A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in British Columbia, Alberta, Ontario and New Brunswick, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where such securities may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and these securities may not be offered or sold in the United States, or to, or for the account or benefit of any U.S. person (as defined in the Regulation S under the U.S. Securities Act) unless an exemption from registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".

***Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada**. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Badger Daylighting Ltd. at 1000, 635 – 8th Avenue SW, Calgary, Alberta T2P 3M3, telephone (403) 264-8500, and are also available electronically at www.sedar.com. See "Documents Incorporated by Reference".*

PRELIMINARY SHORT FORM PROSPECTUS

New Issue **June 6, 2012**

$37,500,000

1,500,000 Common Shares

Badger Daylighting Ltd. ("**Badger**") is hereby qualifying for distribution 1,500,000 common shares (the "**Common Shares**") of Badger at a price of $25.00 per Common Share (the "**Offering**"). The offering price of the Common Shares offered under this short form prospectus (the "**Offered Shares**") was determined by negotiation between Badger and Canaccord Genuity Corp. on its own behalf and on behalf of Cormark Securities Inc. (collectively, the "**Underwriters**"). See "*Plan of Distribution*".

	Price to Public	Underwriters' Fee(1)	Net Proceeds to Badger(2)(3)
Per Offered Share ………	$25.00	$1.125	$23.875
Total Offering ……………	$37,500,000	$1,687,500	$35,812,500

Notes:

(1) The Underwriters will be paid an aggregate cash fee equal to 4.5% of the gross proceeds of the Offering (the "**Underwriters' Fee**"). See "*Plan of Distribution*".

(2) After deducting the Underwriters' Fee but before deducting the expenses of the Offering, estimated to be approximately $325,000.

(3) Badger has granted to the Underwriters an option (the "**Over-Allotment Option**") exercisable, in whole or in part, from time to time, for a period of 30 days after the closing of the Offering to purchase, on the same terms, up to an additional 225,000 Common Shares for aggregate proceeds of up to $5,625,000 to cover over allotments, if any, and for market stabilization purposes. This short form prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Common Shares issuable on exercise of the Over-Allotment Option (the "**Over-Allotment Shares**"). If the Over-Allotment Option is fully exercised, the total "Price to Public", "Underwriters' Fee" and "Net Proceeds to Badger" will be $43,125,000, $1,940,625 and $41,184,375, respectively. See "*Plan of Distribution*". The following table sets forth the number of securities that have been issued, or may be issued, by Badger to the Underwriters pursuant to the Over-Allotment Option:

Underwriters Position	**Maximum size or number of securities available**	**Exercise period**	**Exercise price**
Over-Allotment Option	225,000 Over-Allotment Shares	30 days from the closing of the Offering	$25.00 per Over-Allotment Share

The issued and outstanding Common Shares are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "BAD". On May 30, 2012, the last trading day prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was $25.88 per Common Share. On June 5, 2012, the last trading day prior to the date hereof, the closing price of the Common Shares on the TSX was $23.61 per Common Share. Badger has applied to list the Offered Shares and the Over-Allotment Shares under this short form prospectus on the TSX. The listing of the Offered Shares and the Over-Allotment Shares will be subject to Badger fulfilling all of the requirements of the TSX.

The Underwriters, as principals, conditionally offer the Offered Shares, subject to prior sale, if, as and when issued by Badger and delivered and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement referred to under "*Plan of Distribution*" and subject to approval of certain legal matters relating to the Offering on behalf of Badger by Shea Nerland Calnan LLP and on behalf of the Underwriters by Cassels Brock & Blackwell LLP.

The Underwriters propose to offer the Offered Shares initially at the offering price specified above. After a reasonable effort has been made to sell all of the Offered Shares at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Offered Shares remaining unsold. Any such reduction will not affect the proceeds received by Badger. **See "*Plan of Distribution*".**

An investment in the securities offered hereunder is speculative and involves a high degree of risk. The risk factors identified under the headings "*Risk Factors*" and "*Note Regarding Forward-Looking Information*" herein and in the other documents incorporated by reference in this short form prospectus should be carefully reviewed and evaluated by prospective subscribers before purchasing the securities being offered hereunder.

Subscriptions for the Offered Shares and the Over-Allotment Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that Badger will arrange for an instant deposit of the Offered Shares to or for the account of the Underwriters with CDS Clearing and Depository Services Inc. ("**CDS**") on the date of closing of the Offering, which is anticipated to occur on or about June 19, 2012 or at such other date as Badger and the Underwriters may agree (the "**Closing Date**"), but in any event not later than 42 days following the date of the receipt for this short form prospectus, against payment by the Underwriters to Badger of the aggregate purchase price for the Offered Shares purchased by the Underwriters. No certificate evidencing the Offered Shares will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depositary services of CDS. A purchaser of the Offered Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Shares is purchased.

Subject to applicable laws in connection with the Offering, the Underwriters may affect transactions intended to stabilize or maintain the market price for the Common Shares at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. A purchaser who acquires Over-Allotment Shares forming part of the Underwriters' over-allocation position acquires those Over-Allotment Shares under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases, if applicable. See "*Plan of Distribution*".

Badger's head office is located at 1000, 635 – 8^{th} Avenue SW, Calgary, Alberta T2P 3M3 and its registered office is located at 2800, 715 – 5^{th} Avenue S.W., Calgary, Alberta T2P 2X6.

TABLE OF CONTENTS

NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements included or incorporated by reference in this short form prospectus, including statements or information that contain terminology such as "anticipate", "believe", "intend", "expect", "estimate", "may", "could", "will", and similar expressions, constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements that address activities, events, or developments that Badger expects or anticipates will or may occur in the future are forward-looking statements. Examples of such forward-looking statements included in this short form prospectus include, but are not limited to, statements concerning the Offering, Badger's ability to complete the Offering, the timing for completion of the Offering, proceeds expected to be raised from the Offering, Badger's renewal of its Credit Facility (as defined herein), use of proceeds from the Offering and other similar statements concerning anticipated future events, conditions or results that are not historical facts.

While Badger has based these forward-looking statements on its expectations about future events as at the date that such statements were prepared, the statements are not a guarantee of Badger's future performance and are subject to risks, uncertainties, assumptions and other factors which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Such factors and assumptions include, amongst others, the effects of general economic and market conditions, actions by government authorities, uncertainties associated with legal proceedings and negotiations and misjudgments in the course of preparing forward-looking statements.

In addition, there are known and unknown risk factors which could cause the actual results, performance or achievements of Badger to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Known risk factors are described in the "Risk Factors" section of Badger's AIF (as defined herein) and in the "Business Risks" section of Badger's MD&A (as defined herein). Although Badger has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements, or the material factors or assumptions used to develop such forward looking statements, will prove to be accurate. Accordingly, prospective investors should not place undue reliance on forward-looking statements.

Consequently, all of the forward-looking statements included or incorporated by reference are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Badger. Except as required by applicable securities legislation, Badger assumes no obligation to update publicly or revise any forward-looking statements to reflect subsequent information, events, or circumstances.

CURRENCY

All financial information herein has been presented in Canadian dollars unless otherwise noted.

NOTE TO READERS

Readers should rely only on the information contained or incorporated by reference in this short form prospectus. Badger has not authorized any person to provide different information. The Offered Shares offered hereunder and the Over-Allotment Shares may be sold only in those jurisdictions where offers and sales are permitted. This short form prospectus is not an offer to sell or a solicitation of any offer to buy Offered Shares in any jurisdiction where it is unlawful. The information contained in this short form prospectus is accurate only as of the date of this short form prospectus, regardless of the time of delivery of this short form prospectus or of any sale of the Offered Shares offered hereunder.

Unless the context otherwise requires, all references to "Badger" means Badger Daylighting Ltd. and, where the context requires, 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.

ELIGIBILITY FOR INVESTMENT

In the opinion of Shea Nerland Calnan LLP, counsel to Badger, and Cassels Brock & Blackwell LLP, counsel to the Underwriters, provided that the Common Shares are listed on a "designated stock exchange" (which currently includes the TSX) within the meaning of the *Income Tax Act* (Canada) (the "**Tax Act**") at the particular time or Badger otherwise qualifies as a "public corporation" (as defined in the Tax Act) at the particular time, such shares will be a "qualified investment" under the Tax Act and the regulations thereunder in effect on the date hereof, for trusts governed by registered retirement savings plans ("**RRSPs**"), registered education savings plans, registered retirement income funds ("**RRIFs**"), deferred profit sharing plans, registered disability savings plans and tax-free savings accounts ("**TFSAs**").

Notwithstanding that the Common Shares may be a qualified investment for a trust governed by a TFSA, RRSP or RRIF (each a "**Registered Plan**"), the holder or annuitant of a Registered Plan, as the case may be, will be subject to a penalty tax on the Common Shares held in the Registered Plan if such shares are a "prohibited investment" for the purposes of section 207.01 of the Tax Act. The Common Shares will generally be a "prohibited investment" if the holder or annuitant of the Registered Plan, as applicable, does not deal at arm's length with Badger for the purposes of the Tax Act or has a "significant interest" (as defined in the Tax Act) in Badger or a corporation, partnership or trust with which Badger does not deal at arm's length for the purposes of the Tax Act. Holders and annuitants of Registered Plans are urged to consult their own tax advisors.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Badger, at 1000, 635 – 8th Avenue SW, Calgary, Alberta T2P 3M3, telephone (403) 264-8500, and are also available electronically at www.sedar.com.

The following documents of Badger are specifically incorporated by reference into and form an integral part of this short form prospectus:

(a) the annual information form of Badger dated March 15, 2012 for the year ended December 31, 2011 (the "**AIF**");

(b) the audited financial statements of Badger as at and for the year ended December 31, 2011, together with the notes thereto and the auditors' report thereon;

(c) management's discussion and analysis of the financial condition and results of operations of Badger for the year ended December 31, 2011 (the "**MD&A**");

(d) the unaudited financial statements of Badger as at and for the three months ended March 31, 2012, together with the notes thereto;

(e) management's discussion and analysis of the financial condition and results of operations of Badger for the three months ended March 31, 2012;

(f) the management information circular of Badger dated March 15, 2012 in respect of its annual meeting of shareholders held on April 19, 2012 (the "**MIC**"); and

(g) the material change report dated June 1, 2012 with respect to the Offering.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus including any material change reports (excluding confidential reports), interim financial statements, annual financial statements and the auditors' report thereon, management's discussion of financial conditions and results of operations, information circulars, annual information forms and business acquisition reports filed by Badger with securities commissions or similar authorities in Canada, subsequent to the date of this short form prospectus and prior to the termination of this distribution, shall be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

SUMMARY DESCRIPTION OF THE BUSINESS

Description of the Business

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

Badger's business model involves the provision of excavating services through two distinct methods: via the operating partners (franchisees in the United States and agents in Canada), and via "**Badger Corporate**". For the first method, Badger Corporate works with its operating partners to provide hydrovac service to the end user. In this partnership, Badger provides the expertise, the trucks, and North American marketing and administration support. The operating partners deliver the service by operating the equipment and developing their local markets. All work is invoiced by Badger and then shared with the operating partner based upon a revenue sharing formula. For the second method, in certain locations Badger has established corporate run operations to market and deliver the service in the local area directly.

Badger owns a 52,000 square foot office and manufacturing facility on 8 acres of land in Red Deer, Alberta. Approximately 8,800 square feet of the manufacturing facility has been leased out to a third party and the rest is used by Badger to manufacture the Badger Hydrovacs. Badger derives its revenues from the services and operations side of its business rather than from the sale of Badger Hydrovacs to third parties. Badger has not sold, and the predecessor company to Badger did not sell, any Badger Hydrovacs to third parties.

Badger Daylighting System

The Badger Hydrovac is designed for excavation, trenching, daylighting and other services in a variety of ground conditions. Excavating a hole 8 to 20 inches in diameter to a practical depth of 30 feet exposes utility lines and pipelines. 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 discharged in appropriate environmentally safe locations.

The Badger Hydrovac is a self-contained operating unit. The Badger Hydrovac is equipped with a boiler to provide hot water to enable the Badger Hydrovac to work efficiently in harsh climatic and frozen ground conditions. The Badger Hydrovac will operate at temperatures of as low as -40°C. The Badger Hydrovac is also manoeuvrable enough to operate on city streets.

Badger manufactures a portion of the Badger Hydrovac system's operating parts, sub-frames and tanks. The cab and chassis, 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 Badger's 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, and cab and chassis into a complete and operating Badger Hydrovac.

As at March 31, 2012, Badger maintained an operational fleet of 535 Badger Hydrovacs (as at December 31, 2011: 504 Badger Hydrovacs) of which 262 were operated in Canada and 273 were operated in the United States.

Further Details in Documents Incorporated by Reference

Further details concerning Badger, including information with respect to Badger's assets, operations and development history, are provided in the AIF and other documents incorporated by reference into this short form prospectus. Readers are encouraged to review these documents as they contain important information about Badger.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Badger as at March 31, 2012, before and after giving effect to the Offering:

Designation	Amount authorized or to be authorized	Amount outstanding as of March 31, 2012, before giving effect to the Offering	Amount outstanding as of March 31, 2012, after giving effect to the Offering
Common Shares	Unlimited	$44,637,207 (10,823,631 Common Shares) (1)	$80,124,707 (12,323,631 Common Shares) (1)
Credit Facility (2)	$60,000,000	$53,608,990	$18,121,490

Notes:

(1) No Common Shares have been issued by Badger since March 31, 2012 such that as at the date hereof and assuming no further issuances of Common Shares prior to the completion of the Offering:

(a) 10,823,631 Common Shares will be outstanding before giving effect to the Offering; and

(b) 12,323,631 Common Shares will be outstanding after giving effect to the Offering (12,548,631 Common Shares in the event that the Over-Allotment Option is exercised in full).

See "*Plan of Distribution*".

(2) Badger has a $60 million extendable revolving credit facility (the "**Credit Facility**") with an expiry date of June 24, 2012 subject to it being renewable at Badger's option for an additional 364-day period. The Credit Facility has no required principal repayments. Unless it is otherwise renewed, interest is payable on the Credit Facility for 364 days, after which the entire amount must be repaid. The Credit Facility bears interest at the bank's prime rate plus 0 to 0.75 percent or bankers' acceptance rate plus 1.25 to 2.00 percent, in each case depending on Badger's ratio of funded-debt-to-EBITDA (as defined in Badger's MD&A which has been incorporated by reference herein). The purpose of the Credit Facility is to finance Badger's capital expenditure program and for general corporate purposes. As at March 31, 2012, $53.6 million was drawn under the Credit Facility. As at May 31, 2012, $50,475,296 was drawn under the Credit Facility. It is a condition precedent of the Underwriting Agreement in favour of the Underwriters that, prior to or

concurrently with the closing of this Offering, Badger shall have renewed the Credit Facility or entered into a new credit facility on substantially similar terms and Badger shall have obtained a written confirmation from The Toronto-Dominion Bank that the proceeds of the Offering will not be required to be used to re-pay any outstanding amounts under the Credit Agreement, as the same may be amended and/or renewed, in each case to the satisfaction of the Underwriters, acting reasonably. It is currently anticipated that the Credit Facility will be renewed prior to or concurrently with the closing of this Offering with such renewed Credit Facility anticipated to be a $55 million extendable revolving credit facility on substantially similar terms to the current Credit Facility. However, there can be no assurance that that the Credit Facility will be renewed as anticipated or that a new credit facility will be entered into on or before the Closing Date. Until such time as the net proceeds of the Offering are used for the purposes set out under "Use of Proceeds", and assuming that the Credit Facility is renewed, it is anticipated that the net proceeds of the Offering will initially be used to pay down the amount drawn under the Credit Facility, as renewed and subsequently re-drawn as necessary. However, currently, approximately $45 million drawn under the Credit Facility is represented by a bankers' acceptance note which matures in August 2012. Consequently, until such time as Badger is able to pay down that portion of the demand revolving operating loan under the Credit Facility, as renewed, such portion of the net proceeds from the Offering will be invested in short term fixed or demand deposits or similar investments with Canadian banking institutions or other institutions rated at least AA (Standard & Poor's) or Aal (Moody's). See "*Use of Proceeds*".

DESCRIPTION OF SHARE CAPITAL

Badger is authorized to issue an unlimited number of Common Shares, of which 10,823,631 Common Shares are issued and outstanding as fully paid and non-assessable as at the date of this short form prospectus.

The holders of Common Shares are entitled to dividends as and when declared by Badger's board of directors, to one vote per Common Share at meetings of Badger shareholders and, upon liquidation, to receive such assets as are distributable to the holders of the Common Shares.

PRIOR SALES

The following table summarizes the issuances by Badger of Common Shares or securities convertible into Common Shares for the 12 month period prior to the date hereof.

Date of Issuance	Securities	Number of Common Shares Issued/Issuable	Price/Exercise Price per Security
November 16, 2011	Deferred Units (1)	129,001	$20.21
January 30, 2012	Common Shares (2)	10,000	$16.41
May 23, 2012	Deferred Units (1)	48,170	$26.00

Notes:

(1) The deferred units were granted pursuant to the deferred unit plan of Badger. For more information on Badger's deferred unit plan, see the "*Equity-Related Compensation Plan Information*" section of Badger's MIC which has been incorporated herein by reference.

(2) The Common Shares were issued pursuant to the exercise by certain employees of Badger of options granted under Badger's stock option plan. For more information on Badger's stock option plan, see the "*Equity-Related Compensation Plan Information*" section of Badger's MIC which has been incorporated herein by reference.

TRADING PRICE AND VOLUME

Common Shares

The Common Shares are listed and posted for trading on the TSX under the symbol "BAD". The following table sets out the price range (monthly high and low closing prices) of the Common Shares and volumes traded on the TSX for the periods indicated (as reported by the TSX).

Period	High ($)	Low ($)	Volume
2011			
June	$20.58	$19.27	606,099
July	$20.30	$19.40	222,979
August	$19.99	$18.00	409,720
September	$20.00	$17.10	688,157
October	$20.05	$17.85	331,307
November	$21.56	$19.49	268,547
December	$22.00	$20.11	220,267
2012			
January	$22.74	$21.62	351,264
February	$24.51	$21.95	1,048,467
March	$26.73	$24.50	922,638
April	$27.05	$23.26	555,854
May	$27.95	$24.40	446,555
June 1-5	$24.95	$23.18	327,864

USE OF PROCEEDS

The gross proceeds to be received by Badger from the sale by it of the Offered Shares under this Offering will be $37,500,000 (or $43,125,000 if the Over-Allotment Option is exercised in full). The aggregate net proceeds to be received by Badger, after payment of the Underwriters' Fee of $1,687,500 (or $1,940,625 if the Over-Allotment Option is exercised in full), and after deducting Badger's expenses of the Offering, estimated to be $325,000, will be approximately $35,487,500 (or approximately $40,859,375 if the Over-Allotment Option is exercised in full).

Badger intends to use the net proceeds of the Offering to fund growth initiatives (i.e. to fund its capital expenditure program and other growth initiatives it may pursue from time to time), for working capital, and for other general corporate purposes. Badger is undertaking the Offering to better position Badger to take advantage of growth initiatives that may arise from time to time as a result of the state of the economy or otherwise. It is currently anticipated that the full amount of the net proceeds of the Offering will be used, over time, to finance the manufacture by Badger of up to approximately 100 additional Badger Hydrovacs. However, the exact timing of the build of these additional Badger Hydrovacs, and the number of additional Badger Hydrovacs to be built, will depend on (i) Badger's assessments from time to time of the economy and the need for Badger Hydrovac services and (ii) any increase or decrease in the cost of parts and labour over time associated with the manufacture of Badger Hydrovacs. Consequently, there can be no assurance as to the number of additional Badger Hydrovacs that Badger may build with the net proceeds of the Offering or when they may be built. Badger is currently building approximately 2 Badger Hydrovacs per week at a cost of approximately $360,000-$380,000 per Badger Hydrovac. Management may also consider acquisition opportunities from time to time but at the present time has not entered into any agreements with respect to any such acquisitions, other than the potential acquisition of service rights and operating assets from certain of its agents for cash consideration of $2.6 million, and there can be no assurance that any such potential acquisitions or investments will be completed.

Notwithstanding the foregoing, management of Badger will retain broad discretion in allocating the net proceeds of the Offering and Badger's actual use of the net proceeds will vary depending on its operating and capital needs from time to time. There may be circumstances that are not known at this time where a reallocation of the net proceeds of the Offering or a change in the timing of the particular expenditure may be advisable for business reasons that management believes are in Badger's best interests. See "*Risk Factors*".

It is a condition precedent of the Underwriting Agreement in favour of the Underwriters that, prior to or concurrently with the closing of this Offering, Badger shall have renewed the Credit Facility or entered into a new credit facility on substantially similar terms and Badger shall have obtained a written confirmation from The Toronto-Dominion Bank that the proceeds of the Offering will not be required to be used to re-pay any outstanding amounts under the Credit Agreement, as the same may be amended and/or renewed, in each case to the satisfaction of the Underwriters, acting reasonably. It is currently anticipated that the Credit Facility will be renewed prior to or concurrently with the closing of this Offering with such renewed Credit Facility anticipated to be a $55 million extendable revolving credit facility on substantially similar terms to the current Credit Facility. However, there can be no assurance that that the Credit Facility will be renewed as anticipated or that a new credit facility will be entered into on or before the Closing Date. Until such time as Badger allocates any portion of the proceeds of the Offering, and assuming that the Credit Facility is renewed, it is anticipated that the net proceeds from the Offering will initially be used to pay down the amount drawn under the Credit Facility, as renewed, and subsequently re-drawn as necessary for the purposes set out above. However, currently, approximately $45 million drawn under the Credit Facility is represented by a bankers' acceptance note which matures in August 2012 (see note 2 under the table in the heading "*Consolidated Capitalization*" for a description of the terms of the Credit Facility). Consequently, until such time as Badger is able to pay down that portion of the demand revolving operating loan under the Credit Facility, as renewed, such portion of the net proceeds from the Offering will be invested in short term fixed or demand deposits or similar investments with Canadian banking institutions or other institutions rated at least AA (Standard & Poor's) or Aal (Moody's). The purpose of the Credit Facility is to finance Badger's capital expenditure program and for general corporate purposes.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated June 6, 2012 among Badger and the Underwriters, Badger has agreed to issue and sell an aggregate of 1,500,000 Common Shares to the Underwriters at a price of $25.00 per Common Share and the Underwriters have severally agreed to purchase (or arrange for the purchase of) such Offered Shares on or about June 19, 2012 or such other dates as may be agreed to by Badger and the Underwriters, but in any event not later than 42 days following the date of the receipt for this short form prospectus. Delivery of the Offered Shares is conditional upon payment at closing of $25.00 per Offered Share by the Underwriters to Badger. The Underwriting Agreement provides that Badger will pay the Underwriters' Fee of $1.125 per Offered Share for an aggregate fee payable by Badger of $1,687,500, in consideration for their services in connection with the Offering. The terms of the Offering were determined by negotiation between Badger and Canaccord Genuity Corp. on behalf of the Underwriters.

Badger has granted the Underwriters an Over-Allotment Option, exercisable, in whole or in part, from time to time, until 30 days following the closing of the Offering, to purchase (or arrange for the purchase of) up to an additional 225,000 Over-Allotment Shares at a price of $25.00 per Over-Allotment Share for aggregate proceeds of up to $5,625,000 for the purposes of covering the Underwriters' over-allotments, if any, and for market stabilization purposes. If the Underwriters exercise the Over-Allotment Option in full, the total Offering proceeds, Underwriters' Fee and net proceeds to Badger (before deducting expenses of the Offering) will be $43,125,000, $1,940,625 and $41,184,375, respectively. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Shares.

The obligations of the Underwriters under the Underwriting Agreement may be terminated at any time in their sole discretion on the basis of their assessment of the state of the financial markets and on the occurrence of certain stated events. Subject to certain exceptions contained in the Underwriting Agreement, if an Underwriter fails to purchase the Offered Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Offered Shares. The Underwriters are, however, obligated to take up and pay for all Offered Shares if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that Badger will indemnify the Underwriters and their directors, officers, agents, shareholders, partners and employees against certain liabilities and expenses.

Subscriptions for the Offered Shares and Over-Allotment Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that Badger will arrange for an instant deposit of the Offered Shares to or for the account of the Underwriters with CDS on the Closing Date, against payment by the Underwriters to Badger of the aggregate purchase price for the Offered Shares or the Over-Allotment Shares, as the case may be, purchased by the Underwriters. No certificate evidencing the Offered Shares or the Over-Allotment Shares will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depositary services of

CDS. A purchaser of the Offered Shares or the Over-Allotment Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Shares or the Over-Allotment Shares is purchased.

The issued and outstanding Common Shares are listed on the TSX under the symbol "BAD". On May 30, 2012, the last trading day prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was $25.88 per Common Share. On June 5, 2012, the last trading day prior to the date hereof, the closing price of the Common Shares on the TSX was $23.61 per Common Share. Badger has applied to list the Offered Shares and the Over-Allotment Shares under this short form prospectus on the TSX. The listing of the Offered Shares and the Over-Allotment Shares will be subject to Badger fulfilling all of the requirements of the TSX.

Pursuant to the Underwriting Agreement, Badger has agreed to not offer or issue or enter into an agreement to offer or issue Common Shares or any securities or financial instruments convertible or exchangeable into Common Shares (other than for purposes of directors', officers', consultants' or employees' existing compensation plans or to satisfy existing rights, warrants, options, agreements or instruments issued at the date hereof), for a period of 90 days following the Closing Date, without the prior consent of Canaccord Genuity Corp., such consent not to be unreasonably withheld.

Further, it is a condition of the Underwriting Agreement that Badger shall have obtained undertakings, in form and substance satisfactory to Canaccord Genuity Corp., acting reasonably, from the officers and directors of Badger, pursuant to which such officers and directors agree not to offer or sell, or enter into an arrangement to offer or sell, any Common Shares or other securities of the Corporation, or securities convertible into, exchangeable for, or otherwise exercisable to acquire any securities of the Corporation, until the date which is 90 days following the Closing Date.

The Underwriters propose to offer the Offered Shares and the Over-Allotment Shares initially at the offering price specified on the cover page of this short form prospectus. After the Underwriters have made a reasonable effort to sell all of the Offered Shares and the Over-Allotment Shares at the price specified on the cover page, the offering price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Offered Shares or the Over-Allotment Shares is less than the price paid by the Underwriters to Badger.

Notwithstanding any reduction by the Underwriters in the offering price specified on the cover page, the proceeds received by Badger will not be affected.

Pursuant to policy statements of certain Canadian provincial securities commissions, the Underwriters may not, throughout the period of distribution, bid for or purchase Common Shares for their own account or for accounts over which they exercise control or direction. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. Such exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by Market Regulation Services Inc. relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to applicable laws, pursuant to the first-mentioned exception, in connection with this Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. A purchaser who acquires Over-Allotment Shares acquires those Over-Allotment Shares under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Offered Shares and Over-Allotment Shares have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state. The Offered Shares and Over-Allotment Shares may not be offered or sold within the United States, or to, or for the account or benefit of any U.S. person (as defined in the Regulation S under the U.S. Securities Act) except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement permits the Underwriters through their U.S. broker-dealer affiliates to (i) offer and resell Offered Shares and Over-Allotment Shares in the United States to "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act or to (ii) designate certain institutional "accredited investors" that satisfy the criteria set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act to whom Badger may sell Common Shares in transactions that comply with Rule 506 of Regulation D under the U.S. Securities Act. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Offered Shares or Over Allotment Shares in the United States. The certificates representing the Offered Shares or Over-Allotment Shares which are sold in the United States or to, or for the benefit or account of, U.S. persons will contain a legend to the effect that securities represented thereby have not been registered under the U.S. Securities Act.

In addition, until 40 days after the commencement of the Offering, any offer or sale of Offered Shares or Over-Allotment Shares within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with an applicable exemption from registration under the U.S. Securities Act.

RISK FACTORS

Prospective investors should consider carefully all of the information set out in this short form prospectus and in the documents incorporated by reference and the risks attaching to an investment in Badger, including in particular, but not limited to, the factors set out in the “Risk Factors” section of Badger’s AIF and in the “Business Risks” section of Badger’s MD&A, before making any investment decision. In addition to those risk factors, prospective investors should also consider carefully the additional risk factors set forth below.

Market Price of Common Shares

The trading price of Badger's securities is subject to volatility. This volatility is often based on factors both related and unrelated to the financial performance or prospects of the issuers involved. The market price of the Common Shares could be subject to significant fluctuations in response to variations in Badger's operating results, financial condition, liquidity and other internal factors. Factors that could affect the market price of the Common Shares that are unrelated to Badger's performance include domestic and global commodity prices, international financial markets generally and economic uncertainty in North America and Europe, and market perceptions of the attractiveness of particular industries. The price at which the Common Shares will trade cannot be accurately predicted.

Reputation and Financial Results Could be Harmed in the Event of Accidents or Incidents

Badger is exposed to liabilities that are unique to the services that Badger provides. Such liabilities may relate to an accident or incident involving one of Badger's Hydrovacs or damage to equipment or property caused by one of Badger’s Hydrovac units, and could involve significant potential claims of injured employees and other third parties. The amount of Badger's insurance coverage may not be adequate to cover potential claims or liabilities and Badger may be forced to bear substantial costs as a result of one or more accidents. Substantial claims resulting from an accident in excess of its related insurance coverage would harm Badger's financial condition and operating results. Moreover, any accident or incident involving Badger, even if Badger is fully insured or not held liable, could negatively affect Badger's reputation among customers and the public, thereby making it more difficult for Badger to compete effectively, and could significantly affect the cost and availability of insurance in the future.

Due to the magnitude of insurance premiums, Badger decided to self-insure against any physical damage it could incur on the hydrovac units. This decision will be re-evaluated periodically as circumstances change.

Litigation

Legal proceedings may arise from time to time in the course of Badger's business. All industries, including the hydrovac industry, are subject to legal claims, with and without merit. Such legal claims may be brought against Badger or one or more of its subsidiaries in the future from time to time. 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 process could take away from management time and effort and the resolution of any particular legal proceeding to which Badger may become subject could have a material effect on Badger's financial position and results of operations.

Use of Proceeds of the Offering

As set out under the heading *"Use of Proceeds"* in this short form prospectus, Badger intends to use the net proceeds from the Offering to fund growth initiatives (i.e. to fund its capital expenditure program and other growth initiatives it may pursue from time to time), for working capital, and for other general corporate purposes. Notwithstanding the foregoing, management of Badger will retain broad discretion in allocating the net proceeds of the Offering and Badger's actual use of the net proceeds will vary depending on its operating and capital needs from time to time. There may be circumstances that are not known at this time where a reallocation of the net proceeds of the Offering or a change in the timing of the particular expenditure may be advisable for business reasons that management believes are in Badger's best interests.

All statements regarding Badger's business should be viewed in light of these risk factors. Investors should consider carefully whether investment in the Offered Shares and Over-Allotment Shares is suitable for them in light of the information in this short form prospectus and in the documents incorporated by reference and their personal circumstances. Such information does not purport to be an exhaustive list. If any of the identified risks were to materialize, Badger's business, financial position, results and/or future operations may be materially affected. Additional risks and uncertainties not presently known to Badger, or which Badger currently deems not to be material, may also have an adverse effect upon Badger, the Offered Shares and the Over-Allotment Shares.

LEGAL PROCEEDINGS

There are no outstanding legal proceedings material to Badger to which Badger, or any of its respective properties are subject, nor are there any such proceedings known to be contemplated.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of Badger is Ernst & Young LLP, 1000, 440 – 2nd Avenue SW, Calgary, Alberta T2P 5E9.

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

INTEREST OF EXPERTS

Certain legal matters in connection with the Offering will be passed upon by Shea Nerland Calnan LLP, on behalf of Badger, and by Cassels Brock & Blackwell LLP, on behalf of the Underwriters. Mr. David Calnan, a director of Badger, is a partner at Shea Nerland Calnan LLP, which law firm renders legal services to Badger. As of the date hereof, the partners and associates of Shea Nerland Calnan LLP, as a group, beneficially own, directly or indirectly, approximately 1.28% of the outstanding Common Shares and the partners and associates of Cassels Brock & Blackwell LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

Ernst & Young LLP is the auditor of Badger and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain provinces of Canada provide purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. Applicable securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the short form prospectus of Badger Daylighting Ltd. (the "Company") dated June ●, 2012 qualifying for distribution 1,500,000 common shares of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Company on the consolidated statement of financial position as at December 31, 2011 and 2010 and January 1, 2010 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2011 and 2010. Our report is dated March 15, 2012.

●
Chartered Accountants

Calgary, Alberta
June ●, 2012

CERTIFICATE OF THE CORPORATION

Date: June 6, 2012

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Ontario and New Brunswick.

(signed) *"Tor Wilson"*
Chief Executive Officer

(signed) *"Greg Kelly"*
Chief Financial Officer

On behalf of the Board of Directors

(signed) *"George Watson"*
Director

(signed) *"David Calnan"*
Director

CERTIFICATE OF UNDERWRITERS

Date: June 6, 2012

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Ontario and New Brunswick.

CANACCORD GENUITY CORP.

By: (signed) *"James Merkur"*

CORMARK SECURITIES INC.

By: (signed) *"Chris Burchell"*