



NEWS RELEASE

March 17, 2011

**BLACK DIAMOND GROUP LIMITED REPORTS RECORD RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 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 and year ended December 31, 2010.

Fourth Quarter

Black Diamond's focus on strategic growth and diversification has resulted in the Company realizing record revenue of \$43.4 million in the fourth quarter of 2010 with EBITDA of \$15.1 million for the period, compared to revenue of \$15.5 million and EBITDA of \$5.7 million for the same period in 2009. Revenue was higher than the prior year's comparable period due to a full fourth quarter of US operations that contributed approximately \$8.6 million and lodging revenue generated from the Sunday Creek Lodge and Horn River operated camps of \$13.5 million. The Company is seeing significant activity around the oil sands region of Alberta leading to increased demand for, and utilization of its space rentals and camps fleets. In addition to the increase in oil sands and oil and gas activity, Black Diamond deployed equipment on some long-term mining and mineral projects in western Canada which has also increased and diversified its revenue base. Revenues from rental activity increased 63% to \$14.5 million as compared to \$8.8 million for the fourth quarter of 2009. Lodging revenue was \$13.5 million in the quarter compared to \$2.1 million in 2009, as Sunday Creek Lodges did not begin operations until September 2009. Operational-type revenue in support of rental and lodging revenues was \$15.3 million as compared to \$4.5 million in the fourth quarter of 2009. Some highlights from each of the operating divisions for the quarter follows:

Workforce Accommodations:

The division ended the quarter with 1,343 units in the rental fleet which averaged 94% utilization for the period. The division generated \$23.7 million in revenues compared to \$9.1 million in the same quarter of 2009. Large increases in revenues came from rentals which increased by 41% over Q4 2009 to \$7.2 million and lodging revenues, which increased by 533% for the same period to \$13.5 million. The quarter benefitted from the start of some previously announced projects in the Horn River area of northeastern BC. This quarter the division was also awarded new camp deployments for Suncor in the oil sands and a mining operation in British Columbia, both of which will be installed and on rent during the first quarter of 2011, utilizing some of the 2011 capital expenditure budget.

Space Rentals:

The division generated \$14.2 million in revenue during the quarter as compared to \$3.1 million for the same quarter in 2009. The increase was due in large part to \$8.6 million of revenue generated from the US operations which were acquired earlier in the year. The Canadian-based fleet also generated \$5.5 million in revenues or 77% more than the prior year Q4 as a result of the increased fleet size and higher utilization rates. The combined fleet size at the end of the quarter was almost 2,500 units, operating at an average of 74% utilization for the quarter as compared to 64% for the prior year.

Energy Services:

The division generated \$5.7 million in revenues during the quarter as compared to \$3.4 million in Q4 of 2009. This 68% increase was partly due to a larger fleet resulting from the acquisition completed earlier in the year in Estevan, Saskatchewan 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 December 2010, the division had 186 drilling accommodation units and 1,260 pieces of surface rental equipment. During the quarter, these fleets were utilized at an average rate of 49% and 46% respectively.

#### Year Ended December 31, 2010

The 2010 results reflect the strategic initiatives undertaken by the Company during the latter part of 2009 and early in 2010. The net result of these initiatives, combined with the Company's strong financial position, was record revenue for the year 2010. Revenue increased 89% from \$74.0 million in 2009 to \$139.8 million in 2010. Revenues from rental activity were \$47.1 million as compared to \$38.8 million for 2009. Lodging revenue was \$39.1 million in 2010 as compared to \$2.1 million in 2009 as Sunday Creek Lodge and an operated camp facility for Spectra only began operations late in 2009. Operations revenue in support of rental and lodging revenues was \$53.5 million as compared to \$33.0 million in 2009. EBITDA generated in 2010 was \$50.4 million up 46% from 2009. All of the divisions contributed to the success realized for the Company in 2010. More specifically:

##### Workforce Accommodations:

This division generated \$79.2 million in revenue for the year as compared to \$45.0 million in 2009. The largest contributing factor to the increase was lodging revenue which increased from \$2.1 million to \$39.1 million as a result of Sunday Creek Lodge and other operating camps in the Horn River area beginning operations late in 2009. Including Sunday Creek Lodge assets, the division ended the year with 1,565 units in the fleet as compared to 1,044 units at the end of 2009. Utilization for the year increased slightly to an average of 88%, up from 86% realized in 2009.

##### Space Rentals:

This division generated \$42.1 million in revenue as compared to \$13.7 million in 2009. The large increase was due to the contribution of \$24.8 million in revenue from the US operations. The Canadian network also increased their revenue base to \$17.4 million from \$13.7 million as a result of additional fleet and higher utilization rates during the year. The combined fleet size at the end of 2010 was approximately 2,500 operating units with an average of 71% utilization for the year compared to 59% for the year prior. In certain markets, the increase in utilization rates has been more pronounced than others. The US market continues to be slower than the Canadian market as it recovers from the economic uncertainty of the recent past.

##### Energy Services:

This division generated \$18.4 million in revenue as compared to \$15.4 million in 2009. The increase for the year was due to additional equipment acquired early in the year in addition to the surface rental assets working at higher utilization rates throughout 2010 when compared to 2009. The drilling accommodations unit count is down 20% to 186 units while the surface rental equipment has increased by 245 to 1,260 pieces of rental equipment compared to 2009. During the year, the drilling accommodations fleets and surface rental fleets were utilized at an average rate of 43% and 33% respectively.

#### Balance Sheet

The Company exited 2010 with debt of \$66 million drawn on its capital facility and \$6.8 million drawn on its operating facility. The Company previously announced the extension and increase in its bank facilities to \$125 million of credit from the previous \$95 million. The Company continues to maintain a conservatively leveraged balance sheet and will have sufficient working capital to execute its business plan throughout 2011.

## Dividends

The Company paid dividends of \$0.09 per share per month throughout 2010 resulting in a payout ratio for the year of 38%. The Board of Directors of Black Diamond has increased this amount to \$0.095 in 2011 and is confident that the cash generated from operations will be sufficient to allow it to meet the dividend obligations.

## Outlook

Black Diamond's corporate strategy is underpinned by a long-term focus on prudently growing its business in a thoughtful and measured manner. The strength of the current quarter and year end compared to the same timeframe in 2009 is attributable to the strategic initiatives undertaken in the past twelve months and the strengthening economic environment in which the Company operates. The Company has continued to broaden its operating platform both geographically and in terms of revenue sources. The business is healthier from the diversification of revenue between and within the business units. Black Diamond now has meaningful Workforce Accommodations revenue from shale gas, and mining, in addition to oil sands. Further, it has turnkey and open lodging revenue in addition to pure dedicated facility rentals. The Company now has increasingly significant revenue from non-resource customers in the United States, and through these customers a lengthening profile to its average Space Rentals contract terms. Through acquisition and strategic partnerships the Company's Energy Services division is positioned in three major long-term resource basins with increasing demand for specialty equipment rental. Utilization and average rental rates in the Energy Services space continue to strengthen in alignment with increasing oil and gas industry activity. Management views all of these advances as extremely healthy for the business and believes that the strategic positioning of the Company will generate significant growth opportunities for 2011 and beyond.

Management has a very positive outlook for the first quarter of 2011 as the effects of significant capital additions drive increased rental and ancillary revenues. The outlook for 2011 as a whole is equally positive given current activity levels and ongoing capital expansion. Significant custom sales in both the Canadian and US divisions of BOXX Modular along with contracted fleet expansion are anticipated to result in positive year over year results for the Space Rentals platform in Q1 and throughout 2011. High utilization in the expanded workforce accommodation fleet along with high occupancy at Sunday Creek Lodge and other operated camps are expected to provide strong year over year comparables in Q1 and throughout 2011. Continued fleet growth through recent contract awards in the oil sands and major mining projects are expected to drive further growth in the Workforce Accommodations segment. Fleet growth, increased utilization, and improving rental rates are expected to combine to generate improved year over year results from the Energy Services segment for Q1. The expected increase in oil and gas industry activity for 2011 should translate into sequentially improved quarters for Energy Services versus 2010.

With strength in all three business units, additional capital assets being deployed and major operational revenues under contract, management anticipates meaningful strengthening of revenue and EBITDA results for the next quarter and annually from the current quarter and year ended.

## Summary Financial Statements

The following is a summary of the Company's audited financial statements including; consolidated balance sheets as at December 31, 2010 and 2009, the Company's consolidated statements of net income, comprehensive income and retained earnings and consolidated statements of cash flows for the years ended December 31, 2010 and 2009. 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.

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

(Expressed in thousands)

<b>As at</b>	<b>December 31,</b> <b>2010</b>	<b>December 31,</b> <b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current</b>		
Accounts receivable	35,395	12,553
Prepaid expenses and other current assets	2,491	874
	37,886	13,427
Property and equipment	248,642	156,188
Intangible assets	12,224	9,821
Goodwill	34,791	29,316
	333,543	208,752
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	6,776	9
Accounts payable and accrued liabilities	32,558	9,149
Dividends payable	1,482	1,234
Current income taxes payable	68	-
Current portion of capital lease obligation	561	639
	41,445	11,031
Capital lease obligation	-	561
Long-term debt	66,000	31,472
Long-term customer deposits	543	-
Risk management liability	1,402	-
Asset retirement obligations	1,276	1,116
Future income taxes	25,571	11,724
	136,237	55,904
<b>Commitments</b>		
<b>Shareholders' equity</b>		
Share capital	189,732	146,366
Contributed surplus	1,401	969
Non-controlling interest	348	51
Accumulated other comprehensive income	(1,052)	-
Retained earnings	6,877	5,462
	197,306	152,848
	333,543	208,752

**Black Diamond Group Limited**  
**(formerly Black Diamond Income Fund)**  
**CONSOLIDATED STATEMENTS OF NET INCOME**

(Expressed in thousands, except per share amounts)

	Year ended	
	December 31 2010	December 31 2009
	\$	\$
<b>Revenue</b>	139,762	74,008
<b>Direct costs</b>	68,277	27,330
	71,485	46,678
<b>Expenses</b>		
Selling, general and administrative costs	21,945	12,201
Amortization of property and equipment	19,475	13,624
Amortization of intangibles	1,547	991
Accretion on asset retirement obligation	97	22
Acquisition costs	289	-
Foreign exchange (gain)/loss	(1,149)	3
Interest on long term debt	2,505	1,551
Interest on operating facility	87	10
Stock-based compensation	939	372
	45,735	28,774
Gain on disposal of fire damaged assets	-	825
<b>Income before income taxes and non-controlling interest</b>	25,750	18,729
<b>Income tax expense/(recovery)</b>		
Current	69	-
Future	6,349	(448)
	6,418	(448)
<b>Income before income attributable to non-controlling interest</b>	19,332	19,177
Net income attributable to non-controlling interest	503	51
<b>Net income attributable to Black Diamond Group Limited</b>	18,829	19,126
<b>Net income per share</b>		
Basic	1.18	1.60
Diluted	1.16	1.54

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(Expressed in thousands, except per share amounts)

	Year ended	
	December 31, 2010	December 31, 2009
	\$	\$
<b>Net income attributable to Black Diamond Group Limited</b>	18,829	19,126
<b>Net change in derivative financial instruments designated as cash flow hedges</b>		
Unrealized loss (net of tax)	(1,052)	-
<b>Comprehensive income</b>	<b>17,777</b>	<b>19,126</b>

**CONSOLIDATED STATEMENT OF RETAINED EARNINGS**

(Expressed in thousands)

	Year ended	
	December 31, 2010	December 31, 2009
	\$	\$
Retained earnings/ (deficit), beginning of year	5,462	(708)
Net income	18,829	19,126
Dividends/distributions declared	(17,414)	(12,956)
<b>Retained earnings, end of year</b>	<b>6,877</b>	<b>5,462</b>

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

(Expressed in thousands)

	Year ended	
	December 31, 2010	December 31, 2009
	\$	\$
<b>Operating activities</b>		
Net income for the year	18,829	19,126
Add (deduct) non-cash items:		
Amortization of property and equipment	19,475	13,624
Amortization of intangible assets	1,547	991
Accretion of asset retirement obligation	97	22
Foreign exchange loss - unrealized	(329)	-
Gain on disposal of fire damaged assets	-	(825)
Future income taxes	6,349	(448)
Stock-based compensation expense	939	372
Earnings attributable to non-controlling interest	503	51
	47,410	32,913
Change in non-cash working capital related to operating activities	11,067	10,116
	58,477	43,029
<b>Investing activities</b>		
Purchase of property and equipment	(80,032)	(38,008)
Change in intangibles		(75)
Business acquisitions	(17,945)	-
Change in non-cash working capital related to investing activities	(11,697)	(2,536)
	(109,674)	(40,619)
<b>Financing activities</b>		
Proceeds from long-term debt	62,968	13,200
Repayment of long-term debt	(28,440)	(23,728)
Repayment of capital lease	(639)	(602)
Net proceeds from issuance of shares	24,088	26,238
Purchase of shares in trust	(100)	-
Dividend payments	(17,167)	(12,787)
Distribution to non-controlling interest	(206)	
Bank indebtedness	6,776	(4,880)
Stock options exercised	3,917	149
	51,197	(2,410)
<b>Increase/ (decrease) in cash</b>	-	-
Cash, beginning of year	-	-
<b>Cash, end of year</b>	-	-

## **Additional Information**

A copy of the Company's audited consolidated financial statements for the year ended December 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 March 17, 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.

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

### **Black Diamond Group Limited**

#### **Trevor Haynes**

President and Chief Executive Officer  
Phone: (403) 206-4737  
Fax: (403) 264-9281

#### **Michael Burnyeat**

Vice President, Finance and Chief Financial Officer  
Phone: (403) 206-4740  
Fax: (403) 264-9281

Website: [www.blackdiamondlimited.com](http://www.blackdiamondlimited.com)

## **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 year ended December 31, 2010 filed on SEDAR.

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