MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") was prepared as of March 7, 2012 and is provided to assist readers in understanding Black Diamond Group Limited's ("Black Diamond" or the "Company" and formerly Black Diamond Income Fund) financial performance for the three months and year ended December 31, 2011 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 year ended December 31, 2011. The accompanying audited consolidated 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, for the year ended December 31, 2011, may be found on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

As of January 1, 2011, Black Diamond adopted IFRS, and the following disclosures, as well as associated audited consolidated financial statements have been reported in accordance with IFRS. Black Diamond's effective transition date is January 1, 2010 to accommodate 2010 IFRS comparative information. A comprehensive summary of all the significant changes including reconciliations of Canadian GAAP financial statements to those prepared under IFRS are included in note 30 of the Company's audited consolidated financial statements for the year ended December 31, 2011.

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

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

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

OVERVIEW OF THE COMPANY

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

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

Black Diamond has structured its operations in three principal business segments – Camps and Logistics, BOXX and Energy Services.

Camps and Logistics provide workforce accommodation designed for remote site accommodation. The structures, when assembled together, form large dormitories, kitchen/dining facilities and recreation complexes. Within this segment, Black Diamond also operates Sunday Creek Lodge where the Company owns and operates remote lodging facilities. The majority of the business activity within this segment occurs in Western Canada.

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

Energy Services provides an accommodations fleet for drill camps, geologist/engineer quarters and staff quarters. Energy Services also provides a complement of surface rental assets that would typically support a drilling or completions operation such as solids and liquids containment, rig matting, and support equipment.

2011 HIGHLIGHTS

Revenue levels for the year ended December 31, 2011 increased by 73% to $241.8 million versus the year ended December 31, 2010. Rental revenue was 77% higher at $83.3 million, while non-rental revenue was 104% higher at $109.5 million and lodging revenue was 25% higher at $49.0 million.

One of the primary drivers of Black Diamond's business continues to be the rental income from fleet units. The 77% or $36.3 million increase in rental revenue generated relative to the prior year is due to the Company's portfolio of rental assets being 32% larger, but also due to the increase across all divisions in the utilization rates and increases in the rental rates charged for the equipment.

During the year ended December 31, 2011, the fleet of workforce accommodation units grew by 31% or 418 units, the space rentals fleet grew by 8% or 195 units and the Energy Services accommodations fleet increased by 19% or 36 units, while the number of surface rental pieces of equipment increased by 82% or 1038 units.

The utilization of these fleet assets was strong throughout the year averaging 93% for workforce accommodation in comparison to 88% for the comparative period. Space rental fleet utilization increased to an average of 75% from 71% for the year. Drilling accommodations and surface rental equipment utilization rates were 45% and 46%, respectively, versus 43% and 33% in the comparative period.

The Company's business continues to be driven by the resource sector with revenue generated from oil sands related projects amounting to 30% of consolidated revenue, 43% was sourced from non-oil sands related oil and gas activity in Western Canada, 7% coming from mining and metal extraction, with the balance of 20% generated from business not related to the resource sector.

The Administrative Expenses for the year ended December 31, 2011 were 12% of revenue, which is a decline from the 17% level of Administrative Expenses incurred in the comparative period, as a result of a larger revenue base. EBITDA (see "Non-GAAP measures") for the year ended December 31, 2011 was $93.8 million or 39% of revenue versus $50.4 million or 36% of revenue for the comparative period.

Net income for the year ended December 31, 2011 was $40.7 million versus $17.4 million for the Comparative period. This equates to an earnings per share of $1.14 or a 93% increase from 2010.

Black Diamond paid dividends of $0.0475 per share per month ($0.57 per share for the year) resulting in a payout ratio (see "Non-GAAP measures") for the year ended December 31, 2011 of 22%, compared to 35% for the prior year.

SELECTED FINANCIAL AND OPERATING INFORMATION

The following is a summary of selected financial and operating information that has been derived from, and should be read in conjunction with, the audited consolidated financial statements of Black Diamond for the year ended December 31, 2011.

	Three months ended December 31			Year ended December 31		
(in thousands, except as noted)	2011	2010	2009	2011	2010	2009
Accounting base	*IFRS*	*IFRS* (3)	*CGAAP* (3)	*IFRS*	*IFRS* (3)	*CGAAP* (3)
Financial Highlights	$	$	$	$	$	$
Total revenue	66,207	43,410	15,548	241,808	139,762	74,008
Gross Profit	34,005	22,055	9,247	122,000	71,485	46,678
Gross Profit %	51%	51%	59%	50%	51%	63%
Administrative expenses	9,250	7,365	3,636	30,046	23,385	12,201
Administrative expense %	14%	17%	23%	12%	17%	16%
EBITDA (1)	25,175	15,127	5,676	93,751	50,363	34,477
EBITDA %	38%	35%	37%	39%	36%	47%
Net income before taxes	15,462	7,753	1,929	58,449	24,362	18,729
Net income (2)	10,458	6,048	4,217	40,749	17,441	19,126
Per share - Basic	0.30	0.22	0.17	1.14	0.59	0.80
- Diluted	0.29	0.22	0.15	1.11	0.58	0.77
Capital expenditures (Gross)	28,152	34,632	19,555	93,676	87,367	42,264
Property & equipment (NBV)	300,093	247,160	156,188	300,093	247,160	156,188
Total assets	427,523	331,386	208,752	427,523	331,386	208,752
Long-term debt and capital lease obligations	86,130	66,000	32,033	86,130	66,000	32,033
Dividends/ Distributions declared	5,311	4,443	3,369	20,428	17,414	12,956
Per share/ Unit	0.14	0.14	0.13	0.57	0.54	0.53
Payout ratio	23%	29%	66%	22%	35%	39%
Operational Highlights						
Camps and Logistics Division						
Workforce accommodation units in fleet	1,761	1,343	913	1,761	1,343	913
Average utilization	94%	94%	82%	93%	88%	86%
Workforce accomodation bedcount	8,066	6,680	4,368	8,066	6,680	4,368
Workforce accommodation units in Sunday Creek Lodge	245	242	131	245	242	131
Utilization rate	100%	100%	-	100%	100%	-
BOXX Division						
Space rental units - combined	2,689	2,494	1,416	2,689	2,494	1,416
Canada	1,434	1,339	1,200	1,434	1,339	1,200
USA	1,255	1,155	216	1,255	1,155	216
Average utilization- combined	76%	74%	59%	75%	71%	61%
Canada	84%	78%	64%	81%	74%	61%
USA	69%	68%	68%	67%	68%	68%
Energy Services Division						
Drilling accommodation units	222	186	232	222	186	232
Average utilization	37%	49%	61%	45%	43%	56%
Drilling accomodation bedcount	836	912	1,172	836	912	1,172
Surface rental equipment	2,298	1,260	1,015	2,298	1,260	1,015
Average utilization	52%	46%	21%	46%	33%	20%

Notes:

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

(2) Net income for the year 2009 was calculated using a tax structure for a trust, thus making it incomparable with that of subsequent periods.
(3) The 2010 comparatives have been restated from previous Canadian GAAP upon transition to IFRS, as explained later in this document. The 2009 comparatives have not been restated to IFRS, but rather agree with audited results prepared under previous Canadian GAAP ("CGAAP")

OUTLOOK

2011 has been a successful and rewarding year for Black Diamond. Management is very pleased with the significant growth that has been achieved over the past four quarters across all of our business units. Our business model continues to deliver organic expansion as well as future growth opportunities through potential acquisitions. Our current footprint of operations positions us well to capitalize on the continued investment in the natural resource and energy sectors where we have substantial past experience and existing capacity to deliver projects for our customers in the future.

Overall, the outlook for the Company remains very positive. Underpinned by a solid project pipeline of our core customers - giving us confidence for 2012 and beyond - the Company will continue to experience strong demand for products and services in all operating divisions. Black Diamond continues to see robust demand for oilfield services, workforce accommodation and space rentals in North America in the oil sands and unconventional oil and gas shale plays. In North America, industry conditions for drilling and completions will remain strong and therefore we expect to see equally strong utilization rates and an increased fleet size in our Energy Services division.

Overall, we expect our space rentals business to remain consistent in terms of fleet size and to experience steady utilization rates, translating into good project revenue in Canada. We continue to have soft project revenue in the U.S. and expect results to remain consistent with the previous quarter.

Throughout 2012 we expect to see high utilization rates and strong pricing in the key regional markets of our workforce accommodation and logistics divisions. Sunday Creek Lodge continues to have a high utilization rate and within our camps division there is equally strong utilization in our existing asset base.

Management anticipates Q1 to show incremental growth from Q1 2011 and to be roughly in-line with the strong performance realized in Q4 2011. Overall, we foresee continued strength throughout 2012 in our multi-service platform and anticipate our run rate to be in line with our exit of 2011.

Currently there are robust characteristics in our core market areas so we intend to allocate additional capital throughout 2012. To date we have firmly committed approximately $59 million of 2012 capital.

In summary, Black Diamond continues to have an attractive and well-positioned competitive standing, with a strong market position. Barring any issue that could prevent or slow resource development in Western Canada, we expect continued steady growth. Our revenue is expected to grow over subsequent quarters. We continue to evaluate a number of potential opportunities,

however remain committed to our disciplined approach to growth and acquisition strategy. Effective January 2012 our dividend increased and this higher dividend rate is sustainable based on the current operation of the business.

RESULTS OF OPERATIONS

Revenue

Consolidated

($ millions, except as noted)	Q4		YTD	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Revenue	66.20	43.41	241.81	139.76
Rental Revenue	25.44	14.65	83.34	47.08
% of Consolidated Revenue	38%	34%	34%	34%
Lodging Revenue	11.32	13.53	49.02	39.14
% of Consolidated Revenue	17%	31%	20%	28%
Non-Rental Revenue	29.44	15.23	109.45	53.54
% of Consolidated Revenue	45%	35%	46%	38%

There has been a significant increase in rental revenues from the prior year in the three months and year ended December 31, 2011 (hereafter referred to as the ‘Period’ and ‘Year to Date’), reflecting the increase in the rental fleet which resulted from the purchase of new manufactured modular structures and oilfield service equipment in the past year, as well as marked improvements in utilization and rental rates due to increased economic activity in the markets in which the Company operates. This increase was accompanied by significant non-rental revenue in the Period and the Year to Date from several significant sales of new manufactured and used fleet units through the Camps and Logistics and BOXX divisions. The rental revenue stream generates gross margins generally in excess of 90%, whereas the lodging revenue stream generates gross margins of approximately 35% and the non-rental or ancillary revenue streams generate gross margins of 20-30%.

Camps and Logistics Division

($ millions, except as noted)	Q4		YTD	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Revenue	37.62	23.65	143.22	79.18
% of Consolidated Revenue	57%	54%	60%	57%
Rental Revenue	13.74	7.21	45.60	20.90
% of Camps and Logistics Revenue	37%	30%	32%	26%
Lodging Revenue	11.32	13.53	49.02	39.14
% of Camps and Logistics Revenue	30%	57%	34%	49%
Non-Rental Revenue	12.56	2.91	48.60	19.14
% of Camps and Logistics Revenue	33%	13%	34%	25%
EBITDA	18.76	11.50	69.45	35.65
% of Workforce Accommodations Revenue	50%	49%	48%	45%
Utilization (Workforce Accomodation)	94%	94%	93%	88%

Revenue was significantly higher in the Period and Year to Date relative to the three months and year ended December 31, 2010, as the lodging revenue generated at the Sunday Creek Lodge augmented the increase in rental revenue from traditional workforce accommodation assets being utilized on new projects since the Comparative Period. This was further augmented by several custom sales and used fleet sales to new and existing customers.

The 91% increase in rental revenue in the Period and 218% increase Year to Date is predominantly derived from the increased utilization and increase in rental rates year over year. The increase in these factors was enhanced by the 31% increase in the fleet size year over year.

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

Lodging revenue is generated from several full service camps including the Sunday Creek Lodge. Revenue associated with room and board at the Sunday Creek Lodge operated camp was $7.7 million and $31.2 million for the Period and Year to Date respectively, with utilization rates of 100%. The balance of the lodging revenue was generated from operated camps in the Horn River area through the Company's Black Diamond Dene Limited Partnership. There may be variability in revenue with respect to services related to daily occupancy levels in the given period.

There has also been a significant increase in non-rental revenues reflecting the increase in operations activity associated to the deployment of several substantial projects in the year requiring transportation and installation activity. This operations revenue was augmented by several significant sales of used fleet and new manufactured assets.

The comparative EBITDA margin in the Period is a direct result of consistent sales portfolio versus the Comparative Period. The Year to Date saw an increase in the EBITDA margin, as a higher percentage of rental and lodging revenue in the year lead to an increase in EBITDA margin.

At December 31, 2011, the average remaining rental term outstanding was approximately 15 months with total contracted revenue of approximately $54.7 million. These contracts are augmented by an 18 month accommodation services contract at Sunday Creek Lodge that commenced on April 1, 2011 and has committed revenues of approximately $23.9 million. The revised contract will utilize seventy percent of the lodge's capacity. Anticipated revenue for 2012 from rental contracts in place at December 31, 2011 is $35.8 million and $23.9 million for lodging contracts.

BOXX Division

Combined Canada and USA Operations

($ millions, except as noted)	**Q4**		**YTD**	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Revenue	15.47	14.10	61.55	42.16
% of Consolidated Revenue	23%	32%	25%	30%
Rental Revenue	5.11	4.23	19.74	16.52
% of Combined BOXX Revenue	33%	30%	32%	39%
Non-Rental Revenue	10.36	9.87	41.81	25.64
% of Combined BOXX Revenue	67%	70%	68%	61%
EBITDA	4.60	2.15	19.89	8.04
% of Combined BOXX Revenue	30%	15%	32%	19%
Utilization (Space Rentals)	76%	74%	75%	71%

Revenue for the BOXX division for the Period and Year to Date was higher as a result of the increased utilization and an 8% growth in the rental fleet year over year, augmented by a 5% and 63% increase in non-rental activity in the Period and Year to Date respectively, due to custom and used fleet sales.

Canada

($ millions, except as noted)	Q4		YTD	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Revenue	11.36	5.46	39.68	17.40
% of Consolidated Revenue	17%	13%	16%	12%
Rental Revenue	3.35	2.81	13.02	10.40
% of Canadian BOXX Revenue	29%	51%	33%	60%
Non-Rental Revenue	8.01	2.65	26.66	7.00
% of Canadian BOXX Revenue	71%	49%	67%	40%
EBITDA	3.41	2.21	14.56	8.12
% of Canadian BOXX Revenue	30%	40%	37%	47%
Utilization (Space Rentals)	84%	78%	81%	74%

In Canada, revenue for the Period and Year to Date was higher due to increased utilization and a 7% or 95 unit increase in fleet size to 1,434 units, compared to the Comparative Period. In some of the Canadian markets the Company operates, there have been modest increases in rental rates, whereas in a few markets these increases have been more pronounced.

The significant increase in non-rental revenue during the Period and Year to Date resulted from sales of new manufactured units of $4.4 million and $15.1 million respectively and used fleet units of $0.4 million and $4.1 million respectively to several key customers. This increase had a direct effect on the EBITDA margin, as non-rental gross margins are significantly less than rental gross margins.

At December 31, 2011, the average remaining contract term outstanding is approximately seven months with total contracted revenue of approximately $4.7 million. Anticipated rental revenue for 2012 from contracts in place at December 31, 2011 is $3.6 million. This does not include several month-to-month projects that are expected to continue to contribute to rental revenue throughout the year.

USA

(millions, except as noted)	Q4		YTD	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Revenue	4.11	8.63	21.87	24.76
% of Consolidated Revenue	6%	20%	9%	18%
Rental Revenue	1.76	1.41	6.72	6.12
% of US BOXX Revenue	43%	16%	31%	25%
Non-Rental Revenue	2.35	7.22	15.15	18.64
% of US BOXX Revenue	57%	84%	69%	75%
EBITDA	1.20	(0.61)	5.33	(0.78)
% of US BOXX Revenue	29%	-7%	24%	-3%
Utilization (Space Rentals)	69%	68%	67%	68%

Rental revenue and utilization rates for the Period and Year to Date were trending in line with the results of the Comparative Period, while non-rental revenue in the Period was lower than previous quarters as a result of the decreased volume of new manufactured sales. These ancillary revenue streams employ little of Black Diamond's capital and typically generate lower gross margins as compared to the rental gross margins of approximately 90%.

The 25% increase in rental revenue in the period and 10% Year to Date is a direct result of the 9% increase in the rental fleet size year over year. Utilization rates remained consistent in the Period and Year to Date, with rental rates seeing only a negligible increase.

At December 31, 2011, the average remaining contract term outstanding is approximately 12 months with total contracted revenue of approximately $4.6 million. Anticipated rental revenue for 2012 from contracts in place at December 31, 2011 is $2.1 million.

Energy Services division

($ millions, except as noted)	Q4		YTD	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Revenue	13.11	5.69	37.06	18.42
% of Consolidated Revenue	20%	14%	15%	13%
Rental Revenue	6.59	2.65	18.03	9.16
% of Energy Services Revenue	50%	47%	49%	50%
Non-Rental Revenue	6.52	3.04	19.03	9.26
% of Energy Services Revenue	50%	53%	51%	50%
EBITDA	5.61	2.50	14.43	6.86
% of Energy Services Revenue	43%	44%	39%	37%
Drilling Accommodation Utilization	37%	49%	45%	43%
Surface Rental Utilization	52%	46%	46%	33%

Revenue increased in the Period and Year to Date, as the rental fleet increased by 74% and utilization rates continued to increase for surface rental assets, due to the economic improvements and increased demand for year round energy services from customers.

The drilling accommodations fleet amounted to 222 units at the end of December 2011 versus 186 units at December 2010. This total includes drill camps as well as a complement of wellsite units, free standing sleepers and support units. The surface rental fleet amounted to 2,298 units compared to 1,260 units at December 31, 2010. During the Period 475 units were acquired through an asset purchase, to strengthen the division’s surface rental fleet in Saskatchewan. The increase in the utilization for all Energy Services equipment types was due to increased drilling and completion activity in Western Canada

The 74% increase in the size of the rental fleet in concert with the increase in utilization and rental rates for this equipment explains the twofold increase of rental revenue from the Comparable Period.

Rental revenue tends to have a higher degree of seasonality in this division. Drilling accommodations and the surface rental assets typically have higher utilization during the winter months when drilling activity is greater, and reduces over spring and summer months. In recent years the effect of the seasonality has somewhat diminished due to the escalation in year round drilling and completions activity.

Non-rental revenue saw significant increases during the Period and Year to Date due to increased sublease activity as a result of increased industry activity, accompanied by increased subcontracted catering revenue in the Western Canada region.

At December 31, 2011, the Energy Services division had entered into two longer term contracts with average remaining contract terms outstanding of approximately 17 months with total revenue of approximately $6.4 million. Anticipated rental revenue for 2012 from these two contracts in place at December 31, 2011 is $5.7 million.

Direct Costs and Gross Profit

($ millions, except as noted)	Q4		YTD	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Direct Costs	32.20	21.35	119.81	68.28
% of Consolidated Revenue	49%	49%	50%	49%
Gross Profit	34.00	22.06	122.00	71.49
% of Consolidated Revenue	51%	51%	50%	51%

Gross profit increased in the Period and Year to Date compared to 2010 due to increased revenue. However, the margin percentage which decreased slightly as a larger portion of Black Diamond's revenue was derived from non-rental revenue from the Camps and Logistics segment. These activities generate lower gross margin percentages than rental revenue associated with the equipment.

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

Administrative Expenses

($ millions, except as noted)	Q4		YTD	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Administrative expenses	9.25	7.37	30.05	23.39
% of Consolidated Revenue	15%	17%	13%	17%
Personnel	5.80	4.81	17.23	12.74
% of Administrative expenses	63%	65%	57%	54%
Occupancy & Insurance	1.07	0.75	3.47	2.77
% of Administrative expenses	12%	10%	12%	12%
Other Administrative Expenses	2.38	1.81	9.35	7.88
% of Administrative expenses	26%	25%	30%	34%

Administrative expenses increased in the Period and Year to Date, but decreased as a percentage of revenue, predominately as a result of the increased scale of the business.

For the Period and Year to Date, personnel costs are the largest item representing approximately 63% and 57% respectively of the administrative expenses. Occupancy and insurance costs increased during the Period and Year to Date as further Corporate space was leased and several locations expanded in size. Other administrative expenses consist of items such as audit, legal, travel, meals and entertainment, bank charges and promotional items.

Stock-based compensation charges are reported within other administrative expenses and were $0.45 million for the Period and $1.84 million Year to Date compared with $0.45 million and $1.97 for the comparable periods in 2010. Stock-based compensation was determined using the Black-Scholes valuation method. The decrease in share based compensation year over year is a result of the decreasing fair value of the options issued year over year.

EBITDA

($ millions, except as noted)	Q4		YTD	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
EBITDA	25.18	15.13	93.75	50.36
% of Consolidated Revenue	38%	35%	39%	36%

The EBITDA percentage is similar with the Comparative Period and year, slightly increased due to the scale of the business with respect to the Comparative Year to Date, offset by lower Gross Margin resulting from a change in the revenue mix.

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

Included in EBITDA is $10.02 million of administrative expenses for the Year to Date and $5.31 million for the comparative year, and $3.79 million and $0.82 million Period and Comparative Period respectively that relate to non-divisional corporate expenses.

Depreciation and Amortization

For the Period, the charge for depreciation and amortization was $7.99 million compared to $5.97 million in 2010. This included charges of $7.72 million with respect to depreciation taken on the property and equipment of Black Diamond, and $0.27 million relating to the amortization of the intangible assets. Depreciation and amortization for the Comparative Period of 2010 was $5.64 million and $0.33 million, respectively.

For the Year to Date, the charge to depreciation and amortization was $28.70 million compared to $21.08 million in 2010. This included charges of $27.29 million with respect to depreciation taken on property and equipment of Black Diamond, and $1.41 million relating to the amortization of the intangible assets. Depreciation and amortization for the same period of 2010 was $19.53 million and $1.55 million, respectively.

Finance Costs

Finance costs for the Period were $1.30 million compared with $0.95 million in 2010. For the Year to Date finance costs were $4.81 million compared to $2.66 million in the same period of 2010. This represents interest and stand by fees that were charged on the utilization of the long term credit facilities, the senior secured notes and on the capital lease in the respective periods. Average interest rates in the Period were 5.03% and 4.67% Year to Date, compared with 4.60% and 3.90% in 2010. Average long-term debt in the Period was $20.1 million higher than that in the Comparative Period.

Income Taxes

For 2011, Black Diamond incurred a current income tax provision of $0.06 million and incurred a future income tax provision of $13.92 million. This future income tax provision arises due to the differences in the book value and the tax value of the net assets held by Black Diamond that is expected to reverse after 2011. It has been calculated at the enacted tax rate of 26.5% in Canada and 40% in the US.

At December 31, 2011, the future tax liability was $38.81 million compared to $25.57 million in December 2010. The increase is due to the provision for future income taxes incurred during 2011.

Non-controlling Interest

Earnings attributable to non-controlling interest were $2.54 million during the Period and $3.73 million for the Year to Date, compared to $0.46 million and $0.50 million for the same periods in 2010. The non-controlling interest represents earnings attributable to the Fort Nelson First Nation's 50% interest in the Black Diamond Dene Limited Partnership and the West Moberly First Nation's 50% interest in the Black Diamond West Moberly Limited Partnership.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the previous eight quarters:

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

	Q4 2011	**Q3 2011**	**Q2 2011**	**Q1 2011**
Revenue	66,207	63,070	56,801	55,732
EBITDA	25,175	25,165	21,544	21,865
Net Income attributable to Black Diamond Group Limited	10,464	11,011	9,385	9,897
Per Share - Basic (2)	0.30	0.30	0.26	0.29
Per Share - Diluted (2)	0.29	0.29	0.25	0.29
	Q4 2010 (1)	**Q3 2010 (1)**	**Q2 2010 (1)**	**Q1 2010 (1)**
Revenue	43,410	34,221	31,160	30,971
EBITDA	15,127	12,446	10,369	12,423
Net Income attributable to Black Diamond Group Limited	6,048	3,844	3,028	4,521
Per Share - Basic (2)	0.22	0.12	0.09	0.15
Per Share - Diluted (2)	0.22	0.12	0.09	0.15

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

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

LIQUIDITY & CAPITAL RESOURCES

As of December 31, 2011, Black Diamond's principal sources of liquidity include:

- working capital of $55.1 million (see "Non-GAAP measures") excluding CAPEX in accounts payable of $3.2 million,
- a committed revolving operating facility in the amount of $10.0 million of which all $10.0 million is available and $nil is drawn at December 31, 2011,
- a committed operating facility in the U.S. in the amount of US$3 million all of which is available and $nil is drawn at December 31, 2011
- a committed revolving capital expenditure facility of $115.0 million, $106.7 million which was available, and $25.0 million drawn at December 31, 2011, and
- issued senior secured notes in the amount of $62 million.

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

Based on Black Diamond's current business plan, internal forecasts and the risks that are present in the current global economy, management believes that cash generated from operations will continue to exceed the funds required to pay dividends. Management believes that the ongoing cash generated from operations will be sufficient to allow it to meet ongoing requirements for working capital, maintenance costs, administrative expenses, and interest costs. Black Diamond's cash generated from operations will be dependent upon future financial performance, which in turn will be subject to financial, business and other risk factors, including elements beyond Black Diamond's control. Management also believes that, dependent on capital market conditions, Black Diamond has the ability to raise additional debt or equity 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 net working capital position of Black Diamond at December 31, 2011 was $55.1 million after extracting $3.2 million of capital expenditure in accounts payable, an increase from the working capital position of December 31, 2010 by $40.0 million. This increase in working capital was due to the issuance of the senior secured notes and higher activity levels during the Period and Year to Date.

Current assets at December 31, 2011 were $82.0 million, an increase of $44.4 million from December 31, 2010. The increase is as a result of an increase in cash of $23.0 million, accounts receivable of $16.0 million and an increase in other current assets by $5.5 million. The increase in other current assets was as a result of deposits held with suppliers to satisfy supplier agreements for future manufacturing capacity.

Current liabilities at December 31, 2011 were $26.9 million, excluding $3.2 million of capital expenditure, a $3.4 million reduction from December 31, 2010.

Indebtedness

Black Diamond has established syndicated credit facilities with two Canadian chartered banks as follows: a committed revolving operating facility of $10.0 million and a committed revolving capital expenditure facility of $115.0 million as well as a hedging credit facility of $5.0 million. As at December 31, 2011, Black Diamond had decreased bank indebtedness by $6.8 million from December 31, 2010, and had decreased the drawn amounts on the revolving capital expenditure facility by $41.0 million over the same period. Drawings on the operating and capital expenditure facilities are charged interest based on the previous quarter's funded debt to EBITDA ratio as defined in Black Diamond's credit agreement. As at December 31, 2011, the interest rate applied to amounts drawn on the capital expenditure facility was 4.25%.

All facilities are collateralized by a general security agreement from Black Diamond, a guarantee and general security agreement from each of its material subsidiaries and a pledge of the shares or equity interests of such material subsidiaries. The revolving operating facility matures on December 31, 2013; it is interest only until maturity and drawdowns may not exceed 75% of aged accounts receivable less than 90 days. The revolving capital expenditure facility matures on December 31, 2013 and drawdown's, in addition to other senior secured notes and may not exceed 60% of the net book value of tangible capital property and equipment. The capital expenditure facility is interest only payable monthly in arrears until December 31, 2012 and, if not extended by one year by January 1, 2013, will be reduced in 2013 by equal quarterly reductions in an amount equal to 1/16th of the commitment beginning on December 31, 2012.

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

Black Diamond's financial debt covenants are as follows:

Covenant	Required	Actual
Current Ratio	>1.25:1	2.80
Total Funded Debt to EBITDA	<2.50:1	0.68
Fixed Charge Coverage	>1.00:1	3.65
Tangible Net Worth	>$189.7M	$223.4M

Management includes a reconciliation from the cash flow provided by operations to the EBITDA used in the covenant calculations (see "Non-GAAP measures"). EBITDA is a non-GAAP measure that management uses to assist in evaluation of Black Diamond's liquidity and is used by Black Diamond's bank lenders to calculate compliance with certain financial covenants.

As at December 31, 2011, Black Diamond was in compliance with all financial debt covenants. Management continues to monitor compliance with debt covenants carefully and believes that the Company will continue to be in compliance with debt covenants.

Black Diamond, through its wholly owned subsidiary, Nortex Modular Leasing and Construction Company, also has a U.S. $3 million committed revolving loan facility to fund working capital requirements in the U.S. The facility bears interest at a rate of U.S. prime plus 1% subject to a 5% minimum rate. At December 31, 2011, the effective rate was 5%. Interest on drawings is to be paid monthly with any principal outstanding to be repaid upon the maturity date. The facility is secured by a letter of credit issued by the Company's Canadian lenders. At December 31, 2011, there was $nil million drawn on the facility.

Commitments

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

Share Capital

At December 31, 2011, Black Diamond had 37.24 million common shares outstanding. In addition at December 31, 2011, Black Diamond had 2.97 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 March 7, 2012:

Common shares	37,241,586
Stock options	2,971,940

Capital Expenditures

For the Period, Black Diamond expended $28.15 million (2010 – $36.98 million) on additions to property and equipment. The additions consisted of:

- $9.72 million (2010 – $24.22 million) on workforce accommodation structures and ancillary equipment;
- $4.83 million (2010 – $3.48 million) on space rental structures and ancillary equipment in Canada;
- $0.94 million (2010 – $3.53 million) on space rental structures and ancillary equipment in the U.S.;
- $11.78 million (2010 – $1.62 million) on energy services accommodation structures and surface rental equipment; and
- $0.88 million (2010 – $1.78 million) on land, leasehold improvements, computers, furniture and service related equipment.

For the year ended December 31, 2010, Black Diamond expended $93.86 million (2010 – $88.31 million) on additions to property and equipment. The additions consisted of:

- $49.45 million (2010 – $65.41 million) on workforce accommodation structures and ancillary equipment;
- $10.29 million (2010 – $11.39 million) on space rental structures and ancillary equipment in Canada;
- $4.46 million (2010 – $6.58 million) on space rental structures and ancillary equipment in the U.S.;
- $22.14 million (2010 – $1.96 million) on energy services accommodation structures and surface rental equipment; and
- $7.34 million (2010 – $2.97 million) on land, leasehold improvements, computers, furniture and service related equipment.

At December 31, 2011, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the amount of $8.4 million for delivery in the next six months. It is management's intention to meet the funding requirements for these commitments through a combination of internally generated cash flow and available funds from credit facilities.

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

	Payments Due by Period			
($ millions)	Total	Less than 1 year	1-5 years	After 5 years
Operating Leases	6.6	1.9	4.5	0.2
Purchase Obligations	8.4	8.4	-	-
Asset Retirement Obligations	1.9	-	-	1.9
Total Contractual Obligations	**16.9**	**10.3**	**4.5**	**2.1**

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at December 31, 2011 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 interest rate risk on its Capex facility and interest rate fair value risk on the senior secured notes based on their fixed rate of interest. The required cash flow to service the credit facilities will fluctuate as a result of changes in market rates. On April 20, 2010, Black Diamond entered into a swap transaction to fix the rate of interest at 3.63% plus the credit spread on a notional $25 million of debt for a five year period expiring on April 10, 2015.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS & ESTIMATES

The nature of the business and timely preparation of consolidated financial statements in conformity with 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 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 percent, the interest attributable to outside shareholders is reflected in non-controlling interests.

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

When utilizing the acquisition method of accounting for business combinations, the Company measures the cost of the acquisition as the aggregate of the consideration transferred, measured at the acquisition date fair value less any amount of non-controlling interest. The fair value of the net assets acquired is estimated by the Company through comparison to assets currently owned, depreciated replacement value and 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 Cash Generating Unit (CGU) to which goodwill has been allocated is greater than or at least equal to its carrying value.

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

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

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

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

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

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

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

consolidated financial statements for a schedule outlining the depreciation and amortization policies of Black Diamond.

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

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

Changes in Accounting Policies

International Financial Reporting Standards

Effective January 1, 2011, the Company was required to report its interim and annual consolidated financial statements in accordance with IFRS including information for the comparative 2010 period. Although IFRS uses a conceptual framework similar to Canadian GAAP, differences in the standards exist and accounting policies have been addressed to reflect these changes.

The transition progressed according to plan. The differences identified between IFRS and current Canadian GAAP did not have a significant impact on Black Diamond's reported results and financial position.

IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRS for the first time with a number of optional and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The Company analyzed the various accounting policy choices available and implemented those determined to be most appropriate in the Company's circumstances.

A summary of IFRS standards that have an impact on Black Diamond's financial reporting are discussed in the following sections. The differences described below are those existing based on previous Canadian GAAP and IFRS today. It should be noted that the International Accounting Standards Board (IASB) have significant ongoing projects that could affect the ultimate differences between previous Canadian GAAP and IFRS and the impact on the Company's consolidated financial statements in the future.
The Company will continue to monitor changes to existing IFRS standards. Most adjustments required on transition to IFRS have been made, retrospectively, against opening retained earnings on the first comparative balance sheet. Transitional adjustments relating to those standards where comparative figures are not required to be restated and are applied prospectively have been made as of January 1, 2011.

Property, plant and equipment

IAS 16 - "Property, plant and equipment" contains the same basic principles of accounting as previous Canadian GAAP, however differences in application exist. For example, capitalization of directly attributable costs in accordance with IFRS may include additional costs or exclude certain costs previously recognized under GAAP, such as the mandatory capitalization of directly attributable borrowing costs as required by IAS 23 - "Borrowing costs." Black Diamond does not have any such qualifying assets and is therefore not required to capitalize borrowing costs under the current operating structure. IFRS also provides specific guidance on capitalizing items such as spare parts, inspection costs and major overhauls. IAS 16 requires an entity to allocate items of property, plant and equipment (PP&E) into significant components and depreciate each component separately. This method of componentizing property, plant and equipment often results in an increase in the number of component parts recorded and a change in the calculation of depreciation expense. However, Black Diamond has generally followed a policy of componentization under Canadian GAAP similar to that required under IFRS so adjustments to cost and accumulated depreciation were not required.

A major difference between IFRS and GAAP is an option under IAS 16 to choose either a cost or fair value model to value each class of property, plant and equipment. In addition, IFRS 1 - "First time adoption of IFRS" (IFRS 1) allows an entity to measure an item of property, plant and equipment at fair value on the IFRS transition date and use this value as deemed cost in future periods. Black Diamond has continued with a cost valuation model for all property and equipment on transition to IFRS as management considers amortized cost to be a more consistent measure of value given the nature of its assets.

Asset impairment

Previous Canadian GAAP used a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with fair values. IAS 36 - "Impairment of Assets" uses a one-step approach for both testing for and measurement of impairment, with all assets being assigned to Cash Generating Unit's (CGU's), seen as the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other CGU's, and the carrying values compared directly with the recoverable amount, defined as the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). While no difference exists in 2011, this may potentially result in more write downs compared to previous Canadian GAAP in the future where carrying values of assets were previously supported under GAAP on an undiscounted cash flow basis, but may not be supported on a discounted cash flow basis.
The extent of any write downs may be partially offset by the requirement under IAS 36 to reverse any previous impairment losses where circumstances have changed such that the impairments have been reduced. GAAP prohibited reversal of impairment losses. The Company has concluded that as at the opening balance sheet date and through to December 31, 2011, there are no impairments under IAS 36.

Share Based Compensation

IFRS 2 – “Share based compensation” has three main differences from previous Canadian GAAP that have affected Black Diamond upon adoption and required an adjustment to the opening balance sheet and each quarter throughout 2010. The first is forfeitures requiring estimation at grant date and factoring into the compensation expense to be amortized over the vesting period. Previously Black Diamond accounted for forfeitures on an actual basis, with no estimate at grant date. The effect of this change on previous grants was quantified as immaterial, as the determined rate equated to the actual at date of transition. For prospective grants this change should lead to smoother expense recognition over the grants vesting life. The second difference relates to the amortization model used to allocate the compensation expense over the vesting period. IFRS 2 does not permit the use of a straight line model, as Black Diamond previously used, instead requiring the graded vesting model. The change in amortization model will lead to a higher compensation expense at the beginning of the grants’ vesting period and less at the end. This has affected the opening financial position and 2011 option grant. The quantification of these adjustments can be seen in the accompanying table for the adjustment made as at the opening balance sheet date of January 1, 2010.

Asset Retirement Obligation

The introduction of IAS 37 – “Provisions, Contingent liabilities and assets” has lead to a lowering of the threshold for recognition when considering provisions and contingent items. The underlying principle is if the probability that the event will occur is greater than the probability it will not, then a provision should be considered. IAS 37 has also altered the determination of the discount rate that should be used in the present value calculation when assessing the best estimate of future cash flows required settling an obligation. IAS 37 states that the discount rate should be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Whereas GAAP states that a credit-adjusted risk free rate should be used. This is particularly prevalent for Black Diamond in relation to the Asset Retirement Obligation recorded for closure and post-closure costs at the Sunday Creek camp. See the accompanying table below for the adjustment made as at the opening balance sheet date of January 1, 2010.

Income Taxes

IAS 12 - "Income Taxes" (IAS 12) prescribes that an entity account for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Therefore, where transactions and other events are recognized in earnings, the recognition of deferred tax assets or liabilities which arise from those transactions should also be recorded in earnings. For transactions that are recognized outside of the statement of earnings, either in other comprehensive income or directly in equity, any related tax effects should also be recognized outside of the statement of income. The tax consequences of the opening balance sheet adjustments were minimal, with the majority being presentational in nature with the splitting of deferred tax assets and liabilities.

Business Combinations

Significant differences previously existed between IFRS 3 – "Business Combinations" (IFRS 3(R)) and GAAP guidance relating to business combinations. These differences were however negated with the early adoption by Black Diamond of CICA 1582 in 2009, which was fully converged with IFRS 3 (R). CICA 1582 was used to account for all combinations that occurred in Q1 2010 and thus no adjustment was required upon transition to IFRS. IFRS 1 – "First Time adoption of IFRS" allowed for the Company to choose to carry forward previous GAAP for business combinations prior to the date of transition and Black Diamond has therefore elected to only apply IFRS 3(R) to combinations subsequent to January 1, 2010.

Table detailing opening balance sheet adjustments upon adoption of IFRS

Account heading	ARO	Change in functional currency of US operations	Share based compensation	Total
PP&E	522	(222)	-	300
Total Assets	522	(222)	-	300
ARO	529	-	-	529
Total liabilities	529	-	-	529
Share Capital	-	-	(5,617)	(5,617)
Contributed Surplus	-	-	5,617	5,617
Retained earnings	(7)	(222)	-	(229)
Total Shareholders' Equity	(7)	(222)	-	(229)

NON-GAAP 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-GAAP 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-GAAP measures. These measures include:

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

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

For the three months ended December 31 (in thousands of dollars)	2011	2010	$ Change
Net income	10,464	6,048	4,416
Add:			
Depreciation and amortisation	7,994	5,988	2,006
Amortization of debt issuance costs	79	-	79
Gain of sale of shares in trust	(132)	-	(132)
Finance costs	1,298	949	349
Deferred tax expense	3,398	2,003	1,395
Current income tax expense	12	(758)	770
Non-controlling interest	1,594	460	1,134
Foreign exchange (gain)/loss - unrealized	20	(19)	39
Stock-based compensation	448	456	(8)
EBITDA	25,175	15,127	10,048

For the year ended December 31 (in thousands of dollars)	2011	2010	$ Change
Net income	40,749	17,441	23,308
Add:			
Depreciation and amortisation	28,700	21,076	7,624
Finance costs	4,805	2,662	2,143
Amortization of debt issuance costs	79	-	79
Gain of sale of shares in trust	(132)	-	(132)
Deferred tax expense	13,915	6,349	7,566
Current income tax expense	60	69	(9)
Acquisition costs	-	289	(289)
Non-controlling interest	3,725	503	3,222
Foreign exchange (gain)/loss - unrealized	7	1	6
Stock-based compensation	1,843	1,973	(130)
EBITDA	93,751	50,363	43,388

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

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

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

For the three months ended December 31 *(in thousands of dollars)*	2011	2010	$ Change
Cash Flow from Operating Activities	42,029	19,283	22,746
Add:			
Changes in non-cash working capital	(12,747)	(4,085)	(8,662)
Sale of property and equipment relating to operating activities	(3,607)	(72)	
Funds available for dividends	25,675	15,126	14,084

For the year ended December 31 *(in thousands of dollars)*	2011	2010	$ change
Cash Flow from Operating Activities	68,769	66,048	2,721
Add:			
Changes in non-cash working capital	35,428	(10,804)	46,232
Sale of property and equipment relating to operating activities	(14,171)	(5,674)	(8,497)
Funds available for dividends	90,026	49,570	48,953

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 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-GAAP measures should only be used in conjunction with the consolidated financial statements of Black Diamond.

RISKS AND UNCERTAINTIES

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

DISCLOSURE CONTROLS AND PROCEDURES

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Black Diamond’s Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of Black Diamond’s financial reporting and the preparation of financial statements for external purposes in accordance with 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 October 1, 2011 and ended on December 31, 2011 that has materially affected, or is 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. Other than changes related to the transition to IFRS, 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.

Additional information relating to Black Diamond, including Black Diamond's annual information form for the year ended December 31, 2011 is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.