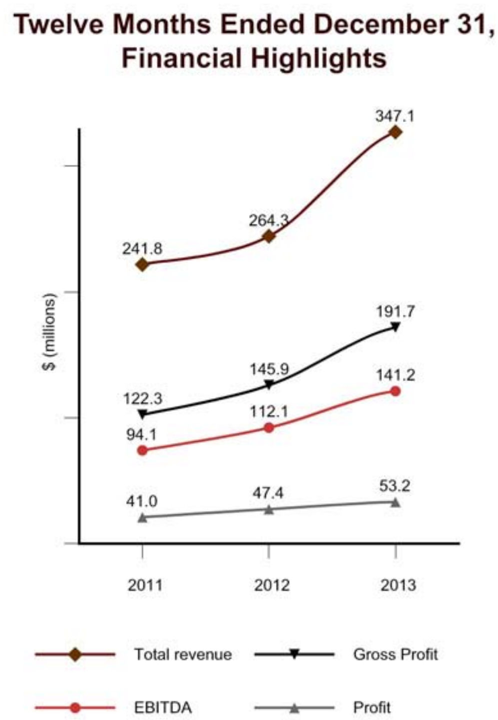
The primary business of Black Diamond Energy Services can be separated into the following two oilfield rental streams which also includes complete installation and maintenance services for the same equipment: surface rentals consisting of various types of equipment supporting drilling, completion and production activities and accommodations which consist of single unit (wellsites) and multi-unit complexes (drill camps) which are highly mobile and durable and which, when fully assembled, create a single building to house, feed and provide life support amenities to oilfield crews and support staff.

Black Diamond International rents and sells remote workforce housing and modular workspace solutions and provides associated services outside of North America. The primary operating geography for this business unit is Australia. The business unit's 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. Black Diamond International's diverse customer base includes natural resource companies, building and construction companies, commercial and general industrial companies; and government.

2013 HIGHLIGHTS

The key highlights for the year ended December 31, 2013 are as follows:





- Revenue for the year ended December 31, 2013 (hereafter referred to as "2013") increased by 31% to $347.1 million compared to the year ended December 31, 2012 (hereafter referred to as "2012"). The primary driver of Black Diamond's business continues to be the rental revenue from fleet units which increased by $37.8 million to $152.9 million in 2013. The Company's non-rental revenue and lodging revenue streams also increased significantly during 2013, posting 27% and 34% increases, respectively.

- For the three month period ended December 31, 2013 (hereafter referred to as the "Quarter"), revenue increased by 56% to $106.9 million compared to the three month period ended December 31, 2012 (hereafter referred to as the "Comparative Quarter").

- Revenue increases resulted from continued investment in the Company's rental fleet as well as ongoing strong utilization rates. Utilization of Camps equipment averaged 88% for 2013 compared with 93% for 2012. Space Rentals fleet utilization increased from 79% in 2012 to 83% in 2013. Within Energy Services, drilling accommodations and surface rental equipment utilization rates in 2013 were 69% and 32%, respectively, compared to 67% and 44% in 2012.

- EBITDA (see "Non-GAAP Measures") for 2013 was $141.2 million compared with $112.1 million for 2012, a 26% increase, with increases in the Company's Structures and International business units.

- EBITDA for the Quarter was $38.4 million compared with $27.9 million for the Comparative Quarter, a 37% increase, with increases in all four of the Company's operating Business Units.

- Driven by strong revenue growth and increased gross profit in the Structures, Logistics and International business units, Profit increased from $47.4 million in 2012 to $53.2 million in 2013.

2013 HIGHLIGHTS (continued)

The key highlights for the year ended December 31, 2013 are as follows: (continued)

- Effective January 1, 2013, the Company completed the purchase of 90% of the shares of the modular rental business of Australian Portable Buildings Pty. Limited ("APB"), and the remaining 10% was purchased in March 2013. The transactions were completed for a total cash consideration of $39.1 million and provides a significant platform for the Company to undertake International expansion of its business.

- The Company's $117.0 million capital budget was fully allocated in 2013, with $95.6 million spent during the year. The remaining $21.4 million was carried over into 2014 due to timing of projects and manufacturing schedules.

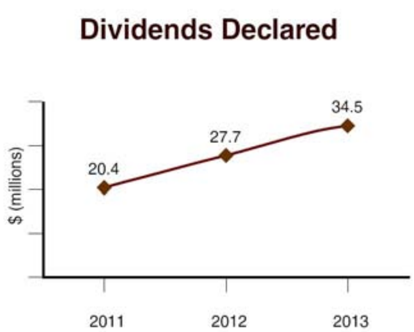
- On November 6, 2013, the Company announced an initial $100 million capital expenditure budget for 2014 which is incremental to the $21.4 million carryover from 2013 that remained unspent as at the end of 2013. The Company anticipates funding this 2014 capital spending, and its existing dividend level, primarily from operating cash flow.

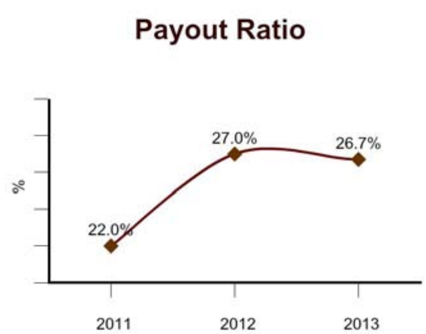
- During the third quarter of 2013, the Company completed the private placement of $40.0 million principal amount of senior secured notes.

- The Company continues to operate with a conservative amount of debt financing. At December 31, 2013, the Funded Debt to EBITDA ratio was 1.31.

- The Company paid dividends of $0.06 per share per month in January and February of 2013, dividends of $0.07 per share per month up to November 2013, and dividends of $0.075 per share per month in December 2013. The dividend increase in December 2013 was the sixth dividend increase by Black Diamond since its initial public offering.

- The payout ratio (see “Non-GAAP Measures”) for the Quarter was 26% (Comparative Quarter - 29%) and 27% for 2013 (2012 - 27%).





2013 HIGHLIGHTS (continued)

Trends affecting the Company's business

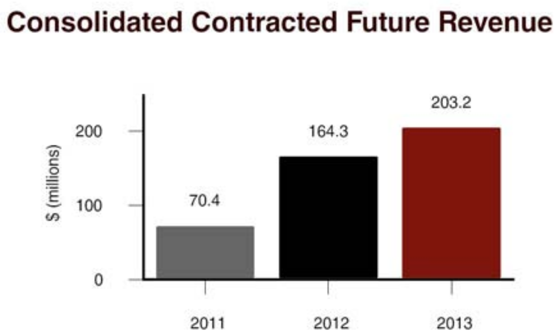
In accordance with our strategic plan, the Company is continuously evaluating organic growth opportunities and potential acquisitions that may expand the Company's platform or add complementary service offerings. Some of the key industry trends that are currently affecting, or may affect, Black Diamond's business and prospects are as follows:

- Increased production levels in Western Canada from oil sands activities and oil and gas resource plays have increased demand for the Company's fleet assets and non-rental and lodging services.
- Several oil and gas industry participants have announced an intention to pursue liquefied natural gas ("LNG") developments in western Canada. If any of these projects proceed, they are expected to result in increased demand for assets and services such as those offered by the Company. As well, significant infrastructure and upstream gas development would be needed to support these LNG projects, again driving demand for the Company's assets and services.
- Increased levels of construction activity in the United States, particularly along the Gulf Coast, and increased oil and gas resource development is expected to result in an increased demand for work space assets and well site accommodations.
- In Australia, upstream gas development activities are expected to result in demand for workforce accommodation units. This is offset by ongoing weakness in the Australian mining sector which results in diminished demand for these assets.
- Labour demand in Western Canada has resulted in a requirement by customers for larger, more modern workforce accommodations. This trend is expected to continue as shortages of labour result from the high levels of construction activity for proposed LNG and oil sands facilities.

OUTLOOK

Black Diamond finished 2013 on a positive note, posting record fourth quarter and full year revenue and a robust EBITDA. The continued significant investment in Black Diamond's fleet, combined with the growing acceptance of Black Diamond's non-rental and lodging service offerings have all contributed to these results.

Management's outlook for 2014 remains positive due to: the performance and continued growth of the rental platform; demand for Black Diamond's non-rental products and services; a robust sales platform; and, significant contract awards that were announced in the second half of 2013. The Company continues to increase revenue under contract, with $203.2 million future revenues contracted at the end of 2013. This is a 23.7% increase over 2012.



Increases in revenue and EBITDA are anticipated in both the Structures and Logistics Business Units as several large-scale, longer term contracts commence to service resource development in Western Canada. Management expects the demand for remote camps to remain strong, the space rentals platform to continue to experience high levels of growth and the Company's full turnkey lodging concept to gain further traction. While British Columbia LNG development is expected to add to this growth outlook, management anticipates this opportunity will have a more significant impact on the Company's activity levels beyond 2014. The Energy Services Business Unit's outlook is anticipated to remain stable, consistent with 2013. Increased revenue from the International Business Unit is expected to be driven by ongoing gas development activities to provide supply for the Australian LNG industry; however, mining activities in Australia are anticipated to remain weak which will somewhat mitigate the pace of growth in the Australian division through 2014.

Black Diamond announced an initial capital expenditure budget for 2014 of $100 million. Delays experienced in certain projects that were anticipated in the fourth quarter of 2013 led to approximately $21 million lower spending in 2013 than previously anticipated. As a result, the Company expects 2014 capital spending to be in excess of $120 million. The Company anticipates funding these 2014 capital expenditures and its existing level of dividends, primarily out of operating cash flow and existing working capital.

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 audited consolidated financial statements of Black Diamond for the year ended December 31, 2013.

	Three months ended December 31			Year ended December 31		
(in thousands, except as noted)	**2013**	**2012** (1)	**2011** (1)	**2013**	**2012** (1)	**2011** (1)
Financial Highlights	**$**	**$**	**$**	**$**	**$**	**$**
Total revenue	106,860	68,442	66,207	347,055	264,274	241,808
Gross Profit	54,035	38,586	34,328	191,687	145,888	122,323
Gross Profit %	51%	56%	52%	55%	55%	51%
Administrative Expenses (2)	15,762	12,284	9,385	53,841	37,861	30,181
Administrative Expense %	15%	18%	14%	16%	14%	12%
EBITDA (3)	38,396	27,941	25,495	141,181	112,091	94,071
EBITDA %	36%	41%	39%	41%	42%	39%
Profit before taxes	19,755	14,435	15,650	76,805	66,736	58,637
Profit	13,654	10,393	10,688	53,216	47,394	40,979
Per share - Basic	0.33	0.25	0.31	1.27	1.21	1.15
- Diluted	0.32	0.24	0.29	1.26	1.18	1.12
Capital expenditures	36,402	46,616	39,697	95,560	163,628	94,656
Property & equipment (NBV)	485,684	423,281	301,073	485,684	423,281	301,073
Total assets	674,863	557,196	426,430	674,863	557,196	426,430
Long-term debt	184,266	96,359	86,130	184,266	96,359	86,130
Dividends declared	9,051	7,410	5,311	34,536	27,684	20,428
Per share ($)	0.22	0.18	0.14	0.83	0.70	0.57
Payout ratio (3)	26%	29%	21%	27%	27%	22%

Notes:

(1) Certain figures from the prior period financial statements have been reclassified to conform to the current year's presentation.

(2) Administrative expenses for 2013 and the Quarter includes executive severance payments of $1,692. Refer to the section on related party transactions.

(3) 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.

SELECTED OPERATIONAL INFORMATION

(in thousands, except as noted)	Three months ended December 31 2013	2012 (2) (3)	2011 (2) (3)	Year ended December 31 2013	2012 (2) (3)	2011 (2) (3)
Operational Highlights						
Structures Business Unit						
Workforce accommodation units	3,214	2,825	2,006	3,214	2,825	2,006
Average utilization during the period	85%	91%	94%	88%	93%	93%
Workforce accommodation bedcount	12,272	11,487	8,066	12,272	11,487	8,066
Space rental units in fleet	3,285	3,109	2,689	3,285	3,109	2,689
Average utilization	81%	84%	76%	83%	79%	75%
Logistics Business Unit						
Beds under management (1)	4,263	2,755	1,528	4,263	2,755	1,528
Energy Services Business Unit						
Drilling accommodation units	292	280	206	292	280	206
Average utilization during the period	76%	64%	54%	69%	67%	53%
Drilling accommodation bedcount	898	898	825	898	898	825
Surface rental units	2,255	2,306	2,314	2,255	2,306	2,314
Average utilization during the period	32%	41%	52%	32%	44%	46%
International Business Unit						
Workforce accommodation and space rental units	1,142	n/a	n/a	1,142	n/a	n/a
Workforce accommodation bedcount	1,620	n/a	n/a	1,620	n/a	n/a
Average utilization during the period	73%	n/a	n/a	79%	n/a	n/a
Consolidated unit count	10,188	8,520	7,215	10,188	8,520	7,215
Consolidated bed count	14,790	12,385	8,891	14,790	12,385	8,891

Notes:

(1) As at December 31, 2013, of the total beds under management in the Logistics Business Unit, 3,739 are owned by Black Diamond and included in the Structures workforce accommodation bedcount, and the remaining 524 beds are managed by Black Diamond on behalf of third parties.

(2) The method used to calculate the average utilization rates for 2013 was changed to a weighted utilization instead of simple utilization used in prior periods. This change does not materially affect the prior period utilization rates and therefore they were not restated.

(3) Certain figures from the prior period have been reclassified to conform to the current year's presentation.

RESULTS OF OPERATIONS

The Company's senior management evaluates segment performance based on a variety of measures depending on the particular segment being evaluated, including profit, operating expenses, return on assets and EBITDA. 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. EBITDA by segment excludes depreciation, amortization, finance costs, deferred and current taxes, non-controlling interest, and share based compensation, as senior management looks at each period's earnings before corporate expenses and non-cash items such as depreciation, amortization and share based compensation, as one of the Company's important measures of segment performance.

Segmented Results

The following is a summary of the Company's segmented results for the three and twelve months ended December 31, 2013 and 2012, detailing inter-segment revenues by each of the Company's business units.

Three months ended December 31, 2013:

	2013					2012			
	Structures	Energy Services	Logistics	Inter-national	Total	Structures	Energy Services	Logistics	Total
	$	$	$	$	$	$	$	$	$
Total Segment Revenue	61,984	8,809	31,801	4,266	106,860	39,384	8,917	20,141	68,442
Revenue - inter-segmental	6,676	26	(6,702)	—	—	4,688	—	(4,688)	—
Total Revenue - external	68,660	8,835	25,099	4,266	106,860	44,072	8,917	15,453	68,442

Twelve months ended December 31, 2013:

	2013					2012			
	Structures	Energy Services	Logistics	Inter-national	Total	Structures	Energy Services	Logistics	Total
	$	$	$	$	$	$	$	$	$
Total Segment Revenue	186,144	31,152	110,150	19,609	347,055	153,377	37,801	73,096	264,274
Revenue - inter-segmental	26,264	430	(26,694)	—	—	10,998	—	(10,998)	—
Total Revenue - external	212,408	31,582	83,456	19,609	347,055	164,375	37,801	62,098	264,274

Total segment revenue before inter-segment adjustments includes the full amount of rental and service revenue that Logistics charges Black Diamond customers. By applying the inter-segment eliminations in arriving at the total external revenue, the rental component of the Logistics service offerings is therefore included in Structures, while the service component remains in Logistics.

RESULTS OF OPERATIONS (continued)

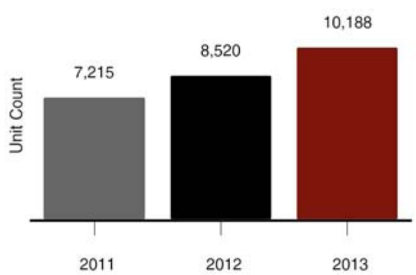
Revenue

Consolidated

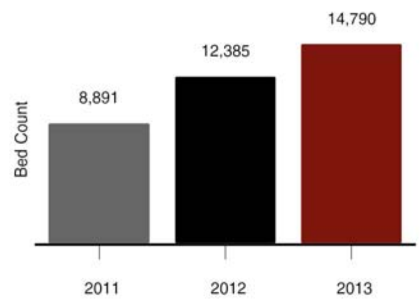
($ millions, except as noted)	Q4				YTD			
	2013		2012		2013		2012	
		(1)		(1)		(1)		(1)
Rental Revenue	39.0	37%	33.8	49%	152.9	44%	115.1	44%
Lodging Revenue	25.1	23%	15.4	23%	83.5	24%	62.1	23%
Non-Rental Revenue	42.8	40%	19.2	28%	110.7	32%	87.1	33%
Revenue	106.9		68.4		347.1		264.3	

(1) Percentage of consolidated revenue

Consolidated Unit Count



Consolidated Bedcount



Three months ended December 31, 2013 and 2012
The $5.2 million increase in rental revenue from the Comparative Quarter was due to the growth in the modular accommodation and workspace units in the Quarter. Workforce accommodation average utilization decreased to 85% in the Current Quarter from 91% in the Comparative Quarter, due to certain contracted projects commencing later than anticipated. Substantially all of these projects were on rental at the end of 2013 and completed in first quarter of 2014.

Lodging revenue increased by 63% from the Comparative Quarter as a result of new camps starting in the Quarter and the reopening of a significant camp.

Non-rental revenue increased significantly in the Quarter, by $23.6 million or 123%, largely due to an increase in the amount of operations associated with new project installations in the Quarter, including several installations that had been delayed from the third quarter of 2013.

Twelve months ended December 31, 2013 and 2012
There has been a significant increase in all revenue streams in 2013 from 2012 as reflected in the table above. One of the primary drivers of Black Diamond's business continues to be the rental of fleet units. The significant increase in the rental fleet which resulted from the growth of the modular accommodation and workspace units during 2013 (including the addition of the Australian fleet) resulted in a 33% or $37.8 million increase in rental revenue in 2013 relative to 2012.

The increase in the number of rooms operated under the Logistics platform resulted in a 34%, or $21.4 million increase in lodging revenues from 2012.

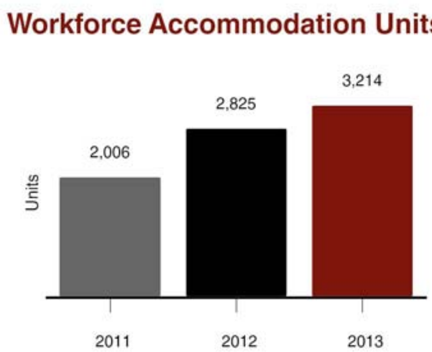
Non-rental revenue increased by 27%, or $23.6 million in 2013, due to the commencement of significant large scale projects and increased custom fleet sales in 2013.

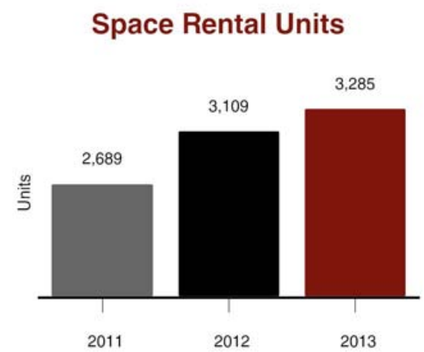
RESULTS OF OPERATIONS (continued)

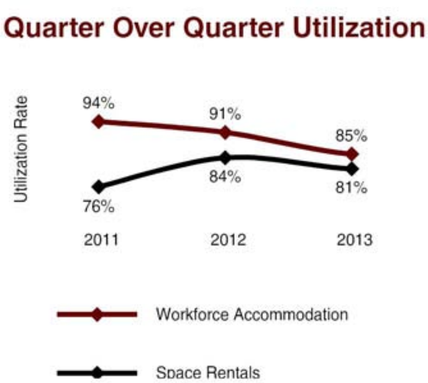
Structures Business Unit

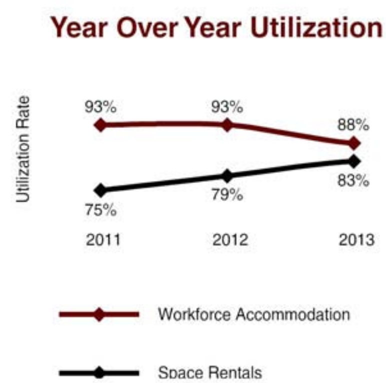
($ millions, except as noted)	Q4				YTD			
	2013		2012		2013		2012	
		(1)		(1)		(1)		(1)
Revenue	68.7		44.1		212.4		164.4	
% of Consolidated Revenue	64%		64%		61%		62%	
Rental Revenue	31.2	45%	28.5	65%	120.4	57%	93.2	57%
Non-Rental Revenue	37.5	55%	15.6	35%	92.0	43%	71.2	43%
EBITDA	35.6	52%	26.1	59%	121.8	57%	85.6	52%

(1) Percentage of Structures Revenue.









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 labor in remote areas, which tend to start and operate without regard to the time of year.

Three months ended December 31, 2013 and 2012

Revenue increased in the Quarter relative to the Comparative Quarter due to a 140% increase in non-rental revenue as a result of increases in operations and custom fleet sales. Rental revenue increased by 9% in the Quarter relative to the Comparative Quarter as a result of continued capital investment in the rental fleet. EBITDA, as a percentage of revenue for the Quarter, was lower due to non-rental revenue contributing a larger share of the total revenue for the Quarter relative to the Comparative Quarter.

RESULTS OF OPERATIONS (continued)

Structures Business Unit (continued)

Twelve months ended December 31, 2013 and 2012

Revenue increased in 2013 relative to 2012 by $48 million, or 29%, due to both strong rental revenue and non-rental revenue. Non-rental revenue increased by 29% in 2013 due to higher operations and custom fleet sales. The 29% increase in rental revenue in 2013 is predominantly derived from the 14%, or 389 unit, increase in the workforce accommodation fleet since 2012. In addition, during 2013 there was a 6%, or 176 unit, increase in the space rental fleet over 2012. The average utilization of the space rental fleet increased 4% over 2012, while workforce accommodation average utilization decreased to 88%. Rental rates remained strong in 2013.

EBITDA margin for 2013 was higher as a result of direct investment in new rental fleet in the year, which provide higher margins, increased utilization of the space rental fleet and strong margins on other revenue streams compared to 2012.

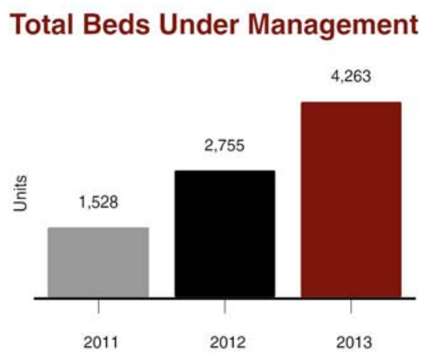
Contracted Revenue

At December 31, 2013 the weighted average remaining contract rental term outstanding was approximately 10 months (2012 - 12 months). Committed rental revenue from contracts in place for 2013 was $127.1 million (2012 - $109.6 million).

RESULTS OF OPERATIONS (continued)

Logistics Business Unit

($ millions, except as noted)	Q4		YTD	
	2013	**2012**	**2013**	**2012**
Lodging Revenue	25.1	15.4	83.5	62.1
% of Consolidated Revenue	24%	23%	24%	24%
EBITDA	5.1	3.7	20.1	24.3
% of Logistics Revenue	20%	24%	24%	39%



Three months ended December 31, 2013 and 2012
Lodging revenue increased by 63% in the Quarter relative to the Comparative Quarter. The increase in revenue was driven by a 55% increase in managed beds from 2,755 in the Comparative Quarter to 4,263 in the Quarter.

Twelve months ended December 31, 2013 and 2012
Revenue increased by 34% in 2013 as a result of activity associated with several full service operated camps. The majority of camps saw full capacity in 2013 with an associated increase in revenue due to higher bed counts at operated camps. There may be variability in revenue with respect to services related to daily occupancy levels in a given period.

EBITDA decreased over 2012 due to field level delays. This, combined with a change in the mix of camps, resulted in a lower EBITDA % in 2013 when compared with 2012.

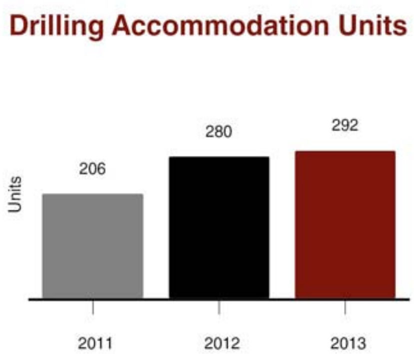
Contracted Revenue
For 2013, Logistics had contracts in place to provide a minimum of $68.6 million (2012 - $50.4 million) of lodging service revenue for the camps it operates. This excludes the rental of equipment, which is reported in the Structures Business Unit.

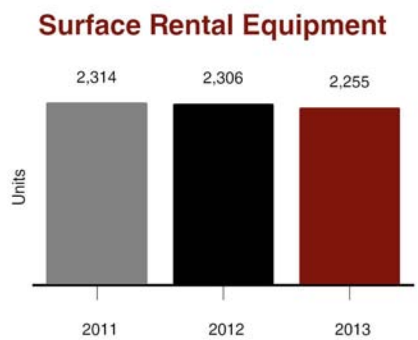
RESULTS OF OPERATIONS (continued)

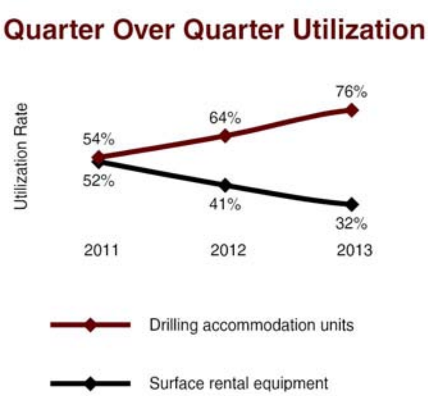
Energy Services Business Unit

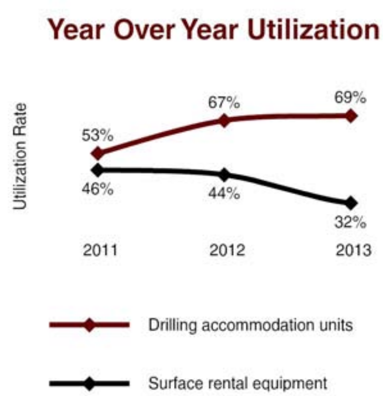
($ millions, except as noted)	Q4				YTD			
	2013		2012		2013		2012	
		(1)		(1)		(1)		(1)
Revenue	8.8		8.9		31.6		37.8	
% of Consolidated Revenue	8%		13%		9%		14%	
Rental Revenue	5.0	57%	5.3	60%	20.0	63%	21.9	58%
Non-Rental Revenue	3.8	43%	3.6	40%	11.6	37%	15.9	42%
EBITDA	3.3	38%	2.6	29%	11.9	38%	14.1	37%

(1) Percentage of Energy Services Revenue.









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.

Three months ended December 31, 2013 and 2012

Revenue decreased by 1% over the Comparative Quarter. Lower utilization and market pricing for surface rental assets was offset slightly by an increase in utilization of drilling accommodations. Non-rental revenue grew due to an increase in catering and operations for drilling accommodations, partially offset by a reduction in sublease activity.

RESULTS OF OPERATIONS (continued)

Energy Services Business Unit (continued)

Twelve months ended December 31, 2013 and 2012

Revenue decreased 16% over 2012. Lower utilization and market pricing for surface rental assets was partially offset by an increase in utilization of drilling accommodations. Non-rental revenue decreased due to a reduction in sublease activity and operations, partially offset by an increase in catering and fleet sales.

The drilling accommodations fleet grew by 4% since December 31, 2012. The increase includes drill camps as well as a complement of wellsite units, free standing sleepers and support units. A strategic review of specific surface rental assets resulted in a disposal of under-utilized assets, thus the surface rental fleet decreased from 2,306 to 2,255 units over each of the Comparative Quarter and 2012.

Contracted Revenue

For 2013, the weighted average remaining contract rental term outstanding was approximately two months (2012 - four months). Committed rental revenue from contracts in place for 2013 was $3.1 million (2012 - $4.3 million).

RESULTS OF OPERATIONS (continued)

International Business Unit

($ millions, except as noted)	Q4 2013	YTD 2013
Revenue	4.3	19.6
% of Consolidated Revenue	4%	6%
Rental Revenue	2.8	12.5
% of International Revenue	65%	64%
Non-Rental Revenue	1.5	7.1
% of International Revenue	35%	36%
EBITDA	1.8	8.0
% of International Revenue	42%	41%

Three months ended December 31, 2013
The International fleet rental revenue in the Quarter was lower than prior quarters reflecting lower average fleet utilization in the Quarter. Non-rental revenue of $1.5 million was also lower in the quarter, primarily due to lower catering revenue in the Quarter as a result of normal seasonal fluctuations in camp occupancy.

Administrative expenses were lower compared to the third quarter of 2013. EBITDA was slightly lower than the prior quarter, after taking into account currency movements.

Twelve months ended December 31, 2013
Overall, the International Business Unit has performed broadly in line with management's expectations following the acquisitions in Australia in 2013. The International Business Unit added 1,142 workforce accommodation and space rental units in early 2013.

Contracted Revenue
For 2013, the weighted average remaining contract rental term outstanding was approximately four months and the committed rental revenue from contracts in place was $4.4 million.

RESULTS OF OPERATIONS (continued)

Direct Costs and Gross Profit

($ millions, except as noted)	Q4				YTD			
	2013		2012		2013		2012	
		(1)		(1)		(1)		(1)
Direct Costs	52.9	49%	29.9	44%	155.4	45%	118.4	45%
Gross Profit	54.0	51%	38.6	56%	191.7	55%	145.9	55%

(1) Percentage of Consolidated Revenue.

Direct costs as a percentage of revenue increased by 5%, with a corresponding decrease in gross profit percentage in the Quarter relative to the Comparative Quarter, primarily due to an increased relative weighting of non-rental revenue in the Quarter. Non-rental revenue has lower margins than rental revenue. Non-rental revenue was 40% of total revenue in the Quarter, compared with 28% in the Comparative Quarter. On a year-over-year basis, gross profit margin percentage remained consistent.

Direct costs attributable to revenue when arriving at the gross profit are the labour, 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)	Q4				YTD			
	2013		2012		2013		2012	
		(1)		(1)		(1)		(1)
Administrative expenses	15.7		12.3		53.8		37.9	
% of Consolidated Revenue	15%		18%		15%		14%	
Personnel	8.9	57%	7.2	58%	28.0	52%	20.3	53%
Occupancy & Insurance	1.6	10%	1.1	9%	6.1	11%	4.4	12%
Other Administrative Expenses	5.2	33%	4.0	33%	19.7	37%	13.2	35%

(1) Percentage of Administrative expenses.

Administrative expenses increased 42% in 2013 over 2012, predominately as a result of:

- executive severance costs incurred in the Quarter (refer to the section on related party transactions);
- increased scale of the business which led to increased personnel expenses; and
- legal and professional costs relating to the Australian acquisitions and structuring.

Personnel costs increased 38% in 2013 and 24% in the Quarter compared to the respective prior periods as the Company continued to accommodate the growing scale of the business, with additional hires for new positions and increased salaries and wages. In addition, personnel costs were incurred in respect of the International Business Unit, which did not exist in the comparative periods. Personnel head count increased by 100 persons in 2013, which represents a 34% increase from 2012.

Occupancy and insurance costs increased 39% in 2013 and 45% in the Quarter compared to the respective prior periods, mainly on account of increases in fleet insurance due to the increased size of the total fleet under management. In addition, occupancy costs have risen due to the rise in staff complement.

RESULTS OF OPERATIONS (continued)

Other administrative expenses increased approximately 49% in 2013 primarily due to professional fees relating to restructuring work on the Company's corporate structure, as well as legal fees relating to the increased size of business, including the Australian acquisition. Other administrative expenses also includes audit, travel, meals and entertainment, bank charges, promotional items and yard/shop maintenance, which increased during 2013. Share based compensation and long-term incentive plan ("LTIP"), also included under other administrative expenses, decreased in 2013 as a result of approximately 43% fewer options granted and decreased LTIP share purchases, relative to 2012.

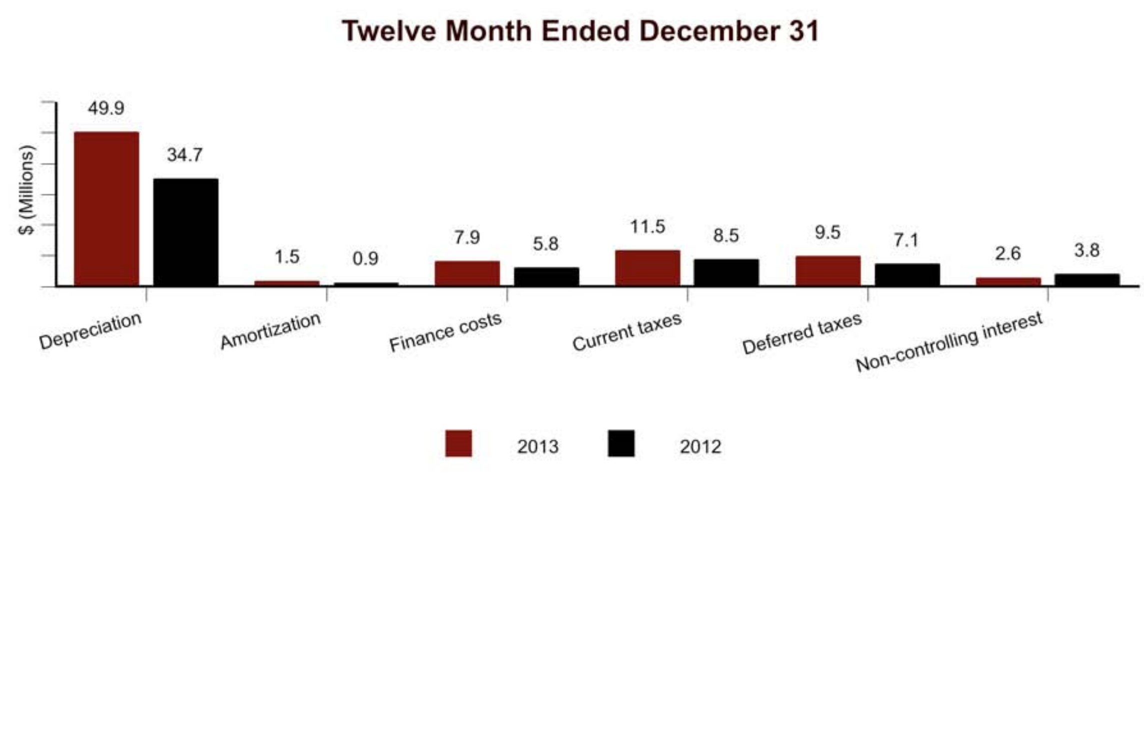
EBITDA

($ millions, except as noted)	Q4		YTD	
	2013	**2012**	**2013**	**2012**
EBITDA [1]	38.4	27.9	141.2	112.1
% of Consolidated Revenue	36%	41%	41%	42%

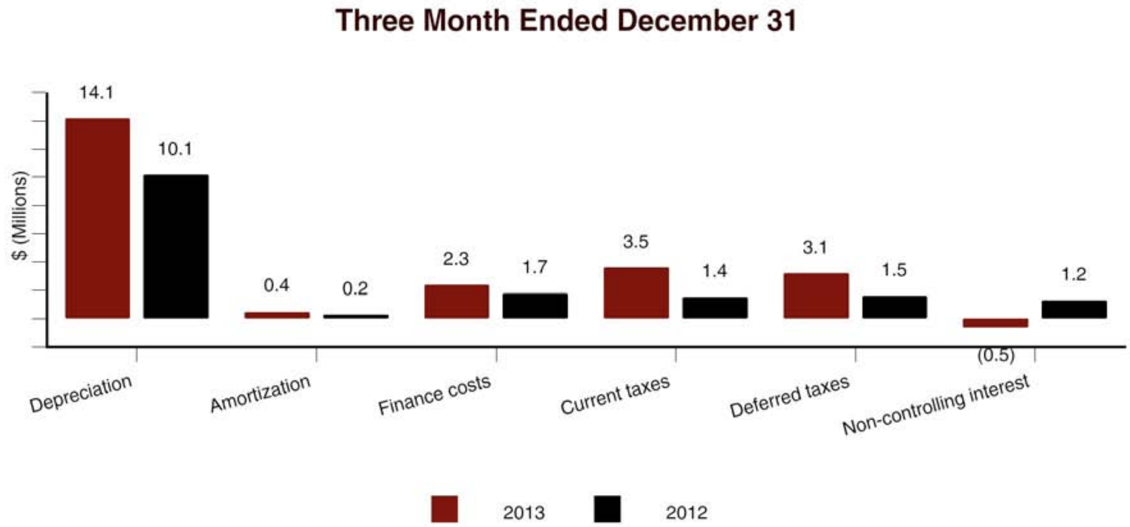
(1) EBITDA is a supplemental non-GAAP measurement and does not have a standardized meaning prescribed by IFRS. Therefore, EBITDA may not be comparable to similar measures presented by other issuers. See "Non-GAAP Measures" for further details.

The EBITDA percentage for the Quarter was lower than the Comparative Quarter as a result of lower gross margins generated due to the significantly higher percentage of the business generated from non-rental activity.

The EBITDA percentage for 2013 was largely in line with 2012. EBITDA as a percentage of consolidated revenue will 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 other services provided.



RESULTS OF OPERATIONS (continued)



Depreciation increased in the Quarter and the Year relative to the prior periods due to general fleet growth and addition of the International Business Unit in 2013. Amortization increased due to intangibles acquired in the Australia acquisitions.

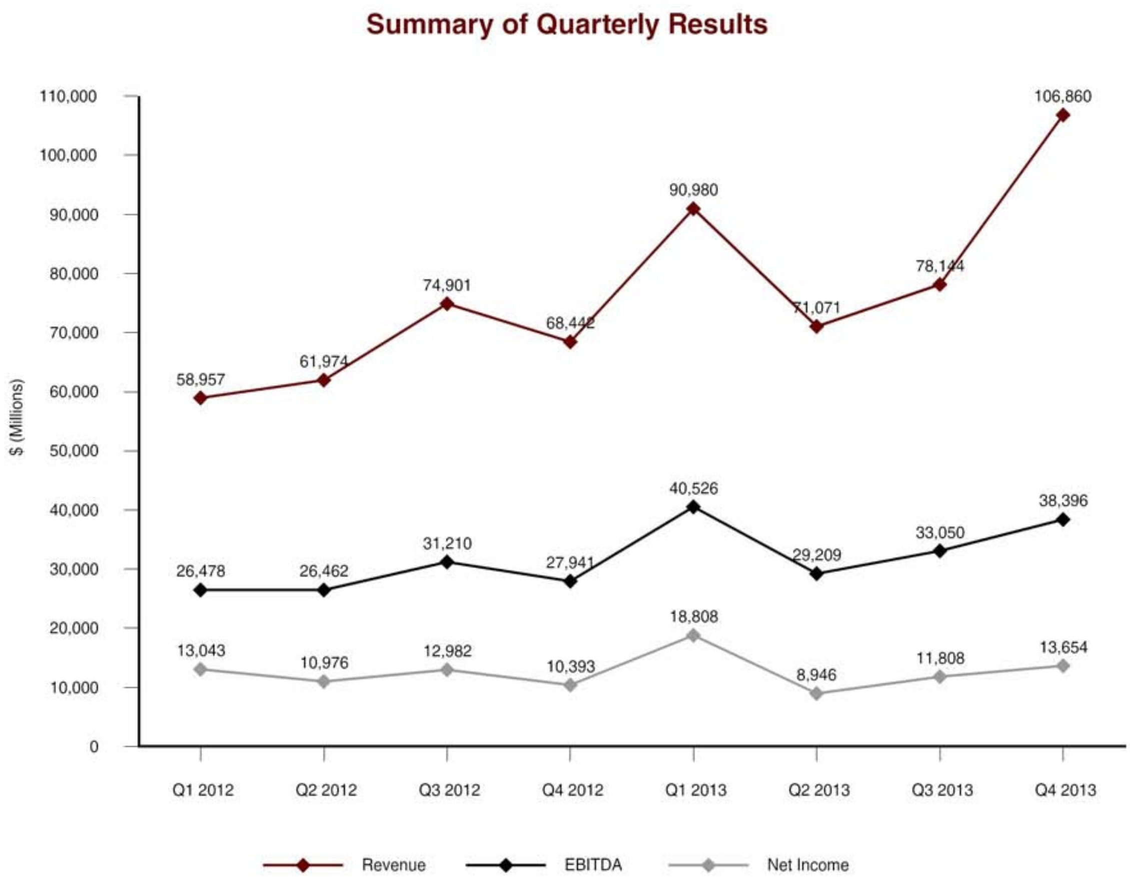
The increase in finance costs represents interest that was charged on the utilization and availability of credit facilities, and interest charged on the senior secured notes outstanding. Average interest rates in the Quarter were 4.56% compared with 7.03% for the Comparative Quarter. Average interest rates in 2013 were 4.47% compared with 6.60% for the 2012. Average long-term debt in 2013 was $64.5 million higher than that in 2012.

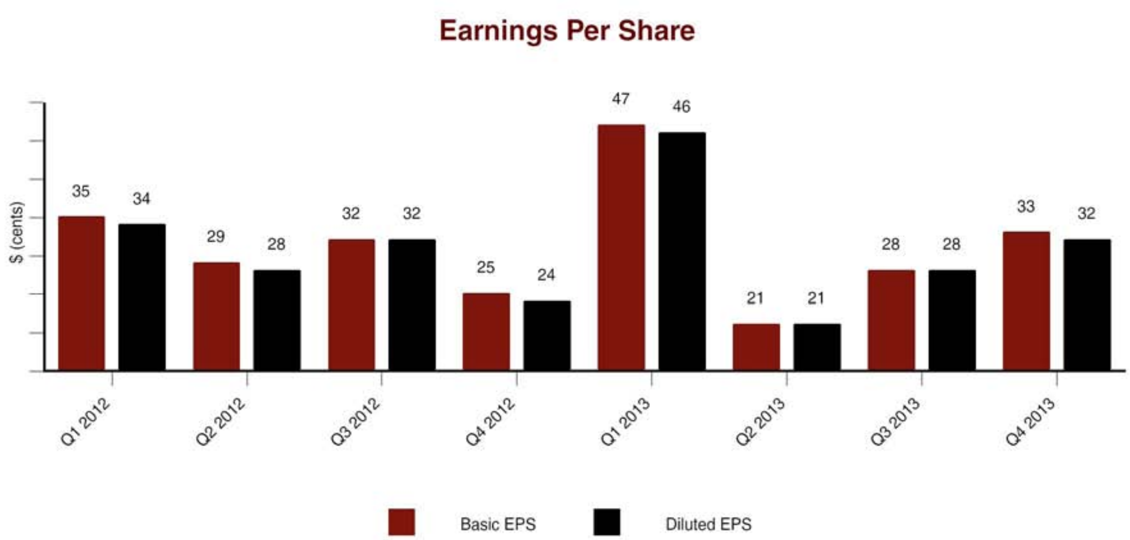
For 2013, Black Diamond incurred a current income tax provision of $11.5 million (2012- $8.5 million) and a deferred income tax provision of $9.5 million (2012 - $7.1 million). For the Quarter, Black Diamond incurred a current income tax provision of $3.6 million (2012 - $1.4 million) and a deferred income tax provision of $3.1 million (2012 - $1.4 million). This future income tax provision arises due to the changes in the timing differences between the book value and the tax value of the net assets held by Black Diamond that is expected to reverse after 2013. It has been calculated at the enacted tax rate of 25.18% in Canada, 40% in the United States and 30% in Australia. At December 31, 2013, the future tax liability was $54.3 million compared to $44.8 million at December 31, 2012. The increase is due to the provision for future income taxes incurred during 2013.

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.

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 December 31, 2013, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the amount of $18.6 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 2013, Black Diamond expended $95.6 million (2012 – $163.6 million) on additions to property and equipment. The additions consisted of:

($ millions, except as noted)	2013	2012	$ Change	% Change
Structures	69.1	135.9	(66.8)	(49)%
Energy Services	3.3	20.9	(17.6)	(85)%
Logistics	8.2	—	8.2	n/a
International	12.9	—	12.9	n/a
Corporate	2.1	6.8	(4.7)	(69)%
	95.6	163.6	(68.0)	(42)%

For the Quarter, Black Diamond expended $36.4 million (Comparative Quarter – $46.6 million) on additions to property and equipment. The additions consisted of:

($ millions, except as noted)	2013	2012	$ Change	% Change
Structures	31.4	38.8	(7.4)	(19)%
Energy Services	0.9	5.2	(4.3)	(84)%
Logistics	3.2	—	3.2	n/a
International	1.9	—	1.9	n/a
Corporate	(1.0)	2.6	(3.6)	(138)%
	36.4	46.6	(10.2)	(22)%

LIQUIDITY & CAPITAL RESOURCES (continued)

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:

($ millions, except as noted)	2013	2012	$ Change	% Change
Cash from operating activities	115.3	103.5	11.8	11%
Cash used in investing activities	(140.2)	(164.0)	23.8	15%
Cash from financing activities	53.9	40.3	13.6	34%
Total cash increase / (decrease)	29.0	(20.2)	49.2	(244)%

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

Cash provided by operating activities was $11.8 million higher in 2013, than in 2012 due to increased gross profit offset by increased investment in working capital.

Cash used in investing activities was $23.8 million lower in 2013, than in 2012 primarily due to less capital additions offset by $40.9 million in acquisitions.

Cash generated by financing activities was $13.6 million higher in 2013, than in 2012, primarily due to $88.0 million in net proceeds from long-term debt, compared with $10.0 million in the 2012, offset by increased dividend payments in 2013 and by $57.6 million in net proceeds from the issuance of common shares in 2012 which did not recur in 2013.

Working Capital

The following table presents summarized working capital information:

Dollars (millions)	December 31, 2013	December 31, 2012	$ Change	% Change
Current assets	134.0	86.9	47.1	54%
Current liabilities	43.0	51.7	(8.7)	(17)%
Working capital	91.0	35.2	55.8	159%

The increase in current assets of $47.1 million from December 31, 2012 was largely due to:

- an increase in accounts receivable of $22.6 million, and an increase of $29.1 million in cash and cash equivalents. The increased accounts receivable balance is due to an increase in revenues as well as receivables relating to contract arrangements with longer financing terms. The increase in cash and cash equivalents is due to cash held in the International Business Unit and the Company's partnerships.

The decrease in current liabilities of $8.7 million from December 31, 2012 was largely due to:

- a reduction of $3.1 million of accounts payable due to timing of payments, as well as a decrease of $7.7 million of current taxes relating to an $8.0 million payment for 2012 taxes and installment payments for the 2013 year.

LIQUIDITY & CAPITAL RESOURCES (continued)

Principal Debt Instruments:

As of December 31, 2013, Black Diamond's principal sources of debt included:

- a committed revolving operating facility in the amount of $15.0 million of which all $15.0 million is available and $nil is drawn at December 31, 2013;
- a committed operating facility in the United States in the amount of US$3.0 million all of which is available and $0.5M is drawn at December 31, 2013;
- a committed revolving capital expenditure facility of $130.0 million, all of which is available, and $83.0 is million drawn at December 31, 2013;
- $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; and
- $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.

The Company issued a guarantee for AU $5,168 as part of the purchase consideration for the Company's 20% interest in Britco Australia LP which serves to guarantee a portion of its debt which is repayable on demand.

On July 3, 2013 Black Diamond entered into a Private Shelf Facility which may be drawn to the lessor of $20.0 million or 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 Shelf Notes may be issued until the earlier of (i) July 3, 2016 or (ii) the thirtieth day after notice has been given to terminate the issuance of the Shelf Notes.

As at December 31, 2013, the average interest rate applied to amounts drawn on both the operating and capital expenditure facilities was 3.53% (2012 - 4.34%).

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 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 and fund capital expenditures. 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.

Debt Covenants

Black Diamond's financial debt covenants are as follows:

Covenant as at December 31, 2013	Required	Actual
Current Ratio	≥ 1.25:1	3.15
Total Funded Debt to EBITDA	≤ 3.00:1	1.34
EBITDA to Interest Plus Distributions	≥ 2.00:1	3.28
Tangible Net Worth	> $290.0M	337.50

LIQUIDITY & CAPITAL RESOURCES (continued)

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.

As at December 31, 2013, Black Diamond was in compliance with all financial debt covenants. Management continues to monitor compliance with debt covenants and believes that the Company will continue to be in compliance with debt covenants.

Share Capital

At December 31, 2013, Black Diamond had 42.1 million (2012 - 41.2 million) common shares outstanding. In addition at December 31, 2013, Black Diamond had 3.1 million (2012 - 3.4 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 March 12, 2014:

Common shares	42,329
Stock options	2,901

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.

Commitments

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

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

	December 31, 2013	December 31, 2012
	$	$
Due within one year	2,108	3,272
Due later than one year and less than five	3,638	3,533
Due after five years	—	232
	5,746	7,037

Contingent Liabilities

The Company issued a guarantee for AU $5,168 as part of the purchase consideration for the Company's 20% interest in Britco Australia LP which serves to guarantee a portion of its debt which is repayable on demand.

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.

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at December 31, 2013 relate to standard working capital accounts, credit facility items and an interest rate swap. 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.

NON-GAAP MEASURES

The consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and are consistent with IFRS. 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 interest 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. 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.

NON-GAAP MEASURES (continued)

The following is a reconciliation of consolidated Profit to EBITDA:

For the twelve months ended December 31, (in thousands of dollars)	**2013**	**2012**	**$ Change**
Profit	53,216	47,394	5,822
Add:			
Depreciation and amortization	51,354	35,544	15,810
Finance costs	7,895	5,783	2,112
Deferred income taxes	9,472	7,061	2,411
Current income taxes	11,536	8,520	3,016
Non-controlling interest	2,581	3,761	(1,180)
Acquisition costs	300	707	(407)
Share-based compensation	3,035	3,321	(286)
Write-down of investment in Britco Australia LP	1,792	—	1,792
EBITDA	141,181	112,091	29,090

For the three months ended December 31, (in thousands of dollars)	**2013**	**2012**	**$ Change**
Profit	13,654	10,393	3,261
Add:			
Depreciation and amortization	14,441	10,264	4,177
Finance costs	2,285	1,639	646
Deferred income taxes	3,058	1,439	1,619
Current income taxes	3,576	1,406	2,170
Non-controlling interest	(533)	1,197	(1,730)
Acquisition costs	—	707	(707)
Share-based compensation	123	898	(775)
Write-down of investment in Britco Australia LP	1,792	—	1,792
EBITDA	38,396	27,943	10,453

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.

NON-GAAP MEASURES (continued)

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

For the twelve months ended December 31, (in thousands of dollars)	**2013**	**2012**	**Change**
Cash Flow from Operating Activities	115,309	103,515	11,794
Add/(Deduct):			
Book value of used fleet sales to operating activities	(11,743)	(6,817)	(4,926)
Reclassification of trade receivables to long-term	591	2,708	(2,117)
Changes in non-cash working capital	25,188	3,458	21,730
Funds available for dividends	129,345	102,864	26,481

For the three months ended December 31 (in thousands of dollars)	**2013**	**2012**	**Change**
Cash Flow from Operating Activities	35,025	35,024	1
Add/(Deduct):			
Book value of used fleet sales to operating activities	(3,420)	(1,391)	(2,029)
Reclassification of trade receivables to long-term	2,276	(1,796)	4,072
Changes in non-cash working capital	1,017	(6,007)	7,024
Funds available for dividends	34,898	25,830	9,068

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.

RELATED PARTY TRANSACTIONS

	December 31, 2013 **$**	**December 31, 2012** **$**
Due to related parties	2,171	1,174

The amount due to related parties relates to the distribution and royalties payable to the non-controlling interests.

RELATED PARTY TRANSACTIONS (continued)

Key Management Personnel Compensation

Key management personnel compensation	2013 $	2012 $
Salaries, bonuses, fees and other short-term employee benefits	4,778	2,096
Severance payments	1,692	—
Share-based compensation	2,172	2,285
Total Compensation	**8,642**	**4,381**

The amounts disclosed in the table above are the amounts recognized as an expense during the reporting period related to key management personnel.

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. Such officers have evaluated, or cause to be evaluated under their supervision, the effectiveness of the Company's disclosure controls and procedures at December 31, 2013 and have concluded that the Company's disclosure controls and procedures are effective at the financial year end of the Company for the foregoing purposes.

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. Such officers have evaluated, or cause to be evaluated under their supervision, the effectiveness of the Company's internal controls over financial reporting at December 31, 2013 and have concluded that the Company's internal controls over financial reporting are effective at the financial year end of the Company for the foregoing purpose.

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 October 1, 2013 and ended on December 31, 2013 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

Changes in Business Reporting Structure

Black Diamond changed the basis of its business unit structure for reporting purposes beginning in the 2013 fiscal year to five reportable segments: Structures, Logistics, Energy Services, International and Corporate. Previously, the reportable segments were disclosed as Camps and Logistics, BOXX Modular, Energy Services and Corporate. The change had an impact on the segment information reported but did not change the aggregate financial information reported for Black Diamond. To enable users to understand the changes and to assess trends, prior period segment information included in the financial statements and this MD&A for comparative purposes, was restated to reflect the new business structure.

Judgments and Estimates

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 years ended December 31, 2013 and 2012, 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.

Definition of a business

Management has had to apply judgments relating to its acquisitions during the year with respect to whether the acquisitions were a business combination or an asset acquisition. Management applied 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.

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.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS & ESTIMATES (continued)

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.

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. 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 cash-generating units ("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.

Provision for decommissioning

The Company has recognized a provision for decommissioning obligations associated with two open camps operated 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, collectability 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 LTIP, 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

Several new standards and amendments apply for the first time in 2013. The nature and the impact of each new standard/amendment is described below:

Amendments to IAS 1 – Presentation of Financial Statements
The Company adopted amendments to IAS 1 - Presentation of Financial Statements by introducing a grouping of items presented in other comprehensive income ("OCI") that can be reclassified to profit or loss at a future point in time. The amendments affect presentation only and have no impact on the Company's financial position or income.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS & ESTIMATES (continued)

Amendments to IFRS 7 – Financial Instruments: Disclosures
The amendments require an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. The Company provided additional disclosure relating to its netting arrangements as a result of this amendment.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements
The Company adopted IFRS 10 in 2013. The definition of control in IFRS 10 was amended in 2013. However, the new definition of control did not change the conclusion of control over the entities the Company has consolidated in the past.

IFRS 11 Joint Arrangements, IAS 28 Investment in Associates
IFRS 11 removes the option to account for jointly controlled entities ("JCEs") using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The Company has provided additional disclosure relating to its interests in subsidiaries as a result of this amendment.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Company re-assessed its policies for measuring fair values. IFRS 13 also requires additional disclosures. Application of IFRS 13 has not impacted the fair value measurements of the Company. The Company has provided additional disclosure relating to the fair value hierarchy of its assets and liabilities as a result of IFRS 13.

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.

IFRS 9 Financial Instruments
IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011. Subsequent developments in February 2014 moved the mandatory effective date to January 1, 2018. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. It is expected that the adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of the Company's financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments are effective for annual periods beginning on or after January 1, 2014 and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Company, since none of the entities in the Company would qualify as an investment entity under IFRS 10.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.