Management’s Discussion and Analysis

The following Management’s Discussion and Analysis (MD&A) should be read in conjunction with the audited consolidated financial statements and related notes of Badger Daylighting Ltd. (the “Company” or “Badger”) for the year ended December 31, 2015. The audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). Readers should also refer to the Annual Information Form for the year ended December 31, 2015 which, along with further information relating to Badger may be found on SEDAR at www.sedar.com.

All comparative share capital and profit per share amounts have been adjusted for the three for one share split that occurred on January 24, 2014.

This MD&A has been prepared taking into consideration information available to March 17, 2016.

The Cautionary Statements Regarding Forward Looking Information and Statements is an integral part of this release and is included at the end.

FINANCIAL HIGHLIGHTS

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

	Three months ended December 31,		Twelve months ended December 31,	
	2015	**2014**	**2015**	**2014**
Revenue				
Hydrovac service revenue	93,500	97,300	367,638	365,316
Other revenue	7,564	11,049	36,982	56,903
Total revenue	101,064	108,350	404,620	422,219
Adjusted EBITDA	26,197	34,739	107,759	120,121
Legal settlement (recovery) and related costs	(11,909)	-	9,711	-
Impairment of Fieldtek oil tank cleaning assets	6,508	-	6,508	-
Profit before tax	16,294	20,857	41,243	73,519
Net profit	20,486	17,045	38,488	53,102
Profit per share – basic and diluted ($)	0.55	0.47	1.04	1.43
Cash flow from operating activities before non-cash working capital adjustments	7,851	34,654	75,516	100,479
Cash flow from operating activities before non-cash working capital adjustments per share – basic and diluted ($)	0.22	0.94	2.04	2.71
Dividends declared	3,339	3,333	13,350	13,332
Total shares outstanding (end of period)	37,100,681	37,033,893	37,100,681	37,033,893

OVERVIEW

Highlights for the three months ended December 31, 2015:

- Total revenue decreased by 6.7 percent to $101.1 million in the fourth quarter of 2015 from $108.4 million in the comparable quarter in the prior year. United States revenue (in Canadian dollars) increased by 11.0 percent while Canadian revenue decreased by 27.8 percent.
- Total hydrovac revenue decreased by 3.9 percent to $93.5 million, from $97.3 million in the comparable period from the prior year. While hydrovac revenue declined in oil and gas producing regions, growth outside these regions as well as the benefit of translating United States dollar revenue into Canadian dollars allowed the company to offset the majority of the weakness in the oil and gas sector.
- The largest component of other revenue in the prior year was the Western Canada based Fieldtek oil tank cleaning business. Revenue from these services declined by 48.4 percent from $6.7 million to $3.5 million.
- Adjusted EBITDA decreased by 24.6 percent to $26.2 million from $34.7 million.
- Adjusted EBITDA as a percent of revenue decreased from 32.1 percent to 25.9 percent.
- Canadian Adjusted EBITDA as a percent of revenue decreased from 35.2 percent to 21.7 percent upon weakness in Western Canada as well as disappointing results from Eastern Canada. Canadian Adjusted EBITDA was $7.7 million in the fourth quarter of 2015, down from $17.4 million in the fourth quarter of 2014.
- US Adjusted EBITDA as a percent of revenue decreased from 29.5 percent to 28.2 percent, also affected by weakness in the oil and natural gas sector. US Adjusted EBITDA in Canadian dollars was $18.5 million in the fourth quarter of 2015, up from $17.4 million in the same period of 2014.
- Cash flow from operations before non-cash working capital adjustments decreased from $34.7 million to $7.9 million primarily due to lower Adjusted EBITDA ($8.5 million) as well as a higher current tax expense ($10.1 million) and the partial payment of the legal settlement ($3.2 million).
- Following an annual test of goodwill and intangibles with indefinite lives, and due to the impact of lower oil prices and reduced drilling activity, the Corporation recorded an impairment charge of $6.5 million against Fieldtek oil tank cleaning assets.
- On December 29, 2015, the Company settled the legal action with a former franchisee by agreeing to pay the former franchisee USD $7.5 million.
- Badger had 1,018 Badger hydrovacs at the end of 2015, reflecting the addition of 64 hydrovacs to the fleet in 2015 and the retirement of 44 units. Of the total, 364 units were operating in Canada and 654 in the United States at year-end. Badger had 410 units in Canada and 588 in the United States for a total of 998 units at December 31, 2014. The new units were financed from cash generated from operations.

Highlights for the year-ended December 31, 2015:

- Hydrovac revenue increased to $367.6 million in 2015 from $365.3 million in 2014 despite very challenging market conditions in oil and natural gas producing markets. The increase in hydrovac revenue results from continued strong growth in the US non-oil and gas producing regions, as well as the benefit of translating US dollar denominated revenue into Canadian dollars.
- Total revenues when including revenue from services rendered aside from hydrovac services decreased 4.2 percent from $422.2 million in 2014 to $404.6 million in 2015.
- Following continued weakness in commodity prices, Badger's revenue from the oil and gas industry declined by 25 percent, which was offset by a 27 percent increase from utility and other industrial clients, both taking into consideration foreign exchange effects.
- Badger's hydrovac revenue from the oil and gas industry decreased from 51 percent to 38 percent of total hydrovac revenue from 2014 to 2015. Growth from the non-oil and gas sector as well as a decline the oil and gas industry revenue has shifted the industry concentration to 62 percent non-oil and gas. Management includes refinery, pipeline and all activities that occur within an oil or gas producing property to be part of the oil and gas sector. All other sectors form the non-oil and gas sector.
- Other revenue decreased from $56.9 million to $37.0 million. The largest component of other revenue is the Fieldtek oil tank cleaning business. This revenue decreased by 45.5 percent in the year, from $27.7 million to $15.1 million.
- Adjusted EBITDA decreased by 10.3 percent from $120.1 million to $107.8 million year-over-year.
- Adjusted EBITDA as a percent of revenue for 2015 was 26.6 percent versus 28.4 percent in 2014. The overall decrease was largely due to weaker revenue in Canada as Canadian Adjusted EBITDA as a percent of revenue decreased from 28.0 percent to 22.4 percent. US Adjusted EBITDA as a percent of revenue remained relatively strong at 29.2 percent, up from 29.0 percent in the prior year.
- Cash flow from operations increased to $94.2 million from $84.2 million as curtailed growth reduced working capital.
- Profit per share was $1.04 for 2015 compared to $1.43 for 2014.
- Capital expenditures in 2015 were $39.0 million, split between growth capital of $23.7 million and maintenance capital of $15.3 million.
- Management has responded to the weakness in Western Canada specifically and oil and natural gas-producing regions in general by curtailing production of Badger hydrovacs and redistributing the existing fleet. 24 hydrovacs were transferred from Canada to growth markets in the US during the year.
- Total long-term debt decreased from $124.4 million at the end of 2014 to $103.9 million at the end of 2015, reflecting repayment of the syndicated revolving credit facility balance of $37.4 million from the prior year which was partially offset by the revaluation of the US dollar-denominated senior secured notes.

OUTLOOK

2015 was a good test for Badger. With significantly reduced activity levels in the oil and natural gas sector Badger needed to proactively grow its non-oil and gas business or suffer a major reduction in revenue and profitability. This challenge accelerated what had been a gradual transition to a revenue base less reliant on the oil and natural gas sector. In 2013, oil and natural gas represented 55 percent of Badger's core hydrovac business; in 2014 it was 51 percent and in 2015 it shrank to 38 percent. Utility and other industries are now the clear leading source of revenue for Badger. We believe this is a significant change as demand for Badger's services in the utilities and other industries should grow with less volatility. We expect this trend to continue in 2016.

2015 Comments

1. Badger's hydrovac business grew modestly by 0.6 percent, including foreign exchange effects, while other revenue declined.
2. Minimal hydrovac revenue growth belies significant growth in utility and other industries, offset by weakness in the oil and natural gas sector. As mentioned above, Badger's market shifted to 62 percent utility and other industries. This equates to a growth of 27 percent in Badgers non-oil and natural gas sector. A very impressive growth rate. The challenge is to continue this growth rate as Badger believes the oil and natural gas sector – in the short term at least – will continue to decline.
3. Badger's hydrovac revenue is 67.2 percent from the US, and 32.8 percent from Canada (2014: 55.6 percent from the US, 44.4 percent from Canada)
4. The US results were impressive with a small revenue growth of 4.9 percent in United States dollar terms for the year and stable Adjusted EBITDA margins. The west region - which starts at North Dakota and flows down to New Mexico - had the biggest negative impact due to the decline in the oil and natural gas industry. It should be noted that the biggest reduction in the US west happened in the last half of 2015.
5. Western Canada experienced severely reduced demand in the oil and natural gas sector, especially in areas such as northern Alberta. However western Canada managed to keep reasonable - although reduced margins. Overall Badger is pleased with the efforts and response in western Canada to the collapse in the oil and natural gas sector.
6. As with any organization - from time to time - an area does not perform to expectations. Eastern Canada shrank in revenue and profitability in 2015 even though more market was available. This had a negative impact on Canadian and total company results. Management in this region was changed in late 2015 and Badger expects Eastern Canada to be weak in the first half of 2016 and then start to recover in the second half of the year.
7. Badger strengthened its balance sheet during 2015, exiting the year with total debt less cash of $78.9 million, nothing drawn on the $125 million syndicated revolving credit facility and total debt less cash to Adjusted EBITDA of 0.73, providing lots of capacity to build more trucks when needed.
8. One of the key focuses for 2015 was to strengthen the organization especially at the corporate level. With the addition of a corporate Health, Safety and Environment Director, corporate Fleet Design and Service Manager, corporate Organization Development Manager and two Vice President of Operations in the US - Badger is fully staffed at the corporate level - and in a good position for future growth.
9. Badger built 64 trucks and retired 44, resulting in 20 growth trucks in 2015. With the drop in revenue per truck Badger did not want to invest significant cash to keep old trucks running. Marginal units were removed, resulting in more truck retirements than we've had over the past few years. The additional 64 new trucks should produce good margins and revenue for at least 10 years.
10. Revenue per truck was less in 2015 ($25,721) than 2014 ($32,169) and did not meet the target of $30,000. With the large increase in the truck fleet in 2014, and the drop in the oil and natural gas sector Badger did

not meet its revenue per truck target. In keeping with the Badger business model, the Company reduced truck production and focused instead on cash generation and improving fleet utilization.

11. 2015 Adjusted EBITDA was 26.6 percent of revenue which is below our target of approximately 28 to 29 percent of revenue. The US did well in this regard although they were hampered by the slowdown in the oil and natural gas sector. Canada had two issues – the slow oil and gas sector and poor performance in Eastern Canada. This is a reasonable result given the challenges in transitioning the Badger fleet between oil and natural gas markets and non-oil and natural gas markets.

Major initiatives for 2016:

1. Badger maintained stable hydrovac revenue while reducing our concentration of revenue in the oil and gas sector in 2015 – Badger must continue this in 2016 and aggressively grow in utility and other sectors which have strong activity and potential demand for Badger services. In 2015, Badger grew 26.5 percent in areas not affected by the oil and gas industry while increasing its exposure to these markets, generating 62 percent of hydrovac revenue in utility and non-oil and gas sectors. This transition gives Badger a much better position for growth in 2016.
2. With the potential for continued decline in the oil and natural gas sector Badger will continue to prudently manage costs in these areas and reallocate assets as required.
3. Badger reduced its truck build in early 2015 to compensate for idle trucks in areas with lower than normal activity. We believe we will continue with a reduced build of 3 to 6 trucks a month on average for the foreseeable future. Our replacement truck estimate is about the same as 2015. Badger believes it will retire 40 to 50 trucks in 2016. 44 trucks were retired in 2015.
4. Focus on revenue per truck of at least $30,000 per month. It will be a challenge in the first couple of quarters with Western Canada and Western US likely to experience further declines in activity levels. However the utility market segment should get stronger as we move into the construction season after the spring.
5. Increase the effectiveness of the business development effort to continue to grow Badgers customer base, especially in the US.
6. Continue to build the organization to achieve our overall objective of doubling the US business in three to five years. People are still the key and Badger's ability to attract and retain key people are the means to achieve growth.
7. As always continued focus on providing value added service to all customers with the best truck best operator philosophy.

2016 Outlook

2016 will be another year of running hard to stay in place. Badger expects demand from the oil and natural gas sector to continue to shrink requiring growth in utility and other industries to offset it. 2015 results position Badger to better accomplish this, but hydrovac production is expected to stay low in 2016 with truck retirements again at 2015 levels. Badger believes the US will continue to become an ever larger part of its business.

Results of Operations

Revenues

Fourth quarter revenues of $101.1 million for the three months ended December 31, 2015 were 6.7 percent lower than the $108.4 million generated during the comparable period in 2014. The decrease is attributable to the following:

- Canadian revenue decreased by 27.8 percent to $35.7 million from $49.4 million. The leading cause of this decrease is the overall reduction in capital spending in the oil and natural gas industry which resulted in a 26.9 percent decrease in Canadian hydrovac revenue.
- Fieldtek revenue has been particularly affected by the decline in the oil production sector. Fieldtek's business is concentrated in servicing oil producers within a 150 kilometer radius of Lloydminster, Alberta with oil storage tank cleaning. This tank cleaning revenue decreased by 48.2 percent to $3.5 million from 6.7 million.
- In United States dollars, revenue decreased by 6.0 percent for the three months ended December 31, 2015 over the comparable quarter in 2014. Upon translation to Canadian dollars, United States revenue increased from $59.0 million to $65.4 million for the three months ended December 31, 2015, an increase of 11.0 percent from the same period in the prior year.

Yearly total revenue decreased from $422.2 million in 2014 to $404.6 million in 2015.

Badger's average revenue per truck per month during the three months ended December 31, 2015 was $25,197 versus $30,435 for the three months ended December 31, 2014. For the year, the revenue per truck in 2015 was $25,721 versus $32,169 in 2014. The reduction in revenue per truck was predominantly the result of weakness in oil and gas producing regions.

Reclassification of general and administrative expenses

Beginning in the first quarter of 2015, general and administrative expenses include only those costs related to the Corporation's three main administrative centers – the Corporate office in Calgary, the Canadian administration center in Red Deer, and the United States administration center in Brownsburg, Indiana. Costs that are incurred outside these centers have been classified as direct costs. Historical results were reclassified to match the current period presentation. This reclassification did not impact net earnings, Adjusted EBITDA, earnings per share, financial position or cash flows.

Management believes that the new definition for general and administrative expenses more closely aligns to respective senior management areas of responsibility, as well as allows for greater comparability of Badger's Canadian and US businesses.

Direct Costs

Direct costs for the quarter ended December 31, 2015 were $72.0 million as compared to direct costs of $71.1 million for the quarter ended December 31, 2014. Direct costs increased as operations management roles were filled due to the growth in the US and the number of areas in which we conduct operations increased. Offsetting these costs were reduced fuel costs in the fourth quarter and throughout the year. 2015 direct costs were $283.1 million, or 70.0 percent of revenue, versus $290.5 million, or 68.8 percent of revenue, for 2014.

Gross Profit

The gross profit margin was 28.7 percent for the quarter ended December 31, 2015, down from the 34.4 percent for the quarter ended December 31, 2014. Gross profit margin for 2015 was 30.0 percent versus 31.2 percent for 2014. Canada had a gross profit margin of 22.4 percent in the fourth quarter (36.9 percent in the fourth quarter of 2014) and 26.2 percent for the year (30.8 percent in 2014). The United States gross profit margin was 32.2 percent in the fourth quarter (32.3 percent in the fourth quarter of 2014) and 32.4 percent for the year (31.6 percent in 2014).

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment was $11.0 million for the three months ended December 31, 2015, $1.7 million higher than the $9.3 million incurred for the three months ended December 31, 2014, due to a full year of depreciation on the 207 additional hydrovac units added to the fleet in 2014 as well as the 20 additional units added in 2015. Depreciation for all of 2015 was $42.4 million versus $33.6 million in 2014, also due to the increasing hydrovac fleet size.

Impairment Related to Oil Tank Cleaning Assets

The persistently low commodity prices were considered indicators of possible impairment of Badger's assets involved in the oil tank cleaning based in Lloydminster, Alberta. These assets were acquired as a result of the Fieldtek Ltd. acquisition in November, 2013. Badger assessed these assets to determine whether the carrying values exceeded their recoverable amount and concluded in the fourth quarter of 2015 to record an impairment charge of $6,508 relating to these specific assets.

Finance Cost

Finance cost was $2.3 million for the quarter ended December 31, 2015 versus $1.6 million for the same quarter in 2014. The higher finance cost was largely due to interest owing on income taxes related to the change in transfer prices for hydrovacs sold to the US operations as well as a higher translated interest cost on US dollar denominated debt, offset by having a lower average debt balance. Finance costs were $5.9 million in 2015 versus $5.8 million in 2014, resulting from the same factors as mentioned above.

General and Administrative Expenses

General and administrative expenses increased from $2.5 million in the fourth quarter of 2014 to $2.8 million in the same quarter of 2015, largely due to translating US general and administration costs at a relatively higher exchange rate. For the full year general and administrative costs were $13.8 million in 2015 versus $11.6 million in 2014. As a percentage of revenue, general and administrative expenses increased from 2.7 percent to 3.4 percent in 2015.

Legal Settlement and Related Costs

Late in the fourth quarter of 2015, Badger settled the legal action with a former franchisee against a subsidiary of Badger by agreeing to pay the former franchisee USD $7.5 million. USD $2.5 million was paid in December, 2015, and the remaining USD $5.0 million was paid in January, 2016. Directly related costs of $1,467 were also incurred by the Corporation in relation to this legal dispute in 2015. It should be noted that both parties are bound by a confidentiality agreement concerning particulars of the case.

Income Taxes

The effective tax rate for the year ended December 31, 2015 before the benefit of recording the recovery resulting from a prior years transfer pricing adjustment, was 28.8 percent compared to 27.8 percent for the prior year. Badger has recognized a benefit of a transfer pricing adjustment on the sale of hydrovac vehicles from Canada to the United States of $9.2 million in the fourth quarter of 2015.

Net Profit

The fourth quarter of 2015 resulted in $20.5 million net profit as compared to a net profit of $17.0 million in the same period last year. Generally weaker gross profit following the decline in commodity prices was offset in the quarter by recording the benefit of the transfer pricing adjustment as well as the reversal of the legal provision. Net profit for the year declined from $53.1 million in 2014 to $38.5 million on the same factors noted above.

Other Comprehensive Income

The company incurred $33.4 million in other comprehensive income on the foreign currency translation of its US operations because the US dollar strengthened significantly throughout the year. Note that the company chose to designate the US dollar denominated senior secured note as a hedge of the net investment in its US operations starting in the first quarter of 2015, and accordingly, offset the exchange differences on translation of the US operations with the opposite exchange differences on the translation of the US dollar-denominated debt. The hedge offset the foreign exchange income by $16.9 million, resulting in a total other comprehensive income of $16.5 million.

Liquidity and Dividends

Cash flow from operations increased as the benefit to cash flow of reduced working capital offset overall reduced net profit.

The Company had working capital of $83.7 million at December 31, 2015 compared to $92.9 million at December 31, 2014 as collections improved and decreased revenue lead to decreased receivables. Trade payables also declined before adding the outstanding US $5.0 million accrued liability relating to the legal settlement.

The following table outlines the cash available to fund growth and pay dividends to shareholders for the twelve months ended December 31, 2015 and 2014:

($ thousands)	Year ended December 31, 2015	 December 31, 2014
Cash flow from operating activities before non-cash working capital adjustments	75,516	100,479
Add: Proceeds from sale of property, plant and equipment	737	541
Deduct: Long-term debt repayment	(37,426)	-
Deduct: Maintenance capital	(15,270)	(10,304)
Cash Available for Growth Capital and Dividends	23,557	90,716
Growth Capital Expenditures	23,697	88,779
Dividends Declared	13,350	13,332

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 over dividends declared during the years ended December 31, 2015 and 2014:

($ thousands)	Year ended December 31, 2015	 December 31, 2014
Cash provided by operating activities	94,223	84,203
Net profit	38,488	53,102
Dividends declared	13,350	13,332
Excess of cash provided by operating activities over dividends declared	80,873	70,871
Excess of net profit over dividends declared	25,138	39,770

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 2015 was used to finance growth and maintenance capital expenditures, to pay long-term debt 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. Over time, if growth slowed, Badger would expect to incur annual maintenance capital expenditures approximately equaling the year's depreciation expense. Badger is taking the opportunity of reduced demand for growth trucks to remove marginal trucks and as such, removed 44 hydrovac units from the fleet in 2015 (14 removed in 2014). 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.

Following the legal award against Badger in the State of Oklahoma, and due to the Company's decision to appeal the verdict and therefore not discharge that judgment within 30 days, Badger was in default of its Extendable Revolving Credit Facility and Senior Secured Notes. Badger obtained waivers of this default from all lenders of both the Credit Facility and the Senior Secured Notes, and ultimately entered into an agreement to settle this matter on December 29, 2015.

Capital Resources

Investing

The Company invested $5.4 million on property, plant and equipment for the three months ended December 31, 2015 compared to $24.0 million for the three months ended December 31, 2014. For the year, the Company spent $39.0 million, a $60.1 million decrease over the $99.1 million spent in 2014. The decrease in property plant and equipment is largely due to the reduced production of hydrovacs in 2015. With the lower build rate, the costs to build a hydrovac unit was marginally higher compared with the average for 2014.

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 year ended December 31, 2015, Badger added 64 units to the fleet (221 in 2014), of which 44 have been reflected as maintenance capital expenditures (14 in 2014). Total maintenance capital expenditures for the year were $15.3 million as compared to $10.3 million in 2014.

Financing

Syndicated revolving credit facility

In 2014, the Corporation established a $125 million syndicated revolving credit facility (the "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 plus a tiered set of basis points or bankers' acceptance rate also with a tiered structure. A stand-by fee is also required on the unused portion of the credit facility on a tiered basis. The prime rate tiers range between zero and 125 basis points. The bankers' acceptance tier ranges from 125 to 250 basis points. The stand-by fee tiers range between 25 and 50 basis points. All of the tiers are based on the Company's Funded Debt to "Bank EBITDA" ratio. Bank EBITDA is defined as earnings before interest, taxes, depreciation and amortization. The stand-by fee is expensed as incurred.

The credit facility expires on July 22, 2018.

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

As at December 31, 2015, the Corporation has issued letters of credit of approximately $3.4 million. The outstanding letters of credit support the U.S. insurance program and certain performance bonds and reduce the amount available under the syndicated credit facility.

At December 31, 2015, the Corporation had available $121.6 million (December 31, 2014 - $86.0 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Senior secured notes

On January 24, 2014 Badger closed a private placement of senior secured notes. The notes, which rank pari passu with the extendable revolving credit facility, have a principal amount of US $75.0 million and an interest rate of 4.83 percent per annum and mature on January 24, 2022. The Canadian dollar equivalent on January 24, 2014 was $82.9 million. Amortizing principal repayments of US $25.0 million are due under the notes on January 24, 2020, January 24, 2021 and January 24, 2022. Interest is paid semi-annually in arrears.

The senior secured notes are collateralized by a general security interest over the Corporation's assets, property and undertaking, present and future.

In the fourth quarter of 2015, Badger recorded an unrealized foreign exchange loss of $3.4 million as a component of other comprehensive income (a cumulative loss on foreign exchange of $16.9 million in 2015) on the foreign currency revaluation of senior secured notes. In the fourth quarter of 2014 there was a foreign exchange loss of $2.6 million, and a total foreign exchange loss for the twelve month period ended December 31, 2014 of $3.8 million. The 2014 foreign exchange losses were recorded in net profit as the senior secured notes were not designated as a net investment hedge at that time.

Under the terms of the credit facility and the senior secured notes, the Corporation must comply with certain financial and non-financial covenants, as defined by the bank. Throughout 2015, and as at December 31, 2015, the Corporation was in compliance with all of these covenants.

SHARE CAPITAL

Shares outstanding at December 31, 2015 were 37,100,681.

As of March 17, 2016 the outstanding shares totaled 37,100,681.

SELECTED QUARTERLY FINANCIAL INFORMATION

All amounts are $000's except Per Share amounts are $'s	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	101,064	111,431	90,435	101,689	108,350	113,121	100,726	100,022
Net profit (loss)	20,486	17,090	(10,533)	11,443	17,045	16,078	14,249	5,730
Net profit (loss) per share – basic and diluted	0.55	0.46	(0.28)	0.31	0.47	0.43	0.38	0.15

CHANGES IN ACCOUNTING POLICIES

The Corporation adopted amendments to IFRS 7, IAS 32, IAS 36, and IFRIC 21 on January 1, 2014. There was no material impact to the Corporation's interim condensed consolidated financial statements as a result of the adoption of those standards.

ACCOUNTING STANDARDS PENDING ADOPTION

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 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 instruments that must be applied starting January 1, 2018, 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 will assess the impact of this standard on the consolidated financial statements.

ii) IFRS 15, 'Revenue from Contracts with Customers' replaces IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers and SIC-31, Revenue – Barter Transactions Involving Advertising Services and is effective for annual periods beginning on or after January 1, 2017. IFRS 15 specifies how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. The new standard provides a single, principles based five-step model to be applied to all contracts with customers, with certain exceptions.

    a. Identify the contract(s) with the customer;
    b. Identify the performance obligation(s) in the contract;
    c. Determine the transaction price;
    d. Allocate the transaction price to each performance obligation in the contract;
    e. Recognize revenue when (or as) the entity satisfies a performance obligation.

    The new standard is effective for fiscal years beginning on or after January 1, 2018 and is available for early adoption. The Corporation has not yet selected a transition method nor determined the effect of the standard on the consolidated financial reporting.

iii) IFRS 16, 'Leases' will supersede the current IAS 17, 'Leases' standard. Under IFRS 16, a lease will exist when a customer controls the right to use an identified asset as demonstrated by the customer having exclusive use of the asset for a period of time. IFRS 16 introduces a single accounting model for lessees and all leases will require an asset and liability to be recognized on the statement of financial position at inception. The accounting treatment for lessors will remain largely the same as under IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted, but only if the entity is also applying IFRS 15. The Corporation is required to retrospectively apply IFRS 16 to all existing leases as of the date of transition and have the option to either:

- apply IFRS 16 with full retrospective effect; or
- recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application.

As a practical matter, an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application. The extent of the impact of adoption of the standard has not yet been determined.

CRITICAL ACCOUNTING ESTIMATES

Management is responsible for applying judgement in preparing accounting estimates. Certain estimates and related disclosure included in the financial statements are particularly sensitive because of their significance to the financial statements and the possibility that future events affecting them may differ significantly from management's current judgements. An accounting estimate is considered critical only if it requires the Company to make assumptions about matters that are highly uncertain at the time the accounting estimate is made, and if different estimates the Company could have used would have a material impact on Badger's financial condition, changes in financial condition or results of operations.

While there are several estimates and assumptions made by management in the preparation of financial statements in accordance with IFRS, the following critical accounting estimates have been identified by management:

Depreciation of hydrovac units

This accounting estimate has the greatest effect on the Company's financial results. It is carried out on the basis of the units' estimated useful lives. The Company currently depreciates hydrovac units over 10 years based on current knowledge and working experience. There is a certain amount of business risk that newer technology or some other unforeseen circumstance could lower this life expectancy. A change in the remaining life of the hydrovac units or the expected residual value would affect the depreciation rate used to depreciate the hydrovac units and thus affect depreciation expense as reported in the Company's consolidated statement of comprehensive income. These changes are reported prospectively when they occur.

Tax pools and their recoverability

Badger has estimated its tax pools for the income tax provision. The actual tax pools the Company may be able to use could be materially different in the future. Badger has recognized the benefit of a transfer pricing adjustment on the sale of hydrovac vehicles from Canada to the United States relating to the years 2009 to 2013 based on an estimate of the fair values of these vehicles. The tax pools that result from the transfer pricing adjustment may be materially different and depend on final resolution from both Canada and the United States taxing authorities.

Intangible assets

Intangible assets consist of service rights acquired from Badger's operating partners, customer relationships, trade name and non-compete agreements. The initial valuation of intangibles at the closing date of any acquisition requires judgement and estimates by management with respect to identification, valuation and determining the expected periods of benefit. Valuations are based on discounted expected future cash flows and other financial tools and models and are amortized over their expected periods of benefit or not amortized if it is determined the intangible asset has an indefinite life. Intangible assets are reviewed annually with respect to their useful lives or more frequently if events or changes in circumstances indicate that the assets might be impaired. Impairment exists when the carrying amount of the intangible asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's-length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the projections for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance. When an impairment loss reverses, the carrying amount of the intangible asset is increased to the revised estimate of the recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized.

Goodwill

Goodwill is the amount that results when the cost of acquired assets exceeds their fair value at the date of acquisition. Goodwill is recorded at cost, is not amortized and is tested at least annually for impairment. The impairment test includes the application of a fair value test, with an impairment loss recognized when the carrying amount of goodwill exceeds its estimated fair value. Impairment provisions are not reversed if there is a subsequent increase in the fair value of goodwill.

Impairment of long-lived assets

The carrying value of long-lived assets, which include property, plant and equipment and intangible assets, is assessed for indications of impairment when events or circumstances indicate that the carrying amounts may not be recoverable from estimated cash flows. Estimating future cash flows requires assumptions about future business conditions and technological developments. Significant, unanticipated changes to these assumptions could require a provision for impairment in the future.

Collectability of trade and other receivables

The Company estimates the collectability of its trade and other receivables. The Company continually reviews the balances and makes an allowance when a receivable is deemed uncollectable. The actual collectability of trade and other receivables could differ materially from the estimate.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company's financial instruments recognized on the consolidated statements of financial position consist of cash and cash equivalents, trade and other receivables, trade and other payables, deferred unit plan liability, dividends payable and long-term debt. The fair values of these recognized financial instruments, excluding long-term debt, approximate their carrying value due to their short-term maturity. The carrying value of the long-term debt approximates fair value because the long-term facilities have a floating interest rate.

Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash flows from financial assets on hand at the balance sheet date. A substantial portion of the Company's trade receivables is with customers in the petroleum and utility industries and is subject to industry credit risks. The Company manages its exposure to credit risk through standard credit-granting procedures and short payment terms. The Company attempts to monitor financial conditions of its customers and the industries in which they operate.

Liquidity risk

Liquidity risk is the risk that, as a result of operational liquidity requirements, the Company will not have sufficient funds to settle an obligation on the due date and will be forced to sell financial assets at a price less than what they are worth, or will be unable to settle or recover a financial asset.

The Company's operating cash requirements are continuously monitored by management. As factors impacting cash requirements change, liquidity risks may necessitate the Company raising capital by issuing equity or obtaining additional debt financing. The Company also mitigates liquidity risk by maintaining an insurance program to minimize exposure to insurable losses.

Market risk

The significant market risks affecting the financial instruments held by the Company are those related to interest rates and foreign currency exchange rates, as follows:

Interest rate risk

The Company is exposed to interest rate risk in relation to interest expense on a portion of its long-term debt whose rate is floating. Interest is calculated at prime. The prime interest rate is subject to change. A sensitivity analysis would indicate that net profit for the year ended December 31, 2015 would have been affected by approximately $0.1 million if the average interest rate changed by 1 percentage point. The Company does not use interest rate hedges or fixed interest rate contracts to manage its exposure to interest rate fluctuations but has chosen to issue USD 75.0 million in fixed rate senior secured notes which fixes interest exposure on a portion of the long term debt.

Foreign exchange risk

The Company is exposed to foreign currency fluctuations as revenue and expenses derived from United States operations are denominated in United States dollars. The United States subsidiaries are subject to translation gains and losses on consolidation. The Company's Canadian operations purchase certain products in United States dollars. Foreign exchange gains and losses are included in net profit while foreign exchange gains and losses arising on the translation of the assets, liabilities, revenues and expenses of the Company's United States operations are included in OCI. The Company also holds United States dollar denominated debt which is used to manage the exposure to foreign exchange gains and losses arising from the translation of its United States functional currency operations included in OCI.

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, 2014 and have concluded the disclosure controls and procedures are 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, 2015 and have concluded the internal controls over financial reporting are effective.

Changes in Internal Control over Financial Reporting

There were no changes to Badger's internal control over financial reporting in the fourth quarter of 2015.

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

[Reference is also made to Badger's 2015 Annual Information Form]

Reliance on the oil and natural gas sector

The oil and natural gas sector accounts for approximately 38 percent of the Company's revenues in 2014, down from the 51 percent in 2014. The petroleum service industry, in which Badger participates, relies heavily on the volume of capital expenditures made by oil and natural gas explorers and producers. These spending decisions are based on several factors including, but not limited to: hydrocarbon prices, production levels of current reserves, fiscal regimes in operating areas, technology-driven exploration and extraction methodologies, and access to capital, all of which can vary greatly. To minimize the impact of the oil and natural gas industry's cycles, the Company also focuses on generating revenue from the utility and general contracting market segments. Badger expects the oil and natural gas sector to further decline at least in the first half of 2016.

Competition

The Company operates in a highly competitive environment for hydrovac services in Canada and the United States. In order to remain the leading provider of hydrovac services in these regions, Badger continually enhances its safety and operational procedures to ensure that they meet or exceed customer expectations. Badger also has the in-house capabilities necessary to continuously improve its daylighting units so that they remain the most productive and efficient hydrovacs in the business. There can be no assurance that Badger's competitors will not achieve greater market acceptance due to pricing, efficiency, safety or other factors.

United States operations

Badger also faces risks associated with doing business in the United States. The Company has made a significant investment in the United States to develop the hydrovac market. The growth rate of the United States market is very hard to predict. The United States, and each of the 50 states, have their own unique set of laws, policies and regulations that have a real or apprehended effect on business operating conditions, approval or delay of potential new projects that could require Badger's services, current rates of capital investment and the general level of confidence about future economic conditions among businesses and organizations.

Safety

Badger is exposed to liabilities that are unique to the services that it provides. Such liabilities may relate to an accident or incident involving one of Badger's hydrovacs or damage to equipment or property caused by one of the hydrovacs, and could involve significant potential claims or injuries to employees or third parties. The amount of Badger's insurance coverage may not be adequate to cover potential claims or liabilities and Badger may be forced to bear substantial costs as a result of one or more accidents. Substantial claims resulting from an accident in excess of its related insurance coverage would harm Badger's financial condition and operating results. Moreover, any accident or incident involving Badger, even if Badger is fully insured or not held liable, could damage Badger's reputation among customers and the public, thereby making it more difficult for Badger to compete effectively, and could significantly affect the future cost and availability of insurance. Because Badger does not purchase replacement hydrovacs, but rather constructs them, the Company self-insures against the physical damage it could incur on the hydrovac units. Franchise owners are required to hold certain levels of insurance on the hydrovacs they lease from Badger. These decisions will be re-evaluated periodically as circumstances change.

Safety is one of the Company's on-going concerns. Badger has implemented programs to ensure its operations meet or exceed current hydrovac safety standards. The Company also employs safety advisors in each region who are responsible for maintaining and developing the Company's safety policies. These regional safety advisors monitor the Company's operations to ensure they are operating in compliance with such policies.

Depreciation of hydrovac units

The Company depreciates the hydrovac units over 10 years, a policy that is based on its current knowledge and operating experience. There is a certain amount of business risk that newer technology or some other unforeseen circumstance could lower this life expectancy.

Dependence on key personnel

Badger's success depends on the services of key senior management members. The experience and talents of these individuals will be a significant factor in Badger's continued success and growth. The loss of one or more of these individuals could have a material adverse effect on Badger's operations and business prospects. Management and the Board of Directors are focused on succession planning and contingency planning with respect to key senior management personnel.

On March 16, 2016 Badger announced that Tor Wilson, the Corporation's President and CEO for the last 16 years intended to retire. The Board has formed a search committee to find a suitable replacement.

Availability of labour and equipment

While Badger has historically been able to source the labour and equipment required to run its business, there can be no assurances it will be able to do so in the future.

Reliance on key suppliers

Badger has established relationships with key suppliers. There can be no assurance that current sources of equipment, parts, components or relationships with key suppliers will be maintained. If these are not maintained, Badger's ability to manufacture its hydrovac units may be impaired.

Fluctuations in weather and seasonality

Badger's operating results have been, and are expected to remain, subject to quarterly and other fluctuations due to a variety of factors including changes in weather conditions and seasonality. For example, in Western Canada Badger's results may be negatively affected if there is an extended spring break-up period since oil and natural gas industry sites may be inaccessible during such periods. The Company may then experience a slow period during spring thaw. In the Eastern United States, Badger has experienced reduced work in unusually cold and snowy winters.

In the Western United States, Badger has from time-to-time been restricted by the imposition of government regulations from conducting its work in environmentally sensitive areas during the winter mating seasons of certain mammals and birds. This has had a negative effect on Badger's results. As such, changes in the weather and seasonality may, depending on the location and nature of the event, have either a positive or negative effect on Badger's operating and financial results.

Fluctuations in the economy and political landscape

Operations could be adversely affected by a general economic downturn, changes in the political landscape or limitations on spending.

Compliance with government regulations

While Badger believes it is in compliance with all applicable government standards and regulations, there can be no assurance that all of Badger's business are, or will be, able to continue to comply with all applicable standards and regulations.

Environmental risk

As the owner and lessor of real property, Badger is subject to various federal, provincial / state and municipal laws relating to environmental matters. Such laws provide that Badger could be liable for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in its properties or disposed at other locations. The failure to remove or remediate such substances, if any, could adversely affect Badger's ability to sell such real property or borrow using such real property as collateral and could also result in claims against Badger.

Litigation

Legal proceedings may arise from time to time in the course of Badger's business. All industries, including the hydrovac industry, are subject to legal claims, with and without merit. Such legal claims may be brought against Badger or one or more of its subsidiaries in the future from time to time. Defense and settlement costs of legal claims can be substantial, even with respect to claims without merit. Due to the inherent uncertainty of the litigation process, such process could divert management time and effort and the resolution of any particular legal proceeding to which Badger may become subject could have a material effect on Badger's financial position and results of operations.

Income tax matters

Badger and its subsidiaries are subject to federal, provincial and state income taxes in Canada and the United States, as applicable. While Badger works to keep itself and its subsidiaries in full compliance with all applicable legal requirements relating to federal, provincial and state legislation on income tax, sales tax, goods and services tax, excise tax and all other direct or indirect taxes including business tax, real estate tax, municipal and other taxes, there can be no assurance that Badger and its subsidiaries will not be subject to assessment, reassessment, audit, investigation, inquiry or judicial or administrative proceedings under any such laws. As taxing regimes change their tax basis and rates, or initiate reviews of prior tax returns, Badger's liability to income tax may increase and Badger could be exposed to increased costs of taxation, which could, among other things, reduce the amount of funds available to distribute to shareholders or otherwise have a material adverse effect on Badger's business, results of operations or financial condition.

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:

- Overall activity and the economy remains relatively constant in areas and market segments not affected by activities in the oil and natural gas sector;
- Areas associated with the oil and natural gas industry continue to decline at least in the first half of 2016;
- Badger can manage costs in areas and sectors affected by the low oil price environment and reallocate assets as required to areas which have strong economies and which have benefited from weak oil prices;
- Badger can grow in areas unaffected by the low oil price environment;
- Badger in 2016 can further develop the organization to position itself to be able to handle the planned future growth;
- The business development efforts will provide Badger with the additional new customers necessary to grow the business in 2016 and the future;
- Badger's fleet is available to perform work in 2016 and truck replacements are not significantly more than planned;
- Badger achieves Adjusted EBITDA levels of approximately 28 to 29 percent of revenue.

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 2016;
- There will be a long-term demand for hydrovac services from oil refineries, petro-chemical plants, power plants and other large industrial facilities in North America;
- Badger will maintain relationships with current customers and develop successful relationships with new customers;
- Badger will collect customer payments in a timely manner;
- Badger will be able to compete effectively for the demand for its services;
- The overall market for its services will not be adversely affected by weather, natural disasters, global events, legislation changes, technological advances, economic disruption or other factors beyond Badgers control;
- Badger will execute its growth strategy;
- Badger will obtain all labour, parts and supplies necessary to complete the planned hydrovac build.

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; extreme or unsettled weather patterns; 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.

"Adjusted EBITDA" is earnings before interest, taxes, depreciation and amortization, share-based compensation, gains and losses on sale of property, plant and equipment, gains and losses on foreign exchange, and a non-recurring legal provision. Adjusted EBITDA is a measure of the Company's operating profitability and is therefore useful to management and investors as it provides improved continuity with respect to the comparison of our operating results over time. Adjusted EBITDA provides an indication of the results generated by the Company's principal business activities prior to how these activities are financed, the results are taxed in various jurisdictions, and assets are amortized. In addition, Adjusted EBITDA excludes gains and losses on sale of property, plant and equipment as these gains and losses are considered incidental and secondary to the principal business activities, it excludes gains and losses on foreign exchange as such gains and losses can vary significantly based on factors beyond our control, it excludes share-based compensation as these expenses can vary significantly with changes in the price of our common shares and it excludes the legal settlement and related costs recorded in 2015 as this is non-recurring and outside our normal course of business.

Adjusted EBITDA is calculated as follows:

	For the year ended,	
	December 31, 2015	**December 31, 2014**
Net profit	38,488	53,102
Add:		
Depreciation of property, plant and equipment	42,366	33,611
Amortization of intangible assets	1,276	1,276
Impairment related to oil tank cleaning assets	6,508	-
Share-based compensation expense	1,710	2,393
Gain on sale of property, plant and equipment	(159)	(323)
Finance cost	5,915	5,806
Legal settlement	9,711	-
Foreign exchange (gain) loss	(811)	(181)
Unrealized foreign exchange loss on senior secured notes	-	4,020
Tax expense	2,755	20,417
Adjusted EBITDA	**107,759**	**120,121**

Adjusted EBITDA is more directly calculated as follows:

	For the year ended,	
	December 31, 2015	**December 31, 2014**
Revenue	404,620	422,219
Less:		
Direct costs	283,105	290,547
General and administrative expense	13,756	11,551
Adjusted EBITDA	**107,759**	**120,121**

"Growth capital expenditures" are capital expenditures that are intended to improve Badger's efficiency, productivity or overall capacity and thereby allow Badger to expand overall activity and/or 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 (including costs incurred to extend the operational life of a daylighting unit), plus any other capital expenditures required to maintain the capacities of the existing business. The amount will fluctuate period-to-period depending on the number of units retired from the fleet.

	Three months ended December 31,		Twelve months ended December 31,	
Growth capital expenditures	**2015**	**2014**	**2015**	**2014**
Hydrovac trucks	-	15,371	16,436	76,581
Other vehicles and trailers	704	1,031	2,531	6,444
Buildings	446	509	4,274	2,831
Other	359	-	456	2,923
Total growth capital expenditures	**1,509**	**16,911**	**23,697**	**88,779**

	Three months ended December 31,		Twelve months ended December 31,	
Maintenance capital expenditures	**2015**	**2014**	**2015**	**2014**
Hydrovac trucks	3,327	6,301	14,047	8,827
Other vehicles and trailers	595	312	1,224	463
Buildings	-	-	-	-
Other	-	462	-	1,014
Total maintenance capital expenditures	**3,921**	**7,075**	**15,270**	**10,304**
Purchase of property, plant and equipment	**5,430**	**23,986**	**38,967**	**99,083**

"Revenue per truck per month" (RPT) is a measure of hydrovac fleet utilization. It is a measure of hydrovac revenue only. The RPT is calculated by combining Canadian and US dollar hydrovac revenue without converting for exchange differences, dividing the hydrovac revenue for the period by the simple average of hydrovacs in service throughout the period, and further dividing by the number of months in the period.

Revenue per truck (/mo)	**2015**				**2014**			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Total	25,197	28,106	23,317	26,258	30,435	33,136	29,947	33,800

Fleet Summary

	2015				**2014**			
Number of hydrovacs	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Canada	364	375	393	393	410	405	391	376
US	654	645	626	618	588	552	517	470
Total	1,018	1,020	1,019	1,011	998	957	908	846