PRESS RELEASE **TSX-BAD**

FOR IMMEDIATE DISTRIBUTION **August 13, 2012**

BADGER DAYLIGHTING LTD. ANNOUNCES RESULTS FOR THE SECOND QUARTER ENDED JUNE 30, 2012

Calgary, Alberta - Badger Daylighting Ltd. (the "Company" or "Badger") is pleased to announce its results for the six and three months ended June 30, 2012.

Highlights for the three months ended June 30, 2012:

- Revenues increased by approximately 26 percent to $54.0 million from $42.8 million for the comparable quarter of 2011, due to an 11 percent increase in Canadian revenues and a 46 percent increase in United States revenues. As a result of the increase in revenues, the Company's quarterly EBITDA and funds generated from operations also increased from the same period in 2011;
- EBITDA increased by approximately 23 percent to $13.7 million from $11.1 million in the same quarter of 2011;
- Funds generated from operations increased by approximately 25 percent period-over-period to $11.5 million from $9.2 million in the comparable quarter of 2011. Expenses in the second quarter of 2011 included a $1.1 million payment to Clean Harbors, Inc., reducing funds generated from operations in that period. Excluding the impact of this item, funds generated from operations increased by 12 percent period-over-period;
- EBITDA margins in Canada decreased to 28 percent from 31 percent for the comparable period of last year, due to a wetter-than-normal spring in Western Canada, which reduced operating efficiency, plus some project delays. EBITDA margins in the United States increased to 23 percent from 19 percent in the second quarter of 2011, due to the newer corporate locations generating more revenue, allowing Badger to leverage off the prior costs of starting these locations;
- In June 2012, Badger completed an equity financing for gross proceeds of $37.5 million through the issuance of 1,500,000 common shares at a price of $25.00 per share; and
- Badger had 570 daylighting units at the end of the second quarter of 2012, reflecting the addition of 69 daylighting units to the fleet to date in 2012 and the retirement of three units. Of the total,

277 units were operating in Canada and 293 in the United States at quarter-end. Badger had 504 daylighting units at December 31, 2011. The new units were financed from cash generated from operations and existing credit facilities.

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) should be read in conjunction with the attached unaudited interim consolidated financial statements of Badger Daylighting Ltd. (the "Company" or "Badger"). The interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). Readers should also refer to the December 31, 2011 audited consolidated financial statements and MD&A, which along with all previous public filings, including the Company's Annual Information Form for the year ended December 31, 2011, may be found on SEDAR at *www.sedar.com*.

Revenue and expense variance analysis in the MD&A focuses primarily on the year-over-year changes during the second quarter. Year-over-year variances for the six months ended June 30, 2012 and 2011 are explained by the same general factors as those contributing to the second-quarter variance, unless otherwise indicated.

This MD&A has been prepared taking into consideration information available to August 10, 2012.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements and information contained in this MD&A and other continuous disclosure documents of the Company referenced herein, including statements related to the Company's capital expenditures, projected growth, view and outlook toward margins, cash dividends, customer pricing, future market opportunities and statements, and information that contain words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may" and similar expressions relating to matters that are not historical facts, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. These statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements and information. The Company believes the expectations reflected in such forward-looking statements and information are reasonable, but no assurance can be given that these expectations will prove to be correct. Such forward-looking statements and information included in this MD&A should not be unduly relied upon. These forward-looking statements and information speak only as of the date of this MD&A.

In particular, forward-looking information and statements include discussion concerning:

- That internal preparations for anticipated growth in 2012 will be completed;
- That as long as overall activity in the economy and the oil and natural gas industry remains relatively constant, Badger will be able to continue to grow the business in 2012;
- That Badger in 2012 can further develop the organization to position itself to be able to handle the planned future growth;

- That the new locations opened in the United States will provide an increased contribution to cash flows from operations and net profit during 2012;
- That the current business development initiative will provide Badger with the additional new customers necessary to grow the business in 2012 and the future;
- That Eastern Canada will continue with steady growth, driven by activity levels in the utility and construction segments, which are forecast to be stable in 2012; and
- That there will be an increase in Western Canada revenue during 2012 due to various projects and spending in the oil and natural gas sector.

The forward-looking statements rely on certain expected economic conditions and overall demand for Badger's services and are based on certain assumptions. The assumptions used to generate forward-looking statements are, among other things, that:

- Badger has the ability to achieve its internal revenue, net profit and cash flow forecasts for 2012;
- There will be long-term demand for hydrovac services from oil refineries, petro-chemical plants, power plants and other large industrial facilities throughout North America;
- Badger will maintain relationships with current customers and develop successful relationships with new customers;
- The Company will collect customer obligations in a timely manner; and
- Badger will execute its growth strategy.

Risk factors and other uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements include, but are not limited to: price fluctuations for oil and natural gas and related products and services; political and economic conditions; industry competition; Badger's ability to attract and retain key personnel; the availability of future debt and equity financing; changes in laws or regulations, including taxation and environmental regulations; and fluctuations in foreign exchange or interest rates.

Readers are cautioned that the foregoing factors are not exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results is included in reports on file with securities regulatory authorities in Canada and may be accessed through the SEDAR website (www.sedar.com) or at the Company's website. The forward-looking statements and information contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

NON-IFRS FINANCIAL MEASURES

This MD&A contains references to certain financial measures, including some that do not have any standardized meaning prescribed by IFRS and that may not be comparable to similar measures presented by other corporations or entities. These financial measures are identified and defined below:

"Cash available for growth and dividends" is used by management to supplement cash flow as a measure of operating performance and leverage. The objective of this measure is to calculate the amount available for growth and/or dividends to shareholders. It is defined as funds generated from operations less required debt repayments and maintenance capital expenditures, plus any proceeds received on the disposal of assets.

“EBITDA” is earnings before interest, taxes, depreciation and amortization. It is a measure of the Company’s operating profitability and is therefore useful to management and investors. EBITDA provides an indication of the results generated by the Company’s principal business activities prior to how these activities are financed, assets are amortized or the results are taxed in various jurisdictions. EBITDA is calculated from the consolidated statement of comprehensive income as gross profit less selling, general and administrative costs. It is calculated as follows:

	Three months ended June 30,		Six months ended June 30,	
$	2012	2011	2012	2011
Gross profit	16,871,526	13,848,462	33,334,589	26,671,446
Selling, general and administrative costs	(3,156,850)	(2,720,984)	(6,363,505)	(5,418,626)
EBITDA	13,714,676	11,127,478	26,971,084	21,252,820

“Funded debt” is a measure of Badger’s long-term debt position. Funded debt is long-term debt.

“Funds generated from operations” is used to help management and investors analyze operating performance and leverage. It is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net profit or other measures of financial performance calculated in accordance with IFRS. Funds generated from operations is derived from the consolidated statement of cash flows and is calculated as follows:

	Three months ended June 30,		Six months ended June 30,	
$	2012	2011	2012	2011
Cash provided by operating activities	15,550,816	3,048,754	25,010,944	10,956,890
Add (deduct):				
Net change in non-cash working capital relating to operating activities	(4,702,192)	3,935,697	(3,406,378)	4,103,405
Equity-settled share plan settled in cash	655,316	2,191,648	655,316	2,191,648
Funds generated from operations	11,503,940	9,176,099	22,259,882	17,251,943

“Growth capital expenditures” are capital expenditures that are intended to improve Badger’s efficiency, productivity or overall capacity and thereby allow Badger to access new markets. They generally represent any net additions to the daylighting fleet. Growth capital expenditures exclude acquisitions made during the period.

“Maintenance capital expenditures” are any amounts incurred during a reporting period to keep the Company’s daylighting fleet at the same number of units, plus any other capital expenditures required to maintain the capacities of the business. They also include any costs incurred to extend the operational life of a daylighting unit. The amount will fluctuate from period-to-period depending on the number of units retired from the fleet.

"Net debt" is funded debt less cash and cash equivalents.

Cash available for growth and dividends, EBITDA, funded debt, funds generated from operations, growth capital expenditures, maintenance capital expenditures and net debt throughout this document have the meanings set out above.

FINANCIAL HIGHLIGHTS

($ thousands, except per share and total shares outstanding information)

	Three months ended June 30, 2012	**Three months ended June 30, 2011**	**Six months ended June 30, 2012**	**Six months ended June 30, 2011**
Revenues	53,984	42,805	108,019	83,776
EBITDA	13,715	11,127	26,971	21,253
Profit before tax	8,950	6,204	17,673	12,686
Income tax expense				
Current	1,707	655	3,590	2,149
Deferred	1,098	985	1,823	1,591
Net profit	6,145	4,564	12,260	8,946
Profit per share – diluted ($)	0.56	0.42	1.12	0.83
Funds generated from operations	11,504	9,176	22,260	17,252
Funds generated from operations per share – diluted ($)	1.04	0.85	2.04	1.59
Maintenance capital expenditures	356	32	1,054	449
Required long-term debt repayments	-	3,178	-	3,259
Cash available for growth and dividends	11,223	6,006	21,301	13,617
Dividends declared	2,888	2,757	5,648	5,515
Growth capital expenditures	12,357	6,535	24,171	11,226
Total shares outstanding (end of period)	12,326,631	10,813,631	12,326,631	10,813,631

OVERVIEW

Highlights for the three months ended June 30, 2012:

- Revenues increased by approximately 26 percent to $54.0 million from $42.8 million for the comparable quarter of 2011, due to an 11 percent increase in Canadian revenues and a 46 percent increase in United States revenues. As a result of the increase in revenues, the Company's quarterly EBITDA and funds generated from operations also increased from the same period in 2011;
- EBITDA increased by approximately 23 percent to $13.7 million from $11.1 million in the same quarter of 2011;
- Funds generated from operations increased by approximately 25 percent period-over-period to $11.5 million from $9.2 million in the comparable quarter of 2011. Expenses in the second quarter of 2011 included a $1.1 million payment to Clean Harbors, Inc., reducing funds generated from operations in that period. Excluding the impact of this item, funds generated from operations increased by 12 percent period-over-period;
- EBITDA margins in Canada decreased to 28 percent from 31 percent for the comparable period of last year, due to a wetter-than-normal spring in Western Canada, which reduced operating efficiency, plus some project delays. EBITDA margins in the United States increased to 23 percent from 19 percent in the second quarter of 2011, due to the newer corporate locations generating more revenue, allowing Badger to leverage off the prior costs of starting these locations;
- In June 2012, Badger completed an equity financing for gross proceeds of $37.5 million through the issuance of 1,500,000 common shares at a price of $25.00 per share; and
- Badger had 570 daylighting units at the end of the second quarter of 2012, reflecting the addition of 69 daylighting units to the fleet to date in 2012 and the retirement of three units. Of the total, 277 units were operating in Canada and 293 in the United States at quarter-end. Badger had 504 daylighting units at December 31, 2011. The new units were financed from cash generated from operations and existing credit facilities.

OUTLOOK

Growth continued for Badger in the second quarter of 2012 even though weakness was experienced in oil and natural gas markets throughout the Company's operating regions and a wet quarter in western Canada slowed activity.

Major initiatives for the remainder of 2012 remain as follows:

1. Work to improve the profitability of new locations and underperforming locations. Some progress was made on this in the United States in the second quarter.
2. In the first two quarters of 2012 Badger made good progress in filling gaps in the organization's human resources. The focus now is to turn these new hires into effective and productive employees.

3. Business development as a whole at Badger has been enhanced, through increased focus on this critical function and investment in new business development people. This initiative is expected to help Badger continue to implement its growth plans for the future.
4. Streamline Badger's administration system through the use of electronic forms and other measures to transfer data electronically from the field to offices and from offices to Badger's customers.
5. The build of Badger units is forecast to continue at the same pace as in the first two quarters. This build rate is just over two per week. Badger expects to retire 10 to 15 trucks in 2012.

Regional comments:

1. As was the case last quarter, the United States operations continue to grow by adding customers and locations. Although there has been a reduction of work in the oilfield service areas, Badger has been able to get work for those trucks elsewhere. Big projects are still important in this area.
2. The United States West struggled a bit during the last quarter. With the slower pace in the oil and natural gas industry, a few areas that concentrate on this industry were affected. Badger has, however, been able to find work for these trucks in other segments and areas to keep utilization at a reasonable level. The United States business development efforts are expected to help increase revenue in the future.
3. In Eastern Canada, revenue and margins were slightly lower than in the same quarter of last year due to weather and operational issues caused by managerial changes. With construction season commencing, however, Badger expects business to improve.
4. Badger's Western Canada business continues to provide good results for the Company. Badger experienced a somewhat slower second quarter, due to a prolonged wet spring and slightly lower activity in some areas of the oil and natural gas sector. Badger expects Western Canada to have a good year.

Badger is optimistic that growth will continue for the rest of the year provided the North American economy stays at the same level of strength and there are no major changes in oil and natural gas industry activity in the regions where Badger operates.

Results of Operations

Revenues

Revenues of $54.0 million for the three months ended June 30, 2012 were 26 percent greater than the $42.8 million generated during the comparable period in 2011. The increase is attributable to the following:

- Canadian revenues increased by 11 percent from $24.9 million in the second quarter of 2011 to $27.7 million in the second quarter of 2012. Western Canada hydrovac revenue increased by 15 percent due to an expanded coverage area, more Badger hydrovac units in the region and some good project work. Eastern Canada revenue was relatively unchanged quarter-over-quarter; and

- United States revenue went from $17.9 million for the three months ended June 30, 2011 to $26.3 million for the three months ended June 30, 2012, an increase of 46 percent. Removing the effect of the change in the foreign exchange rate, revenues increased by 42 percent quarter-over-quarter. The increase is due to more work in the United States West and East generated by the addition of more locations and expansion of the customer base.

Badger's average revenue per truck per month during the three months ended June 30, 2012 was $30,000, versus $29,600 for the three months ended June 30, 2011. The increase is due to the above.

Direct Costs
Direct costs for the quarter ended June 30, 2012 were $37.1 million compared to $29.0 million for the quarter ended June 30, 2011. The increase of 28 percent is greater than the increase in revenues of 26 percent due to a wetter-than-normal spring in Western Canada, which reduced operating efficiency, plus some project delays. In Eastern Canada, revenue and margins were slightly lower than in the same quarter of last year due to weather and operational issues caused by managerial changes.

Gross Profit
The gross profit percentage was 31.3 percent for the quarter ended June 30, 2012, a decrease from the 32.4 percent generated for the quarter ended June 30, 2011. The Canadian gross profit percentage decreased from 40.4 percent for the three months ended June 30, 2011 to 37.0 percent for the three months ended June 30, 2012, due to the reasons outlined above under "Direct Costs". United States gross profit percentage increased from 21.2 percent for the three months ended June 30, 2011 to 25.2 percent for the three months ended June 30, 2012, due to the newer corporate locations generating more revenue, allowing Badger to leverage off the prior costs of starting these locations.

Depreciation of Property, Plant and Equipment
Depreciation of property, plant and equipment was $4.5 million for the three months ended June 30, 2012, $1.0 million higher than the $3.5 million incurred for the three months ended June 30, 2011, due to the increased number of hydrovac units in the fleet.

Financing Cost
Financing cost was $0.3 million for the quarter ended June 30, 2012, unchanged from the quarter ended June 30, 2011.

Selling, General and Administrative Expenses
Selling, general and administrative expenses increased by 16 percent to $3.2 million for the quarter ended June 30, 2012 from $2.7 million for the quarter ended June 30, 2011. The main reason for the increase was an increase in personnel costs as a result of the growth in Badger's business. As a percentage of revenues, selling, general and administrative expenses decreased to 5.8 percent for the second quarter of 2012 from 6.4 percent for the second quarter of 2011.

Income Taxes
The effective tax rate for the six months ended June 30, 2012 was 31 percent versus 29 percent for the six months ended June 30, 2011. Profit before tax in the United States for the six months ended June 30,

2012 increased relative to Canadian profit before tax in the same period, resulting in the increase in the effective tax rate given that corporate income tax rates are higher in the United States.

Exchange Differences on Translation of Foreign Operations

The exchange differences result from converting the balance sheet and profit statement related to the United States operations into Canadian currency.

Liquidity and Dividends

Funds generated from operations increased to $11.5 million for the quarter ended June 30, 2012 from $9.2 million for the comparable period in 2011 (excluding the $1.1 million payment to Clean Harbors, Inc. funds generated from operations were $10.3 million in the second quarter of 2011), due primarily to increased revenues and EBITDA. The Company uses its cash to pay dividends to shareholders, build additional hydrovac units, invest in maintenance capital expenditures and repay long-term debt.

The Company had working capital of $65.5 million at June 30, 2012 compared to $39.7 million at December 31, 2011. The increase was due to the closing of the equity financing in June 2012.

The following table outlines the cash available to fund growth and pay dividends to shareholders for the three months and six months ended June 30, 2012:

($)	Three months ended June 30, 2012	Six months ended June 30, 2012
Funds generated from operations	11,503,940	22,259,882
Add: proceeds from sale of property, plant and equipment	74,319	94,923
Deduct: required repayments of long-term debt	-	-
Deduct: maintenance capital expenditures	(355,529)	(1,053,974)
Cash available for growth capital expenditures and dividends	11,222,730	21,300,831
Growth capital expenditures	12,356,576	24,171,370
Dividends declared	2,887,783	5,647,809

In determining cash available for dividends, the Company excludes non-cash working capital changes for the period as well as growth capital expenditures. Changes in non-cash working capital items are excluded so as to remove the effects of timing differences in cash receipts and disbursements, which generally reverse themselves and can vary significantly between fiscal periods. Growth capital expenditures have been excluded so as to include only the maintenance capital expenditures required for the sustainability of the existing asset base.

The following table outlines the excess of cash provided by operating activities and net profit for the period over dividends declared during the six months ended June 30, 2012 and 2011 and the year ended December 31, 2011:

($)	Six months ended June 30 30, 2012	Six months ended June 30, 2011	Year ended December 31, 2011
Cash provided by operating activities	25,010,944	10,956,890	33,469,398
Net profit	12,259,681	8,946,093	25,803,156
Dividends declared	5,647,809	5,514,954	11,029,907
Excess of cash provided by operating activities over dividends declared	19,363,135	5,441,936	22,439,491
Excess of net profit over dividends declared	6,611,872	3,431,139	14,773,249

The Company pays cash dividends monthly to its shareholders. They may be reduced, increased or suspended by the Board of Directors depending on the operations of Badger and the performance of its assets. The actual cash flow available for dividends to shareholders of Badger is a function of numerous factors, including: the Company's financial performance; debt covenants and obligations; working capital requirements; maintenance and growth capital expenditure requirements for the purchase of property, plant and equipment; and number of shares outstanding.

The Company maintains a strong balance sheet. The debt management strategy includes retaining sufficient funds from available distributable cash to finance maintenance capital expenditures as well as working capital needs. Growth capital expenditures will generally be financed through existing debt facilities or cash retained from operating activities. The majority of the cash provided by operating activities in the six months ended June 30, 2012 was used to finance growth capital expenditures and to pay dividends to shareholders.

If maintenance capital expenditures increase in future periods, the Company's cash available for growth capital expenditures and dividends will be negatively affected. Due to Badger's growth rate in recent years, the majority of the hydrovac units are relatively new, with an average age of approximately four years. As a result, Badger is currently experiencing relatively low maintenance capital expenditures. Over time, Badger would expect to incur annual maintenance capital expenditures approximately equalling the year's depreciation expense. Badger estimates it will remove approximately 10 to 15 hydrovac units from the fleet in 2012. Badger expects that cash provided by operations and cash available for growth capital expenditures and dividends will be sufficient to fund its maintenance capital expenditures in the future.

Badger is restricted from declaring dividends if it is in breach of the covenants under its credit facilities. As at the date of this MD&A the Company is in compliance with all debt covenants and is able to fully utilize its credit facilities as well as declare dividends. Badger does not have a stability rating.

Capital Resources

Investing

The Company spent $12.7 million on property, plant and equipment for the three months ended June 30, 2012 compared to $6.6 million for the three months ended June 30, 2011. The Company built 36 hydrovac units during the three months ended June 30, 2012 compared to 22 hydrovac units during the three months ended June 30, 2011. The costs to build a hydrovac unit remained consistent with the average for 2011.

Maintenance capital expenditures are incurred during a period to keep the hydrovac fleet at the same number of units plus any other capital expenditures required to maintain the business. This amount will fluctuate from period-to-period depending on the number of units retired from the fleet. During the first six months of 2012 only three hydrovac units were removed from the fleet and, therefore, maintenance capital expenditures were minimal.

Financing

On June 19, 2012 the Company completed an equity financing pursuant to a prospectus dated June 13, 2012 for gross proceeds of $37.5 million through the issuance of 1,500,000 common shares at a price of $25.00 per share. Badger intends to use the net proceeds to fund growth initiatives (i.e., to fund its capital expenditure program and other growth initiatives it may pursue from time to time), for working capital, and for other general corporate purposes. It is currently anticipated that the full amount of the net proceeds from the equity financing will be used, over time, to finance the manufacture by Badger of additional hydrovacs. The exact timing of the build of these additional hydrovacs, however, and the number of additional hydrovacs to be built, will depend on (i) Badger's assessments from time to time of the economy and the need for Badger's hydrovac services, and (ii) any increase or decrease in the cost of parts and labour over time associated with the manufacture of hydrovacs. The net proceeds will initially be used to pay down amounts drawn under the extendable revolving credit facility; however, $45 million drawn under the facility is represented by a bankers' acceptance note which matures on August 13, 2012. Consequently, until such time as Badger is able to pay down that portion of the facility, the balance of the net proceeds will be invested in short-term deposits.

In June 2012 the Company's extendable revolving credit facility was renewed. The principal amount was decreased from $60 million to $55 million at Badger's request. The facility was used and will continue to be used to help finance Badger's capital expenditure program and support corporate activities. There was $45.2 million drawn at June 30, 2012. As discussed above, of this amount $45 million is represented by a bankers' acceptance note which matures on August 13, 2012. Upon maturity Badger will use any Canadian cash balances to reduce the amount owing under the credit facility. The facility has no required principal repayments. It expires on June 23, 2013 and is renewable at Badger's option for an additional 364-day period. If not renewed, interest is payable on the facility for 364 days, after which the entire amount must be repaid. The facility bears interest at the bank's prime rate or bankers' acceptance rate plus 1.25 percent plus 0 to 0.75 percent, depending on Badger's ratio of funded debt to EBITDA.

The Company's net debt decreased by 69 percent during the first six months of 2012. As at June 30, 2012 Badger's cash and cash equivalents were $31.8 million, resulting in net debt of $13.4 million, versus cash and cash equivalents of $2.6 million and net debt of $43.9 million at December 31, 2011. The main reason for the decrease was the funds received on closing the June 2012 equity financing.

Management believes that the Company's healthy balance sheet, combined with funds generated from operations, will provide sufficient capital to fund ongoing operations, pay dividends to shareholders, finance future capital expenditures and execute its strategic plan for the foreseeable future. The

Company's practice is to utilize an appropriate mix of debt and equity to finance its maintenance capital expenditures and growth initiatives.

Badger is in compliance with all financial covenants under the credit facility agreement. Financial performance relative to the financial ratio covenants under the extendable revolving credit facility is reflected in the table below:

Ratio	**June 30, 2012**	December 31, 2011	Threshold
Funded Debt[1] to EBITDA[2]	**0.23:1**	0.85:1	2.25:1 maximum
Fixed-Charge Coverage[3]	**3.76:1**	2.11:1	1.00:1 minimum

1 Funded debt is long-term debt less cash and cash equivalents.

2 Funded debt to EBITDA means the ratio of consolidated funded debt to the aggregated EBITDA for the trailing 12 months. EBITDA is defined as the Company's actual EBITDA for the trailing 12 months.

3 Fixed-charge coverage ratio means the ratio of the trailing 12-month EBITDA less unfinanced capital expenditures and cash taxes, plus the unused portion of the extendable revolving credit facility, to the sum of the aggregate of scheduled long-term debt principal payments, interest and dividends.

The Company has committed to certain capital expenditures totalling approximately $12.4 million. These will be financed with existing credit facilities and funds generated from operations. There are no set terms for remitting payment for these financial commitments.

SHARE CAPITAL

Shareholders' capital increased from $44.5 million at December 31, 2011 to $80.6 million at June 30, 2012 due to the June 2012 equity financing and certain employees exercising their options. Shares outstanding at June 30, 2012 were 12,326,631. There was no change to the balance as of August 10, 2012.

SELECTED QUARTERLY FINANCIAL INFORMATION

($)	**2012**		2011				2010	
	Q2	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	53,984,135	54,034,368	56,548,569	53,853,710	42,804,832	40,970,978	41,175,494	38,727,159
Net profit	6,144,629	6,115,052	8,704,497	8,152,566	4,564,267	4,381,826	5,668,694	6,371,129
Net profit per share – basic	0.56	0.57	0.80	0.75	0.42	0.41	0.52	0.59
Net profit per share – diluted	0.56	0.56	0.80	0.75	0.42	0.40	0.52	0.59

ACCOUNTING STANDARDS PENDING ADOPTION

New IFRS pronouncements have been issued but are not in effect as at June 30, 2012. The pronouncements may, however, have a future impact on the measurement and/or presentation of the Company's financial statements. The pronouncements are as follows:

i) IFRS 9, “Financial Instruments”, was issued in November 2009 as the first step in the project to replace International Accounting Standard (IAS) 39, “Financial Instruments: Recognition and Measurement”. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2015, with early adoption permitted. The International Accounting Standards Board (IASB) intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting. The Company is currently assessing the impact of this standard.

ii) IFRS 10, “Consolidated Financial Statements”, was issued in May 2011 and will supersede the consolidation requirements in Standing Interpretations Committee (SIC) 12, “Consolidation – Special Purpose Entities”, and IAS 27, “Consolidated and Separate Financial Statements” effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The Company has assessed this standard and determined that it will not have a material impact on the Company’s financial statements.

iii) IFRS 11, “Joint Arrangements” was issued in May 2011 and will supersede IAS 31, “Joint Ventures”, effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 11 provides for the accounting of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard also eliminates the option to account for jointly controlled entities using the proportionate consolidation method. The Company has assessed this standard and determined that it is not applicable to the Company.

iv) IFRS 12, “Disclosure of Interests in Other Entities”, was issued in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company has assessed this standard and determined it will result in additional disclosure relating to the Company’s subsidiaries.

v) IFRS 13, “Fair Value Measurement”, is effective prospectively for annual periods beginning on or after January 1, 2013. IFRS 13 replaces fair value measurement guidance contained in individual IFRSs, providing a single source of fair value measurement guidance. The standard provides a framework for measuring fair value and establishes new disclosure requirements to enable readers to assess the methods and inputs used to develop fair value measurements and for recurring valuations that are subject to measurement uncertainty and the effect of those measurements on the financial statements. The Company has assessed this standard and determined that it may result in additional disclosure.

CRITICAL ACCOUNTING ESTIMATES

There have been no material changes to critical accounting estimates since December 31, 2011.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Badger's President and CEO and the VP Finance and CFO have designed, or caused to be designed under their direct supervision, Badger's disclosure controls and procedures (as defined by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, adopted by the Canadian Securities Administrators) to provide reasonable assurance that (i) material information relating to Badger, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared; and (ii) material information required to be disclosed in the annual filings is recorded, processed, summarized and reported on a timely basis. Further, they have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of Badger's disclosure controls and procedures at December 31, 2011 and, as a result of identifying the material weakness outlined below, have concluded the disclosure controls and procedures are not effective.

Internal Control over Financial Reporting

Badger's President and CEO and the VP Finance and CFO have also designed, or caused to be designed under their direct supervision, Badger's internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Further, using the criteria established in Internal Control – Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission, they have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of Badger's internal control over financial reporting at December 31, 2011 and, as a result of identifying the material weakness outlined below, have concluded the internal controls over financial reporting are not effective.

Material Weakness

Badger has identified that it does not have sufficient accounting personnel with the appropriate tax expertise to allow for an effective review over the accuracy of its accounting for income taxes and the determination of the income tax provision. Management and the Board of Directors have determined that it is not economically feasible to maintain such personnel in-house or to engage an external tax consultant to perform an independent review. This material weakness could result in a misstatement in various tax-related accounts that could result in a material misstatement to Badger's annual consolidated financial statements and disclosure that would not be prevented or detected.

Changes in Internal Control over Financial Reporting

No changes were made to the design of Badger's internal control over financial reporting during the quarter ended June 30, 2012 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Inherent Limitations

Notwithstanding the foregoing, because of its inherent limitations a control system can provide only reasonable assurance that the objectives of the control system are met, and may not prevent or detect misstatements. Management's estimates may be incorrect, or assumptions about future events may be incorrect, resulting in varying results. In addition, management has attempted to minimize the likelihood of fraud. However, any control system can be circumvented through collusion and illegal acts.

BUSINESS RISKS

The MD&A for the year ended December 31, 2011, which was filed on SEDAR, includes an overview of business risks associated with the Company. Those business risks remain. The reader is also referred to Badger's 2011 Annual Information Form.

Badger 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. The Company's 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'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 on a revenue-sharing formula. In certain locations Badger has established corporate-run operations to market and deliver the service in the local area.

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

For more information regarding this press release, please contact:

Tor Wilson

President and CEO
1000, 635 – 8th Avenue SW
Calgary, Alberta T2P 3M3

Greg Kelly, CA

Vice President Finance and CFO
Telephone 403-264-8500
Fax 403-228-9773

Badger Daylighting Ltd.

Interim Condensed Consolidated Financial Statements (unaudited)

For the period ended June 30, 2012

REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim condensed consolidated financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Corporation have been prepared by Badger Daylighting Ltd. management.

The Corporation's independent auditor has not performed a review of the accompanying unaudited interim condensed consolidated financial statements in accordance with standards established by the CICA for a review of interim financial statements by an entity's auditor.

BADGER DAYLIGHTING LTD.
Unaudited Interim Consolidated Statement of Financial Position
(Expressed in Canadian Dollars)

As at	Notes	June 30, 2012 $	December 31, 2011 $
ASSETS			
Current Assets			
Cash and cash equivalents		31,810,817	2,622,191
Trade and other receivables		51,377,130	56,170,776
Prepaid expenses		378,849	1,183,571
Inventories		2,304,262	2,288,716
		85,871,058	62,265,254
Non-current Assets			
Property, plant and equipment		131,747,717	115,002,042
Intangible assets		6,550,511	6,599,513
		138,298,228	121,601,555
Total Assets		224,169,286	183,866,809
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables		14,589,130	13,290,835
Income taxes payable		1,352,157	5,186,568
Dividends payable		1,047,764	919,159
Provisions	4	3,432,000	3,126,560
		20,421,051	22,523,122
Non-current Liabilities			
Long-term debt	5	45,214,757	46,554,454
Deferred taxation		26,747,979	25,408,079
		71,962,736	71,962,533
Shareholders' Equity			
Shareholders' capital	6	80,640,111	44,473,107
Contributed surplus	6	2,060,607	2,657,923
Accumulated other comprehensive loss	6	(781,237)	(1,004,022)
Retained earnings		49,866,018	43,254,146
		131,785,499	89,381,154
Total Liabilities and Shareholders' Equity		224,169,286	183,866,809

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

BADGER DAYLIGHTING LTD.

Unaudited Interim Consolidated Statement of Comprehensive Income

(Expressed in Canadian Dollars)

	Notes	For the six months ended June 30, 2012 $	For the six months ended June 30, 2011 $	For the three months ended June 30, 2012 $	For the three months ended June 30, 2011 $
Revenues	8	108,018,503	83,775,810	53,984,135	42,804,832
Direct costs		74,683,914	57,104,364	37,112,609	28,956,370
Gross profit		33,334,589	26,671,446	16,871,526	13,848,462
Depreciation of property, plant and equipment		8,636,155	6,815,629	4,467,236	3,491,300
Amortization of intangible assets		49,002	98,000	-	49,000
Selling, general and administrative		6,363,505	5,418,626	3,156,850	2,720,984
Operating profit		18,285,927	14,339,191	9,247,440	7,587,178
Gain on sale of property, plant and equipment		(82,856)	(52,026)	(65,061)	(25,218)
Reimbursement to Clean Harbors, Inc.		-	1,062,039	-	1,062,039
Finance cost		695,633	643,524	362,385	345,925
Profit before tax		17,673,150	12,685,654	8,950,116	6,204,432
Income tax expense		5,413,469	3,739,561	2,805,487	1,640,165
Net profit for the period		12,259,681	8,946,093	6,144,629	4,564,267
Other comprehensive income (loss)					
Exchange differences on translation of foreign operations		222,785	(1,625,487)	1,444,147	(206,995)
Total comprehensive income for the period attributable to shareholders of the Corporation		12,482,466	7,320,606	7,588,776	4,357,272
Earnings per share					
Basic	9	1.12	0.83	0.56	0.42
Diluted	9	1.12	0.83	0.56	0.42

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

BADGER DAYLIGHTING LTD.
Unaudited Interim Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)

	Notes	Shareholders' capital $	Contributed surplus $	Accumulated other compre-hensive loss $	Retained earnings $	Total equity $
As at January 1, 2011		44,473,107	4,578,771	(2,112,889)	28,480,897	75,419,886
Net profit for the period		-	-	-	8,946,093	8,946,093
Other comprehensive income (loss) for the period		-	-	(1,625,487)	-	(1,625,487)
Share-based payment transactions		-	224,800	-	-	224,800
Options surrendered for cash		-	(2,191,648)	-	-	(2,191,648)
Dividends		-	-	-	(5,514,954)	(5,514,954)
As at June 30, 2011		44,473,107	2,611,923	(3,738,376)	31,912,036	75,258,690
As at January 1, 2012		44,473,107	2,657,923	(1,004,022)	43,254,146	89,381,154
Net profit for the period		-	-	-	12,259,681	12,259,681
Other comprehensive income (loss) for the period		-	-	222,785	-	222,785
Share-based payment transactions	6,7	-	58,000	-	-	58,000
Share options exercised	6	205,170	-	-	-	205,170
Options surrendered for cash	6,7	-	(655,316)	-	-	(655,316)
Shares issued pursuant to equity financing	6	35,961,834	-	-	-	35,961,834
Dividends		-	-	-	(5,647,809)	(5,647,809)
As at June 30, 2012		80,640,111	2,060,607	(781,237)	49,866,018	131,785,499

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

BADGER DAYLIGHTING LTD.
Unaudited Interim Consolidated Statement of Cash Flows
(Expressed in Canadian Dollars)

	Notes	For the six months ended June 30, 2012 $	June 30, 2011 $	For the three months ended June 30, 2012 $	June 30, 2011 $
Operating activities					
Net profit for the period		12,259,681	8,946,093	6,144,629	4,564,267
Non-cash adjustments to reconcile profit from operations to net cash flows:					
Depreciation of property, plant and equipment		8,636,155	6,815,629	4,467,236	3,491,300
Amortization of intangible assets		49,002	98,000	-	49,000
Deferred income taxes		1,823,000	1,591,300	1,098,000	986,400
Share-based payment transaction expense	6,7	58,000	224,800	20,000	107,000
Equity-settled share plan settled in cash	6,7	(655,316)	(2,191,648)	(655,316)	(2,191,648)
Gain on sale of property plant and equipment		(82,856)	(52,026)	(65,061)	(25,218)
Unrealized foreign exchange (gain) loss on deferred tax		(483,100)	(371,853)	(160,864)	3,350
		21,604,566	15,060,295	10,848,624	6,984,451
Net change in non-cash working capital relating to operating activities		3,406,378	(4,103,405)	4,702,192	(3,935,697)
Net cash flows from operating activities		25,010,944	10,956,890	15,550,816	3,048,754
Investing activities					
Purchase of property, plant and equipment		(25,225,344)	(11,674,982)	(12,712,105)	(6,566,883)
Purchase of intangible assets		-	(275,000)	-	-
Proceeds from sale of property, plant and equipment		94,923	72,699	74,319	39,145
Net cash flows used in investing activities		(25,130,421)	(11,877,283)	(12,637,786)	(6,527,738)
Financing activities					
Proceeds from issuance of shares, net of issuance costs	6	35,961,834	-	35,961,834	-
Proceeds received on the exercise of share options	6	205,170	-	41,070	-
Proceeds from long-term debt		-	4,318,957	-	3,422,432
Repayment of long-term debt		(1,339,697)	(3,258,554)	(8,394,233)	(3,177,614)
Dividends paid to owners		(5,519,204)	(5,731,226)	(2,760,028)	(2,757,477)
Net cash flows from (used in) financing activities		29,308,103	(4,670,823)	24,848,643	(2,512,659)
Net increase (decrease) in cash and cash equivalents		29,188,626	(5,591,216)	27,761,673	(5,991,643)
Cash and cash equivalents, beginning of period		2,622,191	11,890,341	4,049,144	12,290,768
Cash and cash equivalents, end of period		31,810,817	6,299,125	31,810,817	6,299,125
Supplemental cash flow information:					
Interest paid		695,633	643,524	362,385	345,925
Income tax paid (recovered)		7,174,222	(38,947)	892,570	(3,263)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1 Incorporation and Operations

Badger Daylighting Ltd. and its subsidiaries (together "Badger" or the "Corporation") provide non-destructive excavating services to the utility, transportation, industrial, engineering, construction and petroleum industries in Canada and the United States. Badger is a publicly traded corporation. The address of the registered office is 1000, 635 – 8^{th} Avenue SW, Calgary, Alberta T2P 3M3.

The consolidated financial statements of the Corporation for the period ended June 30, 2012 were authorised for issue in accordance with a resolution of the directors on August 10, 2012.

2 Basis of Preparation

Statement of compliance
These interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the same accounting policies the Corporation used in its consolidated financial statements as at and for the year ending December 31, 2011.

The interim condensed consolidated financial statements should be read in conjunction with the Corporation's annual consolidated financial statements for the year ended December 31, 2011, as well as the Corporation's interim consolidated financial statements for the period ended March 31, 2012.

Basis of measurement
These consolidated financial statements have been prepared under the historical cost convention.

Functional and presentation currency
These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

3 Recent accounting pronouncements

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation:

i) IFRS 9, 'Financial Instruments' was issued in November 2009 as the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2015, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting. The Corporation is currently assessing the impact of this standard.

ii) IFRS 10, 'Consolidated Financial Statements' was issued in May 2011 and will supersede the consolidation requirements in SIC-12 'Consolidation – Special Purpose Entities' and IAS 27 'Consolidated and Separate Financial Statements' effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The Corporation has assessed this standard and determined that the standard will not have a material impact on the Corporation's financial statements.

(Unaudited – Expressed in Canadian Dollars)

3 Recent accounting pronouncements (continued)

iii) IFRS 11, 'Joint Arrangements' was issued in May 2011 and will supersede existing IAS 31, 'Joint Ventures' effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 11 provides for the accounting of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard also eliminates the option to account for jointly controlled entities using the proportionate consolidation method. The Corporation has assessed this standard and determined that the standard is not applicable to the Corporation.

iv) IFRS 12, 'Disclosure of Interests in Other Entities' was issued in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Corporation has assessed this standard and determined that the standard will result in additional disclosure relating to the Corporation's subsidiaries.

v) IFRS 13 'Fair Value Measurement' which is effective prospectively for annual periods beginning on or after January 1, 2013. IFRS 13 replaces fair value measurement guidance contained in individual IFRSs, providing a single source of fair value measurement guidance. The standard provides a framework for measuring fair value and establishes new disclosure requirements to enable readers to assess the methods and inputs used to develop fair value measurements and for recurring valuations that are subject to measurement uncertainty and the effect of those measurements on the financial statements. The Corporation has assessed this standard and determined that the standard may result in additional disclosure.

4 Provisions

	Bonus	Performance Trust Share Plan	Deferred Unit Plan	Legal	Total
	$	$	$	$	$
As at January 1, 2011	677,850	773,000	-	800,000	2,250,850
Arising during the year	2,035,830	214,865	1,603,000	-	3,853,695
Utilised	(1,190,120)	(987,865)	-	(800,000)	(2,977,985)
As at December 31, 2011	1,523,560	-	1,603,000	-	3,126,560
Arising during the period	1,130,094	-	1,026,000	-	2,156,094
Utilised	(1,758,654)	-	(92,000)	-	(1,850,654)
As at June 30, 2012	895,000	-	2,537,000	-	3,432,000

Upon the implementation of the Deferred Unit Plan, on November 10, 2011 the Performance Trust Share Plan was terminated (note 7).

5 Long-term debt

	June 30, 2012	December 31, 2011
	$	$
Extendable revolving credit facility	45,214,757	46,554,454

The Corporation has established a $55,000,000 extendable revolving credit facility. The purpose of the credit facility is to finance the Corporation's capital expenditure program and for general corporate purposes. The credit facility bears interest, at the Corporation's option, at either the bank's prime rate [December 31, 2011 – 3.00%] or bankers' acceptance rate plus 1.25% [December 31, 2011 – 2.41%]. An additional stand-by fee calculated at an annual rate of 0.275% per annum is also required on the unused portion of the credit facility. This fee is expensed as incurred.

(Unaudited – Expressed in Canadian Dollars)

5 Long-term debt (continued)

The credit facility has no required principal repayment. The credit facility expires on June 23, 2013 and is renewable at the Corporation's option for an additional 364 day period, after which the entire amount must be repaid. If not renewed, interest is payable on the facility for 364 days after which the entire amount is to be repaid.

The extendable revolving credit facility is collateralized by a general security interest over the Corporation's assets, property and undertaking, present and future.

Under the terms of the credit facilities, the Corporation must comply with certain financial and non-financial covenants, as defined by the bank. Throughout 2012, and as at June 30, 2012, the Corporation was in compliance with all of these covenants.

As at June 30, 2012, the Corporation has issued letters of credit in the amount of approximately $240,000. The outstanding letters of credit reduce the amount available under the extendable revolving credit facility.

At June 30, 2012, the Corporation had available $9,545,243 (December 31, 2011 - $13,445,546) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

6 Shareholders' capital and reserves

A) Authorized shares

An unlimited number of voting common shares are authorized without nominal or par value.

B) Issued and outstanding

	Number of Shares	Amount $
At January 1, 2011 and December 31, 2011	10,813,631	44,473,107
Shares issued pursuant to equity financing, net of issuance costs	1,500,000	35,961,834
Shares issued pursuant to the share option plan	13,000	205,170
At June 30, 2012	12,326,631	80,640,111

On June 19, 2012, the Corporation completed an equity financing through the issuance of 1,500,000 common shares at a price of $25.00 per common share for gross proceeds of $37,500,000. The Corporation incurred share issue costs of $1,538,166 (net of income taxes of $526,500), in connection with the equity financing, including a commission fee paid to the underwriters of $1,687,500 and professional and miscellaneous fees of $377,166.

C) Accumulated other comprehensive loss

The accumulated other comprehensive loss is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(Unaudited – Expressed in Canadian Dollars)

6 Shareholders' capital and reserves (continued)

D) Contributed surplus

The contributed surplus reserve is used to recognise the fair value of share options granted to employees, including key management personnel, as part of their remuneration. When options are subsequently exercised, the fair value of such options in contributed surplus is credited to share capital. Refer to Note 7 for further details of these plans.

	June 30, 2012 $	December 31, 2011 $
Opening balance	2,657,923	4,578,771
Share-based payment transactions	58,000	270,800
Equity-settled share plan settled in cash	(655,316)	(2,191,648)
Closing balance	2,060,607	2,657,923

7 Share-based payment plans

Share plan (equity-settled)

Under the Share Plan, directors, officers, employees and consultants of the Corporation are eligible to receive share options to acquire ordinary shares of the Corporation, with terms not to exceed 10 years from the date of the grant. The exercise price shall not be less than the closing price of the shares traded on the Toronto Stock Exchange on the first date preceding the date of the grant. Under the Share Plan, vesting periods are determined by the directors of the Corporation at the time of the grant. All share options granted through to June 30, 2012 vest equally over a period of three years from the date of grant. The maximum number of shares to be issued under this plan may not exceed 250,000 shares (previously 850,000 shares).

A summary of the share-based payment transactions for the period ended June 30, 2012 and the year ended December 31, 2011 are as follows:

	June 30, 2012		December 31, 2011	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding at beginning of period	187,750	19.00	768,280	16.96
Share options exercised	(13,000)	15.78	-	-
Options surrendered for cash	(52,375)	13.69	(568,530)	16.27
Forfeited	(6,000)	22.45	(12,000)	18.07
Outstanding at end of period	116,375	21.59	187,750	19.00

Pursuant to the share plan during the second quarter of 2012, the Corporation had 52,375 vested share options surrendered by employees in return for a cash settlement of $655,316.

For the period ended June 30, 2012 the Corporation recorded compensation expense, included as part of selling, general and administrative expense, of $58,000 (2011 - $224,800) with an offsetting increase to contributed surplus in respect of the share options granted and outstanding as of June 30, 2012.

(Unaudited – Expressed in Canadian Dollars)

7 Share-based payment plans (continued)

Performance Trust Share Plan (the "PTU" Plan)

The Corporation established the PTU Plan to reward officers and employees. The number of shares earned is dependent upon the achievement of certain financial targets over a three-year period. The PTUs are earned over the same three-year period and vest on the third anniversary of the grant, at which time the holder is entitled to cash equal to the aggregate current market value of the number of shares subject to the PTUs. Dividends per PTU are added to the entitlement after the PTUs are earned. Compensation expense is based on the estimated fair value of the award determined at the end of each quarter and recognized on a straight-line basis throughout the term of the vesting period, with a corresponding increase to provisions. On May 13, 2008, May 15, 2009 and May 11, 2010, the Corporation granted awards pursuant to the plan. Upon implementation of the Deferred Unit Plan the PTU Plan was terminated. PTU's which had been earned were transferred to deferred units.

Deferred Unit Plan (cash-settled)

In May 2011, the Corporation established the Deferred Unit Plan ("DUP"), which was approved by the shareholders at the September 22, 2011 Annual General Meeting. The DUP was established to reward officers and employees. Directors may also participate in the plan whereby they will be paid 60% to 100% of the annual retainer in the form of deferred units. Pursuant to the terms of the DUP, participants are granted deferred units with a value equivalent to the value of a Badger share. The deferred units granted earn additional deferred units for the dividends that would otherwise have been paid on the deferred units as if they instead had been issued as Badger shares on the date of the grant. The deferred units granted vest equally over a period of three years from the date of the grant. Upon vesting, the participant may elect to redeem the deferred units for an equal number of Badger shares or the cash equivalent. The DUP has been accounted for as a cash-settled plan.

The compensation expense is based on the estimated fair value of the deferred units outstanding at the end of each quarter and recognised using graded vesting throughout the term of the vesting period, with a corresponding increase to provisions. The Corporation has recorded a compensation expense of $934,000 for the period ended June 30, 2012 (December 31, 2011 - $1,034,865), which is included in selling, general and administrative expenses.

Changes in the number of deferred units under the Badger DUP were as follows:

	Units
At January 1, 2011	-
Granted	49,313
Transferred from PTU Plan	79,688
Dividends earned	2,177
At December 31, 2011	**131,178**
Granted	48,170
Dividends earned	2,280
Redeemed	(3,603)
Forfeited	(12,287)
At June 30, 2012	**165,738**
Exercisable at June 30, 2012	**47,103**

(Unaudited – Expressed in Canadian Dollars)

8 Revenues

	For the six months ended		For the three months ended	
	June 30, 2012	**June 30, 2011**	**June 30, 2012**	**June 30, 2011**
	$	**$**	**$**	**$**
Rendering of services	107,112,311	83,130,256	53,152,642	42,283,031
Truck placement fees	906,192	645,554	831,493	521,801
	108,018,503	**83,775,810**	**53,984,135**	**42,804,832**

9 Earnings per share

Basic earnings per share ("EPS")

Basic EPS is calculated by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period. The denominator (number of units) is calculated by adjusting the shares in issue at the beginning of the period by the number of shares bought back or issued during the period, multiplied by a time-weighting factor.

The calculation of basic earnings per share for the six months ended June 30, 2012, was based on the profit available to common shareholders of $12,259,681 (2011 - $8,946,093), and a weighted average number of common shares outstanding of 10,913,005 (2011 – 10,813,631).

The calculation of basic earnings per share for the three months ended June 30, 2012, was based on the profit available to common shareholders of $6,144,629 (2011 - $4,564,267), and a weighted average number of common shares outstanding of 11,005,675 (2011 – 10,813,631).

The weighted average number of common shares is calculated as follows:

	For the six months ended		For the three months ended	
	June 30, 2012	**June 30, 2011**	**June 30, 2012**	**June 30, 2011**
Issued common shares outstanding, beginning of period	10,813,631	10,813,631	10,823,631	10,813,631
Effect of equity financing	90,659	-	181,319	-
Effect of share options exercised	8,715	-	725	-
Weighted average number of common shares, end of period	10,913,005	10,813,631	11,005,675	10,813,631

Diluted EPS

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential shares. The effects of anti-dilutive potential shares are ignored in calculating diluted EPS. All options are considered anti-dilutive when the Corporation is in a loss position.

The calculation of diluted earnings per share for the six months ended June 30, 2012, was based on a weighted average number of common shares outstanding after adjustment for the effects of all dilutive potential common shares of 10,927,198 (2011 – 10,837,392).

The calculation of diluted earnings per share for the three months ended June 30, 2012, was based on a weighted average number of common shares outstanding after adjustment for the effects of all dilutive potential common shares of 11,021,738 (2011 – 10,836,289).

(Unaudited – Expressed in Canadian Dollars)

9 Earnings per share (continued)

The weighted average number of dilutive potential common shares is calculated as follows:

	For the six months ended		For the three months ended	
	June 30, 2012	**June 30, 2011**	**June 30, 2012**	**June 30, 2011**
Weighted average number of common shares (basic)	10,913,005	10,813,631	11,005,675	10,813,631
Effect of share options	14,193	23,761	16,063	22,658
Weighted average number of common shares (diluted)	10,927,198	10,837,392	11,021,738	10,836,289

For the six and three months ended June 30, 2012, there were no options (2011 – 110,375) excluded from the diluted weighted average number of common shares calculation. The average market value of the Corporation's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

10 Segment reporting

The Corporation operates in two geographic/reportable segments providing non-destructive excavating services to each of these segments. The following is selected information for the periods ended June 30, 2012 and 2011 based on these geographic segments.

Each segment is responsible for its operating results.

For six months ended:	June 30, 2012			June 30, 2011		
	Canada ($)	**U.S. ($)**	**Total ($)**	**Canada ($)**	**U.S. ($)**	**Total ($)**
Revenues	58,673,672	49,344,831	108,018,503	51,078,364	32,697,446	83,775,810
Direct costs	37,103,081	37,580,833	74,683,914	31,629,485	25,474,879	57,104,364
Depreciation of property, plant and equipment	4,319,949	4,316,206	8,636,155	4,031,717	2,783,912	6,815,629
Amortization of intangible assets	49,002	-	49,002	98,000	-	98,000
Selling, general and administrative	5,061,816	1,301,689	6,363,505	4,467,602	951,024	5,418,626
Profit before tax	11,542,524	6,130,626	17,673,150	10,348,449	2,337,205	12,685,654

For three months ended:	June 30, 2012			June 30, 2011		
	Canada ($)	**U.S. ($)**	**Total ($)**	**Canada ($)**	**U.S. ($)**	**Total ($)**
Revenues	27,730,812	26,253,323	53,984,135	24,874,248	17,930,584	42,804,832
Direct costs	17,479,846	19,632,763	37,112,609	14,834,671	14,121,699	28,956,370
Depreciation of property, plant and equipment	2,209,944	2,257,292	4,467,236	2,037,478	1,453,822	3,491,300
Amortization of intangible assets	-	-	-	49,000	-	49,000
Selling, general and administrative	2,453,504	703,346	3,156,850	2,238,916	482,068	2,720,984
Profit before tax	5,293,685	3,656,431	8,950,116	5,478,877	725,555	6,204,432

(Unaudited – Expressed in Canadian Dollars)

10 Segment reporting (continued)

Selected Consolidated Statement of Financial Position Information

	Canada ($)	U.S. ($)	Total ($)
As at June 30, 2012			
Property, plant and equipment	65,209,896	66,537,821	131,747,717
Intangible assets	6,550,511	-	6,550,511
Total assets	132,036,626	92,132,660	224,169,286
As at December 31, 2011			
Property, plant and equipment	57,651,769	57,350,273	115,002,042
Intangible assets	6,599,513	-	6,599,513
Total assets	100,078,941	83,787,868	183,866,809

Selected Consolidated Statement of Cash Flows Information

For six months ended:	**June 30, 2012**			**June 30, 2011**		
	Canada ($)	**U.S. ($)**	**Total ($)**	**Canada ($)**	**U.S. ($)**	**Total ($)**
Additions to non-current assets:						
Property, plant and equipment	12,561,723	12,663,621	25,225,344	2,761,150	8,913,832	11,674,982
Intangible assets	-	-	-	275,000	-	275,000

For three months ended:	**June 30, 2012**			**June 30, 2011**		
	Canada ($)	**U.S. ($)**	**Total ($)**	**Canada ($)**	**U.S. ($)**	**Total ($)**
Additions to non-current assets:						
Property, plant and equipment	6,158,469	6,553,636	12,712,105	1,452,209	5,114,674	6,566,883
Intangible assets	-	-		-	-	-

11 Subsequent events

During April, 2012 the Corporation executed a non-binding letter of intent whereby it will acquire service rights and operating assets from certain of its agents for cash consideration of $2,635,000. The date the transaction will be completed is not known at this time.