Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) should be read in conjunction with the attached unaudited interim consolidated financial statements of Badger Daylighting Ltd. (the "Company" or "Badger"). The interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). Readers should also refer to the audited consolidated financial statements and MD&A for the year ended December 31, 2012, which along with all previous public filings, including the Company's Annual Information Form for the year ended December 31, 2012, may be found on SEDAR at *www.sedar.com*.

Revenue and expense variance analysis in the MD&A focuses primarily on the year-over-year changes during the third quarter. Year-over-year variances for the nine months ended September 30, 2013 and 2012 are explained by the same general factors as those contributing to the third-quarter variance, unless otherwise indicated.

This MD&A has been prepared taking into consideration information available to November 12, 2013.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements and information in this MD&A and other continuous disclosure documents of the Company referenced herein, including statements related to the Company's capital expenditures, projected growth, view and outlook toward margins, cash dividends, customer pricing, future market opportunities and statements, and information that contain words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may" and similar expressions relating to matters that are not historical facts, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. These statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements and information. The Company believes the expectations reflected in such forward-looking statements and information are reasonable, but no assurance can be given that these expectations will prove to be correct. Such forward-looking statements and information included in this MD&A should not be unduly relied upon. These forward-looking statements and information speak only as of the date of this MD&A.

In particular, forward-looking information and statements include discussion reflecting the Company's belief that:

- Internal preparations for anticipated growth in 2013 will be completed;
- As long as overall activity in the economy and the oil and natural gas industry remains essentially constant, Badger will be able to continue to grow the business for the remainder of 2013;
- Badger can further develop the organization in the remainder of 2013 to position itself to be able to handle the planned future growth;
- The new locations opened in the United States will provide an increased contribution to cash flows from operations and net profit during 2013;
- The current business development initiative will provide Badger with the additional new customers necessary to grow the business in 2013 and the future;
- Eastern Canada will continue with steady growth in 2013, driven by anticipated stable activity levels in the utility and construction segments;

- There will be an increase in Western Canada revenue during 2013 due to anticipated project volume and spending in the oil and natural gas sector; and
- An increase in Company capital will be required to finance the anticipated capital expenditure program.

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 can achieve its revenue, net profit and cash flow forecasts for 2013;
- There will be long-term demand for hydrovac services from oil refineries, petro-chemical plants, power plants and other large industrial facilities throughout North America;
- Badger will maintain relationships with current customers and develop successful relationships with new customers;
- The Company will collect customer payments in a timely manner; and
- Badger will execute its growth strategy.

Risk factors and other uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements include, but are not limited to: price fluctuations for oil and natural gas and related products and services; political and economic conditions; industry competition; Badger's ability to attract and retain key personnel; the availability of future debt and equity financing; changes in laws or regulations, including taxation and environmental regulations; and fluctuations in foreign exchange or interest rates.

Readers are cautioned that the foregoing factors are not exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results is included in reports on file with securities regulatory authorities in Canada and may be accessed through the SEDAR website (www.sedar.com) or at the Company's website. The forward-looking statements and information in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

NON-IFRS FINANCIAL MEASURES

This MD&A contains references to certain financial measures, including some that do not have any standardized meaning prescribed by IFRS and that may not be comparable to similar measures presented by other corporations or entities. These financial measures are identified and defined below:

"Cash available for growth and dividends" is used by management to supplement cash flow as a measure of operating performance and leverage. The objective of this measure is to calculate the amount available for growth and/or dividends to shareholders. It is defined as funds generated from operations less required debt repayments and maintenance capital expenditures, plus any proceeds received on the disposal of assets.

"EBITDA" and "Normalized EBITDA" is earnings before interest, taxes, depreciation and amortization. It is a measure of the Company's operating profitability and is therefore useful to management and investors. EBITDA provides an indication of the financial results generated by the

Company's principal business activities prior to how these activities are financed, assets are amortized or the results are taxed in various jurisdictions. Normalized EBITDA as it is used in relation to the business acquisition is defined as earnings before interest expense, income taxes, depreciation and adjustments that are considered both non-recurring and market based in nature. EBITDA is calculated from the consolidated statement of comprehensive income as gross profit less selling, general and administrative costs. It is calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
$	2013	2012	2013	2012
Gross profit	30,931,536	20,134,055	79,232,533	53,468,644
Selling, general and administrative costs	(7,206,039)	(3,643,606)	(17,225,706)	(10,007,111)
EBITDA	23,725,497	16,490,449	62,006,827	43,461,533

"Funded debt" is a measure of Badger's long-term debt position. Funded debt is long-term debt.

"Funds generated from operations" is used to assist management and investors in analyzing operating performance and leverage. It is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net profit or other measures of financial performance calculated in accordance with IFRS. Funds generated from operations is derived from the consolidated statement of cash flows and is calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
$	2013	2012	2013	2012
Cash provided by operating activities	8,984,889	7,996,557	36,559,123	33,007,501
Add (deduct):				
Net change in non-cash working capital relating to operating activities	10,648,478	5,634,007	14,289,033	2,227,629
Equity-settled share plan settled in cash	-	-	1,513,103	655,316
Funds generated from operations	19,633,367	13,630,564	52,361,259	35,890,446

"Growth capital expenditures" are capital expenditures intended to improve Badger's efficiency, productivity or overall capacity and thereby allow Badger to access new markets. They generally represent any net additions to the daylighting fleet. Growth capital expenditures exclude acquisitions.

"Maintenance capital expenditures" are amounts incurred during a reporting period to keep the Company's daylighting fleet at the same number of units, plus any other capital expenditures required to maintain the capacities of the existing business. They also include costs incurred to extend the operational life of a daylighting unit. The amount will fluctuate period-to-period depending on the number of units retired from the fleet.

"Net debt" is funded debt less cash and cash equivalents.

Cash available for growth and dividends, EBITDA, funded debt, funds generated from operations, growth capital expenditures, maintenance capital expenditures and net debt throughout this document have the meanings set out above.

FINANCIAL HIGHLIGHTS

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

	Three months ended September 30, 2013	**Three months ended September 30, 2012**	**Nine months ended September 30, 2013**	**Nine months ended September 30, 2012**
Revenues	87,543	61,962	230,354	169,980
EBITDA	23,725	16,490	62,007	43,462
Profit before tax	17,143	11,494	43,685	29,168
Income tax expense				
Current	3,109	1,809	9,207	5,400
Deferred	2,260	1,783	5,348	3,606
Net profit	11,774	7,902	29,130	20,162
Profit per share – diluted ($)	0.95	0.64	2.36	1.77
Funds generated from operations	19,633	13,631	52,361	35,890
Funds generated from operations per share – diluted ($)	1.59	1.10	4.24	3.15
Maintenance capital expenditures	2,437	1,527	5,615	2,581
Required long-term debt repayments	-	-	-	-
Cash available for growth and dividends	17,276	12,141	47,014	33,442
Dividends declared	3,331	3,143	9,990	8,791
Growth capital expenditures	16,613	12,484	45,711	36,655
Total shares outstanding (end of period)	12,335,631	12,326,631	12,335,631	12,326,631

OVERVIEW

Highlights for the three months ended September 30, 2013:

- Revenues increased by approximately 41 percent to $87.5 million from $62.0 million for the comparable quarter of 2012 due to a 29 percent increase in Canadian revenues and a 56 percent increase in United States revenues. As a result of the increase in revenues, the Company's quarterly EBITDA and funds generated from operations also increased from the same period in 2012;

- EBITDA increased by approximately 44 percent to $23.7 million from $16.5 million in the same quarter of 2012;
- Funds generated from operations increased by approximately 44 percent period-over-period to $19.6 million from $13.6 million in the comparable quarter of 2012;
- EBITDA margins in Canada decreased to 22 percent from 28 percent for the comparable period of last year mainly due to an additional accrual of $2.2 million of executive, director and employee incentive compensation to account for the increase in the obligation for payments under the Company’s Deferred Unit Plan, due to the increase in Badger’s share price. EBITDA margins in the United States increased to 32 percent from 25 percent for the comparable period of last year due to improvements in operational efficiencies;
- Badger had 748 daylighting units at the end of the third quarter of 2013, reflecting the addition of 129 daylighting units to the fleet to date in 2013 (41 units in the first quarter, 43 in the second quarter and 45 in the third quarter) and the retirement of 11 units. Of the total, 340 units were operating in Canada and 408 in the United States at quarter-end. At September 30, 2012, Badger had 289 units in Canada and 311 in the United States for a total of 600 units. The new units were financed from cash generated from operations and existing credit facilities; and,
- Effective November 1, 2013, Badger acquired the business and operating assets of Fieldtek Holdings Ltd. (“Fieldtek”). Fieldtek provides general vacuum truck and auxiliary services to the oil and gas industry, focusing primarily on production tank cleaning and removal of waste oil and sand. Based in Lloydminster, Alberta, Fieldtek has 55 employees and operates a fleet of 50 pieces of equipment including semi vacuum trucks and trailers, pressure trucks and steamer combo units. Fieldtek also has 19 lease operator units that work exclusively for Fieldtek.

OUTLOOK

There are no changes from Badger's outlook that was provided following the second quarter of 2013. Badger is pleased with its business growth, financial results, improvements in operational efficiencies and development of its customer base. The third quarter is normally a strong quarter for Badger and 2013 followed this trend. Provided the North American economy and activity in the oil and natural gas industry remain roughly the same, Badger expects to continue to achieve profitable growth for the foreseeable future.

Major initiatives for the remainder of 2013 are as follows:

1. Improve the Company’s business development group in order to further expand Badger’s customer base throughout the United States and Canada.
2. Build the organization by adding people, including local management and additional skills to meet the requirements created by Badger’s planned growth.
3. Work to improve underperforming areas and also to shorten the time it takes a new location to become established.
4. Streamline Badger’s administration system through the use of electronic forms and other measures that transfer data electronically from the field to offices and from offices to Badger’s customers.
5. Continue to build a minimum of three new Badger trucks per week. Badger expects to retire 15 to 25 trucks in 2013. Eleven were retired in the first nine months of this year. It should be noted that Badger is working to expand its Red Deer facility’s capacity to one truck per day, should such a build rate be

required in the future. The necessary changes will not incur any material costs and are expected to be in place by March 2014.

Regional comments:

1. Badger operations in the United States continue to perform well providing good revenue growth and improved operational efficiencies. Badger's focus in the United States is to attract and train the additional people required to support future growth plans. The United States added 13 locations so far in 2013. No more are planned for the remainder of the year.
2. Eastern Canada had predictably modest growth and good performance for the quarter.
3. Western Canada had a strong quarter with good growth and profitability. Northern Alberta operations continue to expand and have become a bigger part of Western Canadian revenue and results.

The third quarter of 2013 met Badger's expectations and generated good results. Typically the third quarter is the year's strongest. The Company's focus remains unchanged; grow its customer base, add daylighting units, build the organization and improve operational efficiencies where possible. Badger believes it will be able to continue its growth for the foreseeable future given a reasonable economy and stable oil and natural gas industry.

BUSINESS ACQUISITION

Effective November 1, 2013, Badger acquired the business and operating assets of Fieldtek. Fieldtek provides general vacuum truck and auxiliary services to the oil and natural gas industry, focusing primarily on production tank cleaning and removal of waste oil and sand. Based in Lloydminster, Alberta, Fieldtek has 55 employees and operates a fleet of 50 pieces of equipment including semi vacuum trucks and trailers, pressure trucks and steamer combo units. Fieldtek also has 19 lease operator units that work exclusively for Fieldtek.

Badger's strategy of growing its hydrovac business by providing a value added local service to its many customers is supported with this acquisition. In order to provide a high level of service Badger requires good equipment and very good people. Fieldtek provides Badger with excellent people and a good established base of operation in the Lloydminster and surrounding communities along the Alberta and Saskatchewan border. This area has high growth potential and with Fieldtek, Badger expects that its rate of growth in this area will accelerate.

Badger made a similar type of acquisition in the spring of 2007, purchasing Benko Sewer Service in London, Ontario to help support growth of the Badger business in Eastern Canada. All the key employees of Benko Sewer Service from 2007 remain with Badger today and continue to add tremendous value to Badger's operations. The vast majority of Badger's success and growth has been internally generated in the past and the plan is to continue with this strategy. Badger believes the addition of the high quality of people and the business of Fieldtek supports the stated strategy by providing the base Badger needs to grow in this important area of Western Canada.

The aggregate purchase price was $19.2 million cash and was financed using the Company's extendable revolving credit facility. The purchase price reflected a multiple of approximately four times Fieldtek's trailing 12 months of normalized EBITDA.

The management team of Fieldtek will continue to operate the day-to-day business as a wholly owned subsidiary of Badger and have entered into non-competition agreements.

Results of Operations

Revenues

Revenues of $87.5 million for the three months ended September 30, 2013 were 41 percent greater than the $62.0 million generated during the comparable period in 2012. The increase is attributable to the following:

- Canadian revenues increased by 29 percent from $33.1 million in the third quarter of 2012 to $42.6 million in the third quarter of 2013. Western Canada revenue increased due to strong markets especially in the oil sands. Eastern Canada revenue increased due to a good construction season and improved operational management; and
- United States revenue went from $28.9 million for the three months ended September 30, 2012 to $44.9 million for the three months ended September 30, 2013. Removing the effect of the change in the foreign exchange rate, revenues increased by 53 percent quarter-over-quarter. The increase is due to the addition of new areas last year and early this year, enhanced business development efforts that have succeeded in enlarging the customer base, a focused effort on operational excellence and organizational improvements.

Badger's average revenue per truck per month during the three months ended September 30, 2013 was $37,800 versus $33,000 for the three months ended September 30, 2012. Badger's average revenue per truck per month during the nine months ended September 30, 2013 was $34,400 versus $32,000 for the nine months ended September 30, 2012.

Direct Costs

Direct costs for the quarter ended September 30, 2013 were $56.6 million compared to $41.8 million for the quarter ended September 30, 2012. The increase of 35 percent is less than the 41 percent increase in revenues and is due to achieving increased gross profit margins in the United States, discussed below.

Gross Profit

The gross profit percentage was 35.3 percent for the quarter ended September 30, 2013, up from the 32.5 percent for the quarter ended September 30, 2012. The Canadian gross profit percentage decreased slightly from 36.5 percent for the third quarter of 2012 to 36.3 percent for the most recent quarter. United States gross profit percentage increased from 27.9 percent for the third quarter of 2012 to 34.4 percent for the most recent quarter due to improvements in operational efficiencies, organizational improvements and a continuing maturing of the business.

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment was $6.2 million for the three months ended September 30, 2013, $1.5 million higher than the $4.7 million incurred for the three months ended September 30, 2012, due to the increased number of hydrovac units in the fleet.

Finance Cost

Finance cost was $0.49 million for the quarter ended September 30, 2013 versus $0.28 million for the quarter ended September 30, 2012. The higher finance cost was due to having a higher average debt balance quarter-over-quarter.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 98 percent to $7.2 million for the quarter ended September 30, 2013 from $3.6 million for the quarter ended September 30, 2012. The main reason for the increase was an additional accrual of $2.2 million of costs for executive, director and employee incentive compensation to account for the increase in the obligation for payments under the Company's Deferred Unit Plan, due to the increase in Badger's share price. Other reasons were the increase in personnel salary costs resulting from the growth in Badger's business and an increase in employee bonuses due to the Company's good financial results. As a percentage of revenues, selling, general and administrative expenses increased to 8.2 percent for the third quarter of 2013 from 5.9 percent for the third quarter of 2012.

Income Taxes

The effective tax rate for the nine months ended September 30, 2013 was 33 percent versus 31 percent for the nine months ended September 30, 2012. Profit before tax in the United States increased relative to Canadian profit before tax, resulting in the increase in the effective tax rate given that corporate income tax rates are higher in the United States.

Exchange Differences on Translation of Foreign Operations

The exchange differences result from converting the balance sheet and profit statement related to the United States operations into Canadian currency.

Liquidity and Dividends

Funds generated from operations increased to $19.6 million for the quarter ended September 30, 2013 from $13.6 million for the comparable period in 2013 due primarily to increased revenues and EBITDA. The Company uses its cash to pay dividends to shareholders, build additional hydrovac units, invest in maintenance capital expenditures and repay long-term debt.

The Company had working capital of $57.4 million at September 30, 2013 compared to $43.9 million at December 31, 2012 due to the increase in trade and other receivables.

The following table outlines the cash available to fund growth and pay dividends to shareholders for the three and nine months ended September 30, 2013:

($)	Three months ended Sept. 30, 2013	Nine months ended Sept. 30, 2013
Funds generated from operations	19,633,367	52,361,259
Add: proceeds from sale of property, plant and equipment	80,066	267,494
Deduct: required repayments of long-term debt	-	-

Deduct: maintenance capital expenditures	(2,437,037)	(5,615,183)
Cash available for growth capital expenditures and dividends	17,276,396	47,013,570
Growth capital expenditures	16,613,226	45,711,281
Dividends declared	3,330,621	9,990,242

In determining cash available for dividends, the Company excludes non-cash working capital changes for the period as well as growth capital expenditures. Changes in non-cash working capital items are excluded so as to remove the effects of timing differences in cash receipts and disbursements, which generally reverse themselves and can vary significantly between fiscal periods. Growth capital expenditures are excluded so as to include only the maintenance capital expenditures required to sustain the existing asset base.

The following table outlines the excess of cash provided by operating activities and net profit for the period over dividends declared during the nine months ended September 30, 2013 and 2012 and the year ended December 31, 2012:

($)	Nine months ended Sept. 30, 2013	Nine months ended Sept. 30, 2012	Year ended December 31, 2012
Cash provided by operating activities	36,559,123	33,007,501	46,200,783
Net profit	29,129,790	20,161,599	28,049,759
Dividends declared	9,990,242	8,791,101	12,057,659
Excess of cash provided by operating activities over dividends declared	26,568,881	24,216,400	34,143,124
Excess of net profit over dividends declared	19,139,548	11,370,498	15,992,100

The Company pays cash dividends monthly to its shareholders. They may be reduced, increased or suspended by the Board of Directors depending on the operations of Badger and the performance of its assets. The actual cash flow available for dividends to shareholders of Badger is a function of numerous factors, including: the Company's financial performance; debt covenants and obligations; working capital requirements; maintenance and growth capital expenditure requirements for the purchase of property, plant and equipment; and the number of shares outstanding.

The Company maintains a strong balance sheet. Its debt management strategy includes retaining sufficient funds from available distributable cash to finance maintenance capital expenditures as well as working capital needs. Growth capital expenditures will generally be financed through existing debt facilities, proceeds received from equity financings or cash retained from operating activities. The majority of the cash provided by operating activities in the nine months ended September 30, 2013 was used to finance growth capital expenditures and to pay dividends to shareholders.

If maintenance capital expenditures increase in future periods, the Company's cash available for growth capital expenditures and dividends will be negatively affected. Due to Badger's growth rate in recent years, the majority of the hydrovac units are relatively new, with an average age of approximately four years. As a result, Badger is incurring relatively low maintenance capital expenditures. Over time, Badger would expect to incur annual maintenance capital expenditures approximately equaling the year's depreciation expense. Badger estimates it will remove approximately 15 to 25 hydrovac units from the fleet in 2013. Badger expects that cash provided by operations and cash available for growth capital expenditures and dividends will be sufficient to fund its future maintenance capital expenditures.

Badger is restricted from declaring dividends if it is in breach of the covenants under its credit facilities. As at the date of this MD&A the Company is in compliance with all debt covenants and is able to fully utilize its credit facilities as well as declare dividends. Badger does not have a credit rating.

Capital Resources

Investing

The Company spent $19.1 million on property, plant and equipment for the three months ended September 30, 2013 compared to $14.0 million for the three months ended September 30, 2012. The costs to build a hydrovac unit remained consistent with the average for 2012.

Maintenance capital expenditures are incurred during a period to keep the hydrovac fleet at the same number of units plus any other capital expenditures required to maintain the business. This amount will fluctuate period-to-period depending on the number of units retired from the fleet. During the first nine months of 2013 only 11 hydrovac units were removed from the fleet and, therefore, maintenance capital expenditures were minimal.

Financing

In September 2013 the principal amount of the Company's extendable revolving credit facility was increased from $70 million to $90 million to help finance Badger's growth capital expenditure program. The facility was used and will continue to be used to help finance Badger's capital expenditure program and support corporate activities. There was $55.7 million drawn at September 30, 2013. The facility has no required principal repayments. It expires on June 22, 2014 and is renewable by mutual agreement of the Company and the lender for an additional 364-day period. If not renewed, interest is payable on the facility for 364 days, after which the entire amount must be repaid. The facility bears interest at the bank's prime rate or bankers' acceptance rate plus 1.25 percent per annum plus 0 to 0.75 percent per annum depending on Badger's ratio of funded-debt-to-EBITDA.

The Company's net debt increased by 98 percent during the first nine months of 2013. As at September 30, 2013 Badger's cash and cash equivalents were $1.5 million, resulting in net debt of $54.2 million versus cash and cash equivalents of $2.5 million and net debt of $27.3 million at December 31, 2012. The main reason for the increase was the capital expenditures incurred during the first nine months of 2013 and the increase in working capital due to the increase in trade and other receivables.

Management believes that the Company's healthy balance sheet, combined with funds generated from operations, will provide sufficient capital to fund ongoing operations, pay dividends to shareholders, finance future capital expenditures and execute its strategic plan for the foreseeable future. The Company's practice is to utilize an appropriate mix of debt and equity to finance its maintenance capital expenditures and growth initiatives.

As of September 30, 2013 and the date of this MD&A Badger is in compliance with all financial covenants under the credit facility agreement. Financial performance relative to the financial ratio covenants under the extendable revolving credit facility is reflected in the table below:

Ratio	**September 30, 2013**	December 31, 2012	Threshold
Funded Debt[(1)] to EBITDA[(2)]	**0.68:1**	0.44:1	2.25:1 maximum
Fixed Charge Coverage[(3)]	**2.44:1**	4.58:1	1.00:1 minimum

1 Funded debt is long-term debt less cash and cash equivalents.
2 Funded debt to EBITDA means the ratio of consolidated funded debt to the aggregated EBITDA for the trailing 12 months. EBITDA is defined as the Company's actual EBITDA for the trailing 12 months.
3 Fixed charge coverage ratio means the trailing 12-month EBITDA less unfinanced capital expenditures and cash taxes, plus the unused portion of the extendable revolving credit facility, to the sum of the aggregate of scheduled long-term debt principal payments, interest and dividends.

The Company has committed to certain capital expenditures totalling approximately $28.9 million. They will be financed with existing credit facilities and funds generated from operations. There are no set terms for remitting payment for these financial commitments.

SHARE CAPITAL

Shareholders' capital increased from $80.6 million at December 31, 2012 to $80.8 million at September 30, 2013 due to certain employees exercising their options. Shares outstanding at September 30, 2013 were 12,335,631. Due to certain employees exercising options there were 12,344,631 shares outstanding as of November 12, 2013.

SELECTED QUARTERLY FINANCIAL INFORMATION

($)	2013			2012				2011
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	87,542,558	73,657,740	69,154,050	69,248,611	61,961,587	53,984,135	54,034,368	56,548,569
Net profit	11,773,944	9,370,683	7,985,163	7,888,160	7,901,918	6,144,629	6,115,052	8,704,497
Net profit per share - basic	0.95	0.76	0.65	0.64	0.64	0.56	0.57	0.80
Net profit per share - diluted	0.95	0.76	0.65	0.64	0.64	0.56	0.56	0.80

CHANGES IN ACCOUNTING POLICIES

In the first quarter of 2013 the Company applied the requirements of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosures of Interests in Other Entities and IFRS 13 Fair Value Measurements in the current period. The adoption of these policies did not have a material impact on the Company's interim condensed consolidated financial statements, but required some additional disclosure in the notes to the consolidated financial statements.

ACCOUNTING STANDARDS PENDING ADOPTION

The following are the IFRS pronouncements which have been issued but are not yet effective as at September 30, 2013. The pronouncements may, however, have a future impact on the measurement and/or presentation of the Company's consolidated financial statements. The pronouncements are as follows:

i) IFRS 9, 'Financial Instruments' was issued in November 2009 as the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2015, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting. The Company is assessing the impact of this standard on the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

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

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Badger's President and CEO and its VP Finance and CFO have designed, or caused to be designed under their direct supervision, Badger's disclosure controls and procedures (as defined by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, adopted by the Canadian Securities Administrators) to provide reasonable assurance that (i) material information relating to Badger, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared; and (ii) material information required to be disclosed in the annual filings is recorded, processed, summarized and reported on a timely basis. Further, they have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of Badger's disclosure controls and procedures at December 31, 2012 and as a result of identifying the material weakness outlined below have concluded the disclosure controls and procedures are not fully effective.

Internal Control over Financial Reporting

Badger's President and CEO and its VP Finance and CFO have also designed, or caused to be designed under their direct supervision, Badger's internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Further, using the criteria established in Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission, they have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of Badger's internal control over financial reporting at December 31, 2012 and as a result of identifying the material weakness outlined below have concluded the internal controls over financial reporting are not fully effective.

Material Weakness

Badger has identified that it does not have sufficient accounting personnel with the appropriate tax expertise to allow for an effective review of the accuracy of its accounting for income taxes and the determination of the income tax provision. Management and the Board of Directors have determined that it is not economically feasible to maintain such personnel in-house or to engage an external tax consultant to perform an independent review. This material weakness could result in a misstatement in various tax-related accounts that could result in a material misstatement to Badger's annual consolidated financial statements and disclosures that would not be prevented or detected.

Changes in Internal Control over Financial Reporting

No changes were made to the design of Badger's internal control over financial reporting during the quarter ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Inherent Limitations

Notwithstanding the foregoing, because of its inherent limitations a control system can provide only reasonable assurance that the objectives of the control system are met and may not prevent or detect misstatements. Management's estimates may be incorrect, or assumptions about future events may be incorrect, resulting in varying results. In addition, management has attempted to minimize the likelihood of fraud. However, any control system can be circumvented through collusion and illegal acts.

BUSINESS RISKS

The MD&A for the year ended December 31, 2012, which was filed on SEDAR, includes an overview of business risks associated with the Company. Those business risks remain. The reader is also referred to Badger's 2012 Annual Information Form.