



**PRESS RELEASE
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TSX-BAD.UN
December 13, 2010

**BADGER INCOME FUND ANNOUNCES ANTICIPATED EFFECTIVE
DATE OF CONVERSION TO A CORPORATION, DATE FOR MAILING
OF LETTER OF TRANSMITTAL AND DIVIDEND POLICY**

Calgary, Alberta – Badger Income Fund (the “**Fund**”) is pleased to announce that the previously announced plan of arrangement (the “**Arrangement**”) to reorganize the Fund into a corporation called Badger Daylighting Ltd. (“**Badger**”) and the other transactions contemplated therein, all of which were approved by the Unitholders of the Fund and the Court of Queen’s Bench, is anticipated to close on or about December 31, 2010 such that the effective date of the Arrangement will be December 31, 2010.

Various other customary closing conditions remain to be satisfied, including the mailing of the Letter of Transmittal to Unitholders of the Fund. It is anticipated that the Letter of Transmittal, providing detailed instructions regarding the procedure for exchange of certificates representing units of the Fund for certificates representing common shares of Badger, will be mailed to unitholders on or about December 13, 2010. The unitholders of the Fund will receive one common share of Badger for each fund unit held.

The common shares of Badger are expected to commence trading on the Toronto Stock Exchange under the symbol “BAD” shortly after the effective date subject to receipt of final listing approval from the Toronto Stock Exchange, at which time the units of the Fund will be delisted from the Toronto Stock Exchange.

Badger has determined it will be remitting dividends on a monthly basis commencing with the month of January 2011. The dividend has been set at \$1.02 per share on an annualized basis. Badger expects to use its free cash flow to fund a combination of growth, debt repayment and dividends.

Details on the transaction are contained in the Fund’s Management Information Circular dated May 14, 2010. This document is available at www.sedar.com.

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, Badger's ability to complete the Arrangement, its ability to complete the Arrangement on the dates indicated and Badger's anticipated dividend policy following completion of the Arrangement. It is not currently anticipated that Badger will have any problems completing the Arrangement on the dates indicated but there is no guarantee that currently unexpected events will not cause a delay in the implementation of the Arrangement. Badger's dividend policy and the funds available for the payment of dividends from time to time will be dependent upon, among other things, operating cash flow generated by Badger's business, financial requirements for Badger's operations, the execution of the growth strategy, Badger's financial outlook and the satisfaction of solvency tests imposed by the Alberta Business Corporations Act for the declaration and payment of dividends. The amount of any dividends payable by Badger will be at the discretion of the Board of Directors of Badger and will be declared by the Board from time to time.

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

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