A·S·C
ALBERTA·SECURITIES·COMMISSION

FORM 27

MATERIAL CHANGE REPORT UNDER SECTION 146(1) OF THE SECURITIES ACT

ITEM 1 Reporting Issuer:

Badger Daylighting Inc.
2820, 715 – 5th Ave. SW
Calgary, AB T2P 2X6

ITEM 2 Date of Material Change:

February 5, 2004

ITEM 3 News Release:

A press release was issued on February 5, 2004 via Canada NewsWire.

ITEM 4 Summary of Material Change:

Badger Daylighting Inc. ("Badger") announces that its Board of Directors has unanimously approved a proposal to reorganize Badger into an income trust (the "Trust").

ITEM 5 Full Description of Material Change:

Badger announces that its Board of Directors has unanimously approved a proposal to reorganize Badger into an income trust (the "Trust").

The proposed reorganization is the foundation of a plan to enhance shareholder value through the distribution of cash flow generated by the business of Badger and to develop a platform of growth. The reorganization will be accomplished by way of a Plan of Arrangement under the *Business Corporations Act* (Alberta) that is subject to the approval of at least 66 2/3% of the votes cast by the shareholders of Badger at a special meeting to be held on March 24, 2004. Under the terms of the proposed reorganization, Badger shareholders will receive one unit (a "Unit") of the Trust for every 2 Badger common shares held.

The Board recommends that Badger security-holders approve the proposed reorganization. Shareholders, directors and senior officers of Badger, who control approximately 20% of the 20.2 million issued and outstanding shares of Badger, have indicated to the Board that they intend to vote in favour of the proposed reorganization at the security-holder meeting. In addition to the requirement for security-holder approval, the reorganization will be contingent on a number of other conditions including finalization and execution of banking and other transaction documentation as well as the receipt of all necessary regulatory and court approvals.

A third party manager will not manage the Trust. The existing management of Badger will manage the Trust. The current business and operations of Badger will be unaffected by the reorganization and will continue to be performed by the current management and employees of Badger.

The reorganization is being undertaken to move from a corporate structure to a mutual fund trust structure, to enable the earnings from Badger's business to be distributed more directly to the Trust Unit-holders (former Badger shareholders). The Board of Directors of Badger anticipates setting the initial level of annual distributions at approximately $0.80 per Unit ($0.0667 per Unit on a monthly basis) after the conversion and two for one consolidation of Badger common shares to Trust Units is completed.

ITEM 6 Reliance on Section 146(2) of the Securities Act:

Not Applicable.

ITEM 7 Omitted Information:

Not Applicable.

ITEM 8 Senior Officers:

Tor Wilson
President and CEO
E-mail: tor@badgerinc.com

Greg Kelly, CA
Vice President Finance and CFO
E-mail: greg.kelly@badgerinc.com

2820, 715 – 5th Avenue SW
Calgary, Alberta T2P 2X6

Phone: (403) 264 - 8500
Fax: (403) 228 – 9773

ITEM 9 Statement of Senior Officer:

The foregoing accurately discloses the material change referred to in this report.

Dated this 10th day of February, 2004 in the city of Calgary, Alberta.

.

Badger Daylighting Inc.

Per: *"David M. Calnan"*

David M. Calnan
Secretary

IT IS AN OFFENCE UNDER THE *SECURITIES ACT* AND THE *ALBERTA SECURITIES COMMISSION RULES* FOR A PERSON OR COMPANY TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THE RULES THAT, AT THE TIME AND IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.

ANY FEE PAYABLE TO THE ALBERTA SECURITIES COMMISSION UNDER THE *SECURITIES ACT*, *THE SECURITIES REGULATION* AND THE *ALBERTA SECURITIES COMMISSION RULES* SHALL BE PAID TO THE ALBERTA SECURITIES COMMISSION IN ACCORDANCE WITH THE REQUIREMENTS OF THE FEE SCHEDULE TO THE SECURITIES REGULATION. ANY FAILURE TO ACCOMPANY A FORM OR APPLICATION WITH THE PRESCRIBED FEE SHALL RESULT IN THE RETURN OF THAT FORM OR APPLICATION.