MANAGEMENT'S DISCUSSION & ANALYSIS

For the three month periods ending March 31, 2013 and 2012

BLACK DIAMOND GROUP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") was prepared as of May 9, 2013 and is provided to assist readers in understanding Black Diamond Group Limited's ("Black Diamond" or the "Company") financial performance for the three month period ended March 31, 2013 and significant trends that may affect the future performance of Black Diamond. This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements of the Company for the three month periods ended March 31, 2013 and 2012 and the audited consolidated financial statements of the Company for the year ended December 31, 2012. The accompanying unaudited condensed consolidated interim financial statements of Black Diamond are prepared in accordance with International Financial Reporting Standards ("IFRS"). Black Diamond's common shares trade 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. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of Black Diamond. These risks include, but are not limited to: the impact of general economic conditions, industry conditions, fluctuation of commodity prices, industry competition, availability of qualified personnel and management, stock market volatility and timely and cost effective access to sufficient capital from internal and external sources. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in Black Diamond's annual information form 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 was incorporated on October 7, 2009 under the laws of the Province of Alberta. Black Diamond was incorporated pursuant to the Business Corporations Act (Alberta) to participate in a plan of arrangement involving, among others, Black Diamond's predecessor Black Diamond Income Fund (the "Fund"), Black Diamond and the unit holders of the Fund. Effective December 31, 2009, pursuant to the plan of arrangement, the Fund restructured (the "Conversion") from an unincorporated open-ended income fund trust to Black Diamond, a publicly listed corporation.

Black Diamond Group Limited, its subsidiaries and its controlled limited partnerships ("Black Diamond" or the "Company") are headquartered in Calgary, Alberta. The address of the Company's head office is Suite 2000, 715 – 5th Avenue S.W., Calgary, Alberta, Canada. The business of Black Diamond, through its direct and indirect wholly-owned subsidiaries and its approximate 50% equity participation in certain aboriginal partnerships is to rent modular structures for use as workforce accommodation and temporary workspace, rent various types of oilfield equipment used in the exploration and production of oil and gas and to provide complementary services including transportation, installation, dismantling, repair and maintenance of modular structures and oilfield rental equipment. Black Diamond operates four complementary business units in strategic locations across Canada, the United States and Australia. As of January 1, 2013, Black Diamond operates through four business units 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 in the 2013 fiscal year to four reportable segments: Structures, Logistics, Energy Services and International. Previously, the reportable segments were disclosed as Camps and Logistics, BOXX Modular and Energy Services. The change had an impact on the segment information reported but did not change 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.

Black Diamond Structures business unit is comprised of the Black Diamond Camps and BOXX Modular operating divisions. Black Diamond Structures provides workforce housing and associated services through its Black Diamond Camps operating division primarily in western Canada to a diversified client base which includes oil and natural gas 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' products include large dormitories, kitchen/diner complexes and recreation facilities and offer customers flexible and expedient solutions to accommodating 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 is also a provider of modular workspace solutions through its BOXX Modular operating division in the markets it serves. 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. The 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. Black Diamond Logistics operates Sunday Creek Lodge where the Corporation owns the lease. The business unit manages a number of other workforce housing facilities and associated services for customers. The business unit also provides sophisticated supply chain management services to major exploration and production customers to improve efficiency of remote services.

Black Diamond Energy Services is focused on the rental of oilfield surface equipment and oilfield and drilling accommodation equipment along with full service installation and maintenance services. The primary business of Black Diamond Energy Services can be separated into the following two revenue streams: oilfield rentals consisting of various types of oilfield rental equipment used to support drilling, completion and production activities and wellsite quarters and drill camps - single and multi-unit complexes which are highly mobile and durable and which, when fully assembled, create a single building to house, feed and provide life support amenities to drilling 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 rental fleet assets are similar to assets which the Corporation operates in Canada 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 FIRST QUARTER HIGHLIGHTS

Revenue levels for the first quarter of 2013 (the "Period" or "2013") increased by 54% to $91.0 million compared to the three month period ended March 31, 2012 (the "Comparative Period" or "2012"). Rental revenue was 51% higher at $40.4 million, while non-rental revenue increased by 20% to $24.8 million and lodging revenue was 121% higher at $25.8 million.

One of the primary drivers of Black Diamond's business continues to be the rental of fleet units. The significant investment in fleet and operated facilities during 2012 has resulted in a 51% or $13.7 million increase in rental revenue in the Period compared to the Comparative Period. Within the Structures business unit, the number of workforce accommodation fleet units grew by 51% or 965 units between March 31, 2012 and March 31, 2013 . Over the same period, the space rentals fleet grew by 13% or 352 units. The utilization of these fleet assets was strong throughout the Period averaging 95% for Structures workforce accommodations equipment compared with 91% for 2012. Space rental fleet utilization increased to 85% in the Period as compared to 76% in the Comparative Period.

The Energy Services accommodations fleet grew by 34% or 74 units, and the number of surface rental pieces of equipment decreased by less than 1% or 15 units. Within Energy Services, drilling accommodations and surface rental equipment utilization rates were 77% and 39%, respectively, in the Period compared to 85% and 54% in the Comparative Period. The decrease in utilization in this business unit is as a result of moderately lower drilling and completion activity in the Period.

The Company's business activities continue to be concentrated on the resource sector, with approximately 70% of total revenue generated by oil and gas related companies in Western Canada, including oilsands projects representing 30% of total revenue in the Period. Revenue generated from from non-oil and gas sectors include 12% relating to mining and metal extraction, with the balance of 18% generated from business not directly related to resource sector activity.

In the first quarter of 2013 Black Diamond's Australian acquisitions generated $6.0 million of revenue, consisting of $3.3 million in rental revenue and $2.7 million in non-rental revenue. The Australian acquisitions added 1,110 of workforce accommodation and space rental units in the Period. Fleet utilization for the Period was 87%.

Administrative Expenses were 14% of revenue for the three months ended March 31, 2013, which is consistent with the 13% incurred for the same period in 2012. EBITDA (see "Non-IFRS measures") for the three months ended March 31, 2013 was $40.5 million or 44% of revenue, versus $26.5 million or 45% for the same period in 2012.

Net income for the three months ended March 31, 2013 was $18.8 million compared to $13.0 million for the Comparative Period.

Black Diamond paid dividends of $0.060 per share per month in January and February, and paid dividends of $0.070 per share in March, resulting in a payout ratio (see "Non-IFRS Measures") for the Period of 22% compared to 26% for the Comparative Period

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 three month periods ended March 31, 2013 and 2012.

	Three months ended March 31		
(in thousands, except as noted)	**2013**	**2012**	**2011**
Financial Highlights	$	$	$
Total revenue	90,980	58,957	55,732
Gross Profit	51,522	33,600	28,049
Gross Profit %	57%	57%	50%
Administrative expenses	12,311	7,689	6,627
Administrative expense %	14%	13%	12%
EBITDA [(1)]	40,482	26,478	21,862
EBITDA %	44%	45%	39%
Net income before taxes	26,462	16,961	13,971
Net income	18,764	13,043	9,897
Per share - Basic	0.46	0.35	0.29
- Diluted	0.46	0.34	0.29
Capital expenditures	21,926	19,677	27,810
Investment in Australian Portable Buildings Pty. Ltd.	39,349		—
Investment in APB Britco LP	1,792	—	—
Property & equipment (NBV)	464,325	310,694	266,181
Total assets	625,465	440,601	373,389
Long-term debt	155,362	86,191	102,000
Dividends declared	7,876	6,187	4,705
Per share	0.19	0.17	0.14
Payout ratio [(1)]	22%	26%	22%

Note:

(1) EBITDA and payout ratio are supplemental non-IFRS 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-IFRS Measures” for further details.

SELECTED OPERATING INFORMATION

	Three months ended March 31		
(in thousands, except as noted)	**2013**	**2012**	**2011**
Operational Highlights			
Structures Business Unit			
Workforce accommodation units in fleet at end of period	2,861	1,896	1,548
Average utilization during the period	95%	91%	97%
Workforce accommodation bedcount	11,751	7,612	6,338
Space rental units in fleet	3,120	2,768	2,576
Average utilization	85%	76%	74%
Logistics Business Unit			
Workforce accommodation bedcount (1)	3,625	1,528	956
Energy Services Business Unit			
Drilling accommodation units	290	216	196
Average utilization during the period	77%	85%	78%
Drilling accommodation bedcount	921	813	926
Surface rental equipment	2,333	2,348	1,339
Average utilization	39%	54%	47%
International Business Unit			
Workforce accommodation and space rental units in fleet at end of period	1,110	n/a	n/a
Workforce accommodation bedcount	1,610	n/a	n/a
Average utilization	82%	n/a	n/a
Consolidated unit count	9,714	7,228	5,659
Consolidated bed count	14,282	8,425	7,264

Note:
(1) Logistics bedcount is a combination of beds owned by Black Diamond and by third parties.

OUTLOOK

Management is very pleased with the Company's first quarter results and the substantial increases in revenue and EBITDA from the comparative period in 2012. Black Diamond's business platform continues to perform well and management anticipates strong aggregate full-year 2013 results driven by the significant investments made in the Company's fleets and operated facilities throughout 2012 and the early part of 2013, combined with the overall strength of the Company's business platform.

This is the first full quarter from which Black Diamond has recognized revenue and corresponding EBTIDA from its Australian acquisitions. It is anticipated that the contribution from this business unit will grow as the business platform is expanded in Australia.

Management is confident that continued strong demand and recent contract awards indicate that oilsands development projects, unconventional oil and gas development, resource-related infrastructure projects, and mining developments will continue to produce strong results for the Company's workforce lodging and temporary workspaces. Furthermore, Black Diamond is continuing to capitalize on the ongoing trend towards more executive-style lodging, higher square footage per occupant and fully operated solutions.

Management anticipates that the second quarter results will show considerable growth on a year-over-year basis, however, due to the expected sequencing of new projects and seasonality, management anticipates that the second quarter results will be lower than the first quarter. As 2013 progresses, management expects that the third and fourth quarters will see continued growth year-over-year and quarter-over-quarter.

To date, Black Diamond has committed approximately $80 million of its previously announced $90 million 2013 capital budget. In light of continued strong demand for the Company's workforce lodging and temporary workspaces and to address projects in development, the Board of Directors has approved an increase in the 2013 capital budget to $115 million. It is anticipated the Company will fund this increase through cash flow and available credit facilities.

RESULTS OF OPERATIONS

Revenue

Consolidated

($ millions, except as noted)	Q1	
	2013	**2012**
	$	$
Revenue	90.98	58.96
Rental Revenue	40.38	26.65
% of Consolidated Revenue	44%	45%
Lodging Revenue	25.83	11.71
% of Consolidated Revenue	28%	20%
Non-Rental Revenue	24.77	20.60
% of Consolidated Revenue	27%	35%

There has been a significant increase in revenue for the three months ended March 31, 2013 compared to 2012. This is reflective of the significant increase in the rental fleet which resulted from the growth of the modular accommodation and workspace units during 2012, the increase in the number of rooms operated under the Logistics platform as well in the level of sales and operations associated with a larger fleet. Significant projects, such as the opening of the renovated and expanded Sunday Creek Lodge, has contributed to the large increase in revenues compared to 2012. In addition, the first quarter of 2013 saw the addition of revenue from the International business unit. The rental revenue stream generates gross profit margins generally in excess of 90%, whereas the lodging revenue stream generates gross profit margins of approximately 40% to 50% and the non-rental or ancillary revenue streams generate gross profit margins of 15% to 20%.

RESULTS OF OPERATIONS (continued)

Structures Business Unit

($ millions, except as noted)	Q1	
	2013	**2012**
	$	$
Revenue	48.47	35.29
% of Consolidated Revenue	53%	60%
Rental Revenue	30.70	19.61
% of Structures Revenue	63%	56%
Non-Rental Revenue	17.77	15.68
% of Structures Revenue	37%	44%
EBITDA	29.70	20.21
% of Structures Revenue	61%	57%
Workforce accommodation utilization	95%	91%
Space rental fleet utilization	85%	76%

Revenue increased in the Period relative to the Comparative Period primarily due to a 57% increase in rental revenue. The increase in rental revenue in the Period is predominantly derived from the 51%, or 965 unit, increase in the workforce accommodation fleet since March 31, 2012. In addition, there was a 13%, or 352 unit, increase in the space rental fleet over the Comparative Period. Average utilization and rental rates also increased over the Comparative Period.

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

The increase in non-rental revenue for the Period compared with the Comparative Period was due to an increase in used fleet sales over the Comparative Period.

The increase in EBITDA margin for the Period over prior year was a direct result of the relative increase of rental revenue versus other revenue streams compared to the Comparative Period.

At March 31, 2013, the weighted average remaining contract rental term outstanding was approximately 11 months. Committed rental revenue from contracts in place was $93.05 million.

RESULTS OF OPERATIONS (continued)

Logistics Business Unit

($ millions, except as noted)	Q1	
	2013	**2012**
	$	$
Lodging Revenue	25.83	11.71
% of Consolidated Revenue	28%	20%
EBITDA	7.62	4.91
% of Logistics Revenue	30%	42%

Revenue increased in the Period as a result of operational activity associated with the deployment of several substantial operated camp projects in the year.

Lodging revenue was generated from several full service camps including Sunday Creek Lodge. Lodging revenue increased by 121% over the Comparative Period due to full occupancy at the majority of camps as well as 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 increased over the Comparative Period due to the operation of multiple new full service camps. The decrease in EBITDA margin over the Comparative Period is a direct result of providing a higher volume and proportion of lower margin services associated with operating the full service camps.

At March 31, 2013, Logistics had contracts in place to provide a minimum of $52.38 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)	Q1	
	2013	**2012**
	$	**$**
Revenue	10.68	11.96
% of Consolidated Revenue	12%	20%
Rental Revenue	6.40	7.04
% of Energy Services Revenue	60%	59%
Non-Rental Revenue	4.28	4.92
% of Energy Services Revenue	40%	41%
EBITDA	4.21	5.69
% of Energy Services Revenue	39%	47%
Drilling Accommodation Utilization	77%	85%
Surface Rental Utilization	39%	54%

Revenue decreased by 11% over the Comparative Period due to lower Rental and Non-rental revenue. Rental revenue decreased by 9% due to an overall decline in industry activity resulting in lower utilization rates and a decline in rental rates. The drilling accommodations fleet grew by 34%. This total includes drill camps as well as a complement of wellsite units, free standing sleepers and support units. Non-rental revenue decreased slightly in the Period due to lower used fleet sales over the Comparative Period.

At March 31, 2012, the weighted average remaining contract rental term outstanding was approximately three months. Committed rental revenue from contracts in place was $2.71 million.

RESULTS OF OPERATIONS (continued)

International Business Unit

($ millions, except as noted)	Q1 2013
	$
Revenue	6.00
% of Consolidated Revenue	7%
Rental Revenue	3.28
% of International Revenue	55%
Non-Rental Revenue	2.72
% of International Revenue	45%
EBITDA	2.56
% of International Revenue	43%
Workspace fleet utilization	82%

The Period saw the introduction of the Australian division into the Company's organization within the International business unit. Rental revenue was strong in the Period as a result of contracts in place. Results of operations were in line with management's expectations based on the evaluation of the division prior to its purchase. The Australian division has added 1,110 workforce accommodation and space rental units in the Period.

At March 31, 2013, the weighted average remaining contract rental term outstanding was approximately five months. Committed rental revenue from contracts in place was $7.17 million.

RESULTS OF OPERATIONS (continued)

Direct Costs and Gross Profit

($ millions, except as noted)	Q1	
	2013	**2012**
	$	**$**
Direct Costs	39.46	25.36
% of Consolidated Revenue	43%	43%
Gross Profit	51.52	33.60
% of Consolidated Revenue	57%	57%

Gross profit margin remained consistent in the Period with the Comparative Period.

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.

RESULTS OF OPERATIONS (continued)

Administrative Expenses

($ millions, except as noted)	Q1 2013	Q1 2012
	$	$
Administrative expenses	12.31	7.69
% of Consolidated Revenue	14%	13%
Personnel	5.39	4.20
% of Administrative expenses	44%	55%
Occupancy & Insurance	1.22	1.11
% of Administrative expenses	10%	14%
Other Administrative Expenses	5.70	2.38
% of Administrative expenses	46%	31%

Administrative expenses increased 60% in the Period in relation to the Comparative Period, while remaining consistent as a percentage of revenue, predominately as a result of the increased scale of the business which led to increased office and professional expenses and share based compensation. Administrative expenses also increased due to the International business unit added in the Period.

Personnel costs increased 28% as the Company continued to hire additional employees to accommodate the growing scale of the business. Insurance costs increased slightly due to the size of the total fleet under management while occupancy costs have risen due to the rise in staff complement.

Other administrative expenses increased 139% due in large part to $1.11 million of administrative costs incurred to run the Australian division, $0.30 million of acquisition costs incurred to conclude the Australian transactions in the quarter as well as a $0.40 million increase in the amount recognized as stock based compensation in the Period as compared to the prior year. Other administrative expenses including audit, legal, travel, meals and entertainment, bank charges, and promotional items increased in proportion to the increase in sales. Share based compensation charges are reported within other administrative expenses and were $1.00 million for the Period compared with $0.60 million for the Comparative Period. Share based compensation was determined using the Black-Scholes valuation method. The increase in share based compensation year over year is a result of the additional options granted during the Period

Included in the Period's EBITDA is $3.81 million of administrative expenses and $2.89 million for the Comparative Period, which relate to non-divisional corporate expenses.

RESULTS OF OPERATIONS (continued)

EBITDA

($ millions, except as noted)	Q1	
	2013	**2012**
	$	**$**
EBITDA	40.48	26.48
% of Consolidated Revenue	44%	45%

The EBITDA percentage for the Period is generally consistent with the Comparative Period as the revenue mix was consistent as were the margins on the various revenue streams. The proportion of revenue from rental activity also affects EBITDA. The proportion may fluctuate from period to period depending on the level and mixture of the revenue generated from the rental of the fleet assets as compared to the ancillary revenue streams such as lodging services, custom manufactured sales, logistics, installation, sublease and services provided.

Depreciation and Amortization

For the Period, the charge for depreciation and amortization was $11.04 million compared to $7.53 million in the Comparative Period. This included charges of $10.82 million with respect to depreciation taken on the property and equipment of Black Diamond, and $0.22 million relating to the amortization of the intangible assets. Depreciation and amortization for the Comparative Period was $7.31 million and $0.22 million, respectively. Depreciation increased due to fleet growth.

Finance Costs

Finance costs for the Period were $1.65 million compared with $1.42 million in the Comparative Period. This increase represents interest that was charged on the utilization of the credit facilities and the interest charged on the outstanding senior secured notes of the Company. The average interest rate in the Period was 4.35% compared with 6.57% in the Comparative Period. Average long-term debt in the Period was $67.25 million higher than that in the Comparative Period because of the funding of large capital additions.

RESULTS OF OPERATIONS (continued)

Income Taxes

For the Period, Black Diamond incurred a current income tax expense of $4.64 million (March 31, 2012 - $3.12 million) and provided a deferred income tax provision of $1.99 million (March 31, 2012 - $1.04 million).

This deferred income tax provision arises due to the differences in the book value and the tax value of the net assets held by Black Diamond that is expected to reverse after 2013. It has been calculated at the enacted tax rate of 25% in Canada, 40% in the United States and 30% in Australia.

At March 31, 2013, the deferred tax liability was $47.97 million compared to $44.82 million at December 31, 2012. The increase is due to the provision for deferred income taxes incurred in the Period.

Non-controlling Interests

Earnings attributable to non-controlling interests were $1.07 million during the Period compared to a loss of $0.24 million in the Comparative Period. The non-controlling interest represent earnings attributable to the Fort Nelson First Nation's 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.

Equity in Earnings of Subsidiary

Black Diamond acquired 20% of APB Britco LP in the Period for $1.79 million and recognized an equity loss of $0.05 million for the Period.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the previous eight quarters:

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

	Q1 2013	Q4 2012	Q3 2012	Q2 2012
	$	$	$	$
Revenue	90,980	68,442	74,901	61,974
EBITDA	40,482	27,941	31,210	26,462
Net Income attributable to Black Diamond Group Limited	18,764	10,393	12,982	10,976
Per Share - Basic	$0.46	$0.25	$0.32	$0.29
Per Share - Diluted	$0.46	$0.24	$0.32	$0.28

	Q1 2012	Q4 2011	Q3 2011	Q2 2011
	$	$	$	$
Revenue	58,957	66,206	63,070	56,801
EBITDA	26,478	25,495	25,165	21,548
Net Income attributable to Black Diamond Group Limited	13,043	10,688	11,011	9,385
Per Share - Basic	$0.35	$0.31	$0.30	$0.27
Per Share - Diluted	$0.34	$0.30	$0.29	$0.26

LIQUIDITY & CAPITAL RESOURCES

As of March 31, 2013, Black Diamond's principal sources of liquidity included:

- working capital of $63.7 million (see "Non-IFRS measures") excluding capital expenditures in accounts payable of $1.3 million.
- a committed revolving operating facility in the amount of $15.0 million of which all $15.0 million is available and $13.9 million was drawn at March 31, 2013.
- a committed revolving capital expenditure facility of $130.0 million all of which is available and $93.7 million was drawn at March 31, 2013, including $13.7 million of letters of credit drawn against the facility.
- an operating facility in the United States in the amount of US$3.0 million all of which is available and $nil was drawn at March 31, 2013.
- an operating facility in Australia in the amount of AU$5.0 million all of which is available and U$1.6 million was drawn at March 31, 2013.

Management believes that Black Diamond has the liquidity, barring any unforeseen circumstances, to continue to operate through 2013 and beyond, 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.

LIQUIDITY & CAPITAL RESOURCES (continued)

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 partially funding 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 through the issuance of additional shares, if required.

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

Working Capital

The working capital position of Black Diamond at March 31, 2013 was $63.7 million after extracting $1.3 million of capital expenditure in accounts payable, a decrease from the working capital position of December 31, 2012 by $24.8 million, after extracting $3.7 million of capital expenditure in accounts payable.

Current assets at March 31, 2013 were $104.0 million, an increase of $17.1 million from December 31, 2012. The increase was mostly due to an increase in accounts receivable of $13.2 million and an increase in other assets of $1.9 million, with an offsetting increase of $2.1 million to cash and cash equivalents. The increased accounts receivable balance is due to continued growth in Black Diamond's revenues as well as an increase in arrangements made with high credit-worthy customers to defer the invoicing of certain revenue over the term of the applicable project. Following the Period ended March 31, 2013, there was a substantial amount of billings and collections, significantly reducing the accounts receivable balance subsequent to the Period.

Current liabilities at March 31, 2013 were $40.3 million, excluding $1.3 million of accounts payable in respect of capital expenditures (December 31, 2012 - $3.7 million), a decrease of $7.6 million from December 31, 2012.

Indebtedness

Black Diamond has established syndicated credit facilities with two Canadian chartered banks as follows: a committed revolving operating facility of $15.0 million and a committed revolving capital expenditure facility of $130.0 million. Draws on the operating and capital expenditure facilities are charged interest based on the previous quarter's funded debt to EBITDA ratio as defined in Black Diamond's credit agreement. As at March 31, 2013, the average interest rate applied to amounts drawn on the capital expenditure facility was 3.24% (December 31, 2012 - 4.34%).

All facilities are collateralized by a general security agreement from Black Diamond, a guarantee and general security agreement from each of its material subsidiaries and a pledge of the shares or equity interests of such material subsidiaries. The committed revolving operating facility matures on December 31, 2016; it is interest only until maturity and drawdowns may not exceed the sum of 75% of qualified Canadian accounts receivable and 60% of qualified US accounts receivable, in each case aged less than 90 days. The committed revolving capital expenditure facility is interest only payable monthly in arrears until December 31, 2015 and if the interest only period is not extended the facility, in aggregate, will be reduced beginning March 31, 2016 by equal quarterly reductions in an amount equal to 1/16th of the commitment on December 31, 2015. The facility may not exceed 60% of the net book value of tangible capital property and equipment less the principal

LIQUIDITY & CAPITAL RESOURCES (continued)

and any accrued and unpaid interest on the senior secured notes of Black Diamond. The committed revolving capex facility matures December 31, 2016.

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

Black Diamond's financial debt covenants are as follows:

Covenant	Required	Actual
Current Ratio	≥ 1.25:1	2.52
Total Funded Debt to EBITDA	≤ 3.00:1	1.30
EBITDA to Interest Expense plus Dividends	≥ 2.00:1	3.46
Tangible Net Worth	> $290.0M	323.24

For the purposes of the covenant calculations, EBITDA is determined using a 12 month trailing basis. EBITDA is a non-IFRS 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 March 31, 2013, Black Diamond was in compliance with all financial debt covenants. Management continues to monitor compliance with its debt covenants carefully and believes that the Company will continue to be in compliance with its debt covenants.

Black Diamond, through an indirect wholly owned U.S. subsidiary, has a US $3 million committed revolving loan facility to fund working capital requirements in the United States. The facility bears interest at a rate of U.S. prime plus 1% subject to a 5% minimum rate. At March 31, 2013, the effective interest rate was 5%. Interest on drawings is to be paid monthly with any principal outstanding to be repaid upon the maturity date. The facility is secured by a letter of credit issued by the Company's Canadian lenders. At March 31, 2013, there was $nil drawn on the facility.

Black Diamond, through its wholly owned Australian subsidiary, has a AU$5.0 million operating facility to fund working capital requirements in Australia. The facility bears interest at a rate of Australian Bank Bill Overdraft Rate plus 1.3%. At March 31, 2013, the effective interest rate was 4.4%. The facility is secured by a letter of credit issued by the Company's Canadian lenders. At March 31, 2013, there was AU$1.6 million drawn on the facility.

Black Diamond also has a letter of credit of AU$5.2 million backing debt issued to the acquired company in conjunction with the purchase of its indirect 20% interest in APB Britco LP.

LIQUIDITY & CAPITAL RESOURCES (continued)

Commitments

Black Diamond has made capital commitments as presented in the Capital Expenditures section below.

Share Capital

At March 31, 2013, Black Diamond had 41.47 million common shares outstanding. In addition at March 31, 2013, Black Diamond had 3.92 million common shares reserved for issuance pursuant to the exercise of options which have been granted pursuant to Black Diamond's share option plan.

The following table summarizes Black Diamond's capitalization as at May 9, 2013:

Common shares	41,524,144
Stock options	3,852,382

Capital Expenditures

For the Period, Black Diamond expended $21.93 million (2012 – $19.68 million) on additions to property and equipment. The additions consisted of:

Structures Business Unit

- $2.12 million (2012 – $10.53 million) on workforce accommodation structures and ancillary equipment;
- $3.52 million (2012 – $3.98 million) on space rental structures and ancillary equipment.

Logistics Business Unit

- $3.55 million (2012 – $Nil) on site improvements.

Energy Services Business Unit

- $1.97 million (2012 – $3.49 million) on accommodation structures and surface rental equipment.

International Business Unit

- $10.72 million (2012 - $Nil) on workforce accommodation and space rental structures in Australia.

Corporate

- $0.05 million (2012 – $1.68 million) on land, leasehold improvements, computers, furniture and service related equipment.

At March 31, 2013, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the amount of $15.27 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 a combination of internally generated cash flow and available funds from credit facilities.

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at March 31, 2013 relate to standard working capital accounts, credit facility items, an interest rate swap and an asset retirement obligation. There are no significant differences between the carrying value of these financial instruments and their estimated fair values.

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

NON-IFRS MEASURES

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

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

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

For the three months ended March 31, (in thousands of dollars)	2013	2012	Change
	$	$	$
Net income	18,764	13,043	5,721
Add:			
Depreciation and amortization	11,044	7,534	3,510
Finance costs	1,652	1,416	236
Foreign exchange (gain)/loss	25	(28)	53
Deferred income taxes	1,990	1,040	950
Current income taxes	4,638	3,120	1,518
Non-controlling interest	1,070	(242)	1,312
Acquisition costs	300	—	300
Share-based compensation	999	595	404
EBITDA	40,482	26,478	14,004

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

NON-GAAP MEASURES (continued)

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

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

For the three months ended March 31,

(in thousands of dollars)	2013	2012	Change
	$	$	$
Cash Flow from Operating Activities	13,578	19,798	(6,220)
Add/(Deduct):			
Book value of used fleet sales to operating activities	(918)	(2,056)	1,138
Reclassification of trade receivables to long-term	(1,101)	—	(1,101)
Changes in non-cash working capital	24,038	5,616	18,422
Funds available for dividends	35,597	23,358	12,239

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 payable amounts for P&E).

Readers are cautioned that the Non-IFRS measures are not alternatives to measures under IFRS 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-IFRS measures should only be used in conjunction with the consolidated financial statements of Black Diamond.

RISKS AND UNCERTAINTIES

The operations of Black Diamond face a number of risks and uncertainties in the normal course of business that may be beyond its control, but which could have a material adverse effect on Black Diamond's financial condition, results of operations and cash flow, and therefore on cash available for dividends. Many of these risk factors and uncertainties are outlined in the annual information form of Black Diamond for the year ended December 31, 2012 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 IFRS.

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, 2013 and ended on March 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 for the year ended December 31, 2012 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 four reportable segments: Structures, Logistics, Energy Services and International. Previously, the reportable segments were disclosed as Camps, Logistics, BOXX Modular and Energy Services. The change had an impact on the segment information reported but did not change 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.

Changes in Accounting Policies and Disclosure

The Company applies, for the first time, certain standards and amendments that require restatement of previous financial statements. As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12 *Disclosure of Interest in Other Entities* would result in additional disclosures in the annual consolidated financial statements. Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Company or the interim condensed consolidated financial statements of the Company.

The nature and the impact of each new standard/amendment is described below:

IAS 1 *Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only in the Company's Consolidated Statement of Comprehensive Income and had no impact on the Company's financial position or performance.

IAS 34 *Interim financial reporting and segment information for total assets and liabilities* (Amendment)
The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Company regularly provides total asset figures to the chief operating decision maker for each reportable segment and has historically included disclosure of total segment assets in the Company's annual and interim consolidated financial statements.

IFRS 7 *Financial Instruments: Disclosures* - *Offsetting Financial Assets and Financial Liabilities* - *Amendments to IFRS 7*
The amendment requires 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

CRITICAL ACCOUNTING POLICIES, JUDGMENTS & ESTIMATES (continued)

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. As the Company is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Company.

IFRS 10 *Consolidated Financial Statements* and IAS 27 *Separate Financial Statements*

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10's definition of control was used in assessing the Company's acquisitions of Australian Portable Buildings Pty. Ltd ("APB") and the portable manufacturing business of APB. IFRS 10 also assisted in setting out guidelines for how to consolidate and present the Company's controlling interest in APB.

IFRS 11 *Joint Arrangements* and IAS 28 *Investment in Associates and Joint Ventures*

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*. 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 11 had no effect on the Company when it was adopted in fiscal 2013 as the Company does not have any joint arrangements.

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. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Company has not made such disclosures relating to its Investment in an associate with the exception of describing the nature of the investment.

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 when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS & ESTIMATES (continued)

In addition to the above-mentioned amendments and new standards, IFRS 1 *First-time Adoption of International Financial Reporting Standards* was amended with effect for reporting periods starting on or after January 1, 2013. The Company is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Company.

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

Judgments and Estimates

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

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

The operating results of the Company's United States operations, which have a functional currency of US Dollars, are translated into Canadian Dollars using the rate of exchange on the date of the transaction. The Company determines the functional currency to be that of the primary economic environment in which the undertaking operates.

When utilizing the acquisition method of accounting for business combinations, the Company measures the cost of the acquisition as the aggregate of the consideration transferred, measured at the acquisition date fair value less any amount of non-controlling interest. The fair value of the net assets acquired is estimated by the Company through comparison to assets currently owned, depreciated replacement value and detailed review of the assets current condition. When determining the nature of an acquisition, either a business combination or an asset acquisition, management defines a business as 'an integrated set of activities and assets that is capable of being conducted and managed for the purposes of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants'. The primary focus in the determination is the presence of processes to convert the inputs purchased into outputs, thus evidencing a business is purchased.

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

CRITICAL ACCOUNTING POLICIES, JUDGMENTS & ESTIMATES (continued)

Each of those CGU's (or group of CGU's) represents the lowest level within the Company at which the associated goodwill is monitored for management purposes based on shared infrastructure, geographical proximity, exposure to market risk and product offering and is not larger than the operating segments. Fair value is determined using valuation models that take into account such factors as projected earnings, earnings multiples, discount rates, other available external information and market comparables.

The determination of fair value requires management to apply judgment in selecting the valuation models and assumptions and estimates to be used in such models and value determinations. These judgments affect the determination of fair value and any resulting impairment charges. An impairment test was performed on the CGU's containing goodwill during the fourth quarter 2012 and the results concluded that the fair value was higher than the carrying amount so no impairment charge was required.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due, according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the loss is recognized in the Consolidated Statement of Net Income. Determining the recoverability of a balance involves estimation as to the likely financial condition of the customer and their ability to make payment.

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

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

The provision of installation, transportation, maintenance and dismantlement services is recognized on the percentage-of-completion basis over the term of the contract. Under this method, revenue for services is recognized proportionately with its percentage of completion at any given time. The percentage of completion is estimated by dividing the cumulative costs incurred as at the Consolidated Statement of Financial Position date by the sum of the incurred costs and anticipated costs for completing the contract. Where the stage of completion is not clearly defined by contract, management will estimate the stage by reference to the costs incurred, foreman's reports and job files.

Depreciation and amortization are determined using the estimated useful lives of the assets. These estimates could change due to a number of factors including unusual wear and tear, technology, change in economic circumstances and obsolescence. Such changes could have a material effect on the amount of future operating results. See the notes to the December 31, 2012 audited consolidated financial statements for a schedule outlining the depreciation and amortization policies of Black Diamond.

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

CRITICAL ACCOUNTING POLICIES, JUDGMENTS & ESTIMATES (continued)

This compares the fair value of the hedging instrument, including the deal contingent option, with the fair value of the hedging instrument excluding the deal contingent option.

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