Badger Daylighting Ltd.

Interim Condensed Consolidated Financial Statements (unaudited)

For the period ended September 30, 2011

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 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)

	Notes	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
ASSETS				
Current Assets				
Cash and cash equivalents		2,556,571	11,890,341	7,516,605
Trade and other receivables		55,426,879	37,869,248	30,205,878
Inventories		2,375,235	1,993,609	1,792,708
Income taxes receivable		-	424,978	-
Prepaid expenses		1,386,280	1,163,748	776,997
		61,744,965	53,341,924	40,292,188
Non-current Assets				
Property, plant and equipment		107,459,146	91,333,730	89,297,469
Intangible assets		6,648,513	6,520,513	6,416,512
		114,107,659	97,854,243	95,713,981
Total Assets		175,852,624	151,196,167	136,006,169
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Trade and other payables		14,835,561	11,524,323	10,558,287
Income taxes payable		2,746,485	-	907,377
Distributions payable		-	1,135,431	1,134,893
Dividends payable		919,159	-	-
Current portion of long-term debt	5	-	323,768	323,768
Provisions	4	1,778,000	2,250,850	805,847
		20,279,205	15,234,372	13,730,172
Non-current Liabilities				
Long-term debt	5	46,692,431	40,347,627	31,960,496
Provisions	4	-	-	2,789,638
Deferred taxation		24,463,953	20,194,282	19,960,129
		71,156,384	60,541,909	54,710,263
Shareholders' Equity				
Shareholders' capital	6	44,473,107	44,473,107	44,387,955
Contributed surplus	6	2,618,923	4,578,771	711,100
Foreign currency translation reserve	6	17,879	(2,112,889)	-
Retained earnings		37,307,126	28,480,897	22,466,679
		84,417,035	75,419,886	67,565,734
Total Liabilities and Shareholders' Equity		175,852,624	151,196,167	136,006,169

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 nine months ended September 30, 2011 $	For the nine months ended September 30, 2010 $	For the three months ended September 30, 2011 $	For the three months ended September 30, 2010 $
Revenues	8	137,629,520	98,435,289	53,853,710	38,727,159
Direct costs		93,049,243	64,296,160	35,944,879	25,169,351
Gross profit		44,580,277	34,139,129	17,908,831	13,557,808
Depreciation of property, plant and equipment		10,570,356	9,793,230	3,754,727	3,365,964
Amortization of intangible assets		147,000	146,999	49,000	49,000
Selling, general and administrative		8,061,508	8,299,716	2,642,882	3,435,855
Operating profit		25,801,413	15,899,184	11,462,222	6,706,989
Gain on sale of property, plant and equipment		(66,134)	(154,703)	(14,108)	(48,167)
Reimbursement to Clean Harbors, Inc.	9	1,062,039	-	-	-
Finance cost		917,023	686,724	273,499	245,498
Profit before tax		23,888,485	15,367,163	11,202,831	6,509,658
Income tax expense		6,789,826	1,402,761	3,050,265	138,529
Net profit for the period		17,098,659	13,964,402	8,152,566	6,371,129
Other comprehensive income					
Exchange differences on translation of foreign operations		2,130,768	(729,755)	3,756,255	(826,320)
Total comprehensive income for the period attributable to shareholders of the Corporation		19,229,427	13,234,647	11,908,821	5,544,809
Earnings per share					
Basic	10	1.58	1.29	0.75	0.59
Diluted	10	1.58	1.29	0.75	0.59

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 $	Foreign currency translation reserve $	Retained earnings $	Total equity $
As at January 1, 2010		44,387,955	711,100	-	22,466,679	67,565,734
Net profit for the period		-	-	-	13,964,402	13,964,402
Other comprehensive income for the period		-	-	(729,755)	-	(729,755)
Total comprehensive income for the period		44,387,955	711,100	(729,755)	36,431,081	80,800,381
Distributions		-	-	-	(10,213,577)	(10,213,577)
As at September 30, 2010		44,387,955	711,100	(729,755)	26,217,504	70,586,804
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		-	-	-	17,098,659	17,098,659
Other comprehensive income for the period		-	-	2,130,768	-	2,130,768
Total comprehensive income for the period		44,473,107	4,578,771	17,879	45,579,556	94,649,313
Share-based payment transactions		-	231,800	-	-	231,800
Options surrendered for cash	6	-	(2,191,648)	-	-	(2,191,648)
Dividends		-	-	-	(8,272,430)	(8,272,430)
As at September 30, 2011		44,473,107	2,618,923	17,879	37,307,126	84,417,035

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 nine months ended September 30, 2011 $	For the nine months ended September 30, 2010 $	For the three months ended September 30, 2011 $	For the three months ended September 30, 2010 $
Operating activities					
Net profit for the period		17,098,659	13,964,402	8,152,566	6,371,129
Non-cash adjustments to reconcile profit from operations to net cash flows:					
Depreciation of property, plant and equipment		10,570,356	9,793,230	3,754,727	3,365,964
Amortization of intangible assets		147,000	146,999	49,000	49,000
Deferred Income taxes		3,651,000	816,400	2,059,700	322,000
Share-based payment transaction expense	7	231,800	(479,178)	7,000	569,229
Equity-settled share plan settled in cash	7	(2,191,648)	-	-	-
Gain on sale of property plant and equipment		(66,134)	(154,703)	(14,108)	(48,167)
Unrealized foreign exchange (gain) loss on deferred tax		618,671	(230,186)	990,524	(239,786)
		30,059,704	23,856,964	14,999,409	10,389,369
Net change in non-cash working capital relating to operating activities		(12,028,049)	(3,614,854)	(7,924,644)	(4,269,338)
Net cash flows from operating activities		18,031,655	20,242,110	7,074,765	6,120,031
Investing activities					
Purchase of property, plant and equipment		(24,789,245)	(8,600,125)	(13,114,263)	(4,019,215)
Purchase of service rights		(275,000)	(150,000)	-	(150,000)
Proceeds from sale of property, plant and equipment		166,486	826,605	93,787	537,501
Net cash flows from investing activities		(24,897,759)	(7,923,520)	(13,020,476)	(3,631,714)
Financing activities					
Proceeds from long-term debt		9,279,590	4,546,296	4,960,633	3,388,512
Repayment of long-term debt		(3,258,554)	(242,801)	-	(80,940)
Dividends/distributions paid to owners		(8,488,702)	(10,213,692)	(2,757,476)	(3,404,336)
Net cash flows from financing activities		(2,467,666)	(5,910,197)	2,203,157	(96,764)
Net increase (decrease) in cash and cash equivalents		(9,333,770)	6,408,393	(3,742,554)	2,391,553
Cash and cash equivalents, beginning of period		11,890,341	7,516,605	6,299,125	11,533,445
Cash and cash equivalents, end of period		2,556,571	13,924,998	2,556,571	13,924,998
Supplemental cash flow information:					
Interest paid		917,023	686,724	273,499	245,498
Income tax paid (recovered)		(26,232)	1,789,045	12,715	(127,517)

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 2820, 715 - 5th Avenue SW, Calgary, Alberta, T2P 2X6.

On December 31, 2010, Badger Income Fund (the "Fund") completed its conversion (the "Conversion") from an income trust to a corporation pursuant to a Plan of Arrangement (the "Arrangement"). Pursuant to the Arrangement, Fund unitholders exchanged their Fund units for common shares of Badger on a one-for-one basis. All references to shares and shareholders in these consolidated financial statements pertain to common shares and common shareholders subsequent to the Conversion and units and unitholders prior to the Conversion.

The consolidated financial statements of the Corporation for the period ended September 30, 2011 were authorised for issue in accordance with a resolution of the directors on November 10, 2011.

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 accounting policies the Corporation expects to adopt in its consolidated financial statements as at and for the year ending December 31, 2011.

The Corporation adopted IFRS in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1") with a transition date to IFRS of January 1, 2010. Consequently, the comparative figures for 2010 and the Corporation's statement of financial position as at January 1, 2010 have been restated from pre-changeover accounting principles generally accepted in Canada ("pre-changeover Canadian GAAP") to comply with IFRS.

The reconciliations to IFRS from the previously published pre-changeover Canadian GAAP consolidated financial statements are summarized in note 13. In addition, IFRS 1 allows certain exemptions from retrospective application of IFRS in the opening statement of financial position. Where these have been used, they are explained in note 13.

The interim condensed consolidated financial statements should be read in conjunction with the Corporation's pre-changeover Canadian GAAP annual consolidated financial statements for the year ended December 31, 2010, as well as the Corporation's interim consolidated financial statements for the period ended March 31, 2011.

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, 2013, 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 is currently assessing the impact of this standard.

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 is currently assessing the impact of this standard.

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 is currently assessing the impact of this standard.

v) IFRS 13, 'Fair Value Measurement' was issued in May 2011 and sets out in a single IFRS a framework for measuring fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. In addition, IFRS 13 also requires specific disclosures about fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Corporation is currently assessing the impact of this standard.

(Unaudited – Expressed in Canadian Dollars)

4 Provisions

	Bonus $	Performance Trust Share Plan $	Unit option plan $	Legal $	Total $
As at January 1, 2010	469,847	336,000	2,789,638	-	3,595,485
Arising during the period	677,850	437,000	1,078,033	800,000	2,992,883
Utilised	(469,847)	-	-	-	(469,847)
Transfer to equity	-	-	(3,867,671)	-	(3,867,671)
As at December 31, 2010	677,850	773,000	-	800,000	2,250,850
Arising during the period	1,304,322	214,865	-	-	1,519,187
Utilised	(987,172)	(204,865)	-	(800,000)	(1,992,037)
As at September 30, 2011	**995,000**	**783,000**	**-**	**-**	**1,778,000**

Upon conversion to a Corporation, the unit option plan was modified to provide the holder with the right to acquire ordinary shares of the Corporation which resulted in the share option plan being accounted for as an equity-settled share-based payment plan (see note 7).

5 Long-term debt

	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
Extendable revolving credit facility	46,692,431	37,412,841	28,701,939
Commercial mortgage on land and building, repayable in monthly principal payments of $17,917 plus interest until September 2023, bearing interest at bank prime plus 0.75% [2011 – 3.75%; December 31, 2010 – 3.75%; January 1, 2010 – 3.00%]	-	2,687,500	2,902,492
Commercial mortgage on land and building, repayable in monthly principal payments of $9,064 plus interest until February 2016, bearing interest at bank prime plus 0.75% [2011 – 3.75%; December 31, 2010 – 3.75%; January 1, 2010 – 3.00%]	-	571,054	679,833
	46,692,431	40,671,395	32,284,264
Less current portion	-	323,768	323,768
	46,692,431	40,347,627	31,960,496

The Corporation has established a $60,000,000 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 [2010 – 3.00%] or bankers' acceptance rate plus 1.25% [2010 – 2.71%]. 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.

The credit facility has no required principal repayment. The credit facility expires on June 24, 2012 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.

(Unaudited – Expressed in Canadian Dollars)

5 Long-term debt (continued)

In connection with renewing the credit facility, the commercial mortgages were repaid.

Under the terms of the credit facilities, the Corporation must comply with certain financial and non-financial covenants, as defined by the bank. Throughout 2011, and as at September 30, 2011, the Corporation was in compliance with all of these covenants.

As at September 30, 2011, 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 September 30, 2011, the Corporation had available $13,307,569 (December 31, 2010: $2,587,159) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

6 Shareholders' capital and reserves

A) Authorized shares

Pursuant to the Plan of Arrangement discussed in note 1, Fund unitholders received one common share of Badger in exchange for every unit held on the effective date of the Conversion.

B) Issued and outstanding

	Number of Shares/Units	$
At January 1, 2010	**10,808,503**	**44,387,955**
Units cancelled	(1,092)	-
Units issued pursuant to the unit option plan	6,220	85,152
At December 31, 2010 and September 30, 2011	**10,813,631**	**44,473,107**

C) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

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.

	September 30, 2011 $	December 31, 2010 $
Opening balance	4,578,771	711,100
Modification to equity-settled share plan (note 7)	-	3,867,671
Share-based compensation expense	231,800	-
Equity-settled share plan settled in cash	(2,191,648)	-
Closing balance	2,618,923	4,578,771

(Unaudited – Expressed in Canadian Dollars)

7 Share-based payment plans

Unit option plan (cash-settled)

Prior to conversion to a corporation on December 31, 2010 (see note 1), the Fund granted options, under the unit option plan. The unit options were granted to directors, officers, employees and consultants of the Fund. The options provide the holder with the right to acquire units, with terms that do 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 Plan, vesting periods are determined by the trustees at the time of the grant. All unit options granted through to September 30, 2011 vest equally over a period of three years from the date of grant. The maximum number of units to be issued under this plan may not exceed 250,000 units (previously 850,000 units).

Upon conversion to a Corporation, the Unit Plan was modified to provide the holder with the right to acquire ordinary shares of the Corporation (i.e. the share option plan). As a result of the modification, the share option plan (the "Share Plan") is accounted for as an equity-settled share-based payment transaction.

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 September 30, 2011 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 September 30, 2011 and the year ended December 31, 2010 are as follows:

	September 30, 2011		**December 31, 2010**	
	Number of options	**Weighted average exercise price $**	**Number of options**	**Weighted average exercise price $**
Outstanding at beginning of period	768,280	16.96	-	-
Pursuant to the Plan of Arrangement	-	-	768,280	16.96
Options surrendered for cash	(568,530)	16.27	-	-
Forfeited/expired	(12,000)	18.07	-	-
Outstanding at end of period	187,750	19.00	768,280	16.96

Pursuant to the share plan during the second quarter of 2011, the Corporation had 568,530 vested share options surrendered by employees in return for a cash settlement of $2,191,648.

For the nine month period ended September 30, 2011 the Corporation recorded compensation expense, included as part of selling, general and administrative expense, of $231,800 with an offsetting increase to contributed surplus in respect of the share options granted and outstanding as of September 30, 2011.

(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 and has recorded as compensation expense $214,865 for the nine months ended September 30, 2011, which is included in selling, general and administrative expense.

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. As at September 30, 2011 no deferred units had been granted.

8 Revenues

	For the nine months ended		For the three months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
	$	$	$	$
Rendering of services	136,617,627	97,356,704	53,487,371	38,237,910
Truck placement fees	1,011,893	1,078,585	366,339	489,249
	137,629,520	98,435,289	**53,853,710**	38,727,159

9 Reimbursement to Clean Harbors, Inc.

On January 26, 2011, the Corporation signed an agreement to be acquired by Clean Harbors, Inc. ("Clean Harbors"). Under the terms of the agreement, Clean Harbors was to acquire 100% of the Corporation's outstanding common shares for cash consideration of $20.50 per common share (the "Transaction"). The Transaction was conditional on the approval of not less than 66 2/3 percent of the votes cast by the shareholders and optionholders. The Corporation held a meeting to consider the Transaction on April 26, 2011. The shareholder and optionholder vote did not receive the requisite number of votes required to approve the Transaction and as a result the Transaction was not completed. As a result pursuant to the terms of a settlement agreement the Corporation reimbursed Clean Harbors $1,062,039.

(Unaudited – Expressed in Canadian Dollars)

10 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 nine months ended September 30, 2011, was based on the profit available to common shareholders of $17,098,659 (2010 - $13,964,402), and a weighted average number of common shares outstanding of 10,813,631 (2010 – 10,808,087).

The calculation of basic earnings per share for the three months ended September 30, 2011, was based on the profit available to common shareholders of $8,152,566 (2010 - $6,371,129), and a weighted average number of common shares outstanding of 10,813,631 (2010 – 10,807,411).

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

	For the nine months ended		**For the three months ended**	
	September 30, 2011	**September 30, 2010**	**September 30, 2011**	**September 30, 2010**
	$	**$**	**$**	**$**
Issued common shares outstanding, beginning of period	10,813,631	10,808,503	10,813,631	10,807,411
Shares cancelled	-	(416)	-	-
Weighted average number of common shares, end of period	10,813,631	10,808,087	10,813,631	10,807,411

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 nine months ended September 30, 2011, was based on a weighted average number of common shares outstanding after adjustment for the effects of all dilutive potential common shares of 10,836,621 (2010 – 10,825,700).

The calculation of diluted earnings per share for the three months ended September 30, 2011, was based on a weighted average number of common shares outstanding after adjustment for the effects of all dilutive potential common shares of 10,831,981 (2010 – 10,825,024).

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

	For the nine months ended		**For the three months ended**	
	September 30, 2011	**September 30, 2010**	**September 30, 2011**	**September 30, 2010**
	$	**$**	**$**	**$**
Weighted average number of common shares (basic)	10,813,631	10,808,087	10,813,631	10,807,411
Effect of share options	22,990	17,613	18,350	17,613
Weighted average number of common shares (diluted)	10,836,621	10,825,700	10,831,981	10,825,024

(Unaudited – Expressed in Canadian Dollars)

10 Earnings per share (continued)

For the nine and three months ended September 30, 2011, 110,375 options (2010 – 581,375) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive. 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.

11 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 nine and three months ended September 30, 2011 and 2010 based on these geographic segments.

Each segment is responsible for its operating results.

For nine months ended:	**September 30, 2011**			**September 30, 2010**		
	Canada ($)	**U.S. ($)**	**Total ($)**	**Canada ($)**	**U.S. ($)**	**Total ($)**
Revenues	79,836,462	57,793,058	137,629,520	58,182,847	40,252,442	98,435,289
Direct costs	49,584,822	43,464,421	93,049,243	36,563,480	27,732,680	64,296,160
Depreciation of property, plant and equipment	6,102,361	4,467,995	10,570,356	5,832,648	3,960,582	9,793,230
Amortization of intangible assets	147,000	-	147,000	146,999	-	146,999
Selling, general and administrative expenses	6,503,643	1,557,865	8,061,508	5,723,602	2,576,114	8,299,716
Profit before tax	16,742,602	7,145,883	23,888,485	9,242,388	6,124,775	15,367,163

For three months ended:	**September 30, 2011**			**September 30, 2010**		
	Canada ($)	**U.S. ($)**	**Total ($)**	**Canada ($)**	**U.S. ($)**	**Total ($)**
Revenues	28,758,098	25,095,612	53,853,710	22,906,738	15,820,421	38,727,159
Direct costs	17,955,337	17,989,542	35,944,879	14,167,769	11,001,582	25,169,351
Depreciation of property, plant and equipment	2,070,644	1,684,083	3,754,727	2,013,493	1,352,471	3,365,964
Amortization of intangible assets	49,000	-	49,000	49,000	-	49,000
Selling, general and administrative expenses	2,036,041	606,841	2,642,882	2,355,491	1,080,364	3,435,855
Profit before tax	6,394,153	4,808,678	11,202,831	4,147,818	2,361,840	6,509,658

(Unaudited – Expressed in Canadian Dollars)

11 Segment reporting (continued)

Selected Consolidated Statement of Financial Position Information

	Canada ($)	U.S. ($)	Total ($)
As At September 30, 2011			
Property, plant and equipment	55,284,580	52,174,566	107,459,146
Intangible assets	6,648,513	-	6,648,513
Total assets	97,478,351	78,374,273	175,852,624
As at December 31, 2010			
Property, plant and equipment	54,922,254	36,411,476	91,333,730
Intangible assets	6,520,513	-	6,520,513
Total assets	87,990,962	63,205,205	151,196,167
As at January 1, 2010			
Property, plant and equipment	49,774,184	39,523,285	89,297,469
Intangible assets	6,416,512	-	6,416,512
Total assets	75,345,036	60,661,133	136,006,169

Selected Consolidated Statement of Cash Flow Information

For nine months ended:	**September 30, 2011**			**September 30, 2010**		
	Canada ($)	**U.S. ($)**	**Total ($)**	**Canada ($)**	**U.S. ($)**	**Total ($)**
Additions to non-current assets:						
Property, plant and equipment	8,096,856	16,692,389	24,789,245	7,021,428	1,578,697	8,600,125
Intangible assets	275,000	-	275,000	150,000	-	150,000

For three months ended:	**September 30, 2011**			**September 30, 2010**		
	Canada ($)	**U.S. ($)**	**Total ($)**	**Canada ($)**	**U.S. ($)**	**Total ($)**
Additions to non-current assets:						
Property, plant and equipment	5,335,706	7,778,557	13,114,263	2,727,299	1,291,916	4,019,215
Intangible assets	-	-	-	150,000	-	150,000

12 Subsequent events

As a result of implementing the Deferred Unit Plan on September 22, 2011, on November 10, 2011 the long-term incentive plan and Performance Trust Share Plan were terminated.

13 Explanation of transition to IFRS

The consolidated financial statements for the period ended September 30, 2011 are prepared under IFRS. For all accounting periods prior to March 31, 2011, the Corporation prepared its consolidated financial statements under pre-changeover Canadian GAAP. In accordance with IFRS 1, certain disclosures relating to the transition to IFRS are given in this note. These disclosures are prepared under IFRS as set out in the basis of preparation in note 2.

IFRS 1 allows first time adopters to IFRS to take advantage of a number of voluntary exemptions from the general principal of retrospective restatement. The Corporation has taken the following exemptions:

IFRS 2
This standard has not been applied to equity settled share-based payment transactions where equity instruments were granted after November 7, 2002 but vested before January 1, 2010, the Corporation's transition date.

IFRS 3
This standard has not been applied retrospectively to business combinations that took place before the transition date.

IFRIC 4
This IFRIC has not been applied retrospectively. The Corporation made an assessment as to whether an arrangement, existing at the transition date, contains a lease on the basis of the facts and circumstances existing at that date. The assessment was made in accordance with the requirements IFRIC 4. The Corporation did not identify any arrangements containing a lease on the transition date.

IAS 21
This standard has not been applied retrospectively with regards to calculating the foreign currency translation reserve. The foreign currency translation reserve has been set to zero on the transition date and therefore a gain or loss on subsequent disposal of a foreign operation will only include foreign exchange differences that arose subsequent to the transition date.

IAS 23
This standard has not been applied retrospectively. As at the transition date, the Corporation did not have any qualifying assets.

(Unaudited – Expressed in Canadian Dollars)

13.1 Reconciliation of equity as at January 1, 2010

	Pre-changeover Canadian GAAP	Effect of transition to IFRS: Reclassifi-cations (Note 1)	Share-based payments (Note 2)	Foreign currency (Note 3)	Deferred tax (Note 4)	IFRS
	$	$	$	$	$	$
ASSETS						
Current Assets						
Cash and cash equivalents	7,516,605					7,516,605
Trade and other receivables	30,205,878					30,205,878
Inventories	1,792,708					1,792,708
Prepaid expenses	776,997					776,997
	40,292,188	-	-	-	-	40,292,188
Non-current Assets						
Property, plant and equipment	91,155,437			(1,857,968)		89,297,469
Intangible assets	6,416,512					6,416,512
	97,571,949	-	-	(1,857,968)	-	95,713,981
Total Assets	137,864,137	-	-	(1,857,968)	-	136,006,169
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities						
Trade and other payables	11,364,134	(805,847)				10,558,287
Provisions	-	805,847				805,847
Income taxes payable	907,377					907,377
Distributions payable	1,134,893					1,134,893
Current portion of long-term debt	323,768					323,768
	13,730,172	-	-	-	-	13,730,172
Non-current Liabilities						
Long-term debt	31,960,496					31,960,496
Provisions	-		2,789,638			2,789,638
Deferred taxation	19,280,129				680,000	19,960,129
	51,240,625	-	2,789,638	-	680,000	54,710,263
Shareholders' Equity						
Shareholders' capital	-					-
Unitholders' capital	44,387,955					44,387,955
Contributed surplus	3,813,850		(3,102,750)			711,100
Retained earnings	24,691,535		313,112	(1,857,968)	(680,000)	22,466,679
	72,893,340	-	(2,789,638)	(1,857,968)	(680,000)	67,565,734
Total Liabilities and Shareholders' Equity	137,864,137	-	-	(1,857,968)	-	136,006,169

(Unaudited – Expressed in Canadian Dollars)

13.2 Reconciliations as at December 31, 2010

Reconciliation of equity as at December 31, 2010

		Effect of transition to IFRS			
	Pre-changeover Canadian GAAP $	Reclassifi-cations (Note 1) $	Share-based payments (Note 2) $	Foreign currency (Note 3) $	IFRS $
ASSETS					
Current Assets					
Cash and cash equivalents	11,890,341				11,890,341
Trade and other receivables	37,869,248				37,869,248
Inventories	1,993,609				1,993,609
Income taxes receivable	424,978				424,978
Prepaid expenses	1,163,748				1,163,748
	53,341,924	-	-	-	53,341,924
Non-current Assets					
Property, plant and equipment	94,566,785			(3,233,055)	91,333,730
Intangible assets	6,520,513				6,520,513
	101,087,298	-	-	(3,233,055)	97,854,243
Total Assets	154,429,222	-	-	(3,233,055)	151,196,167
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade and other payables	13,775,173	(2,250,850)			11,524,323
Provisions	-	2,250,850			2,250,850
Distributions payable	1,135,431				1,135,431
Current portion of long-term debt	323,768				323,768
	15,234,372	-	-	-	15,234,372
Non-current Liabilities					
Long-term debt	40,347,627				40,347,627
Deferred taxation	20,194,282				20,194,282
	60,541,909	-	-	-	60,541,909
Shareholders' Equity					
Shareholders' capital	44,473,107				44,473,107
Contributed surplus	4,544,450		34,321		4,578,771
Foreign currency translation reserve	-			(2,112,889)	(2,112,889)
Retained earnings	29,635,384		(34,321)	(1,120,166)	28,480,897
	78,652,941	-	-	(3,233,055)	75,419,886
Total Liabilities and Shareholders' Equity	154,429,222	-	-	(3,233,055)	151,196,167

(Unaudited – Expressed in Canadian Dollars)

13.2 Reconciliations as at December 31, 2010 (continued)

Reconciliation of comprehensive income for the year ended December 31, 2010

		Effect of transition to IFRS			
	Pre-changeover Canadian GAAP $	**Share-based payments (Note 2) $**	**Foreign currency (Note 3) $**	**Deferred tax (Note 4) $**	**IFRS $**
Revenues	139,610,783				139,610,783
Direct costs	92,403,644				92,403,644
Gross profit	47,207,139	-	-	-	47,207,139
Depreciation of property, plant and equipment	12,975,873		(343,847)		12,632,026
Amortization of intangible assets	195,999				195,999
Selling, general and administrative	12,224,084	347,433			12,571,517
Operating profit	21,811,183	(347,433)	343,847	-	21,807,597
Foreign exchange (gain)/loss	393,954		(393,954)		-
Gain on sale of property, plant and equipment	(102,154)				(102,154)
Finance cost	984,724				984,724
Profit before tax	20,534,659	(347,433)	737,801	-	20,925,027
Income tax expense	1,971,931			(680,000)	1,291,931
Net profit for the year	18,562,728	(347,433)	737,801	680,000	19,633,096
Other comprehensive income					
Exchange differences on translation of foreign operations	-		(2,112,889)		(2,112,889)
Other comprehensive income for the year, net of tax	-	-	(2,112,889)	-	(2,112,889)
Total comprehensive income for the year attributable to shareholders of the Corporation	18,562,728	(347,433)	(1,375,088)	680,000	17,520,207

(Unaudited – Expressed in Canadian Dollars)

13.3 Reconciliations as at September 30, 2010

Reconciliation of equity as at September 30, 2010

		Effect of transition to IFRS				
	Pre-changeover Canadian GAAP $	Reclassifi-cations (Note 1) $	Share-based payments (Note 2) $	Foreign currency (Note 3) $	Deferred tax (Note 4) $	IFRS $
ASSETS						
Current Assets						
Cash and cash equivalents	13,924,998					13,924,998
Trade and other receivables	34,476,487					34,476,487
Inventories	1,837,319					1,837,319
Income taxes receivable	301,295					301,295
Prepaid expenses	1,037,769					1,037,769
	51,577,868	-	-	-	-	51,577,868
Non-current Assets						
Property, plant and equipment	89,042,740			(2,308,505)		86,734,235
Intangible assets	6,419,513					6,419,513
	95,462,253	-	-	(2,308,505)	-	93,153,748
Total Assets	147,040,121	-	-	(2,308,505)	-	144,731,616
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities						
Trade and other payables	13,565,472	(2,003,000)				11,562,472
Provisions	-	2,003,000				2,003,000
Distributions payable	1,134,778					1,134,778
Current portion of long-term debt	323,768					323,768
	15,024,018	-	-	-	-	15,024,018
Non-current Liabilities						
Long-term debt	36,263,991					36,263,991
Provisions	-		2,310,460			2,310,460
Deferred taxation	19,866,343				680,000	20,546,343
	56,130,334	-	2,310,460	-	680,000	59,120,794
Shareholders' Equity						
Unitholders' capital	44,387,955					44,387,955
Contributed surplus	4,426,650		(3,715,550)			711,100
Foreign currency translation reserve	-			(729,755)		(729,755)
Retained earnings	27,071,164		1,405,090	(1,578,750)	(680,000)	26,217,504
	75,885,769	-	(2,310,460)	(2,308,505)	(680,000)	70,586,804
Total Liabilities and Shareholders' Equity	147,040,121	-	-	(2,308,505)	-	144,731,616

(Unaudited – Expressed in Canadian Dollars)

13.3 Reconciliations as at September 30, 2010 (continued)

Reconciliation of comprehensive income for the nine months ended September 30, 2010

		Effect of transition to IFRS		
	Pre-changeover Canadian GAAP $	Share-based payments (Note 2) $	Foreign currency (Note 3) $	IFRS $
Revenues	98,435,289			98,435,289
Direct costs	64,296,160			64,296,160
Gross profit	34,139,129	-	-	34,139,129
Depreciation of property, plant and equipment	10,040,920		(247,690)	9,793,230
Amortization of intangible assets	146,999			146,999
Selling, general and administrative	9,391,694	(1,091,978)		8,299,716
Operating profit	14,559,516	1,091,978	247,690	15,899,184
Foreign exchange (gain)/loss	31,528		(31,528)	-
Gain on sale of property, plant and equipment	(154,703)			(154,703)
Finance cost	686,724			686,724
Profit before tax	13,995,967	1,091,978	279,218	15,367,163
Income tax expense	1,402,761			1,402,761
Net profit for the period	12,593,206	1,091,978	279,218	13,964,402
Other comprehensive income				
Exchange differences on translation of foreign operations	-		(729,755)	(729,755)
Total comprehensive income for the period attributable to shareholders of the Corporation	12,593,206	1,091,978	(450,537)	13,234,647

(Unaudited – Expressed in Canadian Dollars)

13.3 Reconciliations as at September 30, 2010 (continued)

Reconciliation of comprehensive income for the three months ended September 30, 2010

		Effect of transition to IFRS		
	Pre-changeover Canadian GAAP $	Share-based payments (Note 2) $	Foreign currency (Note 3) $	IFRS $
Revenues	38,727,159			38,727,159
Direct costs	25,169,351			25,169,351
Gross profit	13,557,808			13,557,808
Depreciation of property, plant and equipment	3,415,935		(49,971)	3,365,964
Amortization of intangible assets	49,000			49,000
Selling, general and administrative	2,984,426	451,429		3,435,855
Operating profit	7,108,447	(451,429)	49,971	6,706,989
Foreign exchange (gain)/loss	153,150		(153,150)	-
Gain on sale of property, plant and equipment	(48,167)			(48,167)
Finance cost	245,498			245,498
Profit before tax	6,757,966	(451,429)	203,121	6,509,658
Income tax expense	138,529			138,529
Net profit for the period	6,619,437	(451,429)	203,121	6,371,129
Other comprehensive income				
Exchange differences on translation of foreign operations			(826,320)	(826,320)
Total comprehensive income for the period attributable to shareholders of the Corporation	6,619,437	(451,429)	(623,199)	5,544,809

13.4 Notes to the reconciliations

The following explains the material adjustments to equity and comprehensive income:

Note 1 - Reclassifications
Under pre-changeover Canadian GAAP, provisions are presented in trade and other payables. Under IFRS, separate disclosure on the face of the consolidated statement of financial position is required for the Corporation's provisions.

Note 2 - Share-based payments
Under pre-changeover Canadian GAAP, the Funds stock options awards granted to employees were classified as equity-settled share based awards and the fair value of the options was determined at the grant date and recognized on a straight-line basis over the employment period necessary to vest the award.

Under IFRS, the stock option awards are classified as cash-settled share-based awards. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value measurement at each reporting period. Each grant is accounted for on that basis. As a result, the Corporation adjusted its expense for share-based awards to reflect this difference in recognition.

Note 3 –Foreign currency
Under IFRS, the functional currency of an entity is determined by focusing on the primary economic environment in which it operates and less precedence is placed on factors regarding the financing from and operational involvement of the reporting entity which consolidates the entity in its financial statements. Under pre-changeover Canadian GAAP, equal precedence is placed on all factors. The effect of this change to IFRS resulted in the Corporation's United States subsidiaries having a different functional currency than the Corporation's functional currency. As such, the translation of the results and statement of financial position of the foreign operations into the Corporation's presentation currency requires a translation of all assets and liabilities at the closing rate at each reporting date with all resulting foreign exchange gains or losses recognized in OCI. Revenues and expenses of foreign operations are translated using average monthly foreign exchange rates, which approximate the foreign exchange rates on the dates of the transactions with foreign exchange differences recognized in OCI.

The Corporation reversed the balance of exchange differences on translation of foreign operations within other reserves and recorded a decrease to opening retained earnings.

Note 4 – Deferred tax
Under pre-changeover Canadian GAAP, the distributions to unitholders were a tax deductible item.

Under IFRS, the distributions to unitholders are not a tax deductible item. As a result, a higher tax rate must be applied to the December 31, 2009 temporary differences.

13.5 Restatement of consolidated statement of cash flows from pre-changeover Canadian GAAP to IFRS

The restatement from pre-changeover Canadian GAAP to IFRS had no significant effect on the reported cash flows generated by the Corporation. The reconciling items between pre-changeover Canadian GAAP presentation and IFRS have no effect on the cash flows generated.