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# **BADGER DAYLIGHTING LTD.**

**ANNUAL INFORMATION FORM**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Dated: March 11, 2021**

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## CORPORATE STRUCTURE

### Legal Overview

Badger Daylighting Ltd. (referred to herein as “**Badger**”, the “**Corporation**” or the “**Company**” provided that such defined terms shall, where the context requires, include Badger Daylighting Ltd. and its direct and indirect subsidiaries considered on a consolidated basis and its predecessors and their subsidiaries considered on a consolidated basis) was incorporated on April 27, 2010 pursuant to the provisions of the *Business Corporations Act* (Alberta) (the “**ABCA**”). The Corporation was incorporated for the purpose of participating in the conversion of Badger Income Fund from an income fund structure to that of a corporation, being the Corporation. Pursuant to the conversion, the then existing holders of units of Badger Income Fund transferred all of their Badger Income Fund units to the Corporation in exchange for Badger Shares (as defined below) on the basis of one such Badger Share for each one Badger Income Fund unit held and the Corporation became the owner of all issued and outstanding units of Badger Income Fund. Articles of arrangement for the Corporation giving effect to the conversion were filed on December 31, 2010. The conversion was accounted for as a continuity of interests of Badger Income Fund since there was no change in control and since Badger continued to operate the business of Badger Income Fund. Badger Income Fund was subsequently dissolved.

On May 6, 2010 the Corporation filed articles of amendment to change its share structure so that the only authorized class of shares in the capital of the Corporation is common shares (referred to herein as “**Badger Shares**”).

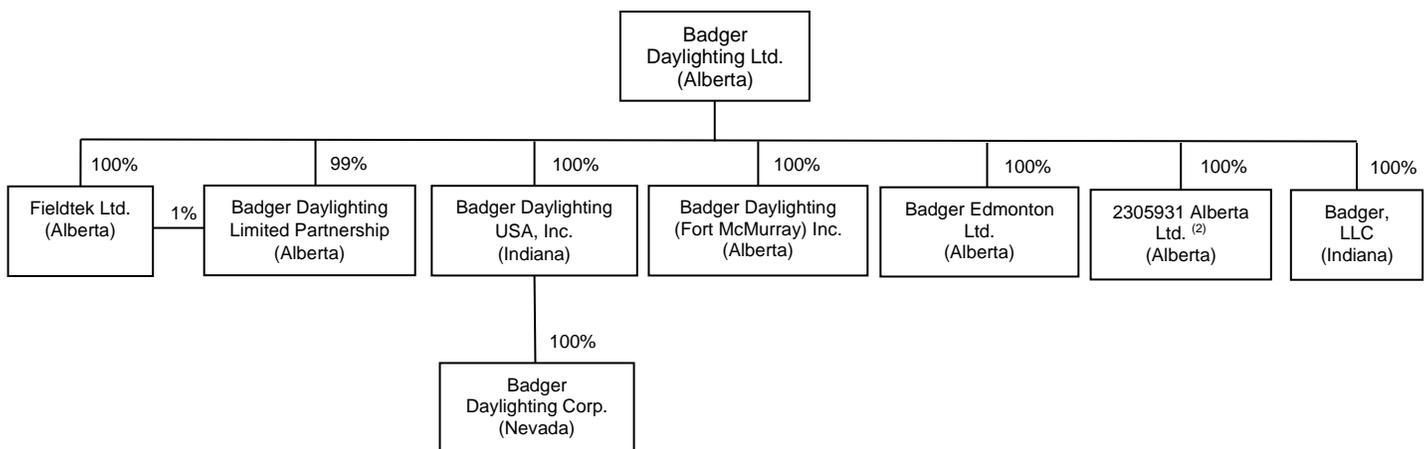
On January 1, 2012 the Corporation filed articles of amalgamation to complete a vertical short-form amalgamation with its wholly-owned subsidiary Badger Daylighting Inc.

On January 24, 2014, the Badger Shares were split on the basis of three (3) Badger Shares for every one (1) existing Badger Share. The record date for the share split was the close of business on January 24, 2014. The payment date, being the date that additional Badger Shares issuable as a result of the share split were issued, was on January 27, 2014.

The head office of Badger is located at Suite 400, 919-11<sup>th</sup> Avenue SW, Calgary, Alberta T2R 1P3. The registered office of Badger is located at CAS Corporate Governance Services Inc., Suite 600, 815 8th Avenue SW, Calgary, Alberta T2P 3P2.

### Organizational Structure

The following diagram sets out the Corporation’s organizational structure, including all of the subsidiaries of the Corporation <sup>(1)</sup>.



<sup>(1)</sup> The jurisdiction in brackets after each entity’s name indicates that entity’s jurisdiction of incorporation or formation.

<sup>(2)</sup> In December of 2020, Badger ULC was wound up into Badger Daylighting Ltd. and 2305931 Alberta Ltd. was incorporated.

## Authorized Share Capital

An unlimited number of Badger Shares may be created and issued pursuant to the articles of the Corporation. As at December 31, 2020, there were 34,853,838 Badger Shares issued and outstanding and as at March 11, 2021, there were 34,853,838 Badger Shares issued and outstanding. Holders of Badger Shares (referred to herein as “**Badger Shareholders**”) are entitled to one vote per Badger Share held at any meeting of Badger Shareholders, to participate in dividends declared by the Corporation, and to receive the remaining property of the Corporation upon dissolution.

## General Developments of the Business

### Growth History

Badger is North America’s largest provider of non-destructive excavating and related services with operations in both the United States and Canada.

Badger continues to focus on the execution of a growth strategy, largely through an organic growth model. Since 2016, the majority of Badger’s growth in revenue and operating locations has been, and is expected to continue to be, driven from Badger’s operations in the United States. Growth in the United States continues to be driven by entering new markets in addition to further penetrating the Company’s existing markets. Badger expects that it will continue to execute on its organic growth model in both Canada and the United States in future years with the majority of the growth anticipated to occur in the United States.

### Recent Developments

#### *Year Ended December 31, 2018*

- On March 27, 2018, Badger’s board of directors (the “**Board**”) approved the implementation of a normal course issuer bid (“**NCIB**”) pursuant to which the Company would have an option to repurchase up to a maximum of 2,000,000 Badger Shares for cancellation between May 15, 2018 and May 14, 2019. On May 10, 2018, the Company announced that the NCIB had been approved by the Toronto Stock Exchange (the “**TSX**”). See “Normal Course Issuer Bid” for additional details.
- On August 13, 2018, Badger announced that it would commence a process to upgrade and standardize its legacy information technology systems into a single enterprise resource planning (“**ERP**”) system.
- No material acquisitions or dispositions were completed in 2018.

#### *Year Ended December 31, 2019*

- On September 30, 2019, two of Badger’s subsidiaries, Badger Daylighting Limited Partnership (“**Badger LP**”) and Badger Daylighting Corp. (“**Badger Corp.**”), as borrowers, entered into a second amended and restated credit agreement dated as at September 30, 2019 with The Toronto-Dominion Bank and Canadian Imperial Bank of Commerce as co-lead arrangers with three additional banks in the lending syndicate (as amended, the “**Credit Agreement**”), which increased and extended their prior credit facility. The initial credit facility provided under the Credit Agreement is up to \$300 million (or the equivalent amount in U.S. dollars), allows for borrowings in either Canadian or U.S. dollars, and has a five-year term and matures September 30, 2024. Financial covenants and drawn pricing are consistent with the previous credit facility, with the exception of the Total Debt to EBITDA covenant, which has been loosened from 2.75:1 to 4.0:1. See “Material Contracts” for additional details on the credit facility.
- On May 13, 2019, the Board approved the implementation of an updated NCIB program pursuant to which the Company would have the option to purchase up to a maximum of 2,000,000 Badger Shares for cancellation, commencing upon the expiration of Badger’s previous NCIB on May 14, 2019. Between May 15, 2018 and May 14, 2019, under its previous NCIB, the Company purchased and cancelled an aggregate of 1,262,268 Badger Shares at a weighted average price of \$32.72 per Badger Share. See “Normal Course Issuer Bid” for additional details.
- During 2019, the implementation of the Company’s updated ERP system which commenced in 2018 was substantively completed.
- No material acquisitions or dispositions were completed in 2019.

*Year Ended December 31, 2020*

- In its response to the COVID-19 pandemic, the Company was able to leverage its existing Business Continuity Plan to quickly develop a pandemic plan (the “**Pandemic Plan**”) which was designed to safeguard the health and safety of its employees and their families, the communities in which they work and live, its customers and its contractors, all while ensuring minimal interruption of the Company’s essential functions and services. Guided by the Pandemic Plan, the Company implemented various policies and guidelines, taking into account public health measures, to educate employees on various topics, including: how to prevent the spread of COVID-19; what are an employee’s obligations in the event of symptoms or a positive COVID-19 test; social distancing and mandatory face covering protocols in the workplace; Badger’s regular cleaning and disinfecting protocols; limiting group meetings; updating emergency contact information; work from home protocols; and postponement of non-essential travel. The Company also ensured that it maintained adequate supplies of personal protective equipment and installed necessary equipment and systems to permit the continuation of key operations from remote locations.
- In response to the COVID-19 pandemic and reduced customer activity levels, despite some new generation hydrovacs continuing to be manufactured throughout 2020, Badger curtailed the production of hydrovacs at its Red Deer manufacturing facility in the second quarter of 2020 in response to reduced customer activity due to COVID-19. A limited number of hydrovac specialty units were built to develop production processes for a new generation of hydrovacs, which facilitated the retention of key staff.
- Revenues in both the U.S. and Canadian operations were impacted by the ongoing COVID-19 pandemic, which resulted in a broad-based slowdown of the North American economy. Revenue and underlying customer activity levels varied by region, largely due to the variability in the impact of COVID-19 on economic and construction activity levels.
- On May 7, 2020, the Credit Agreement was amended by adding a new revolving credit facility thereunder (in addition to the existing \$300 million revolving facility) in an amount up to \$100 million. Such credit facility is available for borrowings in Canadian dollars only, has a one-year term and expires on May 6, 2021. The additional credit facility provides the Company with additional liquidity and financial flexibility should it be required. Covenants under the Credit Agreement remained unchanged with the exception of an additional covenant requiring maintenance of sufficient capacity under the new credit facility to satisfy all payment obligations associated with Badger LP’s 2014 senior secured notes. See “Material Contracts” for additional details on the new credit facility.
- On May 20, 2020, Badger’s NCIB program expired and was not renewed. Between May 21, 2019 and May 20, 2020 an aggregate of 1,025,600 Badger Shares were purchased and cancelled under Badger’s NCIB program at a weighted average price of \$41.40 per Badger Share. See “Normal Course Issuer Bid” for additional details.
- In December of 2020, Badger ULC (a wholly-owned subsidiary of the Company) was dissolved and 2305931 Alberta Ltd. was incorporated as a part of an internal reorganization.
- During 2020, the Company disposed of substantially all of the assets of Fieldtek Ltd.
- No material acquisitions or dispositions were completed in 2020.

## THE BUSINESS OF BADGER

### Description of the Business

Badger is North America's largest provider of non-destructive excavating services. Badger works for contractors and facility owners in a broad range of infrastructure industries. These market segments consist primarily of infrastructure projects in areas such as energy generation, electricity and natural gas transmission networks, roads and highways, telecommunications, water and sewage treatment and general municipal infrastructure. Customers in these segments typically operate near high concentrations of underground power, communication, water, gas and sewer lines, particularly in large urban centres where safety and economic risks are high and therefore non-destructive excavation provides a safe alternative for certain customer excavation requirements. The Company's key technology is the Badger Hydrovac™, which is used primarily for safe excavation around critical infrastructure and in congested underground 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 and designs its truck-mounted hydrovac units, giving Badger the opportunity to incorporate feedback from its hydrovac operators into its existing and future design and manufacturing processes.

Badger's business model involves the provision of excavating services through two distinct business methods: (i) via Badger Corporate (as defined below) locations; and (ii) via operating partners. For the first method, Badger has established corporate run operations, whereby it markets and delivers its services in local areas directly. For the second method, Badger Corporate works with its operating partners in specific geographic markets to provide Badger Hydrovac services to the end user. In this partnership, the Company provides certain operational and training expertise, the Badger Hydrovacs, and North American marketing and administration support. The operating partners deliver the service by operating the equipment and developing their local markets. All work is invoiced by the Company, with revenues 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, as such, Badger's operating partners are an important part of Badger's operations. However, the Company now largely pursues expansion into new geographic areas through its Badger Corporate operations.

Badger has a diverse and expansive network of operating locations throughout both Canada and the United States. The Company services over 150 service locations or areas<sup>(1)</sup> across both Canada and the United States, with operations in six Canadian provinces and over 40 U.S. states. The extensive branch network is a key differentiator from its competitors. Competition in the hydrovac market typically consists of smaller hydrovac operators which may service a specific location or a small operating area. Badger views the scope and scale of its branch network as a key aspect of its business, providing the Company with the ability to service customers across multiple regions while also providing the opportunity to optimize its fleet and operating costs by transferring, or temporarily relocating, Badger Hydrovacs to regions with stronger customer demand. The Company has successfully demonstrated the merits of relocating Badger Hydrovacs during the downturn in the oil and gas markets throughout 2015 and 2016, in addition to its ability to provide large scale emergency response services to customers after natural disasters such as hurricanes or floods. In 2020, Badger continued to focus its efforts on optimizing its current fleet utilization by relocating Badger Hydrovacs across its extensive branch network, when practicable, in response to the economic uncertainty caused by COVID-19.

The Company operates a 62,000 square foot manufacturing and office facility in Red Deer, Alberta, where it manufactures its Badger Hydrovacs and certain specialty equipment. The Company also maintains a U.S. finance and training center in Brownsburg, Indiana, a suburb of Indianapolis, Indiana. The Company does not currently sell, lease or rent its Badger Hydrovacs to third-parties; as such, the Company derives its revenues by providing hydrovac and hydrovac related services rather than from the sale of Badger Hydrovacs to third-parties.

<sup>(1)</sup> Badger defines a "service location or area" as an area where Badger provides services to local customers. A service area may not have a physical location where Badger Hydrovacs and staff are based.

## The Badger Daylighting™ System

The Badger Hydrovac is designed for excavation, trenching, daylighting and other services in a variety of ground conditions. The Badger Hydrovac excavates a hole 8 to 20 inches in diameter to a practical depth of 20 feet, safely exposing underground infrastructure or potential hazards and conflicts. The process involves injecting hot or cold pressurized water into the ground while a vacuum system collects the waste water and soil debris. Once a sufficient amount of debris is collected, the debris is transported and disposed of in accordance with individual customer requirements and applicable regulations. Badger's customers maintain ownership of all soil debris and provide Badger with direction as to soil debris disposition.

The Badger Hydrovac is a self-contained operating unit that is manoeuvrable enough to operate safely in a wide variety of operating locations and conditions, including urban locations such as city streets. The Badger Hydrovac is equipped with a boiler to provide hot water, enabling the Badger Hydrovac to work efficiently in harsh climatic and frozen ground conditions, operating at temperatures as low as -40°C.

Badger designs its units for safe and efficient usage across their economic life, which historically has been ten years. Badger units are designed to meet the requirements of regulatory jurisdictions across the U.S. and Canada, which supports moving equipment across jurisdictions to optimize utilization.

The Company manufactures a portion of the Badger Hydrovac system's operating parts, sub-frames and tanks. The truck chassis including the engine and other truck parts are obtained from various third party suppliers. The equipment parts from third-party suppliers and those manufactured by Badger are assembled at the manufacturing facility in Red Deer, Alberta. Assembly of the Badger Hydrovac includes welding, plumbing and wiring of all equipment parts and customization of the engine, cab and chassis into a complete and operational Badger Hydrovac. As the Company controls the design and manufacturing of its Badger Hydrovac, it is able to incorporate feedback from its Badger Hydrovac operators into its existing and future design and manufacturing processes. The Badger Hydrovac is designed and manufactured to comply with current regulations impacting the transportation and use of the Badger Hydrovac in both the U.S. and Canada.

## Badger Hydrovac Fleet

The Company manages its fleet of purpose-built Badger Hydrovacs and specialty equipment to facilitate its internal requirements. Amongst other short-term and long-term growth and operations factors, Badger monitors the amount of revenue earned per Badger Hydrovac as a key metric in optimizing both its operational and financial performance. Higher revenue per Badger Hydrovac may indicate that utilization is improving which may result in an increase in the size of the Badger's fleet.

The following table details the number of Badger Hydrovacs in Badger's fleet for the last five completed fiscal years:

<b>Fiscal Period Ended</b>	<b>United States</b>	<b>Canada</b>	<b>Total</b>
December 31, 2016	668	356	1,024
December 31, 2017	747	362	1,109
December 31, 2018	866	355	1,221
December 31, 2019	984	380	1,364
December 31, 2020	994	398	1,392

The following table illustrates the number of Badger Hydrovacs manufactured and retired over the last five completed fiscal years:

<b>Fiscal Period Ended</b>	<b>Manufactured</b>	<b>Retired</b>
December 31, 2016	55	49
December 31, 2017	157	72
December 31, 2018	191	79
December 31, 2019	199	56
December 31, 2020	85	57

The average age of Badger's hydrovac fleet (1,392 total Badger Hydrovacs) as at December 31, 2020 was approximately 4.5 years (4.1 years as at December 31, 2019). Approximately 778 Badger Hydrovacs were 5 years in age or less with 614 Badger Hydrovacs greater than 5 years in age.

## Revenue

The Company provides hydrovac services to a wide range and diverse customer base in Canada and the United States. The table below sets out the revenues for the last five completed fiscal years for its two geographic/reportable segments. As highlighted in the table below, operations in the United States have grown as a percentage of total revenues. In 2020, operations in the United States represented 80% of total revenues compared to 78% in 2019 and 76% in 2018. The growth in revenue in the United States is a result of Badger successfully expanding its branch network, combined with increased use of services from existing customers. The Company does not currently provide services or derive revenues from jurisdictions outside of Canada or the United States.

Revenues will fluctuate modestly on a quarterly basis as a result of the seasonality inherent in the existing business. Typically, revenues on a total basis, will be highest in the second and third quarters of the Company's fiscal year as a result of increased general construction activity during this period. As Badger's business continues to expand, particularly in the United States, the seasonality within the business may change due to the varying weather conditions and underlying activity levels throughout the United States.

Net working capital requirements will typically fluctuate based on the seasonality of revenues. Working capital requirements may increase as a result of organic growth within the business combined with the seasonal impact of revenues as previously noted. Working capital is a normal course component of Badger's business. Changes in working capital levels may result from, but not limited to, changes in revenues, the seasonality in the operations, the timing and collection of receivables and the payment of payables, the timing of capital expenditures, and the impact of fluctuations in foreign currency exchange rates.

## Revenue (thousands of Canadian dollars) <sup>(1)(2)</sup>

Fiscal Period Ended	United States	Canada	Total
December 31, 2016	\$268,361	\$135,841	\$404,202
December 31, 2017	\$348,182	\$151,054	\$499,236
December 31, 2018	\$465,917	\$149,525	\$615,442
December 31, 2019	\$512,471	\$141,811	\$654,282
December 31, 2020	\$445,897	\$112,730	\$558,627

<sup>(1)</sup> Includes revenue generated through Badger Corporate (as hereinafter described; see "The Business of Badger - Badger Corporate") as well as through Franchise Agreements (as hereinafter described and defined; see "The Business of Badger - Franchise Agreements") and fees payable to Badger thereunder.

<sup>(2)</sup> Also includes revenues from business lines of Badger other than the provision of daylighting services; see "The Business of Badger - Other Business". These other business lines are not a material component of Badger's consolidated assets or revenues.

## Badger Corporate

The Company operates Badger Hydrovacs, providing services directly to the customer in locations throughout the United States and Canada through its corporate operations known as "**Badger Corporate**". The following table illustrates the growth in the number of Badger Hydrovacs in Badger's fleet operated through Badger Corporate over the last five completed fiscal years:

### Hydrovacs Operated via Badger Corporate:

Fiscal Period Ended	United States	Canada	Total
December 31, 2016	628; 40 states	222; 4 provinces	850
December 31, 2017	708; 39 states	251; 4 provinces	959
December 31, 2018	826; 40 states	248; 5 provinces	1,074
December 31, 2019	950; 43 states	252; 5 provinces	1,202
December 31, 2020	962; 43 states	232; 5 provinces	1,194

Within Badger Corporate there are 7 Badger Hydrovacs operated by independent operators. The independent operators hold the rights to operate a Badger Hydrovac for three year periods, which are renewable. However, they do not lease the Badger Hydrovacs like a franchisee is required to do. Independent operators are compensated with a percentage of Badger Hydrovac revenues.

### Franchise Agreements

Badger also utilizes franchise agreements (the “**Franchise Agreements**”) to provide Badger Hydrovac services in specific geographic markets throughout Canada and the United States. The following table illustrates the number of Badger Hydrovacs in Badger’s fleet operated under Franchise Agreements at the end of the indicated fiscal years:

#### Hydrovacs Operated via Franchise Agreements:

<b>Fiscal Period Ended</b>	<b>United States</b>	<b>Canada</b>	<b>Total</b>
December 31, 2016	43; 8 states	131; 4 provinces	174
December 31, 2017	39; 5 states	111; 3 provinces	150
December 31, 2018	40; 4 states	107; 4 provinces	147
December 31, 2019	34; 3 states	128; 4 provinces	162
December 31, 2020	32; 2 states	166; 4 provinces	198

Pursuant to each of the Franchise Agreements, the contracting party is granted operational, marketing and general franchise rights for a specific market or territory, for the operation of Badger Hydrovacs. The revenue generated by the Badger Hydrovacs is split between the contracting party and Badger pursuant to a pre-determined formula. In addition to the general revenue split as noted above, a typical franchise agreement provides that Badger is to receive from the contracting party a nominal monthly administration fee to cover a portion of Badger’s internal administration costs. While the Badger Hydrovacs remain the property of Badger, the contracting party is responsible for the operating costs of such units. Certain maintenance costs related to the Badger Hydrovacs, initial training of the contracting party operating the Badger Hydrovacs and the administrative duties such as billing, invoicing, and collecting of revenues are the responsibility of or are performed by Badger. The initial term of each Franchise Agreement is typically 5 or 10 years, subject to renewal by the operator for an additional 5 or 10 year term. During the term, the Franchise Agreement can also be extended if an area operator obtains additional Badger Hydrovac units. Badger has the right to terminate a Franchise Agreement if the operator thereunder does not meet specified sales, safety and maintenance requirements.

## Market Segments

The Company provides its services to a broad customer base across a diverse range of infrastructure and other end use markets. Based on historical sales patterns and its experience in the industry, Badger believes that its hydrovac services market is comprised of the following end use market segments:

### Utilities – 43%

- Electric and gas;
- Water and sewer;
- Telecom; and
- Private and public infrastructure.

### Industrial – 26%

- Pipeline and facilities;
- Manufacturing;
- Oil and gas exploration and production; and
- Mining; oil and gas facility and industrial related.

### Construction – 25%

- Commercial/industrial;
- Residential; and
- Engineering.

### Transportation/Other – 6%

- Highway;
- Railroad; and
- Other.

Market Segment <sup>(1)</sup>	Percentage of Total 2020 Revenues	Percentage of Total 2019 Revenues
Utilities	43%	41%
Industrial	26%	35%
Construction	25%	19%
Transportation/Other	6%	5%

<sup>(1)</sup> The determination of revenues by market segment are approximate as they require management to make certain estimates and judgements in the determination of the percentages. Management believes these estimates and judgements to be appropriate.

### ***Utilities, Construction and Transportation Segments***

The Company has continued to expand its customer base in its utilities, construction and transportation segments. The success in the growth of these end use markets is due to a combination of Badger's expanding footprint, particularly in its U.S. operations, investments in sales and marketing, and general economic growth. In addition, customers in these segments typically operate near high concentrations of underground power, communication, water, gas and sewer lines, particularly in large urban centres, where safety and economic risks are high and therefore hydro excavation provides a safe alternative for certain customer excavation requirements.

These market segments consist primarily of infrastructure or infrastructure related projects in areas such as: energy generation, electricity and natural gas transmission networks, roads and highways, telecommunications, water and sewage treatment and general municipal infrastructure. A significant investment in North America's aging infrastructure is currently being undertaken by both the private and public sectors. In conjunction with this undertaking and the impact of recent extreme weather activity on critical infrastructure, the impact of climate adaptation is being actively discussed and taken into consideration for both new and existing projects, with the goal of hardening infrastructure to adapt and prepare for the impact of climate change. Consequently, investments in utility grid hardening, renewable energy projects, mass urban transportation and urban intensification have a

direct link to environmental, social and governance (“**ESG**”) trends that are anticipated to drive continued demand for non-destructive excavation services.

The Company also provides emergency response services to its customers. Emergency response services typically relate to large scale natural disasters such as: hurricanes, floods and large scale fires. After a natural disaster or similar disruption, the Company’s customers rely on Badger to provide safe and efficient excavation and/or clean-up and removal of a variety of hazards and debris, enabling critical infrastructure such as electrical infrastructure to be up and running in a timely manner.

### **Industrial Segment**

The industrial segment has historically been a meaningful segment for Badger. This segment includes infrastructure plants, petroleum plants, and pipelines and facilities . Demand from customers in this end use market is typically tied to underlying activity in the energy, mining and manufacturing sectors. Similar to the benefits for Badger’s utilities, construction and transportation end use markets, the use of hydro excavation to excavate near oil and gas facilities, pipelines and related oil and gas infrastructure, provides safety and excavation productivity advantages compared to traditional excavation methods.

### **Other Business**

In addition to providing hydrovac services, the Company also provides a number of complementary services for its customers related to its hydrovac services noted above. Complementary services include sewer cleaning and inspection, locating services, trenching, shielding, disposition of excavated materials, supply of water, supplies, and coordinating or arranging for various services required by the customer but provided by other third-parties which may include items such as backfilling or other material purchases.

### **Employees**

As at December 31, 2020, Badger Corporate employed 1875 people (as at December 31, 2019: 2,233). Of the total employees, 435 are salaried and 1440 are paid on an hourly basis (as at December 31, 2019: 483 salaried, 1,750 hourly). As at December 31, 2020, Badger employed 1408 people in the United States and 467 people in Canada (as at December 31, 2019: 1,581 in the U.S. and 652 in Canada).

Badger strives to hire and retain a diverse employee base across all aspects of its operations. As at December 31, 2020 Badger’s employee base consisted of: 190 female employees and 1685 male employees (as at December 31, 2019: 262 female employees and 1,971 male employees).

A summary of employee by function is as follows:

#### **As at December 31, 2020**

<b>Function</b>	<b>Female</b>	<b>Male</b>	<b>Total</b>
Executive and management	26	175	201
Operator	34	1275	1309
Administration	130	235	365
<b>Total employees</b>	<b>190</b>	<b>1685</b>	<b>1875</b>
Board of Directors	2	7	9

#### **As at December 31, 2019**

<b>Function</b>	<b>Female</b>	<b>Male</b>	<b>Total</b>
Executive and management	22	169	191
Operator	54	1,505	1,559
Administration	186	297	483
<b>Total employees</b>	<b>262</b>	<b>1,971</b>	<b>2,233</b>
Board of Directors	2	6	8

Of Badger's total employees as at December 31, 2020, approximately 673 are unionized (as at December 31, 2019: 731). Badger has 87 union or collective bargaining agreements with expiry dates ranging from 2020 (due to negotiations being delayed due to COVID-19) to 2024. Union agreements are renegotiated in the normal course of business.

Badger does not utilize subcontractors or other third-party providers to provide hydrovac or hydrovac related services, such as sewer flushing, to its customers. Badger does utilize subcontractors or third-party service providers for certain services that are complementary to its service offering for which the Company does not have the capability to provide directly such as: disposition services, back filling, concrete cutting and other similar services.

## Trademarks

Badger has registered the following trademarks:

United States Patent and Trademark Office		Canadian Intellectual Property Office	
Trademark	Registration Number	Trademark	Registration Number
Badger	2,749,562	Badger Daylighting	TMA427552
Badger Daylighting	3,947,060	Badger Hydrovac	TMA941560
Badger Design <sup>(1)</sup>	2,419,263	Badger Hydro Excavation	TMA941570
		Badger Potholing	TMA941573
		Badger Design <sup>(1)</sup>	TMA531100

<sup>(1)</sup> The Badger design in the logo on the face page of this document

The Company has been successful in establishing and continuing to build its brand in both its Canadian and United States operations. Maintaining and continuing to build Badger's brand is an important part of Badger's ongoing growth initiatives. Trademarks are renewed on an ongoing basis in the normal course of operations.

## The Hydrovac Industry and Competition

Prior to the development of hydrovac technology, the primary means of exposing underground infrastructure was by hand digging or machine excavation. For small jobs, companies traditionally exposed underground lines by hand with picks and shovels. Excavation by hand can be expensive, time consuming and labour intensive. For larger jobs, machines were used to excavate. Both methods can pose a significantly higher risk of damage to underground infrastructure which could pose significant risks or result in disruption of services if the integrity of the underground infrastructure is compromised or damaged.

In the late 1980s, a system using pressurized water or air and a vacuum system, commonly referred to as "hydrovacating", was developed in North America. Several types of hydrovac systems have been developed each with its own method of utilizing pressurized water or air and vacuum systems. The hydrovac industry in North America continues to expand as facility owners acknowledge its safety and environmental benefits concerning excavation near sensitive underground infrastructure.

The North American hydrovac industry is generally regarded as fragmented, as such, the Company competes with a number of regional competitors in the majority of the markets in which it operates. To its knowledge, Badger is the largest provider of hydrovac services in North America. In addition to other companies providing hydrovac services, Badger also faces direct and indirect competition from traditional means of excavation, including mechanical and manual methods. Mechanical equipment has become less attractive to owners of infrastructure as a result of increasing concerns and costs associated with underground line strikes combined with general health and safety concerns. Manual digging by hand is labour intensive, inefficient and ineffective in frozen ground conditions.

While there are a number of hydrovac manufacturers from which competitors can purchase hydrovacs, there are several barriers to entry to become a significant player in the hydrovac market, including:

- safety and operational procedures and experience;
- excavation productivity and reliability;
- reputation and customer loyalty;
- efficient management of operating costs across seasons and business cycles;
- capital cost of hydrovac units; and
- level of engineering expertise and development cost required to construct similar units.

## Environmental, Social and Governance

Badger strives to integrate ESG into its enterprise-wide daily operations as well as its corporate strategy development.

The table below helps to illustrate how ESG is embedded into Badger's governance framework.

Board Accountability	Management Accountability	Strategy and Risk Management	Metrics and Compensation
<p>The Board is responsible for stewardship of the Company, including oversight of strategy, risk, environmental, health and safety matters, and ESG matters:</p> <ul style="list-style-type: none"> <li>• Comprised of a diverse group of business leaders each bringing a valuable skillset to their role as stewards of the Company.</li> <li>• Accountable for enhancing and preserving shareholder value while also considering legitimate interests of other stakeholders such as employees, customers and communities in which the Company operates.</li> </ul>	<p>The President and CEO has responsibility for corporate governance and ethics, and ensuring that all Badger policies are adhered to.</p> <p>The Vice President, Health, Safety and Environment (“HSE”) has responsibility for all matters pertaining to operational and workforce health, safety and environment.</p> <p>The COO has responsibility for ensuring compliance with HSE policies, and for the integrity of the ethical culture and adherence to the Badger Code of Business Conduct.</p> <p>The Vice President, Human Resources has responsibility for human performance management, diversity and inclusion, recruitment, retention, engagement and training.</p> <p>The Vice President, Strategic Initiatives is responsible for Badger University, labour relations and strategic technology and innovation.</p>	<p>The Company's strategic planning process captures ESG trends that represent opportunities and risks for Badger:</p> <ul style="list-style-type: none"> <li>• Environmental trends are driving demand for core services, new market opportunities and fleet technology.</li> <li>• Social trends inform our workforce recruitment, retention, training, diversity and inclusion and safety strategies and programs.</li> </ul> <p>The Company considers environmental, safety and workforce risk across the lifecycle of its operations – from truck design and manufacturing, fleet management, operator recruitment, training and retention, to compliance monitoring and disposition site reviews.</p>	<p>The Company tracks key ESG performance metrics that support our strategy:</p> <ul style="list-style-type: none"> <li>• <i>Environment:</i> environmental policy and regulatory compliance, on-site inspections, training rates, processes to monitor the transportation of customer materials.</li> <li>• <i>Social:</i> safety incidents and safety audit results.</li> <li>• <i>Governance:</i> diversity, retention and employee engagement.</li> </ul> <p>Many of these metrics are linked to executive and employee compensation helping to drive strategic alignment, individual accountabilities to the Company's ESG-related objectives and initiatives.</p> <ul style="list-style-type: none"> <li>• In 2020, 30% of the Company's annual bonuses were linked to health, safety and environmental performance.</li> </ul>

## ESG in Badger's Operations

The Company strives to integrate its ESG policies and practises into its enterprise-wide daily operations.

### *Environment*

- Environmental compliance is tracked with comprehensive processes for notifying management and authorities in the event of a reportable event.
- Disposition site assessments are actively vetted and managed with a risk management system utilized for prioritizing site visits.
- The Company has an extensive vetting process at client sites, including a materials logging process to assure customers of the appropriate disposition of materials where required.

### *Safety*

- The Company has a strong safety-first culture, supported by comprehensive safety programs that include: principles, standards, procedures, guidelines and other supporting documents.
- The Company's commitment to the health and safety of its stakeholders, including employees, contractors and customers, played a critical role in driving a rapid and effective response to the COVID-19 pandemic by leveraging its existing Business Continuity Plan to implement a Pandemic and Influenza Plan.
- The Company provides all employees with training and an internal mandate of "Stop Work Authority" across all aspects of the organization in the event that any safety or other regulatory concerns arise.
- The Company has programs in place to track, audit and implement changes to its operations and safety procedures and training.
- Safety is a key metric in compensation across the organization.
- The Company has a Gold Shovel Standard certification, in addition to its Certificate of Recognition standing, both of which relate to the Company's health and safety management training and operational practices.
- The Company's centralized Badger Hydrovac operating training centre, referred to internally as ("**Badger University**") provides comprehensive safety, operations and skills training for truck operators and area managers. Located in Brownsburg, Indiana, a suburb of Indianapolis, Indiana, but made available virtually across the organization, Badger is currently working towards expanding the standardization of training across the entire organization.
- The Company's HSE Policy sets out the philosophy and commitments related to safety, competence, compliance, conservation, consultation and continuous improvement.

### *Recruitment and retention, engagement, training and diversity*

- Badger is focused on attracting and retaining a diverse, uniquely skilled, professional, and customer-focused workforce.
- The Company continues to invest in third-party partnerships to recruit the best driver candidates across diverse groups.
- The Company fosters diversity in our workforce and franchisees through compliance with its Employment Equity & Diversity Policy as well as unique programs to attract and retain women, First Nations, veteran employees and other minority groups.
- The Company measures retention, diversity and engagement to track the effectiveness of its various recruitment and retention programs and initiatives.
- In 2020, the Company completed its first organization-wide employee engagement survey with encouraging results.

You can read more about Badger's aboriginal and tribal diversity policy by visiting Badger's website ([www.badgerinc.com](http://www.badgerinc.com)) to obtain a copy of Badger's formal Aboriginal and Tribal Policy.

### *Governance*

Badger is committed to high standards of corporate governance. We continually review our practices against changing regulations and evolving policies and best practices, and update them as appropriate.

You can read more about corporate governance at Badger in the Company's most recent management information circular. Copies of our Code of Business Conduct and other policies are on Badger's website ([www.badgerinc.com](http://www.badgerinc.com)).

### *Ethics*

- The Company's *Code of Business Conduct* (the "**Code**"), updated in November 2020, reflects Badger's commitment to principles and behaviours that foster a culture of ethical business conduct. The Code requires that all directors, officers, employees and consultants comply with all laws, regulations and requirements wherever the Company operates. It includes:
  - *Rules to Live By*, which address safety, training, enforcement;
  - protecting corporate assets and opportunities;
  - avoiding conflicts of interest;
  - keeping corporate information confidential;
  - maintaining information technology systems and asset security;
  - corporate disclosure and financial reporting and record keeping;
  - maintaining a positive work environment where employees treat each other with respect;
  - dealing fairly with our shareholders, employees, customers and suppliers;
  - protecting the health and safety of our employees, customers and communities in which we operate;
  - conducting activities in an environmentally responsible manner;
  - complying with laws, rules and regulations and internal policies; and
  - reporting any illegal, unethical or inappropriate behaviour.
- The Board oversees the administration of the Code, receives reports of variance from the Code, and oversees the investigation of any such variances where required.
- Administration of the Code is complemented by the Company's Whistleblower Policy. The Whistleblower Policy establishes a *Confidence Line* which allows for confidential reporting of violations. Violations of the code result in action commensurate with the severity of the violation.

Specific policies which further demonstrate Badger's commitment to ethical business practices include:

- Adopting Fair Competition & Anti-trust Policy
- Insider Trading Policy
- Gifts & Bribery Policy
- Anti-Discrimination & Anti-Harassment Policy
- Employment Equity & Diversity Policy

Each year, every director, officer, employee and consultant reviews these policies, and confirms they understand their individual responsibilities and meet the policies' requirements.

### **Regulatory Environment**

The Company's operations are subject to a variety of federal, provincial, state and municipal laws and regulations. Fleet operation, manufacturing and excavation and related operational activities pose inherent risks and danger to operations personnel, the public and the environment. Various federal, provincial, state and municipal governments have responded to these risks by regulating operational activities of companies engaged in these activities.

Various jurisdictions may also regulate the management of materials handled by the Company, including the soil slurry that results from the hydrovac application of water to soils or other material. Identifying the applicable regulations and requirements is dependent on both the location of the operation and the nature of the material. Badger relies upon its customers, as site owners and generators, to provide it with information regarding the

customer's operation, facility, and material as might be required to ensure appropriate excavation, transportation and disposal of that material in accordance with any applicable regulatory requirements.

The Company coordinates with its customers for excavation, transportation and disposal to regulated facilities of any materials that are known or suspected to be regulated or contaminated.

Badger does not anticipate that existing or anticipated changes to the regulatory environment, including general environmental protection requirements, will have a material impact on near term capital expenditures or the results of operations and financial condition of the Corporation.

### **Normal Course Issuer Bid**

On May 10, 2018 the Corporation received approval from the TSX to implement an NCIB, pursuant to which the Corporation had an option to repurchase up to 2,000,000 Badger Shares for cancellation between May 15, 2018 and May 14, 2019. During this period, the Company purchased and cancelled 1,262,268 Badger Shares at a weighted average price of \$32.72 per Badger Share.

On May 13, 2019, the Board approved the implementation of an updated NCIB program upon the expiration of Badger's previous NCIB, and on May 16, 2019 the updated NCIB was approved by the TSX. The updated NCIB program allowed for the repurchase and cancellation of up to 2,000,000 Badger Shares, between May 21, 2019 and May 20, 2020. During that period, 1,025,600 Badger Shares were purchased and cancelled at a weighted average price of \$41.40 per Badger Share. The updated NCIB expired on May 20, 2020 and was not renewed.

Badger Shares purchased pursuant to both NCIB programs were purchased on behalf of the Corporation by its broker through facilities of the TSX or alternate trading systems at the prevailing market price at the time of such transaction.

On March 11, 2021, Badger's Board of directors approved a NCIB pursuant to which the Company would have an option to repurchase up to a maximum of 1,500,000 Badger Shares for cancellation between March 24, 2021 and March 23, 2022. Implementation of the NCIB is subject to approval by the TSX.

## RISK FACTORS

An investment in Badger Shares involves a number of risks and uncertainties. This section describes the general material risks that Badger believes may impact Badger Shareholders and/or the Corporation. If any of the following risks actually occur, Badger's business, operating results and financial condition, and the amount of cash available for distribution to Badger Shareholders, could suffer. Further, the risks described below are not the only risks that Badger faces. Additional risks not currently known to management or that are currently deemed immaterial may also have a negative impact on Badger Shareholders and/or the Corporation.

Risk factors include, but are not limited to, the following:

### ***Global Health Crises, Including COVID-19***

Badger's financial and/or operating performance could be materially adversely affected by the outbreak of public health crises, epidemics, pandemics or outbreaks of new infectious diseases or viruses. Such public health crises can result in volatility and disruption to global supply chains, demand for oil and gas, trade and market sentiment, mobility of people, and global financial markets, which could affect access to capital, interest rates, credit ratings, credit risk, inflation, business, financial conditions and results of operations, and other factors relevant to Badger.

In particular, the outbreak of a novel coronavirus ("**COVID-19**") has caused severe global disruptions since its outbreak in early 2020. In response to the COVID-19 pandemic, countries around the world, including Canada and the U.S., implemented significant governmental measures, including lockdowns, closures, quarantines, curfews and travel bans, intended to control and limit the spread of COVID-19. Businesses have taken wide-sweeping and various precautions including requiring employees to work remotely, limiting the number of customers and employees within their business, imposing additional travel restrictions and temporarily closing businesses. The duration of the business disruption and related financial impact from the COVID-19 pandemic is not known and could continue to materially adversely affect the demand for Badger's services and ability to operate its business or to achieve its growth objectives in the manner and on the timelines previously planned. Badger may also have to quickly adapt to any additional or new restrictions that may be imposed often with very little or no warning and such additional restrictions may have a material impact on Badger's business and operations.

Depending on the duration and severity of the COVID-19 pandemic, it may also have the effect of heightening risks relating to our ability to maintain adequate internal controls in the event that our employees are restricted from accessing our regular offices for a significant period of time; increased costs resulting from our continued efforts to mitigate the impact and spread of COVID-19; a higher rate of losses on our accounts receivable due to the impact of COVID-19 on our customer's businesses and their ability to satisfy contractual obligations; restricted access to capital and increased borrowing costs; our ability to continue to pay dividends and service obligations under our debt securities and other debt obligations; and complying with the covenants contained in the agreements that govern our existing indebtedness.

The ongoing risks associated with the COVID-19 pandemic and other public health crisis include, but are not limited to: risks to employee health and safety; a slowdown or suspension of operations in geographic locations impacted by an outbreak; delays in the completion of Badger's services which may require the Company to incur penalties or sanctions under contracts, incur additional non-compensable costs, or could result in the cancellation of such contracts; and supply chain disruptions, including Badger's procurement of the equipment and parts necessary for the construction, operation, and maintenance of Badger's hydrovacs and other assets.

Furthermore, in connection with the COVID-19 pandemic, Badger has availed itself of the Government of Canada Canadian Emergency Wage Subsidy. A reduction or elimination of this benefit may lead to personnel reductions, adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Corporation's liquidity and ability to generate income and cash flows in the future.

### ***Fluctuations in the Economy and Political Landscape***

The Company's business, and that of its customers, is subject to a variety of general economic factors. Operations and financial results could be adversely affected by a general economic downturn, changes in market conditions, availability of credit, changes in the political landscape or limitations on spending amongst its customer base.

### ***Reliance on Certain End Use and Geographic Markets***

Badger operates across a wide range of end use infrastructure markets, as well as across a wide geographic footprint. Specifically, the oil and natural gas sector has historically been a significant end use market for Badger. Badger could be subject to a downturn in any of its end use segments, including the market for oil and natural gas, and or in certain geographic markets in which Badger operates. Badger also provides emergency response related services, including work related to large scale natural disasters such as hurricanes. The timing, size and nature of the services related to emergency response work performed by Badger is highly variable as a result of the non-recurring and specific nature of these type of events. Badger continues to focus on expanding its end use segments and geographies in order to diversify its customer demand risk, however no assurance can be provided that this expansion or diversification will be successful.

### ***Competition***

Badger 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, Badger continually enhances its safety and operational procedures to ensure they meet or exceed Badger's customers' expectations. Badger also has the in-house capabilities to continuously improve its Badger Hydrovac units so that they remain safe, productive and efficient. There can be no assurance that Badger's competitors will not achieve greater market acceptance due to pricing, efficiency, safety and other factors.

### ***Expansion of Badger's Business into New Jurisdictions***

Badger may from time to time expand its business into new operating jurisdictions. The expansion of the business will depend upon the ability of management to successfully implement its strategy. There is no guarantee that this business expansion will be successful. Badger will need to comply with the laws of these new jurisdictions, which may be significantly different than those the Corporation is accustomed to. Any failure to comply with applicable laws could result in the imposition of restrictions on the ability of Badger to conduct business in these jurisdictions, and could also result in fines or sanctions, any or all of which could adversely affect its results of operations or financial condition. In addition, any changes in laws and regulations in these new jurisdictions could adversely affect the business, results of operations and financial condition of the Corporation.

### ***Global Financial Conditions***

Global financial conditions include the commodity and equity markets that have been volatile as investors react to changes in the global economy. As a result of these global conditions, the Company may be subject to increased counterparty and liquidity risks. The Company is exposed to various counterparty risks including, but not limited to: financial institutions that hold the cash of the Company to provide available funding on the Credit Agreement and the insurance providers of the Company. As a result, the cash of the Company may become exposed to credit related losses in the event of non-performance by counterparties to these financial instruments. In the event that a counterparty fails to complete its obligations, the Company would bear the risk of loss of the amount expected to be received under these financial instruments in the event of the default or bankruptcy of a counterparty.

The Company is also exposed to liquidity risk in the event its cash positions decline or become inaccessible for any reason, or additional financing is required to advance its projects or growth strategy and appropriate financing is unavailable, or is available but on uneconomic terms. Any of these factors may impact the ability of the Company to obtain further equity based funding, loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If volatility and market turmoil recur, the Company's results from operations and planned growth could be adversely impacted and such impact.

***Dependence on Key Personnel***

Badger's success depends on the services of key 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 continue to be focused on succession planning with respect to senior management personnel to mitigate this risk.

***Availability and Cost of Qualified Labour***

Badger's ability to maintain, and grow, its business is dependent upon its ability to attract and retain skilled personnel. Shortages of skilled personnel could have a material effect on Badger's operations and financial results by restricting growth and/or by increasing labour costs.

A significant proportion of Badger's workforce is comprised of operators for its Badger Hydrovac units, who are required to hold commercial driver's licenses. Badger hires and trains these operators over a broad range of geographies, and its ability to recruit and retain drivers with the necessary skills, including commercial driver's licenses, is subject to local and regional labour market conditions.

A portion of Badger's workforce is unionized, and Badger is a party to various local union agreements. Relations with local unions and the renewal of existing agreements could negatively impact Badger's business, financial condition, and results from operations. Badger maintains ongoing dialogue with local unions but there is no guarantee that operational disruptions will not occur.

***Reliance on Key Suppliers***

Badger sources the parts and products for the manufacture of its Badger Hydrovacs from a variety of suppliers. Should any suppliers of Badger be unable to provide the necessary products or otherwise fail to deliver products in the quantities required or at acceptable prices, any resulting disruption or delays in the sourcing of new products or suppliers could have a material adverse effect on Badger's business, financial condition and results from operations. In addition, Badger's ability to grow will be dependent on the Corporation having access, at a reasonable cost and in a timely manner, to parts and products required to manufacture Badger Hydrovacs. No assurance can be given that the Corporation will be successful in maintaining the required supply of parts and products to manufacture Badger Hydrovacs.

***Fluctuations in Weather and Seasonality***

Badger's operating results have been, and are expected to continue to be, subject to fluctuations on a quarterly basis due to a variety of factors including changes in weather conditions and seasonality. The seasonal nature of non-destructive excavation services requires Badger to estimate market demand for different seasons and prepare accordingly by hiring and training operators sufficiently in advance of demand materializing. While management takes into account several factors in estimating market demand, there can be no assurance that Badger will recover such additional expenditures or that the estimates made by management in respect of demand will materialize or materialize on the timing anticipated.

Additionally, in the western United States, Badger has in the past, been restricted by the imposition of government regulations from conducting its work in environmentally sensitive areas during the mating seasons of certain animals 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.

### ***Ability to Expand the Business***

Badger has an organic growth strategy, the success of which will be dependent upon a number of factors including the Corporation's ability to retain and expand its customer roster; expand into new geographical regions; recruit and retain additional staff; and manufacture sufficient additional Badger Hydrovac units. The achievement of these results may be impacted by many factors including competitive conditions; availability of qualified staff; and changes in input costs including labour rates.

### ***Safety***

Provision of non-destructive excavation services involves numerous risks including undertaking operations in dangerous conditions or confined spaces, equipment defects, malfunctions and failures, accidents caused by operator error, environmental liabilities including liability related to slurry disposal, damage to or total loss of our property or assets or injury or death of our employees or of third parties. These risks also expose Badger to potential liability for pollution and other environmental damage or destruction claims. We must also maintain a safety record which meets the thresholds set by our customers in order to qualify to perform services for them. Although Badger has (i) implemented programs that seek to ensure its operations meet or exceed established safety standards, including through extensive training of our operators and monitoring activities; (ii) developed comprehensive maintenance programs for Badger Hydrovacs; and (iii) placed insurance programs that meet or exceed industry standards and are intended to minimize our potential liability for safety or environmental claims, no assurance can be given that such programs will be adequate to protect against the occurrence of accidents and all resulting potential liabilities.

### ***Cyber Security and Terrorism***

Badger relies on information technology, such as computer hardware and software systems, in order to properly operate its business. In the event the Company was unable to regularly deploy software and hardware, effectively upgrade systems and network infrastructure, and take other steps to maintain or improve the efficiency and efficacy of systems, the operation of such systems could be interrupted or result in the loss, corruption, or release of data. In addition, information systems could be damaged or interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, computer viruses, malicious code, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions, delays, loss of critical and/or sensitive data or similar effects, which could have a material adverse impact on the protection of intellectual property, and confidential and proprietary information, and on Badger's business, financial condition, and results of operations.

In the ordinary course of business, Badger collects, uses and stores sensitive data, including intellectual property, proprietary business information and personal information of employees and third parties. Despite the Company's internal controls and security measures, the Company's information systems, technology and infrastructure may be vulnerable to attacks by hackers and/or cyberterrorists or breaches due to employee error, malfeasance or other disruptions. Any such breach could compromise information used or stored on Badger's systems and/or networks and, as a result, the information could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties or other negative consequences, including disruption to Badger's operations and damage to its reputation, which could have a material adverse effect on Badger's business, financial condition, and results of operations.

The Corporation attempts to prevent security breaches and other related information technology risks by implementing various technology security measures, segregating control systems from general business networks, engaging skilled employees and consultants to manage technology applications and adopting policies and procedures as deemed appropriate. Data backup and recovery processes are in place to minimize the risk of data loss and resulting disruption of business.

In addition, Badger's assets may be the target of terrorist activities that could disrupt its ability to service customers. Badger may be required by regulators or by the future terrorist threat environment to make investments in security that cannot be predicted. The implementation of security guidelines and measures and maintenance of insurance, to the extent available, addressing such activities could increase costs. These types of events could materially adversely affect Badger's business, financial condition, and results of operations.

### ***Market Price of Badger Shares***

The value of Badger Shares is subject to volatility, which is often based on factors related and unrelated to the financial performance of Badger. The price of Badger Shares could fluctuate in response to variations in Badger's operating results, financial condition, liquidity, and other factors. Factors unrelated to Badger's performance that could also affect the price include domestic and global commodity prices, international financial markets and economic uncertainty, and market perceptions of the attractiveness of particular industries and business that may provide services to such industries.

### ***Cash Dividends are Not Guaranteed***

Although the Corporation intends to pay monthly cash dividends these payments are not assured and may be reduced or suspended. The ability of the Corporation to pay dividends and the actual amount of such dividends will be dependent upon numerous factors including, but not limited to, Badger's financial performance, debt covenants and obligations, working capital requirements and future capital requirements. In addition, the market value of the Badger Shares may decline if the Corporation is unable to meet its cash dividend targets in the future and that decline may be significant. Dividend payments may be reviewed and adjusted from time to time by the Board to reflect current business conditions. The Badger Shares are not a source of guaranteed income and Badger Shareholders should be aware that they bear the risk that the frequency and amounts of dividends may fluctuate or be interrupted.

It is important for anyone making an investment in Badger Shares to consider the particular risk factors that may affect both the Corporation and the industry in which it operates and which may therefore affect the stability of the dividend payments on the Badger Shares. Badger has not obtained a stability rating for the Badger Shares and does not anticipate doing so in the foreseeable future.

Under the terms of Badger's credit facilities, Badger is restricted from declaring dividends or distributing cash if Badger is in breach of its debt covenants. As at the date of this Annual Information Form ("**AIF**"), Badger is in compliance with all of its covenants.

In addition, Badger must comply with the requirements of the ABCA, which states that a corporation shall not declare or pay a dividend if there are reasonable grounds for believing that (a) the corporation is, or would after the payment be, unable to pay its liabilities as they become due or (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

### ***Operating Risk and Insurance Coverage***

Badger's operations are subject to certain risks due to the nature and environment in which Badger operates and the types of services Badger provides. Badger is and will continue to be involved in various legal proceedings that arise in the normal course of business. Badger maintains insurance policies with insurers for such circumstances, and in such amounts and with such coverages and deductibles, as it believes is reasonable and prudent. However, there can be no assurance that such insurance will cover all circumstances under which Badger will be subject to potential future claims related to its operations, or that such insurance will be adequate to protect Badger from all material expenses related to potential future claims related to its operations or that such levels of insurance will be available in the future at economical prices. Also, there can be no assurance that Badger's insurance providers will have the ability to satisfy all future claims in accordance with the policies.

### ***Credit Risk***

Credit risk arises where a financial loss would be experienced if a counterparty to a financial asset failed to meet its contractual obligations. Badger's credit risk exposure is primarily through its trade receivables which are subject to industry credit risks. Badger mitigates credit risks by: (i) maintaining a large and diversified customer base across the utility, petroleum and construction industries; (ii) actively monitoring the financial strength of its customer base through credit processes to minimize the risk of default on receivables; (iii) relying on a due diligence process to approve credit for new and existing customers by assessing the creditworthiness of each

customer; and (iv) by insuring its trade receivables portfolio. Badger cannot assure that these mitigation efforts will be successful in mitigating its credit risk exposure.

### ***Capital Investment***

The timing and amount of capital expenditures will directly affect the amount of cash available for dividend payments to Badger Shareholders. Dividends may be reduced, or even eliminated, when significant capital or operating expenditures are required.

### ***Access to Capital***

The Corporation may find it necessary in the future to obtain additional debt or equity to support ongoing operations, to undertake capital expenditures, to undertake acquisitions or other business combination transactions or for general corporate purposes. There can be no assurance that additional financing will be available to the Corporation when needed or on terms acceptable to the Corporation. The Corporation's inability to raise financing to support ongoing operations or to fund capital expenditures or acquisitions could limit the Corporation's growth and may have a material adverse effect on the Corporation. The agreements governing the Corporation's various credit facilities impose certain operating and financial covenants on the Corporation that may prevent the Corporation from pursuing certain business opportunities and restrict its ability to operate its business.

Additionally, the Corporation's ability to comply with these covenants will likely be affected by events beyond its control, and the Corporation cannot assure that it will satisfy those requirements. If the Corporation's financial performance results in a breach of any existing or future financial covenants, access to financing could be restricted and/or all or a portion of the Corporation's debt could become due on demand.

### ***Compliance with Government and Related Regulations***

Badger's operations are subject to a variety of federal, provincial, state and local laws, regulations and guidelines including laws and regulations related to health and safety, environment, the conduct of operations, the excavation, transportation and disposal of customer's materials and the manufacture of its Badger Hydrovacs used in its operations. While Badger believes that it is currently in compliance with all applicable government standards and regulations, there can be no assurance that all of Badger's business will be able to continue to comply with all applicable standards and regulations that may be in place in the future.

The laws and regulations applicable to Badger's operations provide that Badger could be liable for fines, penalties and other costs in the event that it is found to not be in compliance with those laws and regulations. A failure to comply with such laws and regulations could result in the suspension or revocation of operating permits and damage Badger's reputation and have a negative effect on Badger's operating and financial results.

In addition, Badger's securities have been sold to the public in Canada and are listed for trading on the TSX, and Badger is accordingly subject to regulation by Canadian securities regulators and Canadian federal and provincial laws and regulations.

### ***Changes in Laws or Regulations Governing Foreign Trade***

Changes in governmental laws or regulations affecting foreign trade or taxation, or the introduction of new laws or regulations, may have a direct or indirect effect on the Corporation's business or that of its customers or suppliers. Such changes could increase the costs of doing business for the Corporation, its customers, or suppliers, or restrict the Corporation's actions, causing the Corporation's results of operations to be adversely affected.

On September 30, 2018, Canada, the United States and Mexico announced the completion of negotiations on the United States-Mexico-Canada Agreement ("**USMCA**"). The USMCA has been ratified by all three countries and took effect on July 1, 2020. The Corporation is currently assessing the impact of this agreement and its activities.

Implementation of new legislative or regulatory regimes could impose additional costs on the Corporation, decrease demand for the Corporation's services or otherwise negatively impact the Corporation, which may have

a material adverse effect on the Corporation's business, financial condition and results of operations. Although regulatory expenditures have not, historically, been material to Badger, such laws, regulations and guidelines are subject to change. Accordingly, it is impossible for Badger to predict the cost or effect of such future laws, regulations or guidelines on Badger's future 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 Badger Shareholders or otherwise have a material adverse effect on Badger's business, financial condition, and results of operations.

### ***Litigation***

Legal proceedings may arise from time to time in the ordinary 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. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, such legal proceedings could divert management time, attention and effort and the resolution of any particular legal proceeding to which Badger may become subject could have a material effect on Badger's business, financial condition, and results of operations.

### ***Foreign Currency Risk***

A significant portion of the Corporation's activities relate to operations in the United States and are therefore exposed to foreign currency fluctuations. The Corporation is exposed to foreign currency fluctuations as revenues, expenses and working capital derived from its foreign operations are denominated in U.S. dollars. In addition, the Corporation's U.S. subsidiaries are subject to translation gains and losses on consolidation. Foreign exchange gains and losses are included in net profit except for foreign exchange gains and losses arising from the translation of the assets, liabilities, revenues and expenses of the Corporation's foreign operations, including the translation of foreign currency denominated assets and liabilities designated as a hedge of the Corporation's net investment in foreign operations, if applicable, are included in other comprehensive income. With the exception of the designation of the Corporation's U.S. dollar denominated debt, the Corporation does not maintain an active hedging program to mitigate this risk.

A significant portion of Badger's current operations and related assets are located in the United States. Risks of foreign operations include, but are not necessarily limited to, changes of laws affecting foreign ownership, government participation, taxation, royalties, duties, rates of exchange, inflation, repatriation of earnings, social unrest or civil war, acts of terrorism, extortion or armed conflict and uncertain political and economic conditions resulting in unfavourable government actions such as unfavourable legislation or regulation. While the impact of these factors cannot be accurately predicted, if any of the risks materialize, they could have a material adverse impact on the Corporation's business, financial condition, and results of operations.

### ***Interest Rates***

Badger has certain floating rate loans and may be negatively impacted by increases in interest rates, the effect of which increase would be to reduce the amount of cash available for operating, investing and financing related activities, including the amount of cash available for dividends on Badger Shares.

### ***Development of Alternative or Competing Technology and Equipment***

Generally speaking, the use of hydrovac and the process of hydro excavation is not protected by patents. As such, there are no significant technological barriers to entry within the industry, and new technological advances could occur in the design of hydrovac trucks or the process of hydro excavation, or other forms of excavation at any time. Such new advancements could render hydrovac equipment obsolete, or could result in a reduction in demand for hydrovac services through the introduction of competing products that are lower in cost, perform better or are determined by the market to be a more preferable service. If Badger is not able to keep current with such changing excavation trends and technology, this could have a material adverse effect on its business, financial condition, and results of operations.

The Company depreciates its Badger Hydrovac units over a period of 10 years, a policy that is based on its current knowledge and operating experience. While management of Badger believe that his time frame is reasonable, newer technology or some other unforeseen circumstance could lower this life expectancy.

### ***Trademarks and Proprietary Technology***

Badger relies on various intellectual property rights to maintain proprietary control over its trademarks, business secrets and other intellectual property. These rights may not be sufficient to prevent competitors from duplicating or improving upon the Badger Hydrovacs.

Policing unauthorized use of the Corporation's proprietary technology rights could prove to be difficult, and there can be no assurance that the steps taken by the Corporation will prevent misappropriation of its proprietary technology. In addition, litigation may be necessary in the future to enforce the intellectual property rights of the Corporation or to defend against claims of infringement or invalidity. Such litigation could result in substantial cost and diversion of resources and could have a material adverse effect on Badger's business, financial condition and results from operations.

Despite the efforts of the Corporation, the intellectual property rights of the Corporation may be invalidated, circumvented, challenged, infringed or required to be licensed to others. It cannot be assured that any steps the Corporation may take to protect its intellectual property rights and other rights to such proprietary technologies that are central to the Corporation's operations will prevent misappropriation or infringement.

Moreover, Badger may be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary information or trade secrets of the Corporation.

### ***Risk of Third-Party Claims for Infringement***

Third-parties may claim that Badger has infringed their intellectual property rights or may challenge the right of Badger in their intellectual property. In such event, Badger will undertake a review to determine what, if any, actions Badger should take with respect to such claim. Any claim, whether or not with merit, could be time consuming to evaluate, result in costly litigation, cause delays in operations or require Badger to enter into licensing agreements that may require the payment of a license fee or royalties to the owner of the intellectual property. Such royalty or licensing agreements, if required, may not be available on terms acceptable to Badger.

### ***Performance Obligations***

Badger's success depends in large part on whether it fulfills its obligations with clients and maintains client satisfaction. If the Corporation fails to satisfactorily perform its obligations, or makes professional errors in the services that it provides, its clients could terminate contracts, including master service agreements, exposing the Corporation to loss of its reputation and risk of loss or reduced profits or, in some cases, the loss of the customer.

### ***Additional Badger Shares May Be Issued Diluting Existing Shareholders' Interests***

Badger's articles of incorporation authorize the Corporation to issue an unlimited number of Badger Shares. As such, the Corporation may issue additional Badger Shares to raise funds. In addition, the by-laws of the Corporation provide that dividends may be paid by issuing fully paid Badger Shares to Badger Shareholders. As a result, the Corporation cannot predict the number of Badger Shares it may issue, or the effect, if any, that an issue will have on the market price of the Badger Shares. Additional Badger Shares issued by the Corporation may be dilutive to Badger Shareholders and such dilution could be significant.

### ***Structural Subordination of the Badger Shares***

In the event of a bankruptcy, liquidation, or reorganization of the Corporation or its subsidiaries, certain debtholders and certain trade creditors will be entitled to payment from the assets of the Corporation before assets are made available for distribution to the Corporation and/or the Badger Shareholders. Badger Shareholders are subordinated to the indebtedness and other liabilities of the Corporation and its subsidiaries.

### ***Debt Financing***

The degree to which the Corporation is financially leveraged could have important consequences to the Company and Badger Shareholders.

The ability of the Company to pay dividends or make other payments or advances will be subject to applicable laws and contractual restrictions contained in the instruments governing Badger's indebtedness. The degree to which Badger is leveraged could have important consequences to Badger, including: the ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; a significant portion of Badger's cash flow from operations may be dedicated to the payment of the principal and interest on its indebtedness, thereby reducing funds available for future operations and distributions; certain of Badger's borrowings may be at variable rates of interest, which exposes it to the risk of increased interest rates; and Badger may be vulnerable to economic downturns. Also, there can be no assurance that Badger will continue to generate sufficient cash flow from operations to meet required interest and principal payments. Further, Badger is subject to the risk that any of its existing indebtedness may not be able to be refinanced upon maturity or that the terms of such financing may not be as favourable as the terms of its existing indebtedness. These factors may adversely affect the frequency or amounts of dividends paid.

Badger's various credit facilities provide its lenders with first charge security interests on all of its assets. These credit facilities contain numerous terms and covenants that limit the discretion of management with respect to certain business matters. These covenants place restrictions on, among other things, the ability of Badger to create liens or other encumbrances, to pay dividends on its securities or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with other entities. In addition, the credit facilities contain a number of financial covenants that require Badger to meet certain financial ratios and tests. A failure to comply with the obligations in the credit facilities could result in a default which, if not cured or waived, could result in a reduction or termination of Badger's dividends, and may permit acceleration of the relevant debt. If the indebtedness under the credit facilities were to be accelerated, there can be no assurance that assets of the Corporation would be sufficient to repay that indebtedness.

In addition to indebtedness owing under the various credit facilities, the Company enters into various leases in the normal course of business, primarily related to the leasing of operating and administrative buildings. Terms and conditions associated with the lease arrangements would be consistent with industry norms. There is no lease liability associated with the Company's light-duty vehicle leases as the full consideration of the underlying lease is paid at the inception of the lease.

As at December 31, 2020, Badger's outstanding debt was \$147.7 million including:

- \$68.8 outstanding pursuant to its credit facilities, which does not include \$4.8 million in outstanding letters of credit and \$0.8 million in unamortized debt issuance costs;
- US\$50 million outstanding pursuant to Badger LP's senior secured notes with amortizing principal repayments of US\$25 million due on January 24, 2021 and 2022; and
- \$15.2 million in lease liabilities.

See "Material Contracts" for a description of the related debt agreements.

### ***Climate Change Legislation and Related Regulatory Initiatives***

In recent years, the United States Congress has considered legislation to reduce emissions of greenhouse gases ("**GHGs**"). However, it is uncertain if either house of Congress will pass comprehensive climate change legislation in the near future, although energy legislation and other regulatory initiatives are expected to be proposed that may be relevant to GHG emissions issues. In addition, some states are addressing GHG emissions, primarily through the development of emission inventories or regional GHG cap and trade programs.

In Canada, several provinces and the Government of Canada have recently adopted legislation to reduce, cap or tax GHG emissions. Depending on the particular program, Badger may be required to reduce GHG emissions, pay a carbon tax or purchase and surrender allowances or offsets for GHG emissions resulting from Badger's operations. Independent of Congress, the United States Environmental Protection Agency ("**EPA**") has adopted regulations controlling GHG emissions under its existing authority under the Clean Air Act ("**CAA**"). For example, following its findings that emissions of GHGs endanger human health and the environment because such emissions contributed to warming of the earth's atmosphere and other climatic changes, EPA has adopted regulations under existing provisions of the CAA that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources that are also potential major sources for conventional pollutants. In addition, EPA has adopted rules requiring annual monitoring and reporting of GHG emissions from specified production, processing, transmission and storage facilities in the United States.

Also, the United States and Canada are among 197 nations that are parties to the Paris Agreement, an international climate change agreement that calls for countries to set GHG emissions targets and the measures each country will use to achieve those targets. The agreement came into force on November 4, 2016. Although Canada and the United States are among the 187 nations that have ratified the agreement, the United States formally withdrew from the agreement on November 4, 2020. Although it is not possible at this time to predict how new laws in the United States or Canada that address GHG emissions will impact Badger's business, any such future laws could require Badger to incur costs and delay or restrict GHG emissions from new or modified sources. The reductions may not be technically or economically feasible and the failure to meet such reduction requirements or other compliance mechanisms may materially adversely affect Badger's business and result in fines, penalties and the suspension of operations.

As well, equipment from suppliers which can meet future emission standards may not be available on an economic basis and other compliance methods of reducing emissions to levels required in the future may significantly increase Badger's operating costs or reduce output. Emission reductions or offset credits may not be available on an economic basis. In addition, limitations on GHG emissions could adversely affect a number of Badger's customers thereby delaying or decreasing the demand for Badger's products and services. Further, increasing concentrations of GHGs in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, floods, wildfires and other climatic events; if any such effects were to occur, they could have an adverse effect on Badger's and its customers' operations. Although it is not currently possible to predict how any such proposed or future GHG legislation will impact Badger's business, any regulation of GHG emissions in areas in which Badger conducts business could result in increased compliance costs or additional operating restrictions to Badger's exploration and production customers which could have a significant adverse effect on Badger's operations.

***Breach of Confidential Information***

Badger's efforts to protect confidential information may prove unsuccessful due to the action of third-parties, software bugs, technical malfunctions, employee error, or other factors. Should any of these events occur, this information could be accessed or disclosed improperly. Any incidents involving a breach of confidential information could damage Badger's reputation and expose competitive positioning of its future growth strategy. Should this occur, it could have a material adverse effect on the Corporation's business, financial condition and results from operations.

***Conflict of Interest***

Certain of the directors and officers of the Company are also directors and officer of entities that the Company may do business with, and as such, conflicts of interest may arise between their duties as directors and officers of the Company and their duties as a director or officer of such other companies. Any such conflicts are handled in accordance with the provisions of the ABCA.

***Forward-Looking Information May Prove Inaccurate***

Statements containing forward-looking information may be found in this AIF, and in other documents forming part of Badger's public disclosure record. Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information.

***Disclosure Controls and Procedures***

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Corporation is made known to the Chief Executive Officer and Chief Financial Officer by others within the Corporation, particularly during the period in which the annual and interim filings of the Corporation are being prepared, in an accurate and timely manner in order for the Corporation to comply with its disclosure and financial reporting obligations and in order to safeguard the Corporation's assets. Consistent with the concept of reasonable assurance, the Corporation recognizes that the relative cost of maintaining these controls and procedures should not exceed their expected benefits. As such, the Corporation's disclosure controls and procedures can only provide reasonable assurance, and not absolute assurance, that the objectives of such controls and procedures are met.

***Internal Controls Over Financial Reporting***

The Chief Executive Officer and Chief Financial Officer of the Corporation are responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. While management of the Corporation has put in place certain plans and procedures to mitigate the risk of a material misstatement in the Corporation's financial reporting, a system of internal controls can provide only reasonable, not absolute assurance that the objectives of the control system are met, no matter how well conceived or operated.

## MANAGEMENT

### Executive Officers

The following table sets forth certain information in respect of each executive officer of the Corporation as at March 11, 2021.

Name and Jurisdiction of Residence	Current Office in the Corporation	Principal Occupation and Other Information
Paul J. Vanderberg Alberta, Canada	President, CEO and Director	Mr. Vanderberg has been the President and CEO of Badger, as well as a director of Badger, since July 2016. Prior to joining Badger, he was Director, Operations of Gator Gypsum, Inc., a division of Gypsum Management & Supply Inc., North America's largest gypsum board and interior construction products distributor, from January to June, 2016. Before his time at Gator Gypsum, Inc., Mr. Vanderberg spent 14 years as President of Winroc SPI, the construction products division of Superior Plus Corp. Prior to joining Winroc SPI, Mr. Vanderberg held increasingly senior positions with USG Corporation, with general management responsibilities for operations in the U.S., Canada and internationally for a period of 16 years. Mr. Vanderberg holds a Bachelor of Arts (" <b>BA</b> ") and Master of Business Administration (" <b>MBA</b> ") from Michigan State University and the Institute of Corporate Directors, Director (" <b>ICD.D</b> ") designation.
Darren Yaworsky Alberta, Canada	Vice-President Finance and CFO	Mr. Yaworsky joined Badger in June 2019 as Vice-President Finance and CFO. Prior to joining Badger, Mr. Yaworsky was Senior Vice-President, Finance and CFO at Wajax Corporation. Mr. Yaworsky held a series of progressively senior corporate finance, treasury, accounting and tax roles at Enbridge Inc., Canadian Pacific Railway, and Wajax Corporation. His early career was in capital markets, corporate finance, risk management and operations at two major Canadian banks. Mr. Yaworsky holds a MBA and an Honours Bachelor of Commerce (" <b>BComm</b> ").
John G. Kelly Indiana, United States	Chief Operating Officer	Mr. Kelly has been the Chief Operating Officer of Badger since January 2015. Mr. Kelly held the roles of Executive Vice-President and Vice-President of Operations, U.S. of Badger from September 2011 until January 1, 2015. Prior to joining Badger, Mr. Kelly was employed by Waste Management Inc. for 18 years holding various positions in hauling, transfer and recycling operations. Mr. Kelly held positions including District Manager, Director of Operations, and most recently Midwest Vice-President for WM Recycle America. Mr. Kelly holds a BA from Marist College in Poughkeepsie, New York, and an Advanced Management Program diploma from Harvard University.
Tracey Wallace Alberta, Canada	Vice-President, Human Resources	Ms. Wallace joined Badger in June 2017 as Vice-President, Human Resources. Prior to joining Badger, Ms. Wallace was the Senior Vice-President for Carillion Canada. Previous to this Ms. Wallace spent 8 years as an Officer and Vice-President of Human Resources for the ATCO Group of Companies and Canadian Utilities Limited. Ms. Wallace's career has spanned over 30 year of general management and administration experience on an international basis. Ms. Wallace studied Business Administration at the University of Calgary and pursued graduate-level coursework in Human Resources at the University of Fredericton. Ms. Wallace holds the chartered professional human resources designation and is currently working towards her ICD.D designation.

Name and Jurisdiction of Residence	Current Office in the Corporation	Principal Occupation and Other Information
Elizabeth Peterson North Carolina, United States	Vice-President, North American Operations - East	Ms. Peterson has been the Vice-President, North American Operations - East of Badger or in a similar role since April 2015. Prior to joining Badger, Ms. Peterson was employed by Clean Harbors Environmental Services, Inc. for 24 years holding various positions in both sales and operations. Ms. Peterson held positions including Senior Vice-President East Region, Vice-President Industrial Services and Vice President of InSite Services. Ms. Peterson holds a BA from Smith College in Northampton, Massachusetts as well as a MBA from Duke University's Fuqua School of Business.
Michael J. Tunney Illinois, United States	Vice-President, Strategic Initiatives	Mr. Tunney joined Badger in January 2017 as Vice-President, North American Operations – Central and was appointed Vice-President, Strategic Initiatives of Badger in August, 2019. Prior to joining Badger Mr. Tunney was employed by Waste Management, Inc. for 35 years holding various positions of increasing responsibility in construction, recycling and solid waste management. Mr. Tunney also held positions in construction and operations management including Project Manager, Plant Manager, District Manager and Director of Operations.
Timothy Reiber Colorado, United States	Vice-President, North American Operations - West	Mr. Reiber joined Badger in June 2012, originally as the Regional Manager for the West Region in the U.S., then as Vice-President Business Development, and beginning in August of 2019, as Vice-President, North American Operations - West of Badger or in a similar role. Prior to joining Badger, Mr. Reiber was the Senior Regional Director for Factory Motor Parts, a wholesale auto part distributor, overseeing the sales and operations for the Mountain Region. Previous to this, Mr. Reiber was the Operations Manager for Allied Waste in Denver, Colorado and held various sales and operations roles for Waste Management in the Chicago, Illinois market. Mr. Reiber holds a Bachelor of Science (" <b>B.Sc.</b> ")/ BA from the University of Florida in Gainesville, Florida.
Wade Wilson Alberta, Canada	Vice-President, Fleet	Mr. Wilson joined Badger in January 2017, originally as Director of Operations Excellence, and then as Vice-President of Canadian Operations. Mr. Wilson also occupied the office of Vice-President of Business Process Improvement and, from December 2019 to March 11, 2021 was the Vice-President of HSE and Fleet. Mr. Wilson is now Vice-President, Fleet. Prior to joining Badger, Mr. Wilson was the Vice-President of Operations for Winroc SPI, a North American distributor of drywall and building products. Mr. Wilson was employed by Winroc SPI for 38 years holding various positions of increasing responsibility.
Pramod Bhatia Alberta, Canada	Vice-President, Strategic Planning and Investor Relations	Mr. Bhatia joined Badger in August 2019 as Vice-President, Treasury and Risk Management and was appointed Vice-President, Strategic Planning and Investor Relations in November 2020. Prior to joining Badger Mr. Bhatia was Vice-President, Treasury and Risk at Johnson Controls Power Solutions and Assistant Vice President and Treasurer at Canadian Pacific Railway Ltd. Previous to this, Mr. Bhatia was Senior Manager, Corporate Finance at Enbridge. Mr. Bhatia holds a Bachelor of Engineering (" <b>B.Eng.</b> "), an MBA and Master of Science in Electronic Commerce (" <b>MSc.</b> ") degree.

Name and Jurisdiction of Residence	Current Office in the Corporation	Principal Occupation and Other Information
Pradeep Atluri Indiana, United States	Vice-President Information Strategy and Technology	Mr. Atluri joined Badger in April 2020 as Vice President, Information Strategy and Technology. Prior to joining Badger, Mr. Atluri was Director of Information Technology for CNO Financial Services. Mr. Atluri held senior IT roles at Deloitte, Motorola, and HCL. He led several Information Technology transformation programs before, which helped achieve business growth and transformation. Mr. Atluri holds a MSc.
David Whelan Alberta, Canada	Vice-President Manufacturing	Mr. Whelan joined Badger in October 2020 as Vice President, Manufacturing. Prior to joining Badger, Mr. Whelan spent 17 years at Blue Bird Corporation holding roles in manufacturing, engineering, and supply chain management including Senior Vice President of Manufacturing and Supply Chain. His early career was spent in engineering and operations at CNH. Mr. Whelan holds an MBA from Mercer University and a BSc from Western Illinois University.
Craig Mass Indiana, United States	Vice-President Business Insights and Shared Services	Mr. Mass joined Badger in September 2017 in a senior finance role and was appointed Vice President, Business Insights & Shared Services in November 2020. Prior to joining Badger, Mr. Mass held progressively senior roles at several companies, beginning with Deloitte in their assurance and financial advisory practices, and most recently as controller of production services at a subsidiary company of Western Energy Services. Mr. Mass has 15 years of professional experience mainly in various sectors of the oil and gas industry as well as consulting services. Mr. Mass holds a Bachelor of Commerce degree and a Chartered Professional Accountant designation.
Leon Walsh Alberta, Canada	Vice-President Health, Safety and Environment	Mr. Walsh joined Badger as Vice President, Health, Safety and Environment in January 2021. Prior to joining Badger Mr. Walsh served in a variety of Senior Management capacities with AECOM, URS Canada Inc. and Flint Energy throughout Canada, the U.S., Mexico and West Africa. During his time with AECOM Mr. Walsh was also the executive sponsor for the First Nations, Metis and Inuit Progressive Aboriginal Certification (PAR) Program activities through the Canadian Council of Aboriginal Business. Mr. Walsh holds an Executive MBA with a focus in Innovation and Leadership from the University of Fredericton, a Project Management Certificate issued jointly by Memorial University and York University, and a diploma in Business Administration from Memorial University. Mr. Walsh also holds two international Safety Designations, a Canadian Registered Safety Professional and a Board of Certified Safety Professional in the United States and is a member of the American Society of Safety Professionals and the Canadian Society of Safety Engineers.

## Directors

The following table sets forth certain information in respect of each director of the Corporation as at March 11, 2021.

Name and Jurisdiction of Residence	Current Office in the Corporation <sup>(1)</sup>	Principal Occupation and Other Information
Glen Roane Alberta, Canada	Chair of the Board	Mr. Roane is a businessman and corporate director who has served as a director of more than 15 public and private companies since 1997 and who also served two terms as a Member of the Alberta Securities Commission. Prior to 1997, Mr. Roane was employed in the financial services industry with employers including the Toronto Dominion Bank, Lancaster Financial Inc. and Burns Fry Limited. Mr. Roane holds a BA and an MBA from Queen's University, in Kingston, Ontario and an ICD.D designation. Mr. Roane has been a director of Badger, including its predecessors, since May 22, 2003 and became Chair of Badger in November 2014.
Paul J. Vanderberg Alberta, Canada	President, CEO and Director	See "Executive Officers".
Catherine (Kay) Best Alberta, Canada	Director <sup>(2)(4)</sup>	Ms. Best is a corporate director, currently serving on the boards of Canadian Natural Resources Limited and Superior Plus Corporation. From 2000 to 2009, Ms. Best was the Executive Vice President, Risk Management and CFO of the Calgary Health Region. Prior to 2000 she was a Corporate Audit Partner with Ernst & Young. Ms. Best holds a Bachelor of Interior Design degree from the University of Manitoba. Ms. Best is a Chartered Professional Accountant (Fellow Chartered Accountant) and was awarded her Fellow Chartered Accountant designation in 2003 and her ICD.D designation in 2009. Ms. Best has been a director of Badger since June 18, 2015.
Grant Billing Alberta, Canada	Director <sup>(2)(4)</sup>	Mr. Billing is a corporate director who has served as a director for numerous public and private companies. Mr. Billing currently serves as Chair of the Board of Tervita Corporation and as a director of MEG Energy Corp. Prior to being a corporate director, Mr. Billing held various senior management positions including Chair and CEO of Superior Plus Corp., President and CEO of Norcen Energy Resources Limited and President and CEO of Sceptre Resources Incorporated. Mr. Billing holds a B.Sc. from the University of Calgary and is a Chartered Professional Accountant. Mr. Billing has been a director of Badger since June 18, 2015.
William (Bill) Derwin Colorado, United States	Director <sup>(2)(5)</sup>	Mr. Derwin is a corporate director who is currently the Chief Executive Officer of GO car wash, a car wash operator in the United States which is owned by a Canadian private equity firm. Previously, Mr. Derwin was the CEO of International Car Wash Group, the President of Terminix International and also held various executive level positions with Otis Elevator, McKinsey & Company and The Boeing Company. Mr. Derwin holds a B.Sc. in Mechanical Engineering from Stanford University and an MBA from Harvard University. Mr. Derwin has been a director of Badger since November 20, 2018.

Name and Jurisdiction of Residence	Current Office in the Corporation <sup>(1)</sup>	Principal Occupation and Other Information
Stephen Jones Pennsylvania, United States	Director <sup>(3)(5)</sup>	Mr. Jones is a corporate director currently serving on the board of Tronox Holdings plc, a public company listed on the New York Stock Exchange. From 2015 to 2020 Mr. Jones was president, chief executive officer and a board member of Covanta Holding Corporation, a public company listed on the New York Stock Exchange, and a leading global provider of sustainable waste and energy solutions. From 1992 to 2014 Mr. Jones held a variety of senior-level management positions with Air Products and Chemicals Inc., including in the company's tonnage gases, equipment and energy businesses, as well as in the Industrial Chemicals Division, culminating with his role as Air Products' China president based at the company's office in Shanghai. Prior to joining Air Products in 1992, Mr. Jones practiced corporate law at Dechert LLP in Philadelphia, PA, primarily in the areas of mergers and acquisitions. Mr. Jones holds a BSc in economics from Bloomsburg University of Pennsylvania, an MBA with a concentration in finance from Temple University and a law degree from the University of Pennsylvania. Mr. Jones has been a director of Badger since March 11, 2021.
William (Bill) Lingard Alberta, Canada	Director <sup>(3)(5)</sup>	Mr. Lingard is a corporate director and was the Chair of the Board for the Southern Alberta Institute of Technology until September 2014. Prior to that, he was the President and Chief Operating Officer of URS Corporation in San Francisco from 2013 to 2014; the President, CEO and a Board member of Flint Energy Services Limited from 2005 to 2012; the Chief Operating Officer of Nabors Drilling Canada from 2002 to 2005; and the Chief Operating Officer of Enserco Energy Services from 2000 to 2002. Mr. Lingard started his career with Halliburton holding various positions of increasing responsibility from 1982 to 2000 with assignments in the United States and Canada including Country Manager for Halliburton Canada. He served as the Chair of the Petroleum Services Association of Canada in 2000 and the Chair of the Executive Oilmen's Association in 2004. Mr. Lingard holds a B.Eng. from Memorial University in St. John's, Newfoundland and completed business management courses at the University of Texas. Mr. Lingard completed the ICSA Directors Education and Accreditation Program in 2009. Mr. Lingard has been a director of Badger since June 18, 2015.
Garry P. Mihaichuk Alberta, Canada	Director <sup>(3)(5)</sup>	Mr. Mihaichuk is a corporate director who has served as a director on 14 public and private companies since 1996. Between 2007 and 2009 he was the President and CEO of Toromont Energy Systems Inc., from 2005 to 2007 he was Vice-President of Heavy Oil and Oil Sands for Husky Energy Inc., and from 2001 to 2005 he was Senior Vice-President of Mancal Corporation. Mr. Mihaichuk holds a B.Sc. Mechanical Engineering from Queen's University, a Global Leadership diploma from Michigan University, a Professional Masters diploma from Harvard University and his ICD.D designation. Mr. Mihaichuk has been a director of Badger, including its predecessors, since April 23, 2009.

Name and Jurisdiction of Residence	Current Office in the Corporation <sup>(1)</sup>	Principal Occupation and Other Information
Mary B. Jordan British Columbia, Canada	Director <sup>(3)(4)</sup>	Ms. Jordan is a corporate director, currently serving on the board of Superior Plus Corporation. From 2006 to 2008, Ms. Jordan was Executive Vice President, Human Resources and Internal Communications at Laidlaw International, Inc. From 2003 to 2006, she held the position of Provincial Executive Director for the British Columbia Centre for Disease Control. In addition, Ms. Jordan has spent more than 20 years in the airline industry, holding senior executive positions with Air Canada, Canadian Airlines and American Airlines, including terms as the President of several wholly-owned regional carriers. Ms. Jordan is a former member of the Insurance Council of British Columbia and a former director of the Vancouver Board of Trade. Ms. Jordan holds a BA (Magna Cum Laude) from Rice University, an MBA from the University of Texas, and her ICD.D designation. Ms. Jordan has been a director of Badger since June 3, 2019.
David Bronicheski Ontario, Canada	Director <sup>(2)(3)</sup>	Mr. Bronicheski is a corporate director currently serving on the board of Altius Renewable Royalties Corp. For thirteen years until his retirement in 2020, he was Chief Financial Officer of Algonquin Power & Utilities Corp., a publicly listed, TSX60 renewable energy and regulated utility company with operations across North America. He has held various senior management positions including Executive Vice President and CFO of a publicly traded income trust providing local telephone, cable television and internet service. He was also CFO for a large public hospital in Ontario. Mr. Bronicheski holds a BA in economics (cum laude), a BComm and an MBA (University of Toronto, Rotman School of Management). He is also a Chartered Accountant and a Chartered Professional Accountant. Mr. Bronicheski has been a director of Badger since May 8, 2020.

<sup>(1)</sup> Directors hold office upon appointment until the next annual general meeting of Badger Shareholders unless re-elected at that meeting.

<sup>(2)</sup> Member of the Audit Committee of the Corporation.

<sup>(3)</sup> Member of the Human Resources and Compensation Committee of the Corporation.

<sup>(4)</sup> Member of the Nominating and Governance Committee of the Corporation.

<sup>(5)</sup> Member of the Health, Safety and Environment Committee of the Corporation.

## Share Ownership

As at March 11, 2021, 253,686<sup>(1)</sup> Badger Shares were beneficially owned or controlled directly or indirectly by the directors and executive officers of Badger, as a group, which represented approximately 0.73% of the issued and outstanding Badger Shares.

<sup>(1)</sup> Number of Badger Shares owned does not include shares related to the Company's share-based compensation plans.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Except as set out below, to the best of the knowledge of management of Badger:

- (a) no person who is a director or executive officer of Badger is, as at the date of this AIF, or has been, within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Badger) that:
  - (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days and that was issued while such person was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days and that was issued after such person ceased to be a director, chief executive officer or chief financial officer but resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; and
  
- (b) no person who is a director or executive officer of Badger, or who is a person holding a sufficient number of Badger Shares to affect materially the control of Badger:
  - (i) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including Badger) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
  - (ii) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director or trustee; and
  
- (c) no person who is a director or executive officer of Badger, or who is a person holding a sufficient number of Badger Shares to affect materially the control of Badger, has been subject to:
  - (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
  - (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Conflict of Interest Restrictions and Provisions**

The ABCA contains “conflict of interest” provisions that serve to protect Badger Shareholders by requiring each director and officer of the Corporation to disclose to the Corporation any interest in a material contract or transaction or proposed material contract or transaction with Badger, or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with Badger. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Board, the director or officer is required to disclose in writing to the Corporation or request to have entered into the minutes of the meeting of the Board the nature and extent of his or her interest forthwith after the director or officer becomes aware of the contract or transaction or proposed contract or transaction. In any case, a director or officer who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the

contract or transaction unless the contract or transaction is one relating primarily to his or her remuneration as a director, officer, employee or agent of the Corporation or one for indemnity under the provisions of the ABCA or liability insurance.

In the case of subsidiaries of the Corporation, the governing statutes contain similar “conflict of interest” provisions to those described in the preceding paragraph and the directors and executive officers of the subsidiaries of the Corporation are legally obligated to comply with such provisions.

Neither the Corporation nor any of its subsidiary entities have been advised of any current or potential material conflicts of interest of their respective directors or executive officers.

### INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No person or company who is a director or executive officer of Badger, a person or company that is the direct or indirect owner of, or who exercises control or direction over, more than 10% of the outstanding Badger Shares, or an associate or affiliate of any of the aforementioned persons or companies, has had any material interest in any transaction with Badger within the three most recently completed financial years, or during the current financial year, that has or will materially affect Badger.

### MARKET FOR SECURITIES, TRADING PRICE AND VOLUME

The following table sets forth the reported high and low sales prices and the trading volumes of the Badger Shares, as reported by the TSX, for the periods indicated:

<b>2020</b>	<b>Sales Price Range Per Common Share</b>		<b>Trading Volume</b>
	High	Low	
January	\$36.27	\$33.73	2,968,954
February	\$35.73	\$30.26	2,815,021
March	\$32.13	\$18.00	6,064,500
April	\$30.95	\$21.06	2,639,679
May	\$29.64	\$25.57	3,413,977
June	\$31.12	\$26.76	2,902,012
July	\$30.77	\$28.65	1,266,912
August	\$38.90	\$29.12	2,806,773
September	\$41.82	\$35.92	2,982,154
October	\$41.39	\$37.27	1,926,626
November	\$40.92	\$34.28	2,709,933
December	\$41.43	\$36.41	3,068,044
<b>Total</b>			<b>35,564,585</b>

### DIVIDEND HISTORY

#### Dividend Policy

The Corporation currently has a policy of distributing cash to Badger Shareholders on a monthly basis. The Corporation has recently been paying a monthly dividend of \$0.05 per Badger Share, or \$0.60 per Badger Share on an annualized basis.

On March 11, 2021, Badger’s Board of Director’s approved an increase of the dividend to \$0.0525 per Badger Share per month (\$0.63 per Badger Share on an annualized basis) from \$0.05 per Badger Share per month (\$0.60 per Badger Share on an annualized basis) effective with the March 2021 dividend payable in April 2021.

Cash dividends are generally paid monthly to the Badger Shareholders of record on the last day of each month (unless such day is not a business day, in which case the date of record has generally been the immediately preceding business day) and have been paid on or about the 15<sup>th</sup> day of the following month (unless such day is

not a business day, in which case the payment date has generally been on the business day either immediately preceding or immediately following such day).

Badger's current dividend policy is based on the assumption that the underlying business of Badger will continue to generate sufficient cash flow. Dividends and the dividend policy of the Corporation will be reviewed by the Board and adjusted from time to time to reflect the then current business conditions. See "Risk Factors" for a discussion of various risks that may impact the ability of the Corporation to pay dividends.

### Particulars of Dividends

The particulars of dividends declared and paid by Badger for the three most recently completed financial years are as follows:

<b>Year</b>	<b>Month</b>	<b>Payment Date</b>	<b>Dividend Per Common Share</b>
2018	January	February 15, 2018	\$0.038
	February	March 15, 2018	\$0.038
	March	April 16, 2018	\$0.038
	April	May 15, 2018	\$0.045
	May	June 15, 2018	\$0.045
	June	July 16, 2018	\$0.045
	July	August 15, 2018	\$0.045
	August	September 14, 2018	\$0.045
	September	October 15, 2018	\$0.045
	October	November 15, 2018	\$0.045
	November	December 15, 2018	\$0.045
	December	January 15, 2019	\$0.045
<b>Total</b>			<b>\$0.519</b>

<b>Year</b>	<b>Month</b>	<b>Payment Date</b>	<b>Dividend Per Common Share</b>
2019	January	February 15, 2019	\$0.045
	February	March 15, 2019	\$0.045
	March	April 15, 2019	\$0.0475
	April	May 15, 2019	\$0.0475
	May	June 14, 2019	\$0.0475
	June	July 15, 2019	\$0.0475
	July	August 15, 2019	\$0.0475
	August	September 16, 2019	\$0.0475
	September	October 15, 2019	\$0.0475
	October	November 15, 2019	\$0.0475
	November	December 16, 2019	\$0.0475
	December	January 15, 2020	\$0.0475
<b>Total</b>			<b>\$0.565</b>

Year	Month	Payment Date	Dividend Per Common Share
2020	January	February 14, 2020	\$0.0475
	February	March 16, 2020	\$0.0475
	March	April 15, 2020	\$0.05
	April	May 15, 2020	\$0.05
	May	June 15, 2020	\$0.05
	June	July 15, 2020	\$0.05
	July	August 17, 2020	\$0.05
	August	September 15, 2020	\$0.05
	September	October 15, 2020	\$0.05
	October	November 16, 2020	\$0.05
	November	December 15, 2020	\$0.05
	December	January 15, 2021	\$0.05
<b>Total</b>			<b>\$0.595</b>

### LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Badger is involved in various claims and actions arising in the course of its operations. Management does not believe any of these legal disputes would generate a material impact to the financial results of the Corporation.

### AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of Badger are Deloitte LLP, Chartered Accountants, of Calgary, Alberta.

Computershare Trust Company of Canada at its principal offices in Calgary, Alberta and Toronto, Ontario is the transfer agent and registrar for the Badger Shares.

### MATERIAL CONTRACTS

Other than as set out in the list below, there are no contracts, other than contracts entered into in the ordinary course of business, that are material to Badger that were entered into within the most recently completed financial year, or before the most recently completed financial year but that are still in effect.

1. **Credit Facilities:** On September 30, 2019, two of Badger's subsidiaries, Badger LP and Badger Corp., as borrowers, entered into the Credit Agreement with The Toronto-Dominion Bank and Canadian Imperial Bank of Commerce as co-lead arrangers with three additional banks in the lending syndicate. The Credit Agreement provides for two credit facilities: (1) a revolving credit facility in an amount up to \$300 million (or the equivalent amount in U.S. dollars) which allows for borrowings in either Canadian or U.S. dollars (the "**Initial Credit Facility**") and includes an option to request an additional \$150 million, at the discretion of the lenders, and (2) as of May 7, 2020, a supplemental revolving credit facility in the amount of \$100 million which is only available in Canadian dollars (the "**Supplemental Credit Facility**").

The Initial Credit Facility bears interest, at Badger's option, at either the bank's prime rate plus a tiered set of basis points or bankers' acceptance rate/LIBOR also with a tiered structure. A stand-by fee is also required on the unused portion of the Initial Credit Facility on a tiered basis.

The Supplemental Credit Facility bears interest, at Badger'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 Supplemental Credit Facility on a tiered basis.

All of the above tiers are based on Badger's "Total Debt" to "EBITDA" ratio, both which are defined terms in the Credit Agreement. EBITDA is defined as earnings before interest, taxes, depreciation, amortization, and certain other items, calculated on a twelve-month trailing basis. Total Debt consists of long-term debt and lease liabilities, including the current portion thereof, and issued letters of credit, less certain cash on hand. Stand-by fees are expensed as incurred. The Initial Credit Facility matures on September 30, 2024, while the Supplemental Credit Facility matures on May 6, 2021, and both are collateralized by general security agreements granting security interests over the present and future asset and property of Badger

(as guarantor), the borrowers, and certain of Badger's other subsidiaries who are guarantors. The purpose of both the Initial Credit Facility and Supplemental Credit Facility is for general liquidity management, general corporate purposes, to finance Badger's capital expenditure program and to repay Badger LP's 2014 senior secured notes. See "Risk Factors" - "Debt Financing" for additional details.

2. **Senior Secured Note Agreement:** On January 24, 2014 Badger LP entered into a senior secured note agreement dated January 24, 2014, with the Prudential Capital Group. Pursuant to that agreement, on January 24, 2014, Badger LP issued US\$75 million aggregate principal amount of senior secured notes to Prudential Capital Group. The notes have an interest rate of 4.83% per annum and mature on January 24, 2022. Amortizing principal repayments of US\$25 million are due under the notes on January 24, 2020, January 24, 2021 and January 24, 2022. Interest will be paid semi-annually in arrears. The notes are secured and rank equally with Badger LP's senior credit facilities. Proceeds from the offering were used to repay a portion of the outstanding debt under Badger's senior credit facilities and for ongoing capital expenditures and general corporate purposes. See "Risk Factors" - "Debt Financing" for additional details.

### **INTERESTS OF EXPERTS**

Audited financial statements for Badger for the financial years ended December 31, 2020 and 2019 have been included in filings made by Badger under National Instrument 51-102 during or relating to Badger's most recently completed financial year or during or relating to Badger's current financial year. The firm which conducted the audits and signed the audit reports on the financial statements of Badger for the years ended December 31, 2020 and 2019 was Deloitte LLP. Deloitte LLP has advised that it is independent of Badger in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of Alberta.

## AUDIT COMMITTEE INFORMATION

### Mandate of the Audit Committee

A copy of the Mandate of the Audit Committee of Badger is attached as Schedule A to this AIF.

### Audit Committee Composition

The Audit Committee is a standing committee appointed by the Board to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting by Badger. The Audit Committee currently consists of Catherine Best, Grant Billing, William Derwin and David Bronicheski. Catherine Best is the Chair of the Audit Committee. Each member of the Audit Committee is independent and financially literate, as such terms are defined in National Instrument 52-110 – Audit Committees.

### Relevant Education and Experience

In addition to each member's general business experience, the education and experience of each member of the Audit Committee that is relevant to the performance of such member's responsibilities as a member of the Audit Committee are set forth below.

- *Catherine (Kay) Best* – Ms. Best is a chartered accountant with over 30 years' experience. Ms. Best is a corporate director and consultant. Previously, she served as Executive Vice-President, Risk Management and Chief Financial Officer for the Calgary and Alberta Health Region where she was responsible for all finance functions, including financial operations, budgeting, forecasting and planning, business support for operating and corporate portfolios, performance reporting, business planning and treasury management. Ms. Best was a chartered accountant at Ernst & Young, an accounting firm, for nineteen years, the last ten years as Corporate Audit Partner. In addition to a bachelor of interior design degree, Ms. Best holds the Chartered Professional Accountant (Fellow Chartered Accountant) and the ICD.D designations. This experience, coupled with her designation as a Chartered Professional Accountant (Fellow Chartered Accountant), provides Ms. Best with the skill set and financial literacy required to carry out her duties as a member of the Audit Committee.
- *Grant Billing* – Mr. Billing was the Chair and CEO of Superior Plus Corp. from 2006 to 2011, and prior thereto the Executive Chair since 1998. Mr. Billing has extensive strategic and business experience gained over a period of more than 30 years in various CEO/senior management capacities, including as President and CEO of Norcen Energy Resources Ltd. He has served as chair and director of a number of public companies, as well as the Canadian Association of Petroleum Producers. He holds a B.Sc. degree from the University of Calgary. This experience, coupled with his designation as a Chartered Professional Accountant (Chartered Accountant), received in 1976, provides Mr. Billing with the skill set and financial literacy required to carry out his duties as a member of the Audit Committee.
- *William Derwin* – Mr. Derwin is the CEO of GO car wash, a car wash operator in the United States which is owned by a Canadian private equity firm. Prior thereto, he was the CEO of International Car Wash Group, the President of Terminix International and also held various executive level positions with Otis Elevator, McKinsey & Company and The Boeing Company. Mr. Derwin holds a B.Sc. in Mechanical Engineering from Stanford University and an MBA from Harvard University. This experience provides Mr. Derwin with the skill set and financial literacy required to carry out his duties as a member of the Audit Committee.
- *David Bronicheski* – Mr. Bronicheski was the Chief Financial Officer of Algonquin Power & Utilities Corp. and also held various CFO and other executive level positions with a publicly traded income trust providing local telephone, cable television and internet service and a large public hospital in Ontario. Mr. Bronicheski holds a BA in economics (cum laude), a BComm and an MBA (University of Toronto, Rotman School of Management). He is also a Chartered Accountant and a Chartered Professional Accountant. This experience, coupled with his designation as a Chartered Accountant, provides Mr. Bronicheski with the skill set and financial literacy required to carry out his duties as a member of the Audit Committee.

## Pre-Approval Policies and Procedures

The Audit Committee must pre-approve all non-audit services to be provided to Badger by its external auditors. Prior to engaging the auditors to provide any services over and above the regular audit engagement, management will contact the Chair of the Audit Committee for approval. The Chair of the Audit Committee will assess whether or not approval of the entire Audit Committee should be sought prior to approving the engagement.

## External Auditor Service Fees

The aggregate amounts paid or accrued by Badger with respect to fees payable to its external auditor, Deloitte LLP, for the last two completed financial years for audit (including separate audits of subsidiary entities, financings and regulatory reporting requirements), audit-related, tax and other services in the applicable fiscal periods ended were as follows:

	<b>2020</b>	<b>2019</b>
Audit fees <sup>(1)</sup>	462,500	530,500
Audit-related fees <sup>(2)</sup>	107,580	85,800
Tax compliance fees <sup>(3)</sup>	-	-
Tax advisory fees <sup>(4)</sup>	-	-
All other fees <sup>(5)</sup>	335,670	64,330
<b>Total</b>	<b>\$905,750</b>	<b>\$680,630</b>

<sup>(1)</sup> Audit fees include the aggregate professional fees paid to the auditors for the audit of the annual consolidated financial statements, the review of quarterly financial statements, and other regulatory audits and filings.

<sup>(2)</sup> Audit-related fees include the aggregate fees paid to the auditors for services related to the audit services, including consultations regarding financial reporting and accounting standards, statutory audits and consulting related to transfer pricing planning services.

<sup>(3)</sup> Tax compliance fees include the aggregate fees paid to the auditors for tax compliance services including the preparation of income tax and capital returns.

<sup>(4)</sup> Tax advisory fees include the aggregate fees paid to the auditors for tax advice, tax planning and advisory services.

<sup>(5)</sup> All other fees include the aggregate fees paid to the auditors for all other services other than those presented in the categories of audit fees, audit-related fees and tax compliance fees.

The Audit Committee of Badger considered and agreed that the above fees are compatible with maintaining the independence of Badger's auditors. Further, the Audit Committee determined that, in order to ensure the continued independence of the auditors, only limited non-audit related services will be provided to Badger by Deloitte LLP and in such case, only with the prior approval of the Audit Committee.

## CURRENCY

All dollar amounts set forth in this AIF are in Canadian dollars, except where otherwise indicated.

## DATE OF INFORMATION

Unless otherwise specified, information in this AIF is given as at December 31, 2020, being the last day of the most recently completed financial year of Badger.

## CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements and information contained in this AIF 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 demand and pricing, future market opportunities, and statements, and information that contain words such as "could", "should", "would", "likely", "indicate", "attempt", "can", "depend", "intend", "anticipate", "expect", "plan", "cause", "continue", "maintain", "believe", "predict", "will", "shall", "might", "may", "potential", "proposed", "design", "estimate", "objective", "target", "seek", "undertake" 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 AIF should not be unduly relied upon. These forward-looking statements and information speak only as of the date of this AIF.

In particular, forward-looking information and statements in this annual information from include, but are not limited to the following:

- Badger anticipates continued growth in its Canadian and U.S. markets and that the overall macro-economic environment in both Canada and the U.S. is anticipated to be supportive of this growth;
- Badger anticipates that the majority of its growth in revenue and operating locations will continue to be driven by its U.S. operations;
- Badger continues to see customer demand as a result of increased usage of hydrovac for non-destructive excavation;
- the implementation of the NCIB which requires approval by the TSX and the anticipated timing associated with such approval;
- the benefits, if any, that Badger's operational scale creates related to financial and operating performance;
- the ability of Badger to expand its business into new operating jurisdictions;
- the potential impact, if any, of the USMCA;
- the continued impact on the macro-economic environment in both the U.S. and Canada related to the COVID-19 virus;
- the impact of the availability of government subsidies related to the COVID-19 pandemic;
- the cost to build a Badger Hydrovac may fluctuate due to production volume in the Red Deer manufacturing facility, cost of labour and materials and foreign currency as many materials are denominated or otherwise influenced by exchange rates; and
- the potential impact of new legislative and regulatory initiatives on Badger's business and operations, if any.

The forward-looking information and statements made in this AIF rely on certain expected economic conditions and overall demand for Badger's services and are based on certain assumptions. The assumptions used to generate this forward-looking information and statements are, among other things, that:

- there will be customer demand for hydrovac services from infrastructure, construction, and oil and gas activity 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;
- there will not be significant changes in profit margins due to pricing changes driven by market conditions, competition, regulatory factors or other unforeseen factors;
- the overall market for Badger's services will not be adversely affected by weather, natural disasters, global events, legislation changes, technological advances, economic disruption or other factors beyond Badger's control;
- Badger will execute its growth strategy including attracting and retaining key personnel; and

- Badger will obtain all labour, parts and supplies necessary to complete the planned Badger Hydrovac build at the costs expected.

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: public health crisis; political and economic conditions; industry competition; price fluctuations for oil and natural gas and related products and services; 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](http://www.sedar.com)) or at the Company's website. The forward-looking statements and information contained in this AIF 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.

### **ADDITIONAL INFORMATION**

Additional information relating to Badger may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the management information circular of the Corporation for its most recent meeting of Badger Shareholders which involved the election of directors.

Additional financial information is provided in Badger's consolidated financial statements and management's discussion and analysis for its most recently completed financial year.

## SCHEDULE A

### BADGER DAYLIGHTING LTD.

#### MANDATE OF THE AUDIT COMMITTEE

##### Adoption

This Mandate of the Audit Committee has been adopted by the Board of Directors (the “**Board**”) of Badger Daylighting Ltd. (the “**Corporation**”).

##### References to “Badger”

In this Mandate of the Audit Committee, “**Badger**” means the Corporation and, where the context requires, the Corporation and its subsidiaries considered on a consolidated basis.

##### Overview

The Corporation will maintain an Audit Committee (the “**Audit Committee**”), composed entirely of independent directors of the Corporation, to oversee the work of the external auditor and to assist the Board in carrying out its oversight responsibility for Badger’s internal controls, financial reporting and risk management processes. The Audit Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including administrative support. If determined necessary by the Audit Committee, it will have the discretion to institute investigations of improprieties, or suspected improprieties within the scope of its responsibilities, including the standing authority to retain special counsel or experts.

##### Composition of the Committee

1. The Audit Committee will consist of at least three directors of the Corporation (the “**Directors**”). The Board will appoint the members of the Audit Committee. The Board will appoint one member of the Audit Committee to be the Chair of the Audit Committee.
2. Each Director appointed to the Audit Committee by the Board must be an independent Director. Generally speaking, a Director is “**independent**” if such Director has no direct or indirect material relationship with Badger. A “**material relationship**” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the Director’s independent judgment. In determining whether a Director is independent, the Board will make reference to the then current legislation, rules, policies and instruments of applicable regulatory authorities.
3. Each member of the Audit Committee must be “**financially literate**”. In order to be financially literate, a Director must be, at a minimum, able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that are reasonably expected to be raised by Badger’s financial statements.
4. A Director appointed by the Board to the Audit Committee will be a member of the Audit Committee until replaced by the Board or until his or her resignation.

##### Meetings of the Committee

1. The Audit Committee will convene a minimum of four times each year at such times and places as may be designated by the Chair of the Audit Committee and whenever a meeting is requested by the Board, a member of the Audit Committee, the external auditor, or a senior officer of Badger.

Meetings of the Audit Committee will correspond with the review of the quarterly and annual financial statements and management's discussion and analysis.

2. Notice of each meeting of the Audit Committee will be given to each member of the Committee, the chair of the Board (the "**Chair of the Board**"), who will be entitled to attend each meeting of the Committee, and the CEO, who will attend whenever requested to do so by a member of the Committee.
3. Notice of a meeting of the Audit Committee will:
  - (a) be in writing;
  - (b) state the nature of the business to be transacted at the meeting in reasonable detail;
  - (c) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and
  - (d) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Audit Committee may permit.
4. A quorum for the transaction of business at a meeting of the Audit Committee will consist of a majority of the members of the Audit Committee. However, it will be the practice of the Audit Committee to require review, and, if necessary, approval of certain important matters by all members of the Audit Committee.
5. A member of the Audit Committee may participate in a meeting of the Audit Committee by means of such telephonic, electronic or other communication facilities, as permits all persons participating in the meeting to hear and communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
6. In the absence of the Chair of the Audit Committee, the members of the Audit Committee will choose one of the members present to be Chair of the meeting. In addition, the members of the Audit Committee will choose one of the persons present to be the Secretary of the meeting.
7. Senior management of Badger and other parties may attend meetings of the Audit Committee at the invitation of the Chair of the Audit Committee; however the Audit Committee (i) shall meet with the external auditors independent of management and (ii) may meet with management or independently of management. The Chair of the Board can attend all meetings.
8. Minutes shall be kept of all meetings of the Audit Committee and shall be signed by the Chair and the Secretary of the meeting.
9. The Audit Committee members shall have an "in camera" session without management at every quarterly meeting and at other meetings when deemed appropriate. The Audit Committee members shall have an "in camera" session without management but with the auditor at each Audit Committee meeting held to approve the annual financial statements and at other meetings when deemed appropriate.

## Duties and Responsibilities of the Committee

### 1. External Auditor - Appointment and Removal

The Audit Committee will:

- (a) recommend to the Board, to put forward for shareholder approval at the annual meeting, the appointment of the external auditor or the discharge of the external auditor when circumstances are warranted;
- (b) review Environmental, Social and Governance (ESG) industry reporting trends and practices; including input from Badger HSE Committee. Review ESG corporate disclosure and recommend to the HSE for review;
- (c) recommend to the Board the auditor's compensation and otherwise set the terms of the auditor's engagement (including reviewing and negotiating the engagement letter);
- (d) review and monitor the independence and performance of the auditor; and
- (e) when there is to be a change of auditor, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation required pursuant to National Instrument 51-102 – Continuous Disclosure (or any successor legislation) of the Canadian Securities Administrators and the planned steps for an orderly transition period.

### 2. Auditor Oversight – Audit Services

The Audit Committee will:

- (a) require the external auditor to report directly to the Audit Committee and provide an avenue of communication among the auditor, management and the Board;
- (b) oversee the external audit process and results, including reviewing the audit plan and discussing with the auditor the nature and scope of the audit, the auditor's responsibilities in relation to the audit, the overall audit strategy, the timing of the audit, the processes used by the auditor to identify risks and reporting such risks to the Audit Committee, and any other matters relevant to the audit;
- (c) review and discuss with management and the auditor any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgements of management that may be material to financial reporting;
- (d) review with management and with the auditor significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;
- (e) review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management; and
- (f) review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.

3. Auditor Oversight – Non-Audit Services

The Audit Committee will:

- (a) pre-approve all non-audit services to be provided by the auditor to Badger or its subsidiaries, provided that it may delegate such pre-approval to a member or certain members of the Audit Committee as long as such members present the pre-approval at the next Audit Committee meeting following such pre-approval; and
- (b) approve the engagement letter for non-audit services to be provided by the auditor together with estimated fees, and consider the potential impact of such services on the independence of the auditor.

4. Internal Controls

The Audit Committee will:

- (a) oversee an effective system of internal controls and procedures for the Corporation relating to the financial reporting process and disclosure of financial results;
- (b) review with management the internal control memorandum or management letter containing the recommendations of the auditor and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of Badger and subsequent follow-up to any identified weaknesses;
- (c) monitor procedures for: (i) the receipt, retention and treatment of complaints relating to financial reporting and disclosure, accounting, internal controls, or auditing matters (ii) the confidential, anonymous submission by employees and other stakeholders of concerns relating to questionable accounting or audit matters; and
- (d) review and discuss with the Chief Executive Officer and Chief Financial Officer, or those who perform similar duties, the steps taken to complete the required certifications of annual and interim filings with the securities commissions.

5. Financial Statements

The Audit Committee will:

- (a) review the Corporation's audited annual financial statements, accompanying auditor's report, management discussion and analysis ("**MD&A**") and earnings press release with the auditor and management, before the Corporation publicly discloses this information;
- (b) review the Corporation's quarterly unaudited financial statements, MD&A and earnings press release with the auditor and management, before the Corporation publicly discloses this information;
- (c) assess the quality of the accounting principles applied to the financial statements, the clarity of the disclosure in the financial statements and whether the financial statements present fairly, in all material respects, in accordance with generally accepted accounting principles, the Corporation's financial condition, operational results and cash flows; and
- (d) upon satisfactory completion of its review, recommend the audited annual financial statements, auditor's report, related MD&A and press release, and quarterly financial statements, related MD&A and press release to the Board for approval.

6. Disclosure of Other Financial Information

The Audit Committee will:

- (a) before public release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including press releases, prospectuses, annual reports, annual information forms, MD&A, and securities offering documents; and
- (b) periodically review and discuss with management the design, implementation and maintenance of effective procedures relating to the Audit Committee's prior review of the Corporation's public disclosure of financial information extracted or derived from its financial statements and assess the adequacy of such procedures.

7. Risk Management

The Audit Committee will:

- (a) review with management and the external auditors their assessment of significant corporate and financial risks and exposures;
- (b) review and assess the appropriateness and effectiveness of the steps that management has taken to monitor and mitigate such risks including policies, procedures, responses, recovery and communication and disclosure plans, where applicable;
- (c) communicate with the Board regarding the Corporation's Code of Conduct and on matters relating to ethics and fraud, as it relates to internal controls, financial reporting and all auditing activities;
- (d) enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters which are directed to the Audit Committee by any member of the Board, a securityholder of Badger, the auditor, or senior management; and
- (e) annually review the adequacy of the Corporation's insurance program.

8. Legal Compliance

The Audit Committee will review with Badger's legal counsel as required, but at least annually, any legal matter that could have a significant impact on Badger's financial statements, and any enquiries received from regulators, or government agencies.

9. Related Party Transactions

The Audit Committee will review all proposed related party transactions, other than those reviewed by a special committee of disinterested directors in accordance with Canadian corporate and securities laws.

10. General

The Audit Committee will:

- (a) review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process;

- (b) review and approve the Corporation's policies respecting the hiring of any (former or current) auditor's past or present employees or past or present partners;
- (c) review policies and practices concerning the expenses and perquisites of the Chief Executive Officer and Chair of the Board, including the use of the assets of the Corporation;
- (d) periodically review with management the need for an internal audit function; and
- (e) complete any other duties and responsibilities delegated by the Board to the Audit Committee from time to time.

11. Reporting

The Audit Committee shall report to the Board on all matters set out in this mandate and other matters assigned to the Audit Committee by the Board, including: the auditor's independence, the auditor's performance, the recommendation to reappoint or terminate the auditor, the adequacy of internal controls, the review of annual and interim financial statements along with the related MD&A, compliance with legal and regulatory matters and such other matters affecting the financial statements, the Corporation's risk management programs and any risks identified in such programs.

12. Authority

The Audit Committee shall have the authority to:

- (a) inspect any and all of the books and records of Badger;
- (b) meet privately with the auditor as frequently as the Audit Committee deems necessary to fulfil its responsibilities and to discuss any concerns in relation to the matters covered by this mandate;
- (c) discuss with management, any affected party and the auditor, such accounts, records and other matters as any member of the Audit Committee deems necessary to fulfil its responsibilities in relation to the matters covered by this mandate; and
- (d) engage independent counsel and other advisors as it determines necessary to carry out its duties and set and pay the compensation for any such advisors.

13. The Audit Committee will assess, on an annual basis, the adequacy of this mandate and the performance of the Audit Committee.

**Document Control Information**

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