QUARTER 2

An Established Record

BADGER INCOME FUND

For the Three and Six Months Ended June 30, 2006

Badger Income Fund Announces Second Quarter Results and Addition of Vice President of Operations to Corporate Management Team

Badger Income Fund (the "Fund" or "Badger") is pleased to announce its second quarter results and the addition of Derek Dillon to Vice President of Operations. With the past and planned future growth of Badger it has been apparent additional resources at the corporate level were required. Mr. Dillon will work out of Calgary and be responsible for all of Badger's regional operations.

Highlights

($ thousands, except per unit and total units outstanding information)	Three Months Ended June 30 2006	Three Months Ended June 30 2005	Six Months Ended June 30 2006	Six Months Ended June 30 2005
Revenue	**21,696**	18,923	**47,425**	39,767
EBITDA [1]	**6,054**	5,557	**14,085**	11,764
Earnings before income taxes	**3,790**	3,694	**9,706**	8,084
Taxes				
Current	**126**	4	**310**	10
Future	**823**	60	**1,534**	309
Net earnings	**2,841**	3,630	**7,862**	7,765
Net earnings per unit – diluted	**0.26**	0.34	**0.73**	0.73
Funds generated from operations [2]	**5,911**	5,514	**13,690**	11,623
Funds generated from operations per unit – diluted	**0.55**	0.52	**1.27**	1.09
Maintenance capital expenditures [3]	**1,263**	–	**1,898**	326
Long-term debt repayments	**27**	308	**54**	851
Cash available for growth and distribution [4]	**5,048**	5,261	**12,267**	10,500
Cash distributions declared	**3,312**	2,548	**6,470**	4,935
Growth capital expenditures [3]	**2,908**	2,567	**7,783**	5,479
Total units outstanding	**10,752,730**	10,662,848	**10,752,730**	10,662,848

Excluding net earnings per unit, funds generated from operations per unit and total units outstanding, the following measures do not have any standardized meaning prescribed by generally accepted accounting principles (GAAP) and may not be comparable to similar measures presented by other companies or trusts:

(1) Earnings before interest, taxes, depreciation and amortization (EBITDA) is provided to assist investors in determining the ability of the Fund to generate cash from operations and is calculated from the Consolidated Statements of Earnings and Accumulated Earnings as gross margin, less selling, general and administrative costs.

(2) Funds generated from operations is calculated from the Consolidated Statements of Cash Flows as net earnings, adjusted for non-cash items charged to the Consolidated Statements of Earnings and Accumulated Earnings.

(3) Maintenance capital expenditures is defined as the amount incurred during the period to keep the daylighting fleet at the same number of units, plus any other capital expenditures required to maintain the existing business. It also includes any costs incurred to enhance the operational life of a daylighting unit. This amount will fluctuate from period-to-period depending on the number of units retired from the fleet. During the three-month period ended June 30, 2006 Badger added 14 units to the fleet and removed four units from service. As a result, 10 of the units added during the three months ended June 30, 2006 represent growth capital expenditures, while four of the units represent maintenance capital expenditures. During the six months ended June 30, 2006 Badger added 29 units to the fleet, of which six have been reflected as maintenance capital expenditures. The economic life of a Badger hydrovac is approximately 10 years. The average age of the fleet is approximately four and a half years.

(4) Cash available for growth and distribution represents funds generated from operations per the Consolidated Statements of Cash Flows, less required debt repayments and maintenance capital expenditures, plus any proceeds received on the disposal of assets.

Operational Summary

1. Western Canada operations experienced an extended spring break-up in certain areas of the region. This had an adverse affect on results during the quarter. Overall demand for hydrovac services in the region remains strong.

2. In Eastern Canada revenue met expectations, increasing late in the quarter as activity accelerated with the start of the annual construction season.

3. Badger's United States operations generated increased revenue in the quarter. The majority of the increased revenue was generated in new geographic areas for Badger which compensated for less major, high margin project work in the quarter compared to the second quarter of 2005. The majority of the new units added to the fleet during the second quarter were delivered to the United States.

4. Revenue per truck per month was $27,100 for the three months ended June 30, 2006 compared to $25,800 for the three months ended June 30, 2005. Badger budgets an overall fleet average of $25,000 per truck per month.

5. Badger had 264 units at the end of the second quarter of 2006. This reflects the addition of 14 new units, less four units retired from the fleet during the second quarter. Badger added 29 units to the fleet to date in 2006 and retired six units. At December 31, 2005 the Fund had 241 units.

Interim Management's Discussion and Analysis

This Management's Discussion and Analysis should be read in conjunction with the attached unaudited interim consolidated financial statements of Badger Income Fund (the "Fund" or "Badger"). Readers should also refer to the audited consolidated financial statements and Management's Discussion and Analysis included in Badger Income Fund's 2005 Annual Report. Additional information is also available on the Fund's website (www.badgerinc.com) and all previous public filings, including the most recently filed Annual Information Form, are available through SEDAR (www.sedar.com).

Revenue and expense variance analysis in the Management's Discussion and Analysis focuses primarily on the year-over-year changes during the second quarter. However, unless otherwise indicated, year-over-year variances for the six months ended June 30, 2006 and 2005 are explained by the same general factors, which contributed to the second quarter variance.

This Management's Discussion and Analysis has been prepared taking into consideration information available to August 9, 2006.

DISCLAIMER

This quarterly report 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, supply-demand fluctuations for oil and natural gas and 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 Fund believes that the expectations reflected in these forward-looking statements are reasonable; however, no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in the quarterly report should not be relied upon. In addition, these forward-looking statements relate to the date on which they are made. Badger disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

RESULTS OF OPERATIONS

Revenues

Revenues of $21.7 million for the three months ended June 30, 2006 were 15 percent higher than the $18.9 million in revenues generated during the comparable period of 2005. This increase is attributable to the following:

(1) Improved territorial coverage and customer development in Eastern Canada resulted in higher revenues for this region.

(2) In the United States revenues increased to $6.6 million from $4.5 million. This 47 percent increase is due to Badger's continued focus in certain geographical areas and market segments, which has resulted in an increased customer base and demand for hydrovac services.

Badger's average revenue per truck per month during the three months ended June 30, 2006 was $27,100 versus $25,800 per month for the three months ended June 30, 2005. This brings the year-to-date average revenue per truck per month to $29,500 for the six months ended June 30, 2006 versus $27,900 for the six months ended June 30, 2005.

Included in revenues is approximately $400,000 of truck placement and franchise fees for the three months ended June 30, 2006 versus $610,000 for the three months ended June 30, 2005.

Direct Costs

Direct costs for the quarter ended June 30, 2006 were $13.5 million compared to $11.8 million for the quarter ended June 30, 2005. This is consistent with the increase in revenues.

Gross Margin

Gross margin was 37.9 percent for the quarter ended June 30, 2006, which is consistent with the 37.9 percent for the quarter ended June 30, 2005.

Amortization

Amortization of property, plant and equipment was $2.1 million for the three months ended June 30, 2006, or $0.3 million higher than the $1.8 million for the three months ended June 30, 2005. The increase reflects a larger number of hydrovac units in the fleet.

Interest Expense

Interest expense was $102,000 for the quarter ended June 30, 2006 versus $38,000 for the quarter ended June 30, 2005. The higher interest expense is attributable to maintaining a higher balance in the operating line.

Selling, General and Administrative

Selling, general and administrative costs were $2.2 million for the quarter ended June 30, 2006 compared to $1.6 million for the quarter ended June 30, 2005. The increase is due to hiring additional personnel to support the growth of Badger's business plus compensation increases required to retain quality personnel in a competitive labour environment.

Income Taxes

The effective tax rate for the quarter ended June 30, 2006 was 25 percent versus 2 percent for the quarter ended June 30, 2005. The main reason for the increase was not recognizing the accounting benefit of using certain United States tax losses during the second quarter of 2006, although these losses were used to reduce cash taxes which would have been payable in the United States.

The minimal effective tax rate overall is due to the trust structure, which results in tax-deductible distributions being made to unitholders.

LIQUIDITY

Funds generated from operations for the quarter ended June 30, 2006 increased to $5.9 million from $5.5 million for the comparable period in 2005 due to stronger Eastern Canada and United States activity levels.

The Fund had working capital of $6.9 million at June 30, 2006 compared to $8.2 million at December 31, 2005.

Strong levels of cash flow from operations allowed Badger to build new daylighting units and make distributions, while maintaining a healthy working capital position. During the quarter Badger increased its bank operating line to $12.0 million from $8.0 million which will allow the Fund to finance growth and the increase in its operations.

The following table outlines the cash available to fund growth and pay distributions to unitholders for the three and six months ended June 30, 2006:

	Three Months Ended June 30, 2006	Six Months Ended June 30, 2006
	$	$
Funds generated from operations	**5,910,736**	13,690,060
Add: proceeds on disposal of property, plant and equipment	**427,764**	529,612
Less: required repayments of long-term debt	**(27,193)**	(54,317)
Less: maintenance capital expenditures (*)	**(1,262,992)**	(1,897,992)
Cash available for growth capital expenditures and distributions	**5,048,315**	12,267,363
Growth capital expenditures (*)	**2,908,205**	7,783,270
Distributions declared	**3,311,523**	6,469,781

(*) Total maintenance and growth capital expenditures for the three and six months ended June 30, 2006 were $4,171,197 and $9,681,262 respectively.

Currently the Fund has a $12.0 million operating line to fund working capital requirements, of which $3.7 million was used at June 30, 2006.

CAPITAL RESOURCES

The Fund spent $4.2 million on property, plant and equipment for the three months ended June 30, 2006 compared to $2.6 million for the three months ended June 30, 2005. The increase in capital expenditures is the result of increasing the number of hydrovac units built and deployed.

Management believes that the Fund's healthy balance sheet and unutilized borrowing capacity, combined with funds generated from operations, will provide sufficient capital to fund ongoing operations and distributions to unitholders. If growth capital expenditures continue at the same level, the Fund may seek debt or equity to help finance the growth.

Number of Daylighting Units

During the three month-period ended June 30, 2006 Badger added three units to the Canadian fleet and removed three from service, bringing the total to 191 units operating in Canada as at June 30, 2006. In the United States, Badger added 11 units and removed one from service bringing the total number of units in the United States to 73 at June 30, 2006.

Contractual Obligations and Committed Capital Investment

The Fund intends to meet its contractual obligations through funds generated by operating activities. The Fund's contractual obligations for the next five years, relating to repayment of long-term debt, are as follows:

July 1, 2006 to December 31, 2006	$ 54,384
2007	108,768
2008	108,768
2009	108,768
2010	108,768
Thereafter	571,070
Total	$ 1,060,526

In addition to the contractual obligations above, as at June 30, 2006 the Fund had committed to certain capital expenditures totaling approximately $7.5 million. These capital expenditures will be financed with existing credit facilities and funds generated from operations, as well as alternative sources of financing as required.

UNITHOLDERS' CAPITAL

Unitholders' capital increased due to the issue of 3,250 units to the non-management trustees as partial payment for 2006 trustee fees.

BUSINESS RISKS

The Management's Discussion and Analysis for the year ended December 31, 2005, which is included in the Fund's 2005 Annual Report, includes an overview of business risks associated with the Fund. Those business risks remain in effect.

Badger orders and schedules a regular supply of chassis and other equipment to ensure it can meet its hydrovac building commitment. Badger's growth would be adversely affected if major suppliers were unable to deliver the equipment on time.

Badger's operating results have been, and are expected to continue to be, subject to quarterly and other fluctuations due to variety of factors including changes in weather conditions and seasonality. As a result of these fluctuations the activity levels of the Fund are traditionally higher in the first and third quarters of the year and lower in the second and fourth quarters.

As with the previous fiscal period Badger has decided to continue with self-insuring against any physical damage it incurs to the Canadian hydrovac units due to the high cost of insurance premiums. This decision will be re-evaluated in 2007 as part of the insurance renewal process.

Selected Quarterly Financial Information

	Quarter Ended							
	2006		2005				2004	
	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30
Revenue ($)	21,696,318	25,728,890	23,093,735	20,471,322	18,923,312	20,843,310	20,488,378	20,133,108
Net earnings ($)	2,841,459	5,020,254	3,468,113	3,547,545	3,629,935	4,135,401	3,853,755	4,193,112
Net earnings per unit – basic ($)	0.26	0.47	0.32	0.33	0.34	0.39	0.36	0.39
Net earnings per unit – diluted ($)	0.26	0.47	0.32	0.33	0.34	0.39	0.36	0.39

Changes in Accounting Policy

UNIT-BASED COMPENSATION

Effective January 30, 2006 the Trustees of the Fund approved the implementation of an employee unit option plan, which was approved at the Fund's annual general meeting held on April 27, 2006. Trustees, directors, officers, employees and consultants of the Fund are eligible to receive fund unit options to acquire fund units, with terms not to exceed 10 years from the date of grant. Under the unit option plan, vesting periods are determined by the Trustees of the Fund at the time of the grant. The maximum number of fund units to be issued under this plan may not exceed 850,000. On May 17, 2006 the Fund granted 310,000 unit options at $17.50 each, which vest equally over a period of three years from the date of grant. The Fund recorded compensation expense of $27,000 with an offsetting increase to contributed surplus.

CICA Handbook Section 3870 requires the expensing of options granted using a fair value approach. The fair value of options granted is determined on their grant date using an accepted option-pricing model. This fair value amount is recognized as compensation expense over the period the unit options vest, with a corresponding increase to contributed surplus in unitholders' equity. Consideration paid by the unit option-holder upon the exercise of the options, together with amount previously recognized in contributed surplus, is recorded as an increase in unitholders' capital.

Outlook

With the end of spring break-up in Western Canada, utilization has improved as expected and management expects good results from this region for the rest of 2006.

Eastern Canada is experiencing good utilization and revenue for the third quarter due to the dry summer weather conditions. General activity in the region appears to be robust – obviously positive for Badger.

Activity in Eastern United States is about average with fewer major projects than normal, which will have a slight negative impact on results in this region.

We have expanded coverage in the Western United States region by adding units and establishing operating centres. This will help to add revenue in the United States for the remainder of 2006.

Overall, in all regions, it has been more difficult to find qualified individuals to operate our units. We do not expect this to have a major impact on results, but wish to note this change in operating environment.

Badger continues to build approximately four daylighting units per month.

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 financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Fund have been prepared by Badger Income Fund's management.

The Fund's independent auditor has not performed a review of the accompanying unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Consolidated Balance Sheets

(unaudited)

	June 30, 2006	December 31, 2005
ASSETS	**$**	$
Current		
Cash	**1,379,103**	1,190,398
Accounts receivable	**18,553,604**	19,552,905
Inventories	**1,775,266**	1,180,291
Prepaid expenses	**193,134**	504,365
	21,901,107	22,427,959
Property, plant and equipment	**55,732,868**	50,790,795
Future income taxes	**–**	1,332,581
	77,633,975	74,551,335
LIABILITIES AND UNITHOLDERS' EQUITY		
Current		
Bank indebtedness	**3,719,005**	3,497,348
Accounts payable and accrued liabilities	**9,721,909**	9,457,926
Income taxes payable	**305,957**	86,505
Distributions payable	**1,129,037**	1,052,404
Current portion of long-term debt	**108,768**	108,768
	14,984,676	14,202,951
Long-term debt	**951,758**	1,006,075
Future income taxes	**9,121,511**	8,418,801
	25,057,945	23,627,827
Unitholders' equity		
Unitholders' capital [note 2]	**43,488,196**	43,254,606
Contributed surplus [note 3]	**853,000**	826,000
Accumulated distributions	**(25,991,959)**	(19,522,178)
Accumulated earnings	**34,226,793**	26,365,080
	52,576,030	50,923,508
	77,633,975	74,551,335

See accompanying notes

▶Consolidated Statements of Earnings and Accumulated Earnings

(unaudited)

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
	$	$	**$**	$
Revenue	**21,696,318**	18,923,312	**47,425,208**	39,766,622
Direct costs	**13,476,202**	11,758,378	**29,409,310**	24,895,020
Gross margin	**8,220,116**	7,164,934	**18,015,898**	14,871,602
Expenses				
Amortization	**2,135,229**	1,828,240	**4,138,875**	3,552,097
Loss (gain) on sale of property, plant and equipment	**26,378**	(3,263)	**70,702**	(3,263)
Interest				
Long-term	**17,486**	22,159	**33,645**	49,935
Current	**84,327**	15,940	**135,736**	81,469
Selling, general and administrative	**2,166,592**	1,608,231	**3,930,763**	3,107,534
	4,430,012	3,471,307	**8,309,721**	6,787,772
Earnings before income taxes	**3,790,104**	3,693,627	**9,706,177**	8,083,830
Income taxes				
Current	**125,565**	4,182	**310,284**	9,663
Future	**823,080**	59,510	**1,534,180**	308,831
	948,645	63,692	**1,844,464**	318,494
Net earnings for the period	**2,841,459**	3,629,935	**7,861,713**	7,765,336
Accumulated earnings, beginning of period	**31,385,334**	15,719,487	**26,365,080**	11,584,086
Accumulated earnings, end of period	**34,226,793**	19,349,422	**34,226,793**	19,349,422
Net earnings per unit [note 4]				
Basic	**0.26**	0.34	**0.73**	0.73
Diluted	**0.26**	0.34	**0.73**	0.73

See accompanying notes

Consolidated Statements of Cash Flows

(unaudited)

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
	$	$	**$**	$
OPERATING ACTIVITIES				
Net earnings for the period	**2,841,459**	3,629,935	**7,861,713**	7,765,336
Non-cash items:				
Amortization	**2,135,229**	1,828,240	**4,138,875**	3,552,097
Future income taxes	**823,080**	59,510	**1,534,180**	308,831
Unit-based compensation	**84,590**	–	**84,590**	–
Loss (gain) on sale of property, plant and equipment	**26,378**	(3,263)	**70,702**	(3,263)
Funds generated from operations	**5,910,736**	5,514,422	**13,690,060**	11,623,001
Net change in non-cash working capital	**1,693,304**	932,333	**1,876,103**	1,403,642
	7,604,040	6,446,755	**15,566,163**	13,026,643
FINANCING ACTIVITIES				
Proceeds from shares/units issued	**–**	–	**–**	–
Repayment of long-term debt	**(27,193)**	(307,726)	**(54,317)**	(851,178)
Distributions to unitholders	**(3,235,935)**	(2,505,769)	**(6,393,148)**	(6,557,667)
Increase (decrease) in bank indebtedness	**91,721**	(1,415,293)	**221,657**	18,711
	(3,171,407)	(4,228,788)	**(6,225,808)**	(7,390,134)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(4,171,197)**	(2,567,131)	**(9,681,262)**	(5,804,561)
Proceeds on disposal of property, plant and equipment	**427,764**	54,231	**529,612**	54,231
	(3,743,433)	(2,512,900)	**(9,151,650)**	(5,750,330)
Increase (decrease) in cash during the period	**689,200**	(294,933)	**188,705**	(113,821)
Cash, beginning of period	**689,903**	710,129	**1,190,398**	529,017
Cash, end of period	**1,379,103**	415,196	**1,379,103**	415,196

See accompanying notes

►Notes to the Consolidated Financial Statements

(unaudited)

►1. Significant Accounting Policies

a) Basis of presentation

The unaudited interim consolidated financial statements include the accounts of the Fund and its wholly-owned subsidiaries and have been prepared by management in accordance with Canadian generally accepted accounting principles. These unaudited interim consolidated financial statements have been prepared following the same accounting policies and methods of application as the audited consolidated financial statements of the Fund for the fiscal year ended December 31, 2005, except as noted below. The disclosures provided below are incremental to those included in the Fund's annual audited consolidated financial statements. The unaudited interim consolidated financial statements and the related notes should be read in conjunction with the audited consolidated financial statements and the related notes in the Fund's Annual Report for the year ended December 31, 2005.

Accounting measurements at interim dates inherently involve greater reliance on estimates than at year-end and the results of operations for the interim periods shown in these statements are not necessarily indicative of results to be expected for the fiscal year. In the opinion of management, the accompanying unaudited interim consolidated financial statements include all adjustments (of a normal recurring nature) necessary to present fairly the consolidated results of its operations and cash flows for the six and three months ended June 30, 2006 and 2005.

b) Unit-based compensation

The Fund has established a fund unit option plan for trustees, directors, officers, employees and consultants who otherwise meet the definition of an employee of the Fund. The Fund recognizes unit-based compensation expense in the Consolidated Statements of Earnings and Accumulated Earnings for all fund unit options ("options") granted based on their fair value at the time of the grant. The fair value is determined using an accepted option-pricing model, with total compensation expense recognized over the period the options vest. Compensation expense is offset with a corresponding increase to contributed surplus in unitholders' equity. Consideration paid by the option-holder upon the exercise of the options, together with the amount previously recognized in contributed surplus, is recorded as an increase in unitholders' capital.

2. Unitholders' Capital

	Units	Amount ($)
December 31, 2005	10,738,820	43,254,606
Units issued pursuant to the long-term incentive plan	10,660	176,000
Units issued to non-management trustees	3,250	57,590
Units issued at June 30, 2006	10,752,730	43,488,196

The Fund declared distributions of $0.098 per unit for each of the months of January, February, March and April and $0.105 per unit for the months of May and June for a total of $6,469,781.

3. Unit-Based Compensation

In April 2006, the unitholders of the Fund approved the implementation of an employee unit option plan. Under the unit option plan, trustees, directors, officers, employees and consultants of the Fund are eligible to receive fund unit options to acquire fund units, 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 units traded on the Toronto Stock Exchange on the first date preceding the date of the grant. Under the unit option plan, vesting periods are determined by the Trustees of the Fund at the time of the grant. The maximum number of fund units to be issued under this plan may not exceed 850,000 fund units.

A summary of the unit option transactions are as follows:

Six months ended June 30		**2006**		2005
	Units	**Weighted average exercise price $**	Units	Weighted average exercise price $
Outstanding at beginning of period	**–**	**–**	–	–
Granted	**310,000**	**17.50**	–	–
Exercised	**–**	**–**	–	–
Forfeited	**–**	**–**	–	–
Outstanding at end of period	**310,000**	**17.50**		

Options Outstanding			Options Exercisable	
Outstanding at June 30, 2006	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at June 30, 2006	Weighted average exercise price $
310,000	4.9	$ 17.50	–	–

The Fund recorded compensation expense of $27,000 with an offsetting increase to contributed surplus in respect of the options granted for the six months ended June 30, 2006.

The weighted average estimated fair value at the date of the grant for fund unit options granted for the six months ended June 30, 2006 was $2.09 per unit option. The fair value of each unit option grant was estimated on the date of the grant, as determined by using the Black-Scholes option-pricing model with the following assumptions:

	Six Months Ended June 30, 2006
Weighted average assumptions	
Dividend yield	7.20%
Discount for forfeiture	0
Risk-free interest rate	4.00%
Expected life of options	4 years
Expected volatility factor of the future expected market price of fund units	28.00%

4. Net Earnings per Unit

Basic per unit calculations for the six and three months ended June 30, 2006 were based on the weighted average number of units outstanding of 10,746,081 and 10,751,623 respectively. Basic per unit calculations for the six and three months ended June 30, 2005 were based on the weighted average units outstanding of 10,657,677 and 10,662,848 respectively. Diluted per unit calculations for the six and three months ended June 30, 2006 were based on the weighted average number of units outstanding of 10,754,913 and 10,760,455 respectively. Diluted per unit calculations for the six and three months ended June 30, 2005 were based on the weighted average number of units outstanding of 10,675,340 and 10,680,511 respectively. The difference between the basic and diluted units was attributable to the dilutive effect of the unit options issued and the exchange rights outstanding.

5. Geographic Segmented Information

	Three Months Ended June 30, 2006			Three Months Ended June 30, 2005		
	Canada ($)	USA ($)	Total ($)	Canada ($)	USA ($)	Total ($)
Revenue	**15,067,376**	**6,628,942**	**21,696,318**	14,412,527	4,510,785	18,923,312
Direct costs	**8,991,840**	**4,484,362**	**13,476,202**	8,968,987	2,789,391	11,758,378
Selling, general and administrative	**1,625,924**	**540,668**	**2,166,592**	1,082,920	525,311	1,608,231
Amortization	**1,571,068**	**564,161**	**2,135,229**	1,419,162	409,078	1,828,240
Earnings before income taxes	**2,945,325**	**844,779**	**3,790,104**	2,898,650	794,977	3,693,627
Capital expenditures	**446,110**	**3,725,087**	**4,171,197**	1,846,823	720,308	2,567,131

	Six Months Ended June 30, 2006			Six Months Ended June 30, 2005		
	Canada ($)	USA ($)	Total ($)	Canada ($)	USA ($)	Total ($)
Revenue	**34,842,071**	**12,583,137**	**47,425,208**	31,807,351	7,959,271	39,766,622
Direct costs	**21,119,506**	**8,289,804**	**29,409,310**	19,814,712	5,080,308	24,895,020
Selling, general and administrative	**2,844,436**	**1,086,327**	**3,930,763**	2,112,293	995,241	3,107,534
Amortization	**3,091,524**	**1,047,351**	**4,138,875**	2,796,359	755,738	3,552,097
Earnings before income taxes	**7,716,273**	**1,989,904**	**9,706,177**	6,902,338	1,181,492	8,083,830
Property, plant and equipment	**41,344,913**	**14,387,955**	**55,732,868**	37,734,666	9,538,703	47,273,369
Total assets	**56,900,314**	**20,733,661**	**77,633,975**	54,860,371	13,541,345	68,401,716
Capital expenditures	**3,935,886**	**5,745,376**	**9,681,262**	4,406,463	1,398,098	5,804,561

►Corporate Information

OFFICERS AND MANAGEMENT

Tor Wilson
President & CEO

Greg Kelly, CA
Vice President Finance & CFO

Derek Dillon
Vice President Operations

David Calnan, LL.B
Corporate Secretary

HEAD OFFICE

Badger Income Fund
Suite 2820, 715 - 5th Avenue S.W.
Calgary, Alberta, Canada T2P 2X6
Phone: (403) 264-8500
Fax: (403) 228-9773

AUDITORS

Ernst & Young LLP
Chartered Accountants
Calgary, Alberta

BANKERS

Toronto Dominion Bank
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services
Calgary, Alberta

SOLICITORS

Shea Nerland Calnan
Calgary, Alberta

Bose McKinney & Evans LLP
Indianapolis, Indiana

STOCK EXCHANGE LISTING

Toronto Stock Exchange
Trading Symbol "BAD.UN"

WEBSITE

www.badgerinc.com