PRESS RELEASE **TSX-BAD**

FOR IMMEDIATE DISTRIBUTION **May 13, 2013**

BADGER DAYLIGHTING LTD. ANNOUNCES RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND PROMOTION OF JOHN KELLY TO EXECUTIVE VICE PRESIDENT – UNITED STATES

Calgary, Alberta - Badger Daylighting Ltd. (the "Company" or "Badger") is pleased to announce its results for the three months ended March 31, 2013 and the promotion of John Kelly to Executive Vice President – United States. Mr. Kelly joined Badger in September 2011 as Vice President of United States Operations. This promotion recognizes Mr. Kelly's added responsibilities and the leadership role he has in running Badger's United States operations.

Highlights for the three months ended March 31, 2013:

- Revenues increased by approximately 28 percent to $69.2 million from $54.0 million for the comparable quarter of 2012 due to a 27 percent increase in Canadian revenues and a 29 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 2012;
- EBITDA increased by approximately 35 percent to $17.9 million from $13.3 million in the same quarter of 2012;
- Funds generated from operations increased by approximately 45 percent period-over-period to $15.6 million from $10.8 million in the comparable quarter of 2012;
- EBITDA margins in Canada decreased to 25 percent from 28 percent for the comparable period of last year due to an additional accrual of $1.1 million of executive, director and employee incentive compensation to account for the increase in the obligation for payments under the company's Deferred Unit Plan, which increased due to the increase in Badger's share price. EBITDA margins in the United States increased to 27 percent from 20 percent for the comparable period of last year due to improvements in operational efficiencies; and
- Badger had 670 daylighting units at the end of the first quarter of 2013, reflecting the addition of 41 daylighting units to the fleet to date in 2013 and the retirement of one unit. Of the total, 324 units were operating in Canada and 346 in the United States at quarter-end. Badger had 262 units in Canada and 273 in the United States for a total of 535 units at March 31, 2012. 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 audited consolidated financial statements and MD&A for the year ended December 31, 2012, which along with all previous public filings, including the Company's Annual Information Form for the year ended December 31, 2012, may be found on SEDAR at *www.sedar.com*.

This MD&A has been prepared taking into consideration information available to May 10, 2013.

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 reflecting the Company's belief that:

- Internal preparations for anticipated growth in 2013 will be completed;
- As long as overall activity in the economy and the oil and natural gas industry remains essentially constant, Badger will be able to continue to grow the business in 2013;
- Badger in 2013 can further develop the organization to position itself to be able to handle the planned future growth;
- The new locations opened in the United States will provide an increased contribution to cash flows from operations and net profit during 2013;
- The current business development initiative will provide Badger with the additional new customers necessary to grow the business in 2013 and the future;
- Eastern Canada will continue with steady growth, driven by activity levels in the utility and construction segments that are forecast to be stable in 2013;
- There will be an increase in Western Canada revenue during 2013 due to anticipated project volume and spending in the oil and natural gas sector;
- An increase in Company capital will be required to finance the anticipated capital expenditure program; and,
- The extendable revolving credit facility will be renewed and fully available during 2013 for an additional 364-day period.

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 revenue, net profit and cash flow forecasts for 2013;
- 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 payments 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 and 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 March 31,		
$	2013	2012	
Gross profit	22,721,229	16,463,063	
Selling, general and administrative costs	(4,782,625)	(3,206,655)	
EBITDA	17,938,604	13,256,408	

"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 assist management and investors in analyzing 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 are derived from the consolidated statement of cash flows and is calculated as follows:

	Three months ended March 31,		
$	2013	2012	
Cash provided by operating activities	4,548,920	9,460,128	
Add (deduct):			
Net change in non-cash working capital relating to operating activities	9,546,602	1,295,814	
Equity-settled share plan settled in cash	1,513,103	-	
Funds generated from operations	15,608,625	10,755,942	

"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.

"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 existing business. They also include any costs incurred to extend the operational life of a daylighting unit. The amount will fluctuate 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 March 31, 2013	Three months ended March 31, 2012
Revenues	69,154	54,034
EBITDA	17,939	13,256
Profit before tax	12,336	8,723
Income tax expense		
Current	2,502	1,883
Deferred	1,849	725
Net profit	7,985	6,115
Profit per share – diluted ($)	0.65	0.56
Funds generated from operations	15,609	10,756
Funds generated from operations per share – diluted ($)	1.27	0.99
Maintenance capital expenditures	673	698
Required long-term debt repayments	-	-
Cash available for growth and dividends	14,993	10,078
Dividends declared	3,330	2,760
Growth capital expenditures	12,250	11,815
Total shares outstanding (end of period)	12,332,631	10,823,631

OVERVIEW

Highlights for the three months ended March 31, 2013:

- Revenues increased by approximately 28 percent to $69.2 million from $54.0 million for the comparable quarter of 2012 due to a 27 percent increase in Canadian revenues and a 29 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 2012;
- EBITDA increased by approximately 35 percent to $17.9 million from $13.3 million in the same quarter of 2012;
- Funds generated from operations increased by approximately 45 percent period-over-period to $15.6 million from $10.8 million in the comparable quarter of 2012;
- EBITDA margins in Canada decreased to 25 percent from 28 percent for the comparable period of last year due to an additional accrual of $1.1 million of executive, director and employee incentive compensation to account for the increase in the obligation for payments under the Company's Deferred Unit Plan, which increased due to the increase in Badger's share price.

EBITDA margins in the United States increased to 27 percent from 20 percent for the comparable period of last year due to improvements in operational efficiencies; and

- Badger had 670 daylighting units at the end of the first quarter of 2013, reflecting the addition of 41 daylighting units to the fleet to date in 2013 and the retirement of one unit. Of the total, 324 units were operating in Canada and 346 in the United States at quarter-end. Badger had 262 units in Canada and 273 units in the United States for a total of 535 units at March 31, 2012. The new units were financed from cash generated from operations and existing credit facilities.

OUTLOOK

Badger is pleased with its financial results and the progress it has made in improving operations in the first quarter. The main operating regions all showed good growth in revenue and profitability, the organization continued to get stronger and a significant number of trucks were added to the fleet. The focus is always on building the business for the long term and Badger's efforts continue to reflect this. The Company is optimistic that its growth will continue for the rest of the year provided the North American economy remains at the same level and there are no major changes in oil and natural gas industry's activity levels in the Company's operating regions for the remainder of the year.

Major initiatives for the remainder of 2013 are as follows:

1. Business development as a whole at Badger has been enhanced over the past couple of years, but vigorous and improving business development continues to be a major focus for Badger as it continues to expand its customer base throughout the United States and Canada.
2. Continue to add people as required and build the organization's capabilities. The plan is to continue growing the business. To do so, Badger has to add and develop good people to keep ahead of this growth. This is the biggest challenge Badger has. To date this has been managed satisfactorily.
3. Work on improving certain underperforming areas which have had a negative effect on results plus get newly opened areas up to speed, ie. operating effectively and efficiently, as quickly as possible.
4. Streamline Badger's administration system through the use of electronic forms and other measures that transfer data electronically from the field to offices and from offices to Badger's customers.
5. Continue the build of Badger units at the same pace as in the first quarter. This build rate is at about three trucks per week. Badger expects to retire 15 to 25 trucks in 2013. One was retired in the first quarter.

Regional comments:

1. United States operations had good revenue growth and improved operational efficiencies in the first quarter, which led to good results. The organization is starting to show a bit more maturity, which is improving operations. The focus is on further organizational development, a continued push to develop more customers and increased operational efficiencies.
2. Eastern Canada revenue showed modest growth in a stable market, which is forecast to continue.
3. Badger's Western Canada business continues to provide good results for the Company. The first quarter showed good revenue growth and stable results. As always, it is hard to predict what volume of work will be available after spring break-up, but the Company remains confident it will have a good year in Western Canada.

The first quarter of 2013 generated good results and was according to plan. The Company's focus remains to grow its customer base, build the organization and improve operational efficiencies where possible. Badger believes it will be able to continue its growth for the foreseeable future given a reasonable economy and stable oil and natural gas industry.

Results of Operations

Revenues

Revenues of $69.2 million for the three months ended March 31, 2013 were 28 percent greater than the $54.0 million generated during the comparable period in 2012. The increase is attributable to the following:

- Canadian revenues increased by 27 percent from $30.9 million in the first quarter of 2012 to $39.4 million in the first quarter of 2013. Western Canada revenue increased due to good markets for the hydrovacs and good weather. Eastern Canada revenue increased due to a stable market and a good winter; and
- United States revenue went from $23.1 million for the three months ended March 31, 2012 to $29.8 million for the three months ended March 31, 2013. Removing the effect of the change in the foreign exchange rate, revenues increased by 28 percent quarter-over-quarter. The increase is due to business development efforts that have succeeded in enlarging the customer base.

Badger's average revenue per truck per month during the three months ended March 31, 2013 was $33,200 versus $32,900 for the three months ended March 31, 2012.

Direct Costs

Direct costs for the quarter ended March 31, 2013 were $46.4 million compared to $37.6 million for the quarter ended March 31, 2012. This increase of 24 percent is less than the 28 percent increase in revenues due to achieving increased gross profit margins in the United States, discussed below.

Gross Profit

The gross profit percentage was 32.9 percent for the quarter ended March 31, 2013, up from the 30.5 percent generated for the quarter ended March 31, 2012. The Canadian gross profit percentage decreased marginally from 36.6 percent for the first quarter of 2012 to 35.9 percent for the most recent quarter. United States gross profit percentage increased from 22.2 percent for the first quarter of 2012 to 28.9 percent for the most recent quarter due to improvements in operational efficiencies and the maturing of the business.

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment was $5.3 million for the three months ended March 31, 2013, $1.1 million higher than the $4.2 million incurred for the three months ended March 31, 2012, due to the increased number of hydrovac units in the fleet.

Finance Cost

Finance cost was $298,000 for the quarter ended March 31, 2013 versus $333,000 for the quarter ended March 31, 2012. The lower finance cost was due to having a lower average debt balance quarter-over-quarter.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 49 percent to $4.8 million for the quarter ended March 31, 2013 from $3.2 million for the quarter ended March 31, 2012. The main reason for the increase was an additional accrual of $1.1 million of costs for executive, director and employee incentive compensation to account for the increase in the obligation for payments under the Company's Deferred Unit Plan, which increased due to the increase in Badger's share price. Other reasons were the increase in personnel salary costs resulting from the growth in Badger's business and an increase in employee bonuses due to the Company's good financial results. As a percentage of revenues, selling, general and administrative expenses increased to 6.9 percent for the first quarter of 2013 from 5.9 percent for the first quarter of 2012. The main reasons for the increase are the same as those stated above.

Income Taxes

The effective tax rate for the quarter ended March 31, 2013 was 35 percent versus 30 percent for the quarter ended March 31, 2012. Profit before tax in the United States increased relative to Canadian profit before tax, 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 $15.6 million for the quarter ended March 31, 2013 from $10.8 million for the comparable period in 2012 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 $52.7 million at March 31, 2013 compared to $43.9 million at December 31, 2012 due to the increase in trade and other receivables.

The following table outlines the cash available to fund growth and pay dividends to shareholders for the three months ended March 31, 2013:

($)

Funds generated from operations	15,608,625
Add: proceeds from sale of property, plant and equipment	57,415
Deduct: required repayments of long-term debt	-
Deduct: maintenance capital expenditures	(672,763)
Cash available for growth capital expenditures and dividends	14,993,277
Growth capital expenditures	12,250,236
Dividends declared	3,329,811

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 are excluded so as to include only the maintenance capital expenditures required to sustain 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 quarter ended March 31, 2013 and the year ended December 31, 2012:

($)	Three months ended March 31, 2013	Year ended December 31, 2012
Cash provided by operating activities	4,548,920	46,200,783
Net profit	7,985,163	28,049,759
Dividends declared	3,329,811	12,057,659
Excess of cash provided by operating activities over dividends declared	1,219,109	34,143,124
Excess of net profit over dividends declared	4,655,352	15,992,100

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 the number of shares outstanding.

The Company maintains a strong balance sheet. Its 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, proceeds received from equity financings or cash retained from operating activities. The majority of the cash provided by operating activities in the three months ended March 31, 2013 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 incurring relatively low maintenance capital expenditures. Over time, Badger would expect to incur annual maintenance capital expenditures approximately equaling the year's depreciation expense. Badger estimates it will remove approximately 15 to 25 hydrovac units from the fleet in 2013. Badger expects that cash provided by operations and cash available for growth capital expenditures and dividends will be sufficient to fund its future maintenance capital expenditures.

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 credit rating.

Capital Resources

Investing

The Company spent $12.9 million on property, plant and equipment for the three months ended March 31, 2013 compared to $12.5 million for the three months ended March 31, 2012. The costs to build a hydrovac unit remained consistent with the average for 2012.

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 period-to-period depending on the number of units retired from the fleet. During the first quarter of 2013 only one hydrovac unit was removed from the fleet and, therefore, maintenance capital expenditures were minimal.

Financing

The Company has a $55 million extendable revolving credit facility which is used to assist in financing Badger's capital expenditure program and support corporate activities, of which $40.5 million was drawn at March 31, 2013. The facility has no required principal repayments. It expires on June 23, 2013 and is renewable by mutual agreement of the Company and the lender 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 increased by 42 percent during the first three months of 2013. As at March 31, 2013 Badger's cash and cash equivalents were $1.6 million, resulting in net debt of $38.8 million versus cash and cash equivalents of $2.5 million and net debt of $27.3 million at December 31, 2012. The main reason for the increase was the capital expenditures incurred during the first quarter of 2013 and the increase in working capital due to the increase in trade and other receivables.

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	**March 31, 2013**	December 31, 2012	Threshold
Funded Debt(1) to EBITDA(2)	**0.59:1**	0.44:1	2.25:1 maximum
Fixed Charge Coverage(3)	**3.87:1**	4.58:1	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 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 $15.5 million. They 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 $80.6 million at December 31, 2012 to $80.8 million at March 31, 2013 due to certain employees exercising their options. Shares outstanding at March 31, 2013 were 12,332,631. There was no change to the balance as of May 10, 2013.

SELECTED QUARTERLY FINANCIAL INFORMATION

($)	**2013**	2012				2011		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	69,154,050	69,248,611	61,961,587	53,984,135	54,034,368	56,548,569	53,853,710	42,804,832
Net profit	7,985,163	7,888,160	7,901,918	6,144,629	6,115,052	8,704,497	8,152,566	4,564,267
Net profit per share - basic	0.65	0.64	0.64	0.56	0.57	0.80	0.75	0.42
Net profit per share - diluted	0.65	0.64	0.64	0.56	0.56	0.80	0.75	0.42

CHANGES IN ACCOUNTING POLICIES

The Company has applied the requirements of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosures of Interests in Other Entities and IFRS 13 Fair Value Measurements in the current period. The adoption of these policies did not have a material impact on the Company's interim condensed consolidated financial statements, but did require some additional disclosure in the notes to the consolidated financial statements. This additional disclosure can be found in notes 2, 10 and 11 to the interim condensed consolidated financial statements as at and for the three months ended March 31, 2013.

ACCOUNTING STANDARDS PENDING ADOPTION

The following are the IFRS pronouncements which have been issued but are not yet effective as at March 31, 2013. The pronouncements may, however, have a future impact on the measurement and/or presentation of the Company's consolidated financial statements. The pronouncements are as follows:

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 Company is currently assessing the impact of this standard on the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

There have been no material changes to critical accounting estimates since December 31, 2012.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Badger's President and CEO and its 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, 2012 and as a result of identifying the material weakness outlined below have concluded the disclosure controls and procedures are not fully effective.

Internal Control over Financial Reporting

Badger's President and CEO and its 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, 2012 and as a result of identifying the material weakness outlined below have concluded the internal controls over financial reporting are not fully 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 of 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 disclosures 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 March 31, 2013 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, 2012, 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 2012 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.

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

For more information regarding this press release, please contact:

Tor Wilson	**Greg Kelly, CA**
President and CEO	*Vice President Finance and CFO*

1000, 635 – 8th Avenue SW
Calgary, Alberta T2P 3M3
Telephone 403-264-8500
Fax 403-228-9773

Badger Daylighting Ltd.

Interim Condensed Consolidated Financial Statements
(unaudited)

For the period ended March 31, 2013

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	March 31, 2013 $	December 31, 2012 $
ASSETS			
Current Assets			
Cash and cash equivalents		1,632,442	2,460,078
Trade and other receivables		72,753,135	63,570,409
Prepaid expenses		1,567,274	1,346,016
Inventories		2,757,566	2,087,289
		78,710,417	69,463,792
Non-current Assets			
Property, plant and equipment		158,615,940	149,568,105
Intangible assets		6,550,511	6,550,511
		165,166,451	156,118,616
Total Assets		243,876,868	225,582,408
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables		23,682,186	20,998,787
Income taxes payable		1,247,999	3,421,007
Dividends payable		1,109,937	1,109,397
		26,040,122	25,529,191
Non-current Liabilities			
Long-term debt	4	40,456,828	29,773,229
Deferred income tax		32,891,112	30,572,216
		73,347,940	60,345,445
Shareholders' Equity			
Shareholders' capital	5	80,774,811	80,640,111
Contributed surplus	5	547,504	2,060,607
Accumulated other comprehensive loss	5	(735,107)	(2,239,192)
Retained earnings		63,901,598	59,246,246
		144,488,806	139,707,772
Total Liabilities and Shareholders' Equity		243,876,868	225,582,408

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)

For the three months ended	Notes	March 31, 2013 $	March 31, 2012 $
Revenues	7	69,154,050	54,034,368
Direct costs		46,432,821	37,571,305
Gross profit		22,721,229	16,463,063
Depreciation of property, plant and equipment		5,332,880	4,168,919
Amortization of intangible assets		-	49,002
Selling, general and administrative		4,782,625	3,206,655
Operating profit		12,605,724	9,038,487
Gain on sale of property, plant and equipment		(28,314)	(17,795)
Finance cost		297,946	333,248
Profit before tax		12,336,092	8,723,034
Income tax expense		4,350,929	2,607,982
Net profit for the period		7,985,163	6,115,052
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		1,504,085	(1,221,362)
Total comprehensive income for the period attributable to shareholders of the Corporation		9,489,248	4,893,690
Earnings per share			
Basic	8	0.65	0.57
Diluted	8	0.65	0.56

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)

For the three months ended	Notes	Shareholders' capital $	Contributed surplus $	Accumulated other comprehensive loss $	Retained earnings $	Total equity $
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		-	-	-	6,115,052	6,115,052
Other comprehensive loss for the period		-	-	(1,221,362)	-	(1,221,362)
Share-based payment transactions	5,6	-	38,000	-	-	38,000
Share options exercised	5,6	164,100	-	-	-	164,100
Dividends		-	-	-	(2,760,036)	(2,760,036)
As at March 31, 2012		44,637,207	2,695,923	(2,225,384)	46,609,162	91,716,908
As at January 1, 2013		80,640,111	2,060,607	(2,239,192)	59,246,246	139,707,772
Net profit for the period		-	-	-	7,985,163	7,985,163
Other comprehensive income for the period		-	-	1,504,085	-	1,504,085
Share options exercised	5,6	134,700	-	-	-	134,700
Options surrendered for cash	5,6	-	(1,513,103)	-	-	(1,513,103)
Dividends		-	-	-	(3,329,811)	(3,329,811)
As at March 31, 2013		80,774,811	547,504	(735,107)	63,901,598	144,488,806

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)

For the three months ended	Notes	March 31, 2013 S	March 31, 2012 S
Operating activities			
Net profit for the period		7,985,163	6,115,052
Non-cash adjustments to reconcile profit from operations to net cash flows:			
Depreciation of property, plant and equipment		5,332,880	4,168,919
Amortization of intangible assets		-	49,002
Deferred income tax		1,849,220	725,000
Share-based payment transaction expense	5,6	-	38,000
Equity-settled share plan settled in cash	5,6	(1,513,103)	-
Gain on sale of property plant and equipment		(28,314)	(17,795)
Unrealized foreign exchange (gain) loss on deferred tax		469,676	(322,236)
		14,095,522	10,755,942
Net change in non-cash working capital relating to operating activities		(9,546,602)	(1,295,814)
Net cash flows from operating activities		4,548,920	9,460,128
Investing activities			
Purchase of property, plant and equipment		(12,922,999)	(12,513,239)
Proceeds from sale of property, plant and equipment		57,415	20,604
Net cash flows used in investing activities		(12,865,584)	(12,492,635)
Financing activities			
Proceeds received on the exercise of share options		134,700	164,100
Proceeds from long-term debt		10,683,599	7,054,536
Dividends paid to owners		(3,329,271)	(2,759,176)
Net cash flows from financing activities		7,489,028	4,459,460
Net (decrease) increase in cash and cash equivalents		(827,636)	1,426,953
Cash and cash equivalents, beginning of period		2,460,078	2,622,191
Cash and cash equivalents, end of period		1,632,442	4,049,144
Supplemental cash flow information:			
Interest paid		297,946	333,248
Income tax paid		4,786,557	6,281,652

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 – 8th Avenue SW, Calgary, Alberta T2P 3M3.

The interim condensed consolidated financial statements of the Corporation for the period ended March 31, 2013 were authorised for issue in accordance with a resolution of the directors on May 10, 2013.

2 Basis of Preparation

Statement of compliance
These interim condensed 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").

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, 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.

Standards and amendments to existing standards effective January 1, 2013

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Corporation's annual consolidated financial statements for the year ended December 31, 2012, except for the adoption of new International Financial Reporting Standards ("IFRSs") and interpretations as of January 1, 2013, noted below:

i) Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never by reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Corporation's financial condition or performance.

2 Basis of Preparation (continued)

ii) Application of new and revised IFRSs on consolidation, joint arrangements, associates and disclosures

The Corporation has applied the requirements of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosures of Interests in Other Entities as well as the consequential amendments to IAS 27 (as revised in 2011) Separate Financial Statements and IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures in the current period.

The impact of the application of these standards is set out below.

<u>Impact of the application of IFRS 10</u>
As a result of the adoption of IFRS 10, the Corporation has changed its accounting policies with respect to determining whether it has control over and consequently consolidates its investees. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In accordance with the transitional provisions of IFRS 10, the Corporation has re-assessed the control conclusion for its investees at January 1, 2013 and concluded that the new standard does not change its previous conclusion.

<u>Impact of the application of IFRS 11</u>
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. The application of IFRS 11 has no impact on the interim condensed consolidated financial statements as the Corporation has no interests in joint arrangements.

<u>Impact of the application of IFRS 12</u>
IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in additional disclosures in the interim condensed consolidated financial statements.

iii) Application of IFRS 13 Fair Value Measurement

The Corporation has applied the requirements of IFRS 13 Fair Value Measurement in the current period. IFRS 13 improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. In general, the application of IFRS 13 has resulted in additional disclosures in the interim condensed consolidated financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective that would be expected to have a significant impact on the Corporation. Further, the Corporation has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(Unaudited – Expressed in Canadian Dollars)

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:

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The Corporation will assess the impact of this standard in conjunction with the other phases, when the final standard including all phases is issued.

4 Long-term debt

	March 31, 2013 $	December 31, 2012 $
Extendable revolving credit facility	40,456,828	29,773,229

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, 2012 – 3.00%) or bankers' acceptance rate plus 1.25% (December 31, 2012 – 2.44%). 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 23, 2013 and is renewable by mutual agreement of the Corporation and the lender for an additional 364 day period, after which the entire amount must be repaid. If not renewed, interest is payable monthly 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 2013, and as at March 31, 2013, the Corporation was in compliance with all of these covenants.

As at March 31, 2013, the Corporation has issued letters of credit in the amount of approximately $635,000. The outstanding letters of credit reduce the amount available under the extendable revolving credit facility.

At March 31, 2013, the Corporation had available $13,908,172 (December 31, 2012 - $24,591,771) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

(Unaudited – Expressed in Canadian Dollars)

5 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 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 December 31, 2012	12,326,631	80,640,111
Shares issued pursuant to the share option plan	6,000	134,700
At March 31, 2013	12,332,631	80,774,811

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.

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 6 for further details of these plans.

	March 31, 2013 $	December 31, 2012 $
Opening balance	2,060,607	2,657,923
Share-based payment transactions	-	58,000
Equity-settled share plan settled in cash	(1,513,103)	(655,316)
Closing balance	547,504	2,060,607

6 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 March 31, 2013 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.

(Unaudited – Expressed in Canadian Dollars)

6 Share-based payment plans (continued)

A summary of the share-based payment transactions for the period ended March 31, 2013 and the year ended December 31, 2012 are as follows:

	March 31, 2013		December 31, 2012	
	Number of options	**Weighted average exercise price $**	**Number of options**	**Weighted average exercise price $**
Outstanding at beginning of period	110,375	21.54	187,750	19.00
Share options exercised	(6,000)	22.45	(13,000)	15.78
Options surrendered for cash	(92,375)	22.45	(52,375)	13.69
Forfeited	-	-	(12,000)	22.45
Outstanding at end of period	12,000	14.07	110,375	21.54

Pursuant to the share plan during the first quarter of 2013, the Corporation had 92,375 vested share options surrendered by employees in return for a cash settlement of $1,513,103

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 other than to the directors, which vest immediately, 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 recognized using graded vesting throughout the term of the vesting period, with a corresponding credit to liabilities. The Corporation has recorded a compensation expense of $1,763,000 (2012 - $605,000), which is included in selling, general and administrative expenses.

The liability of deferred units outstanding as at March 31, 2013 is $5,686,000 (December 31, 2012 - $3,923,000). The intrinsic value of deferred units exercisable as at March 31, 2013 is $1,906,004 (December 31, 2012 is $1,437,644). Changes in the number of deferred units under the Badger DUP were as follows:

	Units
At December 31, 2011	131,178
Granted	48,170
Dividends earned	4,067
Redeemed	(5,003)
Forfeited	(12,287)
At December 31, 2012	**166,125**
Dividends earned	2,212
Forfeited	(2,207)
At March 31, 2013	**166,130**
Exercisable at March 31, 2013	**47,190**

(Unaudited – Expressed in Canadian Dollars)

7 Revenues

	For the three months ended	
	March 31, 2013	March 31, 2012
	$	$
Rendering of services	68,712,263	53,959,669
Truck placement fees	441,787	74,699
	69,154,050	54,034,368

8 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 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 three months ended March 31, 2013, was based on the net profit available to common shareholders of $7,985,163 (2012 - $6,115,052), and a weighted average number of common shares outstanding of 12,331,631 (2012 – 10,820,334).

Weighted average number of common shares

	For the three months ended	
	March 31, 2013	March 31, 2012
	$	$
Issued common shares outstanding, beginning of period	12,326,631	10,813,631
Effect of share options exercised	5,000	6,703
Weighted average number of common shares, end of period	12,331,631	10,820,334

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 three months ended March 31, 2013, was based on a weighted average number of common shares outstanding after adjustment for the effects of all dilutive potential common shares of 12,338,763 (2012 – 10,857,503), calculated as follows:

	For the three months ended	
	March 31, 2013	March 31, 2012
	$	$
Weighted average number of common shares (basic)	12,331,631	10,820,334
Effect of share options	7,132	37,169
Weighted average number of common shares (diluted)	12,338,763	10,857,503

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.

(Unaudited – Expressed in Canadian Dollars)

9 Segment reporting

The Corporation operates in two geographic/reportable segments providing non-destructive excavating services in each of these segments. The following is selected information for the periods ended March 31, 2013 and 2012 based on these geographic segments.

For three months ended:	**March 31, 2013**			**March 31, 2012**		
	Canada ($)	**U.S. ($)**	**Total ($)**	**Canada ($)**	**U.S. ($)**	**Total ($)**
Revenues	39,398,207	29,755,843	69,154,050	30,942,860	23,091,508	54,034,368
Direct costs	25,262,804	21,170,017	46,432,821	19,623,235	17,948,070	37,571,305
Depreciation of property, plant and equipment	2,612,535	2,720,345	5,332,880	2,110,005	2,058,914	4,168,919
Amortization of intangible assets	-	-	-	49,002	-	49,002
Selling, general and administrative	4,118,767	663,858	4,782,625	2,608,312	598,343	3,206,655
Profit before tax	7,163,865	5,172,227	12,336,092	6,248,839	2,474,195	8,723,034

For three months ended:	**March 31, 2013**			**March 31, 2012**		
	Canada ($)	**U.S. ($)**	**Total ($)**	**Canada ($)**	**U.S. ($)**	**Total ($)**
Additions to non-current assets:						
Property, plant and equipment	4,017,128	8,905,871	12,922,999	6,403,254	6,109,985	12,513,239

	Canada ($)	**U.S. ($)**	**Total ($)**
As at March 31, 2013			
Property, plant and equipment	80,358,850	78,257,090	158,615,940
Intangible assets	6,550,511	-	6,550,511
Total assets	135,874,153	108,002,715	243,876,868
As at December 31, 2012			
Property, plant and equipment	77,969,436	71,598,669	149,568,105
Intangible assets	6,550,511	-	6,550,511
Total assets	126,315,547	99,266,861	225,582,408

(Unaudited – Expressed in Canadian Dollars)

10 Subsidiaries

The consolidated financial statements include the financial statements of Badger Daylighting Ltd. and the subsidiaries listed in the following table:

		% equity interest	
Name	**Country of Incorporation**	**March 31, 2013**	**December 31, 2012**
Badger Daylighting (Fort McMurray) Inc.	Canada	100%	100%
Badger Edmonton Ltd.	Canada	100%	100%
1095909 Alberta Ltd.	Canada	100%	100%
Badger ULC	Canada	100%	100%
Badger Daylighting USA, Inc.	United States of America	100%	100%
Badger Daylighting Corp.	United States of America	100%	100%
Badger, LLC	United States of America	100%	100%

Balances and transactions between Badger Daylighting Ltd. and its subsidiaries have been eliminated on consolidation and are not disclosed in this Note. There are no significant restrictions on the Corporation's or its subsidiaries ability to access or use the assets, and settle the liabilities, of the Corporation.

11 Fair value of financial instruments

Fair value is 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.

Fair value measurements are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values. The three fair value hierarchy levels are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and,
- Level 3 inputs are unobservable inputs for the asset or liability.

Financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, dividends payable and long-term debt. The fair values of these recognized financial instruments, excluding long-term debt, approximate their carrying values due to their short-term maturity. The carrying value of the long-term debt approximates fair value because each of the long-term facilities has a floating interest rate.

12 Subsequent event

During April, 2013 the Corporation executed an agreement whereby it will acquire service rights and operating assets from certain of its operating partners for cash consideration of $2,550,000. It is anticipated the transaction will be finalized sometime in May 2013.