



NEWS RELEASE

May 4, 2010

**BLACK DIAMOND GROUP LIMITED REPORTS RESULTS FOR THE FIRST QUARTER  
MARCH 31, 2010**

**Calgary, Alberta** — (TSX: BDI) Black Diamond Group Limited ("Black Diamond" or the "Company") is pleased to announce its financial and operational results for the three months ended March 31, 2010.

Revenue generated in the first quarter of 2010 was \$31.0 million with EBITDA of \$11.6 million for the period, compared to revenue of \$26.9 million and EBITDA of \$12.8 million for the same period in 2009. Revenue was higher than the prior year's comparable period mainly from newly acquired US operations that contributed approximately \$5.2 million and from the Sunday Creek Lodges which contributed approximately \$6.7 million. Gross Profit margin at 53% was lower than the prior year, as a higher percentage of overall revenue was generated from lodging and ancillary sources which generates lower margins than rental streams. Rental revenues were \$11.7 million as compared to \$11.5 million for the first quarter of 2009. Lodging revenue was \$6.7 million in the quarter compared to \$nil in 2009 as Sunday Creek Lodges only began operations in September 2009. Non-rental revenues were \$12.6 million as compared to \$15.4 million in the first quarter of 2009 – an 18% decrease. Non-rental revenues declined largely due to large project revenue generated in 2009 which were installation services related to accommodations contracted for in the Horn River area of northeastern British Columbia and the sale and installation of a custom operations camp at the Jackfish SAGD project.

Gross profit for the quarter was \$16.5 million, up 6% from the first quarter of 2009. EBITDA margins in the first quarter declined from 48% in 2009 to 38% in 2010 due to the decline in the gross margins realized. Earnings for the quarter were \$5.2 million, compared with \$9.2 million for the first quarter of 2009.

Capital spending was \$45.6 million for the quarter which was mainly composed of the following three transactions:

- 1) On January 1, 2010, Black Diamond acquired all of the shares of Nortex Modular Leasing and Construction Company ("Nortex") for total consideration of \$18.0 million and the issuance of 500,000 common shares of Black Diamond valued at \$7.95 million. Nortex has a modular building lease fleet comprised of approximately 900 units and is based in Dallas, Texas with branch operations in Austin and Houston, Texas, and Denver, Colorado,
- 2) On February 5, 2010 Black Diamond acquired all the shares of Paragon Energy Services (Saskatchewan) Ltd., for total consideration of \$4.9 million through the issuance of 254,427 common shares of Black Diamond and the assumption of \$0.5 million of debt, and
- 3) On February 17, 2010 Black Diamond acquired camp rental assets from an Alberta based modular fabrication and rental company for total consideration of \$2.87 million and 110,000 common shares.

The Company successfully completed a bought deal financing in March. A total of 1,344,000 common shares were issued at a price of \$18.85 per share for gross proceeds of \$25,334,400, which included the full exercise by the underwriters of their over-allotment option to purchase an additional 144,000 common shares. As a result of increased capital expenditure activity in the quarter and the common share issuance, the Company decreased its net debt position by \$4.7 million in the quarter, resulting in a net debt position at March 31, 2010 of \$25.0 million.

The Workforce Accommodations division of Black Diamond generated \$4.8 million of revenue from rental activity which was approximately \$1.0 million less than the rental revenues recorded in the prior year due to the transfer of

135 units into the Sunday Creek Lodges facility. Non-rental revenue was lower than in the same period in the prior year due to sale and installation of a custom operations camp at the Jackfish SAGD project that occurred in the first quarter 2009. The operating open camps, Sunday Creek Lodges, had 224 units at the end of the March 2010. This is comprised of the assets purchased in September 2009, the transfer of some fleet assets that were rented to customers on that site initially and some expansion of the camp throughout the fourth quarter and into the first quarter of 2010. Revenue associated with room and board in the operating camp was \$6.7 million with an occupancy rate of 51% for the quarter.

Utilization of the workforce accommodation fleet averaged 86% for the period which is slightly less than the 91% utilization rate of the prior year.

The Canadian Space Rentals division has grown its fleet size by 4% from March 2009. Utilization of the space rental fleet averaged 70% for the period compared to 62% for the same period in 2009. The increases are a result of the signs of a slowly strengthening economy in the regions where Black Diamond has space rental operations. As a result, the Canadian part of the space rental division's rental revenues were consistent with those of the prior year, however overall revenue was off slightly due to a large custom project which wound up in early 2009.

The US Space Rentals division had 1,125 units at March 31, 2010. Approximately 900 of the units were acquired in the Nortex acquisition which was completed on January 1, 2010, 90 units were purchased from Nortex in December 2009 and the remaining 135 units were acquired in small US equipment acquisitions completed in April and August 2009. Utilization rates were consistent with Canadian operations, averaging 69% for the quarter.

The Energy Services division generated \$6.4 million in revenues representing an increase of 19% from the same period in 2009 primarily due to the acquisition of Paragon Energy Saskatchewan in January 2010 as well as increased revenue from the provision of third party catering. The drilling accommodations unit count is down 2% to 228 units while the surface rental equipment has increased by 222 to 1,238 pieces of rental equipment.

The Company declared dividends of \$0.09 per share per month in the quarter resulting in a payout ratio for the quarter of 35%. Management of Black Diamond plans to continue this monthly dividend and is confident that the cash generated from operations will be sufficient to allow it to meet ongoing requirements for working capital, maintenance costs, SG&A costs, interest costs as well as dividends to shareholders.

The Company's results for the first quarter reflect the increased scale of operations following the acquisition of Nortex Modular and Paragon Saskatchewan, and the expanded facilities at Sunday Creek Lodges. They also reflect improving activity levels in the markets which Black Diamond serves. This is evidenced by the significant improvement in revenue and EBITDA from Q4 2009 to Q1 2010. Consolidated revenue for the quarter is in-line or slightly stronger than management's previous outlook however EBITDA is lower. Management believes this is due to several factors including lower than anticipated margins in the Nortex and Sunday Creek operations, continued low rental rates in the surface rental segment of the Energy Services division, and marginally lower than expected utilization in the BOXX Modular division.

Management expects results for Q2 to show increased revenue and stronger margins from the workforce housing division, modest strengthening from BOXX Modular Canada and Nortex, and an offsetting weakness in the results from Energy Services due to seasonality. Consolidated EBITDA is expected to be in line with Q1 on slightly lower revenue. Both revenue and EBITDA is expected to be substantially higher than Q2 2009, providing further evidence of benefits of the larger operating platform which Black Diamond has assembled over the previous two quarters.

Overall business continues to strengthen. The Company has a healthy backlog of contracts that have been awarded but not yet deployed. These include the Spectra Energy construction camp in Horn River, the Cabin Lakes 418 person camp, and the 165 person Horn River camp expansion. Additional smaller projects have been secured with deployment anticipated over the next two quarters. It is anticipated that the operations revenue and incremental increase in rental revenue will provide a steady increase to quarterly revenue and earnings beyond 2010.

## **Summary Financial Statements**

The following is a summary of the Company's consolidated balance sheets as at March 31, 2010 and December 31, 2009, the Company's consolidated statements of net income, comprehensive income and retained earnings and consolidated statements of cash flows for the three month periods ended March 31, 2010 and 2009. These summary statements should be read in conjunction with the Company's consolidated financial statements including the accompanying notes for the three month period ended March 31, 2010 as filed on SEDAR.

**Black Diamond Group Limited**  
**(formerly Black Diamond Income Fund)**  
**CONSOLIDATED BALANCE SHEETS**  
**(unaudited)**

*(Expressed in thousands of dollars)*

As at	March 31, 2010 \$	December 31, 2009 \$
<b>ASSETS</b>		
<b>Current</b>		
Accounts receivable	24,200	12,553
Prepaid expenses and other current assets	1,468	874
	25,668	13,427
Property and equipment	195,770	156,188
Intangible and other assets	13,698	9,821
Goodwill	34,574	29,316
	269,710	208,752
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	4,193	9
Accounts payable and accrued liabilities	13,230	9,149
Distributions payable	1,467	1,234
Current income taxes payable	257	—
Current portion of capital lease obligation	648	639
	19,795	11,031
Capital lease obligation	396	561
Long-term debt	30,456	31,472
Asset retirement obligation	1,201	1,116
Future income taxes	21,510	11,724
	73,358	55,904
<b>Commitments</b>		
<b>Shareholders' equity</b>		
Share capital	188,606	146,366
Contributed surplus	878	969
Non-controlling interest	285	51
Retained earnings	6,583	5,462
	196,352	152,848
	269,710	208,752

**Black Diamond Group Limited**  
**(formerly Black Diamond Income Fund)**  
**CONSOLIDATED STATEMENTS OF NET INCOME, COMPREHENSIVE**  
**INCOME AND RETAINED EARNINGS**  
**(unaudited)**

*(Expressed in thousands of dollars, except per share amounts)*

	<b>Three month period ended</b>	
	<b>March 31, 2010</b>	<b>March 31, 2009</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	30,971	26,873
<b>Direct costs</b>	14,516	11,337
	16,455	15,536
<b>Expenses</b>		
Selling, general and administrative costs	4,837	2,716
Amortization of property and equipment	4,310	3,170
Amortization of intangible assets	387	248
Accretion of asset retirement obligation	22	—
Acquisition costs	289	—
Foreign exchange gain – realized	(820)	—
Foreign exchange gain - unrealized	(250)	—
Interest	525	367
Stock-based compensation	66	89
	9,366	6,590
<b>Income before income taxes and non-controlling interest</b>	7,089	8,946
Current income tax expense	257	—
Future income tax expense	1,376	(222)
	1,633	—
<b>Income before income attributable to non-controlling interest</b>	5,456	9,168
<b>Net income attributable to non-controlling interest</b>	234	—
<b>Net income and comprehensive income attributable to Black Diamond Group Limited</b>	5,222	9,168
Retained earnings (deficit), beginning of period	5,462	(708)
Dividends declared	(4,101)	(3,196)
<b>Retained earnings, end of period</b>	6,583	5,264
<b>Net income per share</b>		
Basic	0.35	0.77
Diluted	0.34	0.77

**Black Diamond Group Limited**  
**(formerly Black Diamond Income Fund)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited)**

*(Expressed in thousands of dollars)*

	Three month period ended	
	March 31, 2010	March 31, 2009
	\$	\$
<b>Operating activities</b>		
Net income for the year	5,222	9,168
Add non-cash items:		
Amortization of property and equipment	4,310	3,170
Amortization of intangible assets	387	248
Accretion expense on asset retirement obligation	22	—
Foreign exchange gain - unrealized	(250)	—
Future income taxes	1,376	(222)
Stock-based compensation expense	66	89
Earnings attributable to non-controlling interest	234	—
	11,367	12,453
Change in non-cash working capital related to operating activities	(5,949)	9,107
	5,418	21,560
<b>Investing activities</b>		
Purchase of property and equipment	(11,436)	(9,613)
Business acquisitions	(17,945)	—
Change in non-cash working capital related to investing activities	(1,615)	(1,244)
	(30,996)	(10,857)
<b>Financing activities</b>		
Proceeds from long-term debt	25,441	1000
Repayment of long-term debt	(26,457)	—
Repayment of capital lease	(156)	(147)
Net proceeds from issuance of units	23,753	—
Distribution payments	(3,868)	(3,196)
Bank indebtedness	4,184	(4,889)
Stock options exercised	2,681	—
	25,578	(7,232)
<b>Increase in cash</b>	—	3,471
Cash, beginning of period	—	—
<b>Cash, end of period</b>	—	3,471

## **Additional Information**

A copy of the Company's unaudited consolidated financial statements for the three month period ended March 31, 2010 and related management's discussion and analysis have been filed with the Canadian securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)).

## **Conference Call**

Black Diamond will host a conference call for analysts, investors and interested parties to discuss its financial and operational results at 3:00 p.m. MST on May 4, 2010. Trevor Haynes, President and Chief Executive Officer, and Michael Burnyeat, Vice President, Finance and Chief Financial Officer, will be in attendance. The call can be accessed by calling 416-340-8018 or toll free 1-866-223-7781 prior to the scheduled start time. Digital playback of the conference call will be available on the Company's website.

## **About Black Diamond**

Black Diamond is an Alberta company, the principal undertaking of which, through its wholly-owned subsidiaries, Black Diamond Limited Partnership, Nortex Modular Leasing and Construction Company and through its 50% equity participation in the Black Diamond Dene Limited Partnership, is to rent modular structures for use as workforce accommodation and temporary workspace, and to provide complementary services including transportation, installation, dismantling, repair and maintenance of modular structures, as well as related services through three operating divisions consisting of Black Diamond Camps, BOXX Modular and Black Diamond Energy.

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## **Reader Advisory**

Certain information in this news release contains forward-looking statements including management's assessment of future plans and operations of Black Diamond including, without limitation, statements relating to utilization rates, fleet size, revenue, EBITDA, margins, cash flows, capital expenditures, further deployment of equipment, demand from existing and new customers and dividend levels. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond Black Diamond's control including, without limitation, the impact of general economic conditions, industry conditions, fluctuation of commodity prices, fluctuation of exchange rates, environmental risks, industry competition, availability of qualified personnel and management, stock market volatility, timely and cost effective access to sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the forgoing list of factors is not exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)) and at Black Diamond's website ([www.blackdiamondlimited.com](http://www.blackdiamondlimited.com)). Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and Black Diamond does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

In this news release, the following terms have been referenced: EBITDA (earnings before interest, taxation, depreciation and amortization), gross profit and payout ratio. Readers are cautioned that these measures are not defined under Canadian Generally Accepted Accounting Principles ("GAAP"). Readers are cautioned that these non-GAAP measures are not alternatives to measures under GAAP and should not, on their own, be construed as an indicator of the Company's performance or cash flows, a measure of liquidity or as a measure of actual return on the common shares of the Company. These Non-GAAP measures should only be used in conjunction with the consolidated financial statements of the Company. A reconciliation between these measures and measures defined under GAAP is included in management's discussion and analysis for the three month period ended March 31, 2010 filed on SEDAR.

*The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.*