



**PRESS RELEASE  
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**TSX-BAD.UN**  
**February 12, 2010**

### **BADGER INCOME FUND INTERNAL REVENUE SERVICE EXCISE TAX AUDIT**

Calgary, Alberta – Badger Income Fund (“Badger”) today announced that its wholly owned United States subsidiary, Badger Daylighting Corp. (“Corp.”) received an assessment from the United States Internal Revenue Service resulting from a recent excise tax audit it had performed. The Internal Revenue Service’s excise tax audit findings suggest Corp. should have self-assessed and remitted excise tax on a portion of the cost of the hydrovac trucks it purchased from one of Badger’s wholly owned Canadian entities at the time the hydrovac truck was delivered to the United States. The amount of the assessment is \$1.9 million.

Corp. is of the view that it is exempt or partially exempt from excise tax on the hydrovac trucks providing services in the United States and as a result it intends on appealing the Internal Revenue Service tax audit assessment.

Any resulting excise tax will be deductible for United States federal and state tax purposes.

*Badger Income Fund is an open-ended trust that is North America’s largest provider of non-destructive excavating services. Badger traditionally works for contractors and facility owners in the utility and petroleum industries. Our key technology is the Badger Hydrovac, which is used primarily for safe digging in congested grounds and challenging conditions. The Badger Hydrovac uses a pressurized water stream to liquefy the soil cover, which is then removed with a powerful vacuum system and deposited into a storage tank. Badger manufactures its truck-mounted hydrovac units.*

*Badger Income Fund’s business model involves the provision of excavating services through two distinct entities: the Operating Partners (franchisees in the United States and agents in Canada), and Badger Corporate. Badger Corporate works with its Operating Partners to provide Hydrovac service to the end user. In this partnership, Badger provides the expertise, the trucks, and North American marketing and administration support. The Operating Partners deliver the service by operating the equipment and developing their local markets. All work is invoiced by Badger and then shared with the Operating Partner based upon a revenue sharing formula. In certain locations Badger has established corporate run operations to market and deliver the service in the local area.*

This press release contains forward-looking statements subject to various risk factors and uncertainties, which may cause the actual results, performances or achievements of Badger to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, fluctuations in the market for oil and gas related products and services, political and economic conditions, the demand for services provided by Badger, industry competition and Badger’s ability to attract and retain key personnel.

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

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