Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) should be read in conjunction with the unaudited interim consolidated financial statements of Badger Daylighting Ltd. (the "Company" or "Badger") for the period ended September 30, 2016. Readers should also refer to the audited consolidated financial statements and MD&A for the year ended December 31, 2015, which along with all previous public filings, including the Company's Annual Information Form for the year ended December 31, 2015, may be found on SEDAR at www.sedar.com.

This MD&A has been prepared taking into consideration information available to November 10, 2016.

FINANCIAL HIGHLIGHTS

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
Revenue				
Hydrovac service revenue	103,790	102,623	266,986	274,138
Other service revenue	9,375	8,682	26,095	29,061
Truck placement revenue	2	126	225	357
Total revenue	**113,167**	**111,431**	**293,306**	**303,556**
Adjusted EBITDA	33,517	33,743	76,330	81,563
Profit before tax	18,022	23,291	32,927	24,948
Net profit	11,944	17,090	21,563	18,002
Profit per share – diluted ($)	0.32	0.46	0.58	0.49
Cash flow from operating activities before working capital adjustments	20,465	20,857	54,354	67,665
Cash flow from operating activities before working capital adjustments per share – diluted ($)	0.55	0.56	1.47	1.82
Dividends declared	3,673	3,346	10,574	10,015
Total shares outstanding (end of period)	37,100,681	37,100,681	37,100,681	37,100,681

OVERVIEW

Highlights for the three months ended September 30, 2016:

- Revenue increased by 1.6 percent to $113.2 million in the third quarter of 2016 from $111.4 million for the same quarter in 2015 as growth in non-oil and gas end use customer segments exceeded lower opportunity in oil and gas end use customer segments.
- Adjusted EBITDA was $33.5 million in the third quarter of 2016 versus $33.7 million in the third quarter of 2015. Adjusted EBITDA margins were 29.6 percent in the third quarter of 2016 versus 30.3 percent in the comparable period of the prior year.
- Cash flow from operations was $15.0 million in the third quarter of 2016 versus $20.7 million in the third quarter of 2015. Excluding differences in non-cash working capital, cash flow from operations was $20.5 million in the third quarter which was comparable to the cash flow from operations of $20.9 million in the same period of 2015. The change in non-cash working capital during Q3 2016 is the net result of increases in current taxes payable and a seasonal increase in accounts receivable offset by increases in accounts payable, accrued liabilities and share-based compensation expense.
- Badger had 1,028 daylighting units as of September 30, 2016, reflecting an addition of 45 units in the first nine months of 2016 and the retirement of 35 units in that same period. Of the 1,028 units, 675 were operating in the US and 353 were operating in Canada. The new units were financed from cash generated from operations.

MANAGEMENT COMMENTS

In the 2016 first quarter Outlook section it was stated that "Badger does not expect much improvement in financial results until the second half of the year". So far during 2016 quarterly results have been sequentially better, and Q3 2016 consolidated results are approximately even with Q3 2015. The Company continued to reposition units to markets with the best growth opportunities during the quarter. Badger focuses on activities critical for long term success.

The third quarter of 2016 saw a continuation of recent trends in hydrovac markets and in Badger's business.

1. For both the current quarter and year-to-date period the US is producing two-thirds of Badger's revenue.
2. The non-oil and gas markets continue to grow in the US and the Company sees improved revenue in Canadian non-oil and gas markets driven by operational improvements in its eastern Canadian operations. Badger services a wide range of infrastructure end-use market segments including general construction, oil and gas, transportation, utility, communication and industrial activities. The relative mix of each varies by geographic region.
3. The oil and gas markets continue to be weak on both sides of the border. In the US, Badger has been right-sizing its fleet by reallocating hydrovacs to non-oil and gas areas. In Canada, the winter freeze is approaching and should spur what oil and gas work there is in the northern areas. Badger will aggressively pursue project work.
4. Badger Q3 2016 Revenue per Truck (RPT) of $28,062 was consistent with Q3 2015 RPT and reflected seasonal improvement. Sequential quarterly improvement in RPT has continued since a very challenging Q1 2016. Since Q3 2015, Badger has repositioned 211 units within its operations to support organic growth opportunities and improve overall fleet utilization. This successful repositioning of units reflects the flexibility of Badger's business model and the advantages of scale, geographic diversification and end use market diversification versus smaller competitors. The Company believes that unit repositioning is complete for Canada and largely complete in the US. Q3 2016 RPT improved versus Q3 2015 in Western Canada, Eastern Canada and the Western US, and was lower in the US East due simply to the number of

growth units added to that region. The Company continues to monitor RPT, utilization and anticipated demand for replacement and new Badger units in planning the hydrovac build rate, which continued in the range of 3-6 units per month during Q3 2016.

5. In Q3 2016, 20 Hydrovac trucks were added to the fleet and 11 were retired. The trucks added during Q3 2016 included chassis replacement for the 16 hydrovacs that were taken out of the fleet in Q1 2016 due to unreliable engines. These 16 units are not included in the Q3 2016 build rate of 3-6 units per month. The Company continues to expect to retire 40-50 hydrovac units in 2016 and has retired 35 units so far in the year.
6. Q3 2016 Adjusted EBITDA margin of 29.6 percent was slightly below the same period in 2015 at 30.3 percent. Adjusted EBITDA margin from Q3 2015 to Q3 2016 was higher in Canada [24.4% to 26.2%] and was lower in the U.S [from 33.5% to 31.3%]. Consolidated Adjusted EBITDA margin continued above Badger's 28% target in Q3 2016.
7. Badger continues to strengthen its balance sheet. On September 30, 2016 the Company had total debt less cash of $52.3 million, zero drawn on its $125 million syndicated revolving credit facility and total debt less cash and cash equivalents to Adjusted EBITDA of 0.51. Badger considers continued organic growth building and operating new Badger units to be an excellent shareholder investment, and plans to push continued organic growth.

OUTLOOK

Badger expects a general continuation of current trends in regional infrastructure market opportunity for the remainder of 2016 versus prior years. Historically Q4 has seen a seasonal slowdown from Q3 as construction slows due to an onset of winter weather in northern markets. However, as Badger continues to grow in the U.S., the Company expects that the winter seasonal effect will lessen over time. Badger's continued organic growth has also expanded the Company's participation in non-oil and gas infrastructure market segments. The Company expects that the mix of non-oil and gas end use market segments to increase from the estimated 62 percent of revenue that existed in the full year 2015. Badger continues to manage for the long term and continues to push growth across its service network. The Company believes that its business model includes significant scale advantages and excellent long term opportunity.

Results of Operations

Revenues

Third quarter revenues of $113.2 million were 1.6 percent higher than the $111.4 million generated during the comparable period in 2015 ($293.3 million for the nine months ended September 30, 2016 as compared to $303.6 million in the same period of 2015). The increase in the third quarter of 2016 over the same quarter of the prior year is attributable to the following:

- Canadian revenue increased by 0.6 percent. Canada revenue growth in the quarter reflects meaningful improvement in Eastern Canada revenue which was partially offset by modest incremental weakness experienced in Western Canada.
- United States revenue in US dollars increased by 1.2 percent from $56.5 million in the third quarter of 2015 to $57.2 million in the third quarter of 2016. U.S. non-oil and gas markets continue to grow, and were partially offset by lower demand in oil and gas markets. The third quarter of 2016 is the first in over two years where the exchange rate has not been a benefit versus prior period.

Badger's average revenue per truck per month during the third quarter of 2016 was $28,062 versus $28,106 for the third quarter of 2015. Revenue per truck is a mixed currency measure, for more information see the definition of this measure under the Non-IFRS Financial Measures section.

Direct Costs

Direct costs for the quarter ended September 30, 2016 were $76.5 million as compared to direct costs of $74.2 million in the third quarter of 2015. Direct costs as a percent of revenue increased from 66.6 percent in the third quarter of 2015 to 67.6 percent in the third quarter of 2016 (direct costs were 70.2 percent of revenue for the nine months ended September 30, 2016 and 69.5 percent for the same period of 2015).

The increase in direct costs as a percentage of revenue in the third quarter of 2016 as compared to the third quarter of 2015 is the result of higher repair and maintenance expense and vacation expense in the US, which was partially offset by reduced liability insurance premiums and lower fuel costs. A portion of higher repair and maintenance occurs as vehicles are repositioned between locations and the opportunity is taken to perform preventative maintenance.

Direct costs in Canada as a percentage of revenue decreased due to ongoing cost management in Western Canada, and in particular at Fieldtek, offsetting higher repair and maintenance costs.

It was noted in the Q1 2016 MDA that bad debt expense returned to normal levels of 0.4 percent of revenue ($0.4 million in the first quarter of 2016). Bad debt expense was $0.9 million in the third quarter of 2016 ($0.9 million in the third quarter of 2015) largely due to the assessment of specific US-based accounts. Bad debt expense for the year to date period in 2016 is $1.4 million, as compared to $2.2 million in the same period of 2015 and continues to track within the long-term average of less than one-half a percent of revenue.

Gross Profit

The gross profit margin was 32.4 percent for the third quarter of 2016, down from 33.4 percent for the third quarter of 2015 (29.8 percent for the nine months ended September 30, 2016 and 30.5 percent in the same period of 2015). Canada had a gross profit margin of 29.5 percent in the third quarter of 2016 compared to 28.3 percent in the third quarter of 2015. United States gross profit margin was 33.9 percent in the third quarter of 2016 compared to 36.2

percent in the third quarter of 2015.

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment was $10.6 million for the third quarter of 2016, as compared to $10.8 million in the third quarter of 2015 ($32.5 million for the nine months ended September 30, 2016 and $31.4 million for the same period of 2015). Depreciation was comparable between periods given a net add of 8 units to the fleet.

General and Administrative Expenses

General and administrative expenses decreased from $3.5 million in the third quarter of 2015 to $3.2 million in the third quarter of 2016 largely due to a reduction in the liability for health benefits in the US. General and administrative expenses were $11.0 million for the nine months ended September 30, 2016 and $10.9 million for the same period in 2015. As a percentage of revenues, general and administrative expenses were 2.8 percent in the third quarter of 2016 as compared to 3.1 percent in the third quarter of 2015. For the current year to date period, general and administrative expenses were 3.7 percent of revenue as compared to 3.6 percent in the prior year. Badger's target for general and administrative expenses is 4 percent or less of revenue.

Share-based Compensation

Share-based compensation increased from a recovery of $1.9 million in the third quarter of 2015 to an expense of $3.5 million in the third quarter of 2016. The increase in the share-based compensation was largely the result of a 28 percent appreciation in Badger's share price between June 30, 2016 and September 30, 2016, as compared to a 28 percent decline in the comparable period in 2015. In addition, performance share units (PSUs) were granted in the third quarter of 2016 related to the CEO transition.

Loss (Gain) on Sale of Property, Plant and Equipment

A loss on disposal of property, plant and equipment for the nine months ended September 30, 2016 of $2.4 million was largely the result of disposing sixteen truck chassis with a particular engine that has proven to be unreliable. The loss on these sixteen vehicles was recognized in the first quarter of 2016. Badger has no more units in the fleet with this particular engine.

Finance Cost

Finance cost was $1.3 million for the third quarter of 2016 compared to $1.3 million for the same quarter in 2015. Finance costs were comparable between these periods as the syndicated revolving credit facility balance was eliminated early in the third quarter of 2015, and the only long-term debt that was outstanding was the senior secured notes.

Income Taxes

The effective tax rate for the nine months ended September 30, 2016 increased to 34.5 percent. The effective tax rate for the full fiscal year 2015 was 6.7 percent, however that included the recognition of a transfer pricing benefit relating to prior years. Excluding the transfer pricing benefit, the effective tax rate for the full fiscal year 2015 would have been 28.8 percent. The increased effective tax rate results from the growth in taxable income to the US relative to Canadian taxable income.

Net Profit

Net profit for the third quarter decreased from $17.1 million in 2015 to $11.9 million in 2016. An increase in share-based compensation and an increase in the effective tax rate were the two largest causes in the reduction.

Other Comprehensive Income

Total other comprehensive income, which includes the effect of translating US operations and the offsetting translation of US dollar denominated senior secured notes that are designated as a hedge of the US operations resulted in net other comprehensive income of $1.1 million compared to a net other comprehensive income of $7.2 million in the third quarter of 2015. Other comprehensive income results from the effect of a strengthening USD and the translation of US operations, offset in part by the net investment hedge.

Liquidity and Dividends

Cash flow from operations was $15.0 million for the quarter ended September 30, 2016, compared to $20.7 million for the comparable period in 2015. The decrease in cash flow is largely the result of increased working capital requirements in the third quarter of 2016 as compared to the same period in 2015, as cash flow before working capital adjustments was relatively comparable between periods with $20.9 million in the third quarter of 2015 versus $20.5 million in the third quarter of 2016.

The Company uses its cash to pay dividends to shareholders, to build additional hydrovac units, to invest in maintenance capital expenditures and to repay long-term debt.

The Company had working capital of $108.0 million at September 30, 2016 compared to $83.7 million at December 31, 2015.

The following table outlines the cash available to fund growth and pay dividends to shareholders for the three months ended September 30, 2016:

	Three months ended September 30,		Nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
Cash flow from operating activities before non-cash working capital adjustments	20,465	20,857	54,354	67,665
Add: Proceeds from sale of property, plant and equipment	168	157	525	389
Deduct: Maintenance capital	2,698	3,344	13,249	11,349
Cash available for growth capital and dividends	17,935	17,670	41,630	56,705
Growth capital	2,834	2,623	4,247	22,188
Dividends declared	3,673	3,346	10,574	10,015

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 invested $5.5 million on property, plant and equipment (including work in process) for the three months ended September 30, 2016 compared to $6.0 million for the three months ended September 30, 2015. The majority of the capital spend was for the production of 20 hydrovacs (which includes the completion of the 16 chassis replacements) in the third quarter of 2016 as well as work in process on five flusher trucks for the Benko Sewer Service business.

The costs to build a hydrovac unit was comparable to the cost to build hydrovacs in 2015. The hydrovac fleet is relatively new, with an average age of less than four years.

Maintenance capital expenditures are defined as those incurred during an annual 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 quarter-to-quarter depending on the number of new build units relative to the number of units retired from the fleet. In the first nine months of 2016, Badger produced 45 hydrovac units (of which 12 were rebuilds of units taken out of the fleet in the first quarter), retired 35 units and therefore the fleet grew by ten units from 1,018 units to 1,028 units at September 30, 2016. As the fleet in total has grown by ten units, 35 of the 45 units are reflected as maintenance capital and there are ten units recorded as growth capital. Total maintenance capital expenditures for the third quarter of 2016 was $2.7 million as compared to $3.3 million in the third quarter of 2015. Included in maintenance capital in the third quarter is $0.5 million related to production of five flusher trucks for the Benko Sewer Service business.

Financing

Syndicated credit facility

In 2014, the Corporation established a $125 million syndicated 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 tiers range 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 Corporation'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 syndicated credit facility is collateralized by a general security interest over the Corporation's assets, property and undertaking, present and future.

As at September 30, 2016, the Corporation has issued letters of credit of approximately $3.6 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 September 30, 2016, the Corporation had available $121.4 million (December 31, 2015 - $121.6 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.

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. A description of the compliance with covenants is included in the liquidity and dividends section.

SHARE CAPITAL

Shares outstanding at September 30, 2016 and November 10, 2016 were 37,100,681.

SELECTED QUARTERLY FINANCIAL INFORMATION

All amounts are $000's except Per Share amounts are $'s	2016			2015				2014
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	113,167	91,981	88,157	101,064	111,431	90,435	101,689	108,350
Net profit	11,944	5,951	3,668	20,486	17,090	(10,533)	11,443	17,045
Net profit per share – basic and diluted	0.32	0.16	0.10	0.55	0.46	(0.28)	0.31	0.47

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:

- Badger can grow geographically and in a wide range of end use segments where non-destructive hydrovac market services are recognized as having high value;
- Overall 2016 activity and the economy reflects modest overall GDP growth in most market segments except for activities in the oil and natural gas sector;
- Areas associated with the oil and natural gas industry have continued to decline throughout 2016 YTD;
- Badger can manage costs and reallocate assets as required to areas which have stronger opportunity;
- Badger can further develop the organization to position itself to execute on its growth strategy;
- The business development efforts will provide Badger with the additional new customers necessary to grow the business;
- Badger's fleet is available to perform work in 2016 and truck replacements are not significantly more than planned;
- Badger's Adjusted EBITDA margin targets are 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 non-destructive hydrovac services from a wide range of end use market segments 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 external factors beyond Badgers control;
- Badger will execute on its growth strategy;
- Badger will obtain 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: the level of economic activity across a broad range of end use market segments that Badger sewer; 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:

"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 provision that was recorded in the third quarter of 2015 as this is non-recurring and outside our normal course of business.

Adjusted EBITDA is calculated as follows:

	Three months ended September 30,		**Nine months ended September 30,**	
Adjusted EBITDA	**2016**	**2015**	**2016**	**2015**
Net profit	11,944	17,090	21,563	18,002
Add:				
Depreciation of property, plant and equipment	10,648	10,801	32,457	31,372
Amortization of intangible assets	-	319	-	957
Share-based compensation expense	3,454	(1,931)	4,593	(324)
Loss (gain) on sale of property, plant and equipment	(17)	(24)	2,375	(82)
Finance cost	1,317	1,289	3,943	3,622
Legal provision	-	-	-	21,620
Foreign exchange gain	93	(2)	35	(550)
Tax expense	6,078	6,201	11,364	6,946
Adjusted EBITDA	**33,517**	**33,743**	**76,330**	**81,563**

Adjusted EBITDA is more directly calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
Adjusted EBITDA	**2016**	**2015**	**2016**	**2015**
Revenue	113,167	111,431	293,306	303,556
Less:				
Direct costs	76,481	74,228	205,991	211,082
General and administrative expense	3,169	3,460	10,985	10,911
Adjusted EBITDA	**33,517**	**33,743**	**76,330**	**81,563**

"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 new build daylighting units that represent a net addition to the daylighting fleet or other assets. Growth capital expenditures exclude acquisitions.

"Maintenance capital expenditures" are any amounts incurred during a reporting period to keep the Company's productive capacity at the existing level. Productive capacity is the hydrovac fleet, support vehicles and other capital assets required to maintain the existing business. The amount will fluctuate from period-to-period depending on the number of new build hydrovac units relative to the number of units retired from the fleet or the replacement of other assets. Costs incurred to repair hydrovac units are expensed as incurred because the repairs do not extend the life of the hydrovac unit.

	Three months ended September 30,		Nine months ended September 30,	
Growth capital expenditures	**2016**	**2015**	**2016**	**2015**
Hydrovac trucks	2,559	260	2,919	16,436
Other vehicles and trailers	235	692	1,137	1,827
Buildings	30	1,594	30	3,829
Other	10	77	161	96
Total growth capital expenditures	**2,834**	**2,623**	**4,247**	**22,188**

	Three months ended September 30,		Nine months ended September 30,	
Maintenance capital expenditures	**2016**	**2015**	**2016**	**2015**
Hydrovac trucks	1,722	3,162	10,340	10,720
Other vehicles and trailers	494	183	2,424	629
Buildings	-	-	-	-
Other	482	-	485	-
Total maintenance capital expenditures	**2,698**	**3,345**	**13,249**	**11,349**
Purchase of property, plant and equipment	**5,532**	**5,968**	**17,496**	**33,538**

"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 number of hydrovacs in service throughout the period, and further dividing by the number of months in the period.

Revenue per truck (/mo)	2016			2015				2014
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total	28,062	23,038	21,105	25,197	28,106	23,317	26,258	30,435

FLEET SUMMARY

Number of hydrovacs	2016			2015				2014
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Canada	353	358	361	364	375	393	393	410
US	675	661	651	654	645	626	618	588
Total	1,028	1,019	1,012	1,018	1,020	1,019	1,011	998

MARKETING AND FRANCHISE AGREEMENTS

Number of Marketing and Franchise Agreements	2016			2015				2014
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Canada	12	12	13	13	14	14	15	15
US	5	5	5	5	5	7	8	8
Total	17	17	18	18	19	21	23	23

FOREIGN EXCHANGE RATES

Foreign exchange rates are an important factor that affects the results of Badger's operations.

1 USD:CAD	2016			2015				2014
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Quarterly average	1.3051	1.2885	1.3748	1.3354	1.3085	1.2300	1.2409	1.1364
Period end	1.3116	1.3009	1.2970	1.3847	1.3391	1.2475	1.2678	1.1591

CHANGES IN ACCOUNTING POLICIES

There were no new accounting standards that were adopted in the third quarter of 2016.

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 September 30, 2016 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 September 30, 2016 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 second quarter of 2016.

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.

DESCRIPTION OF BUSINESS

Badger is North America's largest provider of non-destructive excavating and related services. Badger traditionally works for contractors and facility owners across a broad range of infrastructure related industries. The Company's key technology is the Badger Hydrovac, which is used primarily for safe digging in congested grounds and challenging conditions. The Badger Hydrovac uses a pressurized water stream to liquefy the soil *cover, which is then removed with a powerful vacuum system and deposited into a storage tank. Badger manufactures its truck-mounted hydrovac units.*

Badger's business model involves the provision of excavating services through two distinct methods: via Badger Corporate operations and via operating partners (franchisees in the United States and agents in Canada). For the first method, Badger has established corporate run operations in locations to market and deliver the service in the local area directly. For the second method, Badger Corporate works with its operating partners in certain locations to provide hydrovac services to the end user. In this partnership, Badger provides the expertise, the trucks, and North American marketing and administration support. The operating partners deliver the service by operating the equipment and developing their local markets. Badger continues to own the trucks and all work is invoiced by Badger and then shared with the operating partner based upon a revenue sharing formula. In the earlier phase of its growth and development Badger frequently used operating partners to expand its business into new markets. Badger's operating partners remain an important part of Badger's operations, however, Badger largely pursues *expansion into new geographic areas through Badger Corporate operations.*

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