MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") was prepared as of November 9, 2011 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 and nine months ended September 30, 2011 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 interim financial statements of the Company for the three and nine months ended September 30, 2011 and the audited consolidated financial statements of the Company for the year ended December 31, 2010. 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, for the year ended December 31, 2010, 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 unaudited condensed consolidated interim 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 27 of the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2011.

All current and comparative share capital and earnings per share amounts have been adjusted for the two for one stock 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, 2010 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, 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 – Workforce Accommodations, Space Rentals and Energy Services.

Workforce Accommodations provides modular structures 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 Lodges where the Company owns and operates remote lodging facilities. The majority of the business activity within this segment occurs in Western Canada.

Space Rentals 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.

THIRD QUARTER 2011 HIGHLIGHTS

Revenue levels for the three months ended September 30, 2011 (hereafter referred to as the 'Period') increased by 84% to $63.1 million versus the three month period ended September 30, 2010 (hereafter referred to as the 'Comparative Period'). Rental revenue was 87% higher at $20.4 million versus the Comparative Period, while non-rental revenue was 119% higher at $28.8 million and lodging revenue was 37% higher at $13.9 million.

One of the primary drivers of Black Diamond's business continues to be the rental income from fleet units. The 87% or $9.5 million increase in rental revenue generated in the Period relative to the Comparative Period is due to the Company's portfolio of rental assets being 24% larger, but also due to the increase across all divisions in the utilization rates and increases in the rental rates earned on the equipment.

During the three month period ended September 30, 2011, the fleet of Workforce Accommodation units grew by 6 units, the Space Rentals fleet grew by 1% or 42 units and the Energy Services accommodations fleet decreased by 1% during the Period or 3 units, while the number of surface rental pieces of equipment increased by 17% or 235 units.

The utilization of these fleet assets was strong throughout the Period averaging 91% for Workforce Accommodation in comparison to 83% for the Comparative Period. Space Rental fleet utilization increased to 76% from 73% for the Period. Drilling accommodations and surface rental equipment utilization rates were 27% and 49%, respectively, versus 32% and 38% 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 37% of consolidated revenue, 39% was sourced from conventional oil and gas activity in Western Canada, 3% coming from mining and metal extraction, with the balance of 21% generated from business not related to the resource sector.

The Administrative Expenses for the Period were 11% 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 Period was $25.2 million or 40% of revenue versus $12.4 million or 36% of revenue for the Comparative Period.

Net income for the Period was $12.2 million versus $3.8 million for the Comparative Period.

Black Diamond paid dividends of $0.0475 per share per month (the equivalent of $0.57 per share annually) resulting in a payout ratio (see "Non-GAAP measures") for the Period of 21%, compared to 43% for the Comparative Period.

SELECTED FINANCIAL AND OPERATING INFORMATION

The following is a summary of selected financial and operating information that has been derived from, and should be read in conjunction with, the unaudited condensed consolidated interim financial statements of Black Diamond for the three and nine months ended September 30, 2011, 2010 and 2009.

	Three months ended September 30			Nine months ended September		
(in thousands, except as noted)	2011	2010 (3)	2009	2011	2010 (3)	2009
Financial Highlights	$	$	$	$	$	$
Total revenue	63,070	34,221	14,918	175,602	96,352	58,460
Gross Profit	31,488	17,685	10,750	87,995	49,430	37,431
Gross Profit %	50%	52%	72%	50%	51%	64%
Administrative expenses	6,802	5,760	2,975	20,796	16,020	8,565
Administrative expense %	11%	17%	20%	12%	17%	15%
EBITDA (1)	25,165	12,446	7,705	68,576	35,236	28,801
EBITDA %	40%	36%	52%	39%	37%	49%
Net income before taxes	15,933	5,925	3,611	42,987	16,609	16,800
Net income (2)	12,197	3,813	2,275	32,422	11,436	14,909
Per share - Basic	0.30	0.12	0.10	0.84	0.37	0.63
- Diluted	0.29	0.12	0.10	0.82	0.36	0.62
Capital expenditures	9,824	19,799	10,807	54,959	45,746	22,709
Property & equipment (NBV)	283,866	220,084	141,997	283,866	220,084	141,997
Total assets	420,677	294,868	193,340	420,677	294,868	193,340
Long-term debt and capital lease obligations	86,071	45,057	45,354	86,071	45,057	45,354
Dividends/ Distributions declared	5,307	4,442	3,196	15,117	12,971	9,587
Per share/ Unit	0.14	0.14	0.14	0.43	0.40	0.40
Payout ratio	21%	43%	26%	22%	38%	26%
Operational Highlights						
Workforce accommodation units in fleet at end of period	1,698	1050	920	1,698	1050	920
Average utilization during the period	91%	83%	83%	93%	84%	87%
Workforce accomodation bedcount at end of period	7,974	5,596	4,490	7,974	5,596	4,490
Workforce accommodation units in Sunday Creek Lodges at end of period	247	260	-	247	260	-
Utilization rate during the period	100%	100%	-	100%	100%	-
Space rental units at end of period - combined	2,663	2,434	1,302	2,663	2,434	1,302
Canada	1,397	1,289	1,167	1,397	1,289	1,167
USA	1,266	1,145	135	1,266	1,145	135
Average utilization during the period- combin	76%	73%	59%	74%	69%	59%
Canada	82%	81%	59%	80%	73%	59%
USA	69%	65%	-	67%	62%	-
Drilling accommodation units at end of period	210	224	237	210	224	237
Average utilization during the period	27%	32%	70%	47%	42%	70%
Drilling accomodation bedcount at end of period	911	1,144	1,202	911	1,144	1,202
Surface rental equipment at end of period	1,645	1,258	1,015	1,645	1,258	1,015
Average utilization during the period	49%	38%	14%	44%	29%	14%

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.

OUTLOOK

Black Diamond has grown its business over the past several quarters through a disciplined organic capital spend which has resulted in strong rental revenue growth both for the year over year quarterly and nine month periods. It has also lead to increased non-rental revenues which have a direct correlation to the size of the underlying rental fleets and scale of the operating platform. The Company is experiencing the benefits of a strong resources economy in western Canada and the improving returns of increasing economies of scale as measured by Administrative Expenses as a percentage of revenue.

The Company anticipates it will continue to experience strong demand for the products and services of all three operating divisions over the foreseeable future. This is due to the volume of large resource development projects commencing throughout western and northern Canada. Contracts already secured but not yet deployed will account for the majority of the Company's outstanding capital commitments of $23 million. This capital will be expended in Q4 of 2011 and Q1 of 2012. The Company has announced an incremental $70 million capital expenditure program for 2012 to meet the anticipated continued high demand for Workforce Accommodation facilities, workspace complexes, and drilling and completions support equipment. These expenditures are expected to result in growing rental and non-rental revenues over the next five quarters and beyond.

Black Diamond will close 2011 with approximately 10,000 rooms in its Workforce Accommodations and Energy Services divisions with incremental growth estimated at 2012 of 2,000-3,000 beds or more. This gives the Company a very meaningful market share and platform from which to benefit from the large workforce growth forecasted for the oil sands and shale gas and oil basins over the next 5-10 years.

The space rentals business continues to be robust in Canada with deployment of significant additional square footage on both a rental and sale basis currently underway. It is expected that this demand will continue into 2012 as the need for modular office complexes and associated workspace from remote resource projects continues to grow. Support buildings for large infrastructure projects throughout Canada will augment the remote application. Business in the U.S. for space rentals is expected to continue to be weak for the next one or two quarters however the Company's U.S. bid log continues to grow indicating that activity is expected to begin to trend upwards at some point in 2012.

Drilling and completions activity in the unconventional shale oil and gas plays continues to accelerate. This has lead to a significant improvement in utilization of surface rental assets and rental rates. The Company's Energy Services division has been successful in securing long term contracts for some of these assets from large integrated energy companies. This has lead to increased visibility for capital return resulting in more of the Company’s capital program being committed to growing the surface rentals fleet. Based on the very strong demand for these products and services and the increasing fleet size this business segment is expected to continue to see increased revenue and returns over the next several quarters.

In summary, all three business segments are experiencing strong demand, improving utilization and rental rates. The scale of the Company’s operating platform is offering more opportunities for non-rental revenues as well as new rental asset additions. As a result, profitability, and free-cashflow are increasing on both a gross and percentage basis. Management expects that these trends will continue into subsequent quarters. The dividend payout ratio and debt as a percentage of EBITDA continue to decline as has the Company’s cost of capital. It is anticipated that the strong strategic positioning of the Company, continued significant capital expenditure, and disciplined execution will result in the generation of strong results for the balance of 2011 and for 2012.

RESULTS OF OPERATIONS

Revenue

Consolidated

($ millions, except as noted)	Q3		YTD	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Revenue	63.07	34.22	175.60	96.35
Rental Revenue	20.36	10.88	57.90	32.43
% of Consolidated Revenue	32%	32%	33%	34%
Lodging Revenue	13.94	10.20	37.70	25.61
% of Consolidated Revenue	22%	30%	21%	27%
Non-Rental Revenue	28.77	13.14	80.00	38.31
% of Consolidated Revenue	46%	38%	46%	40%

There has been a significant increase in rental revenues from the prior year in the Period, reflecting the increase in the rental fleet which resulted from the purchase of new manufactured modular structures and oilfield service equipment in the past year, as well as 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 from several significant sales of new manufactured and used fleet units through the Workforce Accommodation and Space Rentals 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%.

Workforce Accommodations

($ millions, except as noted)	Q3		YTD	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Revenue	35.75	20.73	105.60	55.53
% of Consolidated Revenue	57%	61%	60%	58%
Rental Revenue	10.87	4.35	31.86	13.69
% of Workforce Accommodations Revenue	30%	21%	30%	25%
Lodging Revenue	13.93	10.20	37.70	25.61
% of Workforce Accommodations Revenue	39%	49%	36%	46%
Non-Rental Revenue	10.94	6.18	36.04	16.23
% of Workforce Accommodations Revenue	31%	30%	34%	29%
EBITDA	18.22	9.17	50.69	24.12
% of Workforce Accommodations Revenue	51%	44%	48%	43%
Utilization	91%	83%	93%	84%

Revenue was significantly higher in the Period relative to the Comparative Period, as the lodging revenue generated at the Sunday Creek Lodges augmented the increase in rental revenue from traditional Workforce Accommodation assets being utilized on new projects since the Comparative Period.

At September 30, 2011, the Workforce Accommodation rental fleet had 1,698 units. This represents an increase of 648 units (62 %) compared to the end of September 2010.

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 Lodges, which had 247 units at the end of the Period. Revenue associated with room and board at the Sunday Creek Lodges operated camp was $8.16 million and $23.66 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 to date requiring transportation and installation activity. This operations revenue was augmented by a significant sale of used fleet assets during the month.

The increase in EBITDA margin in the Period is a direct result of the change in sales portfolio versus the Comparative Period, as exemplified by the increasing rental revenue and decreasing lodging revenue as a percentage of the divisions consolidated revenue.

At September 30, 2011, the average remaining rental term outstanding was approximately 14 months with total contracted revenue of approximately $43.6 million. These 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 $31.9 million. The revised contract will utilize seventy percent of the lodge's capacity. Anticipated revenue for the remainder of 2011 from rental contracts in place at September 30, 2011 is $8.5 million and $8.0 million for lodging contracts.

Space Rentals

Combined Canada and USA Operations

($ millions, except as noted)	Q3		YTD	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Revenue	18.08	9.78	46.08	28.10
% of Consolidated Revenue	29%	29%	26%	29%
Rental Revenue	5.03	4.26	14.63	12.32
% of Combined Space Rentals Revenue	28%	44%	32%	44%
Non-Rental Revenue	13.05	5.52	31.45	15.78
% of Combined Space Rentals Revenue	72%	56%	68%	56%
EBITDA	5.58	3.70	15.29	10.30
% of Combined Space Rentals Revenue	31%	38%	33%	37%
Utilization	76%	73%	74%	69%

Revenue for the space rentals segment for the Period was higher as a result of the increased utilization and growth in the rental fleet year over year, augmented by a 449% increase in non-rental activity due to custom sales and used fleet sales. The space rentals segment had a total of 2,663 units at September 30, 2011 compared to 2,434 units at September 30, 2010.

Canada

($ millions, except as noted)	**Q3**		**YTD**	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Revenue	12.20	4.33	28.32	11.94
% of Consolidated Revenue	19%	13%	16%	12%
Rental Revenue	3.36	2.72	9.67	7.59
% of Canadian Space Rentals Revenue	28%	63%	34%	64%
Non-Rental Revenue	8.84	1.61	18.65	4.35
% of Canadian Space Rentals Revenue	72%	37%	66%	36%
EBITDA	4.67	2.28	11.16	5.91
% of Canadian Space Rentals Revenue	38%	53%	39%	49%
Utilization	82%	81%	80%	73%

In Canada, revenue for the Period and year to date was higher due to increased utilization and an 8% or 108 unit increase in fleet size to 1,397 units, compared to the Comparative Period. In many of the 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 resulted from sales of new manufactured of $4.6 million and used fleet units of $2.4 million 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 September 30, 2011, the average remaining contract term outstanding is approximately seven months with total contracted revenue of approximately $4.4 million. Anticipated rental revenue for the remainder of 2011 from contracts in place at September 30, 2011 is $1.5 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)	Q3		YTD	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Revenue	5.88	5.45	17.76	16.16
% of Consolidated Revenue	9%	16%	10%	17%
Rental Revenue	1.67	1.54	4.96	4.73
% of US Space Rentals Revenue	28%	28%	28%	29%
Non-Rental Revenue	4.21	3.91	12.80	11.43
% of US Space Rentals Revenue	72%	72%	72%	71%
EBITDA	0.91	1.41	4.14	4.39
% of US Space Rentals Revenue	15%	26%	23%	27%
Utilization	69%	65%	67%	62%

Rental revenue and utilization rates for the Period were trending in line with the results of the prior year, while non-rental revenue in the Period was consistent with previous quarters as a result of the continued installation phases of several major projects. 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 U.S. space rentals fleet had 1,266 units at September 30, 2011, an increase of 121 units (11%) from the prior year.

At September 30, 2011, the average remaining contract term outstanding is approximately 13 months with total contracted revenue of approximately $5.3 million. Anticipated rental revenue for the remainder of 2011 from contracts in place at September 30, 2011 is $0.8 million.

Energy Services

($ millions, except as noted)	Q3		YTD	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Revenue	9.24	3.72	23.92	12.73
% of Consolidated Revenue	16%	11%	14%	13%
Rental Revenue	4.46	2.27	11.41	6.51
% of Energy Services Revenue	48%	61%	48%	51%
Non-Rental Revenue	4.78	1.45	12.51	6.22
% of Energy Services Revenue	52%	39%	52%	49%
EBITDA	3.43	1.42	8.82	4.36
% of Energy Services Revenue	37%	38%	37%	34%
Drilling Accommodation Utilization	27%	32%	47%	42%
Surface Rental Utilization	49%	38%	44%	29%

Revenue increased in the Period, as 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 210 units at the end of September 2011 versus 224 units at September 2010. This total includes drill camps as well as a complement of wellsite units, free standing sleepers and support units. The decline in these fleet units was due to the sale of some units and the transfer of other units to the Workforce Accommodations fleet. The surface rental fleet amounted to 1,645 units compared to 1,258 units at September 30, 2010. The increase in the utilization for all Energy Services equipment types was due to increased drilling and completion activity in western Canada

The 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.

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

At September 30, 2011, the Energy Services division had entered into two longer term contracts with average remaining contract terms outstanding of approximately 20 months with total revenue of approximately $7.9 million. Anticipated rental revenue for 2011 from these two contracts in place at September 30, 2011 is $1.4 million.

Direct Costs and Gross Profit

($ millions, except as noted)	Q3		YTD	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Direct Costs	31.58	16.54	87.61	46.92
% of Consolidated Revenue	50%	48%	50%	49%
Gross Profit	31.49	17.69	88.00	49.43
% of Consolidated Revenue	50%	52%	50%	51%

Gross profit increased in the Period and year to date compared to 2010 as the size of the rental platform and revenue generation has increased. However, the margin percentage decreased slightly as a larger portion of Black Diamond's revenue was derived from lodging revenue and non rental revenue from the Workforce Accommodation 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)	Q3		YTD	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Administrative expenses	6.80	5.76	20.80	16.02
% of Consolidated Revenue	11%	17%	12%	17%
Personnel	3.83	2.90	11.43	7.93
% of Administrative expenses	56%	50%	55%	50%
Occupancy & Insurance	0.78	0.79	2.40	2.02
% of Administrative expenses	11%	14%	12%	13%
Other Administrative Expenses	2.19	2.07	6.97	6.07
% of Administrative expenses	33%	36%	33%	38%

Administrative expenses increased in the Period predominately as a result of the increased scale of the business.

For the Period, personnel costs are the largest item representing approximately 56% of the administrative expenses. Occupancy and insurance costs remained consistent during the Period. Other administrative expenses consist of items such as audit, legal, travel, meals and entertainment, bank charges and promotional items.

For the year to date, personnel costs are the largest item representing approximately 55% of the administrative expenses. Occupancy and insurance costs remained consistent during the year.

Stock-based compensation charges are reported within other administrative expenses and were $0.49 million for the Period and $1.39 million year to date compared with $0.47 million and $1.52 for the comparable periods in 2010. Stock-based compensation was determined using the Black-Scholes valuation method.

EBITDA

($ millions, except as noted)	Q3		YTD	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
EBITDA	25.17	12.45	68.58	35.24
% of Consolidated Revenue	40%	36%	39%	37%

The EBITDA percentage is similar with the prior period and year, due to the increased scale of the business within the Period and year to date. 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.

Depreciation and Amortization

For the Period, the charge for depreciation and amortization was $7.29 million compared to $5.38 million in 2010. This included charges of $6.91 million with respect to depreciation taken on the property and equipment of Black Diamond, and $0.38 million relating to the amortization of the intangible assets. Depreciation and amortization for the Comparative Period of 2010 was $4.93 million and $0.45 million, respectively.

For the nine months ended September 30, 2011, the charge to depreciation and amortization was $20.71 million compared to $15.09 million in 2010. This included charges of $19.57 million with respect to depreciation taken on property and equipment of Black Diamond, and $1.14 million relating to the amortization of the intangible assets. Depreciation and amortization for the same period of 2010 was $13.87 million and $1.22 million, respectively.

Finance Costs

Finance costs for the Period were $1.47 million compared with $0.62 million in 2010. For the nine months ended September 30, 2011 finance costs were $3.51 million compared to $1.71 million in the same period of 2010. This represents interest and stand by fees that were charged on the utilization of the credit facilities, the senior secured notes and on the capital lease in the respective periods. Average interest rates in the Period were 5.82% and 5.01% year to date, compared with 5.21% and 5.02% in 2010. Average long-term debt in the Period was $44 million higher than that in the third quarter of 2010.

Income Taxes

For the Period, Black Diamond incurred a current income tax provision of $0.01 million and incurred a future income tax provision of $3.72 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 25% in Canada and 40% in the US.

Non-controlling Interest

Earnings attributable to non-controlling interest were $1.19 million during the Period and $2.13 million for the nine months ended September 30, 2011, compared to $(0.03) million and $0.04 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)

	Q3 2011	**Q2 2011**	**Q1 2011**	**Q4 2010 [1]**
Revenue	63,070	56,801	55,732	43,410
EBITDA	25,165	21,544	21,865	15,124
Net Income attributable to Black Diamond Group Limited	11,011	9,385	9,897	6,021
Per Share - Basic	0.30	0.26	0.29	0.18
Per Share - Diluted	0.29	0.25	0.29	0.16

	Q3 2010 [1]	**Q2 2010 [1]**	**Q1 2010 [1]**	**Q4 2009**
Revenue	34,221	31,160	30,971	15,547
EBITDA	12,446	10,369	12,423	5,606
Net Income attributable to Black Diamond Group Limited	3,844	3,028	4,521	4,217
Per Share - Basic	0.12	0.09	0.15	0.17
Per Share - Diluted	0.12	0.09	0.15	0.16

[1] The 2010 figures have been restated upon transition to IFRS as explained subsequently in this document

LIQUIDITY & CAPITAL RESOURCES

As of September 30, 2011, Black Diamond's principal sources of liquidity include:

- working capital of $44.8 million (see "Non-GAAP measures") excluding CAPEX in accounts payable of $0.5 million,
- a committed revolving operating facility in the amount of $10.0 million of which all $10.0 million is available and $nil million is drawn at September 30, 2011,
- a committed revolving capital expenditure facility of $115.0 million, $99.6 million which was available, and $25.0 million is drawn at September 30, 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 September 30, 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 2011 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 September 30, 2011 was $44.8 million after extracting $0.5 million of capital expenditure in accounts payable and debt, an increase from the working capital position of December 31, 2010 by $26.9 million. This increase in working capital was due to higher activity levels during the Period.

Current assets at September 30, 2011 were $75.0 million, an increase of $37.5 million from December 31, 2010. The increase is as a result of an increase in accounts receivable of $27.6 million and an increase in other current assets by $9.9 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 September 30, 2011 were $30.2 million, excluding $0.5 million of capital expenditure, consistent with 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 treasury management facility of $5.0 million. As at September 30, 2011, Black Diamond had decreased bank indebtedness by $6.8 million from December 31, 2010, and had drawn on the revolving capital expenditure facility in the amount of $25.0 million. Drawings on the operating and capital expenditure facilities are charged interest based on the previous quarter's funded debt to EBITDA ratio as defined in Black Diamond's credit agreement. As at September 30, 2011, the interest rate applied to amounts drawn on the capital expenditure facility was 5.818%.

All facilities are collateralized by a general security agreement from Black Diamond, a guarantee and general security agreement from each of its material subsidiaries and a pledge of the shares or equity interests of such material subsidiaries. The revolving operating facility matures on December 31, 2013, it is interest only until maturity and drawdown's there under 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, 2012, will be reduced in 2013 by equal quarterly reductions in an amount equal to 1/16th of the commitment on December 31, 2012. By January 1, 2012, the Company may elect to request a one year extension of the credit facilities

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. 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	2.92
Total Funded Debt to EBITDA	<2.50:1	1.03
Fixed Charge Coverage	>1.00:1	3.50
Tangible Net Worth	>$189.7M	$216.4M

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 September 30, 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 September 30, 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 of November 30, 2011. The facility is secured by a letter of credit issued by the Company's Canadian lenders. At September 30, 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 September 30, 2011, Black Diamond had 37.18 million common shares outstanding. In addition at September 30, 2011, Black Diamond had 2,988,740 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 November 9, 2011:

Common shares	37,177,980
Stock options	2,988,740

Capital Expenditures

For the Period, Black Diamond expended $9.82 million (2010 – $19.80 million) on additions, net of disposals, to property and equipment. The additions consisted of:

- $7.13 million (2010 – $17.12 million) on camps and workforce accommodation structures and ancillary equipment;
- $(0.45) (2010 – $1.01 million) on space rental structures and ancillary equipment in Canada;
- $0.85 million (2010 – $1.00 million) on space rental structures and ancillary equipment in the U.S.;
- $1.87 million (2010 – $0.31 million) on energy services accommodation structures and surface rental equipment; and
- $0.42 million (2010 – $0.36 million) on land, leasehold improvements, computers, furniture and service related equipment.

For the nine months ended September 30, 2010, Black Diamond expended $54.96 million (2010 – $45.75 million) on additions, net of disposals, to property and equipment. The additions consisted of:

- $33.32 million (2010 – $35.28 million) on camps and workforce accommodation structures and ancillary equipment;
- $2.76 million (2010 – $7.70 million) on space rental structures and ancillary equipment in Canada;
- $2.66 million (2010 – $1.41 million) on space rental structures and ancillary equipment in the U.S.;
- $9.90 million (2010 – $0.16 million) on energy services accommodation structures and surface rental equipment; and
- $6.32 million (2010 – $1.20 million) on land, leasehold improvements, computers, furniture and service related equipment.

At September 30, 2011, Black Diamond had made capital expenditure commitments with key manufacturers of modular structures in the amount of $23.1 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, available funds from credit facilities and the private placement of Senior Secured notes on July 7, 2011.

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
Capital Lease Obligations	0.1	0.1	-	-
Operating Leases	6.9	1.8	4.8	0.3
Purchase Obligations	23.1	23.1	-	-
Asset Retirement Obligations	1.8	-	-	1.8
Total Contractual Obligations	**31.9**	**25.0**	**4.8**	**2.1**

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at September 30, 2011 relate to standard working capital accounts, credit facility items, a capital lease obligation and an interest rate swap. There are no significant differences between the carrying value of these financial instruments and their estimated fair values.

Black Diamond is subject to both cash flow 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 & ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make assumptions and estimates that can have a material impact on the results of operations as reported on a periodic basis. Management believes that the accounting estimates that are critical to the financial statements relate to property and equipment, intangible assets, goodwill, stock based compensation, the determination of depreciation and amortization expense and risk management activities.

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. 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 2010 and the results concluded that the fair value was higher than the carrying amount so no impairment charge was required.

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 and dividend yields. This estimate may vary due to changes in the actual stock price.

Depreciation and amortization is 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 unaudited condensed consolidated interim financial statements for a schedule outlining the depreciation 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.

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 is 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 accounting policies have been addressed.

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 has analyzed the various accounting policy choices available and has implemented those determined to be most appropriate in the Company's circumstances.

A summary of IFRS standards that have and are expected to have an impact on Black Diamond's financial reporting were discussed and summarized in the Management Discussion and Analysis for the three months ended March 31, 2011. These summary highlighted areas believed to be most significant, with analysis of changes completed and decisions made where choices of accounting policies are available. The differences described were based on previous Canadian GAAP and IFRS as at the time of the preparation of these statements. 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 are applied prospectively as of January 1, 2011.

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 interest expense, 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 September 30 (in thousands of dollars)	2011	2010	$ Change
Net income	11,011	3,844	7,167
Add:			
Depreciation and amortisation	7,287	5,378	1,909
Finance costs	1,466	622	844
Deferred tax expense	3,724	1,870	1,854
Current income tax expense	12	242	(230)
Non-controlling interest	1,186	(31)	1,217
Foreign exchange (gain)/loss - unrealized	(9)	47	(56)
Stock-based compensation	488	474	14
EBITDA	25,165	12,446	12,719

For the nine months ended September 30 (in thousands of dollars)	2011	2010	$ Change
Net income	30,291	11,393	18,898
Add:			
Depreciation and amortisation	20,705	15,088	5,617
Finance costs	3,507	1,713	1,794
Deferred tax expense	10,517	4,346	6,171
Current income tax expense	48	827	(779)
Acquisition costs	-	289	(289)
Non-controlling interest	2,131	43	2,088
Foreign exchange (gain)/loss - unrealized	(13)	20	(33)
Stock-based compensation	1,390	1,517	(127)
EBITDA	68,576	35,236	33,340

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 September 30 *(in thousands of dollars)*	2011	2010	$ Change
Cash Flow from Operating Activities	11,074	28,566	(17,492)
Add:			
Changes in non-cash working capital	14,091	(16,120)	30,211
Funds available for dividends	25,165	12,446	12,719

For the nine months ended September 30 *(in thousands of dollars)*	2011	2010	$ change
Cash Flow from Operating Activities	17,433	41,555	(24,122)
Add:			
Changes in non-cash working capital	51,143	(6,608)	57,751
Funds available for dividends	68,576	34,947	33,629

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, 2010 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 July 1, 2011 and ended on September 30, 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, 2010 is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.