



NEWS RELEASE

May 10, 2011

**BLACK DIAMOND GROUP LIMITED REPORTS RECORD RESULTS FOR THE FIRST  
QUARTER ENDED MARCH 31, 2011**

**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, 2011.

First Quarter

Black Diamond's focus on strategic growth and diversification has resulted in it realizing record revenue in the first quarter of 2011 of \$55.7 million with EBITDA of \$21.9 million for the period, compared to revenue of \$31.0 million and EBITDA of \$12.4 million for the same period in 2010. Revenue was higher than the prior year's comparable period due to continued increases in lodging revenue generated from the Sunday Creek Lodge and Horn River operated camps and considerable levels of non-rental revenue generated in the Workforce Accommodations division. Deployment of equipment on some long term mining and mineral projects in western Canada has also increased the revenue base for the Company. Rental revenues were \$19.4 million as compared to \$11.7 million for the first quarter of 2009, a 66% increase. Lodging revenue was \$11.5 million in the quarter compared to \$6.7 for the same period in 2010. Operational type revenues in support of rental and lodging revenues are \$24.8 million as compared to \$12.6 million in the first quarter of 2010. Some highlights from each of the operating divisions for the quarter are as follows:

**Workforce Accommodations:** The division ended the quarter with 1,548 units in the rental fleet which averaged 97% utilization for the quarter. The division generated \$34.9 million in revenues compared to \$16.1 million in the same quarter of 2010. Large increases in revenues came from rentals which increased by 117% over Q1 2010 to \$10.5 million and lodging revenues which increased by 71% to \$11.5 million. The quarter benefitted from the deployment activity of some previously announced projects in the Horn River and north central regions of BC. The division was also awarded an extension to the contract for accommodation services at Sunday Creek Lodges during the period, which will see the guaranteed future utilization of seventy percent of the lodge's capacity.

**Space Rentals:** The division generated \$12.2 million in revenue during the quarter as compared to \$8.5 million for the same quarter in 2010. The Canadian based fleet generated \$5.8 million of revenue or 76% more than the prior year Q1 due to the increased fleet size and higher utilization rates, augmented by a 182% increase in non-rental activity. The US based fleet generated \$6.3 million of revenue or 22% greater than the prior year Q1, due to the installation and transportation of several major projects during the period. The combined fleet size at the end of the quarter was 2,576 units and operated at an average of 74% utilization for the quarter as compared to 69% for the prior year.

**Energy Services:** The division generated \$8.7 million of revenue during the quarter as compared to \$6.4 million in Q1 of 2010. This 36% increase was partly due to a 5% larger fleet and partly due to higher utilization and rental rates for the surface rental equipment in the quarter. The higher rates and utilization is in concert with higher drilling and completions activity in western Canada. At the end of March 2011, the division had 196 drilling accommodation units and 1,339 pieces of surface rental equipment. During the quarter, these fleets were utilized at an average rate of 78% and 47%, respectively.

## Balance Sheet

The Company ended the period with debt of \$102 million drawn on its' capital facility and \$2.7 million drawn on its' US operating facility. The Company previously announced the extension and increase to its' bank facilities to \$125 million of credit from the previous \$95 million. The net proceeds of the bought deal financing completed earlier today equaling approximately \$49 million will be used to offset some of the draw against the capital facility. The Company continues to maintain a conservatively leveraged balance sheet and will have sufficient working capital to execute on its business plan.

## Dividends

The Company paid dividends of \$0.095 per share per month throughout the first quarter 2011 resulting in a payout ratio for the period of 25%. The Board of Directors of Black Diamond is confident that the cash generated from operations will be sufficient to allow it to meet ongoing requirements for the foreseeable future for working capital, maintenance costs, SG&A costs, interest costs as well as dividends to shareholders.

## Outlook

Over the course of 2010 and through the first quarter of 2011, Black Diamond focused on growing its business in a disciplined and measured manner through acquisitions and organic capital spend. Geographic diversification as well as a significant increase in the types of industries and customers being served throughout this growth continues to broaden the Company's operating platform. Management of Black Diamond expects 2011 will see continued growth through additions to the scale of the business as well as diversity in the geography and customers serviced. Management will continue to pursue long term contracts against the assets under management and deployment of new capital in a generally non-speculative manner. This will continue to build and enhance the stability and visibility of the revenue and cash flows generated. The strength of the current quarter compared to the same period in 2010 is attributable to the strategic initiatives undertaken in the past twelve months and the strengthening economic environment in which the Company operates.

Black Diamond now has meaningful Workforce Accommodations revenue from shale gas, mining, and oil sands activity as well as conventional oil and gas operations. Black Diamond has turnkey and open lodging revenue in addition to pure dedicated facility rentals. Accommodation requirements in the oil sands areas of Alberta appear to have accelerated and Black Diamond anticipates additional capital will be deployed on several projects over the course of the next 12 months. Due to the continued strength seen in commodity prices, mining and metals extraction activity has also increased in Canada and elsewhere. Black Diamond sees opportunities in this sector over the next 12-18 months for further deployment of workforce accommodation equipment. The ongoing installation of new accommodation facilities as well as the commitment of occupancy at Sunday Creek Lodge will cause revenue growth from the workforce accommodations division for the balance of 2011.

The above mentioned increase in economic activity also bodes well for continued increases in the utilization rates and strengthening rental rates being realized in the Space Rentals division especially in Canada. Deployment on several long term U.S. public sector contracts also increases the revenue and cash flows being realized from this Division's U.S. business. Significant custom sales in both Canada and the U.S. along with contracted fleet expansion are anticipated to result in positive year over year results for the Space Rentals platform throughout 2011.

Strengthened activity in the Bakken oil shales, potash drilling, Horn River and Montney shale gas resource areas are driving higher utilization and rental rates for the surface rentals fleet of the Company's Energy Services division. The Company's strategic partnership in the Fort St. John region of British Columbia with the West Moberly First Nations is expected to deliver strong monthly revenues from this large and flourishing activity area.

In summary, all divisions of the Company are extremely healthy with significant growth opportunities being realized. It is expected that the strong strategic positioning of the Company, significant capex, and disciplined execution will continue to generate robust results. It is anticipated that the second quarter will compare very favourably to the 2010 period and in-line with the recent period.

### Summary Financial Statements

The following is a summary of the Company's consolidated statements of financial position as at March 31, 2011, December 31, 2010 and January 1, 2010, the Company's consolidated statements of net income and consolidated statements of cash flows for the three months ended March 31, 2011 and 2010. These summary statements should be read in conjunction with the Company's audited consolidated financial statements including the accompanying notes for year ended December 31, 2010 as filed on SEDAR.

As of January 1, 2011, Black Diamond adopted International Financial Reporting Standards (IFRS), and the following disclosures, as well as associated interim condensed 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 unaudited interim financial statements for the three months ended March 31, 2011 as filed on SEDAR.

**Black Diamond Group Limited**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(Unaudited)**

(Expressed in thousands)

<b>As at</b>	<b>March 31, 2011</b>	<b>December 31, 2010</b>	<b>January 1, 2010</b>
	\$	\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Trade and other receivables	57,053	35,080	12,553
Prepaid expenses and other current assets	4,084	2,491	874
	61,137	37,571	13,427
<b>Non-Current</b>			
Property and equipment	266,181	247,160	156,488
Intangible assets	11,592	12,064	9,821
Goodwill	34,479	34,591	29,316
	373,389	331,386	209,052
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Bank indebtedness	2,700	6,776	9
Accounts payable and accrued liabilities	34,818	32,575	9,149
Dividends payable	1,571	1,482	1,234
Current income taxes payable	-	68	-
Current portion of finance lease obligation	396	561	639
	39,485	41,462	11,031
<b>Non-Current</b>			
Finance lease obligation	-	-	561
Long-term debt	102,000	66,000	31,472
Long-term customer deposits	527	543	-
Risk management liability	1,065	1,402	-
Asset retirement obligations	1,798	1,780	1,645
Deferred tax liabilities	29,083	25,571	11,724
	173,958	136,758	56,433
<b>Shareholders' equity</b>			
Share capital	188,844	187,925	140,749
Contributed surplus	4,181	4,246	6,586
Non-controlling interest	424	348	51
Accumulated other comprehensive income	(4,470)	(3,151)	-
Retained earnings	10,452	5,260	5,233
	199,431	194,628	152,619
	373,389	331,386	209,052

*See accompanying notes to the unaudited condensed consolidated interim financial statements*

**Black Diamond Group Limited**  
**CONSOLIDATED STATEMENTS OF NET INCOME**  
**(Unaudited)**

(Expressed in thousands, except per share amounts)

	<b>Three month period ended</b>	
	<b>March 31, 2011</b>	<b>March 31, 2010</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	55,732	30,971
<b>Direct costs</b>	27,683	14,516
<b>Gross Profit</b>	28,049	16,455
<b>Expenses</b>		
Administrative expenses	6,627	4,816
Depreciation of property and equipment	6,014	4,323
Amortization of intangibles	389	387
	13,030	9,526
<b>Operating profit</b>	15,019	6,929
Finance costs	1,048	541
<b>Income before income taxes</b>	13,971	6,388
<b>Income tax</b>		
Current	17	257
Deferred	3,663	1,376
	3,680	1,633
<b>Net income</b>	10,291	4,755
<b>Net income attributable to non-controlling interest</b>	<b>394</b>	<b>234</b>
<b>Net income attributable to Black Diamond Group Limited</b>	<b>9,897</b>	<b>4,521</b>
<b>Net income per share</b>		
Basic	0.60	0.31
Diluted	0.59	0.30

**Black Diamond Group Limited**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

(Expressed in thousands)

	<b>Three month period ended</b>	
	<b>March 31, 2011</b>	<b>March 31, 2010</b>
	\$	\$
<b>Operating activities</b>		
Operating profit for the period	15,019	6,929
Add (deduct) non-cash items:		
Depreciation of property and equipment	6,014	4,323
Amortization of intangible assets	389	387
Foreign exchange loss- unrealized	8	(11)
Share-based compensation expense	432	522
	21,862	12,150
Change in non-cash working capital related to operating activities	(29,022)	(6,190)
<b>Net cash from/ (used in) operating activities</b>	<b>(7,160)</b>	<b>5,960</b>
<b>Investing activities</b>		
Purchase of property and equipment	(26,079)	(11,436)
Business combinations	-	(17,945)
Change in non-cash working capital related to investing activities	7,060	(1,615)
<b>Net cash used in investing activities</b>	<b>(19,019)</b>	<b>(30,996)</b>
<b>Financing activities</b>		
Proceeds from long-term debt	36,000	25,441
Repayment of long-term debt	-	(26,457)
Repayment of finance lease	(165)	(156)
Interest in period	(1,048)	(542)
Net proceeds from issuance of shares	-	23,753
Dividend payments	(4,617)	(3,868)
Distribution to non-controlling interest	(318)	-
Purchase of shares in trust	(220)	-
Bank indebtedness	(4,076)	4,184
Share options exercised	642	2,681
<b>Net cash from financing activities</b>	<b>26,198</b>	<b>25,036</b>
<b>Increase in cash and cash equivalents</b>	<b>19</b>	<b>-</b>
Cash and cash equivalents, beginning of year	-	-
Effect of foreign currency rate changes on cash and cash equivalents	(19)	-
<b>Cash and cash equivalents, end of year</b>	<b>-</b>	<b>-</b>



## **Additional Information**

A copy of the Company's unaudited condensed consolidated interim financial statements for the three month period ended March 31, 2011 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 10, 2011. 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 416-340-8530 or toll free 1-877-240-9772 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 undertakings of which, through its wholly-owned subsidiaries, Black Diamond Limited Partnership, Nortex Modular Leasing and Construction Company and through its 50% participation in the 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, 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 and Logistics, BOXX Modular and Black Diamond Energy Services.

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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 International Financial Reporting Standards ("IFRS"). Readers are cautioned that these non-IFRS measures are not alternatives to measures under IFRS 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 IFRS is included in management's discussion and analysis for the three month period ended March 31, 2011 filed on SEDAR.

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