



**PRESS RELEASE
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BADGER INCOME FUND ANNOUNCES PROPOSED CONVERSION TO A CORPORATION

Calgary, Alberta - Badger Income Fund (the "Fund" or "Badger") announces its intention to convert to a growth-oriented corporation (the "Conversion") pursuant to a plan of arrangement ("Arrangement") under the *Business Corporations Act* (Alberta). At its Annual and Special Meeting Badger will request approval from unitholders to complete the Conversion effective no later than January 2011. Badger will schedule a second Special Meeting of unitholders to re-approve the Conversion plan if there is a material change in business conditions before Conversion or if Badger proposes Conversion before 2011 because of acquisition or merger opportunities that change the approved Badger Conversion proposal.

Management and the Trustees believe the rationale and benefits for the Conversion are as follows:

- Badger believes the Conversion is important for future attraction and retention of investors;
- It will remove the Fund from the uncertainty that exists in the income trust marketplace regarding Conversion to a corporation;
- Access to capital markets for income trusts may become more limited in 2010;
- The Fund anticipates efficiencies and cost savings from presenting the Conversion for approval of the unitholders at its regularly scheduled annual general meeting;
- The Conversion removes the restriction on non-resident ownership;
- It will provide for a tax deferred rollover for unitholders of the Fund and for the Fund itself;
- On October 31, 2006 the Canadian Minister of Finance announced the Specified Investment Flow Through Trust ("SIFT") income and distribution tax which effectively eliminated the benefits of Badger's income trust structure by introducing additional income taxes to be imposed on trusts (generally) for taxations years commencing January 1, 2011;
- The Conversion removes the growth limitations imposed by the SIFT legislation; and
- It will lead to a simplified and more efficient corporate structure that will reduce overhead and administrative costs.

After the Conversion Badger anticipates it will become a dividend paying corporation. The basic plan looking forward from today would be to have an expected dividend between 75% and 100% of the current level of the Fund's annual distribution (\$1.26 per unit). More will be known by the end of 2010.

There will be no other changes to the way Badger operates its business today.

More details, including the mechanics of the Conversion, will follow and be included in the Information Circular to be sent to Unitholders in connection with the Annual and Special Meeting. The Conversion will be subject to the various customary commercial conditions, including the receipt of regulatory approvals which include the approval of the Toronto Stock Exchange. The Conversion is also subject to the approval of the court, approval by the Unitholders at the security holder meeting and consent from Badger's lender.

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

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.

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