



NEWS RELEASE

August 12, 2009

**BLACK DIAMOND INCOME FUND REPORTS RESULTS FOR THE SECOND QUARTER  
ENDED JUNE 30, 2009**

Calgary, Alberta — (TSX: BDI.UN) Black Diamond Income Fund ("Black Diamond" or the "Fund") is pleased to announce its financial and operational results for the three months ended June 30, 2009.

Revenue generated was \$16.7 million with EBITDA of \$8.3 million for the period, compared to revenue of \$16.1 million and EBITDA of \$8.1 million for the same period in 2008. This represents growth of 4% in revenues and 3% in EBITDA from the prior year. The general slowdown in the economic activity affecting all sectors in which the Fund participates resulted in lower than expected utilization rates in the Space rentals and Surface Rentals fleets of the Fund. Despite this slowdown, the Fund achieved growth due to the increase in the rental fleet from the prior year. Rental revenues were \$9.5 million as compared to \$7.7 million for the second quarter of 2008 – a 23% increase. Non rental revenues were \$7.2 million as compared to \$8.4 million in the second quarter of 2008 – a 17% decrease.

Gross profit for the quarter was \$11.1 million, up 11% from the second quarter of 2008. This represents a gross profit margin of 67%, which is higher than the 62% realized in 2008 due to the higher percentage of revenues being generated from rental activity. Earnings for the quarter were \$3.5 million, compared with \$5.0 million for the second quarter of 2008. This decline was largely due to the increase in amortization and future tax expense realized in the quarter. The Fund reduced its net debt position by a further \$2.2 million in the quarter resulting in a net debt position at June 30, 2009 of \$39.0 million.

Capital spending was \$1.9 million for the quarter, most of which was deployed in the US where the Fund began a new growth initiative to broaden its operating base. Approximately \$3 million of capital expenditures are expected for the third quarter. \$33 million of budgeted capital expenditure was approved for 2009, management is currently estimating that actual expenditures for the year will be in the range of \$18-20 million.

The Fund continues to explore opportunities to expand its fleet and operating territory. Effective July 30, the Fund purchased US\$1.15 million of workforce accommodation assets in Alaska. This is in addition to the April acquisition of a space rentals fleet in the U.S. Midwest that initiated the U.S. operations. These additional operating locations coupled with continued organic growth of existing operations position the Fund for continued expansion.

The Workforce Accommodations division of the Fund generated \$9.9 million of revenue from rental activity which is 29% higher than the rental revenues achieved in the prior year. This is reflective of the increase in the fleet deployed in this division. As a result of \$2.6 million less operational revenues in the quarter as compared to the prior year, the overall revenue for the division was \$1.2 million lower. The rental rates and utilization on this fleet is consistent with the prior year, so the margin and contribution from Workforce Accommodations is higher than in the prior year.

The Space Rentals division has grown its fleet size by 31% from June 30, 2008. Due to the economic slowdown in all areas where Space Rentals is active, utilization of this fleet was below historical averages. As a result, the division's rental revenues grew by only 3%. However, in addition to the modest growth in the rental revenues, was an increase in the operational revenues of 38% resulting in an overall increase in revenues for the division of 17% from the second quarter of 2008. The division is currently experiencing a modest recovery in fleet utilization in both Alberta and Ontario.

The Energy Services division generated \$2.8 million in revenues representing an increase of 81% from the prior year due to the increase in the scale of assets deployed in the division from the prior year. The drilling

accommodations unit count is up 35% to 240 units while the surface rental equipment has increased to greater than 1,000 pieces from 95 a year earlier. Drilling accommodations continues to benefit from existing long term contracts resulting in utilization that exceeds industry averages. The division's surface rental fleet is generating utilization rates consistent with the currently low industry average. Modest improvement is expected in surface rental utilization for the balance of 2009.

The Fund continues to distribute \$0.09 per unit per month (\$1.08 per unit annually) resulting in a payout ratio for the quarter of 39%. The payout ratio for the year to date is 31%. Management currently anticipates that the cash generated from operations will be sufficient to allow the Fund to meet ongoing requirements for working capital, interest costs, planned capital expenditures, as well as distributions to unitholders.

Third quarter rental revenue is expected to be consistent with the second quarter. Modest improvements are expected in Surface Rental and Space Rentals utilization while field operations revenue continues to be soft. Margins and payout ratio should trend in line with those generated in the first half of the year.

The Fund is experiencing an increase in major project bid requests along with a general pick-up in sales activity across all Divisions. Management believes that this signals improving economic conditions in the resource and infrastructure sectors which should lead to higher fleet utilization and activity levels for the Fund over the next several quarters.

### **Summary Financial Statements**

The following is a summary of the Fund's consolidated balance sheets as at June 30, 2009 and December 31, 2008, the Fund's consolidated statements of net income, comprehensive income and accumulated income (loss) and consolidated statements of cash flows for the three and six months ended June 30, 2009 and 2008. These summary statements should be read in conjunction with the Fund's consolidated financial statements including the accompanying notes for the three and six months ended June 30, 2009 as filed on SEDAR.

**Black Diamond Income Fund**  
**CONSOLIDATED BALANCE SHEETS**  
**(unaudited)**

*(Expressed in thousands of dollars)*

As at	June 30, 2009	December 31, 2008
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	1,536	—
Accounts receivable	10,255	19,877
Prepaid expenses and other current assets	1,085	1,846
	12,876	21,723
Property and equipment	134,723	129,884
Intangibles	10,242	10,737
Goodwill	29,316	29,316
	187,157	191,660
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	-	4,889
Accounts payable and accrued liabilities	6,559	9,865
Distributions payable	1,065	1,065
Current portion of capital lease obligation	620	602
	8,244	16,421
Capital lease obligation	885	1,200
Long-term debt	39,000	42,000
Future income taxes	13,331	12,776
	61,460	72,397
<b>Commitments</b>		
<b>Unitholders' equity</b>		
Trust units and exchangeable partnership units	119,446	119,446
Contributed surplus	716	525
Accumulated income (loss), after accumulated distributions	5,535	(708)
	125,697	119,263
	187,157	191,660

**Black Diamond Income Fund**  
**CONSOLIDATED STATEMENTS OF NET INCOME, COMPREHENSIVE**  
**INCOME AND ACCUMULATED INCOME (LOSS)**  
**(unaudited)**

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

	Three months ended		Six months ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
	\$	\$	\$	\$
<b>Revenue</b>	16,669	16,081	43,542	31,335
<b>Direct costs</b>	5,524	6,050	16,861	12,357
	11,145	10,031	26,681	18,978
<b>Expenses</b>				
Selling, general and administrative costs	2,870	1,883	5,585	3,539
Amortization of property and equipment	3,356	2,027	6,527	3,761
Amortization of intangibles	247	248	495	495
Interest on long-term debt	327	436	694	908
Unit-based compensation	102	98	191	164
	6,902	4,692	13,492	8,867
<b>Net earnings before income taxes</b>	4,243	5,339	13,189	10,111
Future income tax expense	777	384	555	1,189
<b>Net income and comprehensive income for the period</b>	3,466	4,955	12,634	8,922
Accumulated income (loss) after accumulated distributions, beginning of period	5,264	(7,594)	(708)	(8,996)
Distributions declared	(3,195)	(2,763)	(6,391)	(5,328)
<b>Accumulated income (loss) after accumulated distributions, end of period</b>	5,535	(5,402)	5,535	(5,402)
<b>Net income per unit</b>				
Basic	0.29	0.50	1.07	0.92
Diluted	0.29	0.49	1.06	0.90

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

*(Expressed in thousands of dollars)*

	Three months ended		Six months ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
	\$	\$	\$	\$
<b>Operating activities</b>				
Net income for the period	3,466	4,955	12,634	8,922
Add non-cash items:				
Amortization of property and equipment	3,356	2,027	6,527	3,761
Amortization of intangibles	247	248	495	495
Future income taxes	777	384	555	1,189
Unit-based compensation expense	102	98	191	164
	7,948	7,712	20,402	14,531
Change in non-cash working capital related to operating activities	(198)	1,475	8,910	1,016
	7,750	9,187	29,312	15,547
<b>Investing activities</b>				
Purchase of property and equipment	(1,752)	(7,860)	(11,367)	(17,785)
Change in non-cash working capital related to investing activities	(589)	1,864	(1,833)	(1,511)
	(2,341)	(5,996)	(13,200)	(19,296)
<b>Financing activities</b>				
Proceeds from long-term debt	-	7,700	1,000	14,700
Repayment of long-term debt	(4,000)	(30,420)	(4,000)	(30,420)
Repayment of capital lease	(149)	(141)	(296)	(188)
Net proceeds from issuance of units	-	26,486	-	26,486
Distribution payments	(3,195)	(2,585)	(6,391)	(5,130)
Bank Indebtedness	-	(1,608)	(4,889)	-
Unit options exercised	-	(82)	-	(90)
	(7,344)	958	(14,576)	5,358
<b>Increase (decrease) in cash</b>	(1,935)	4,149	1,536	1,609
Cash (Bank indebtedness), beginning of period	3,471	(1,608)	-	932
<b>Cash, end of period</b>	1,536	2,541	1,536	2,541

## **Additional Information**

A copy of the Fund's consolidated financial statements for the three and six months ended June 30, 2009 and management's discussion and analysis for the three and six months ended June 30, 2009 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 4:30 p.m. MDT on August 12, 2009. 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 416-695-6120 or toll free 1-866-902-2211 prior to the scheduled start time. Digital playback of the conference call will be available on the Fund's website.

## **About Black Diamond**

The Fund is an unincorporated open-ended investment trust governed by the laws of the Province of Alberta. The principal undertaking of the Fund, through its indirect wholly-owned subsidiary, Black Diamond Limited Partnership, is to rent modular structures for use as workforce accommodation and temporary workspace, rent various types of oilfield equipment used in the exploration and production of oil and gas and to provide complementary services including transportation, installation, dismantling, repair and maintenance of modular structures and oilfield rental equipment, as well as related services through three operating divisions consisting of Workforce Accommodations, Space Rentals and Energy Services.

## **For more information please contact:**

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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, cash flows, capital expenditures, further deployment of equipment, demand from existing and new customers and distribution 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.blackdiamondincomefund.com](http://www.blackdiamondincomefund.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 Fund's performance or cash flows, a measure of liquidity or as a measure of actual return on the trust units of the Fund. These Non-GAAP measures should only be used in conjunction with the consolidated financial statements of the Fund. A reconciliation between these measures and measures defined under GAAP is included in management's discussion and analysis for the three and six months ended June 30, 2009 filed on SEDAR.

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