

2013 AGM Presentation



Rig-less exploration and monitoring

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Gunnar Dolven - CFO

Stavanger, 5- May -2014

1.Main Activities

2.Overview – Demonstrator Program – work completed

- 1.MS2-2013
- 2.MS3-2013
- 3.MS4-2014

3.Demonstrator Program – work still outstanding

- 1.MS5
- 2.MS6

4.Development Program - status

- 1.Brief outline

5.Financials





The Mission

- A large portion of the undiscovered oil and gas resources are expected to be located in the Environmentally Sensitive Area . The cost of exploring these areas has increased to a level where the oil and gas companies now are turning down proposals to drill exploration wells.
- In for example an Arctic offshore setting, Badger Explorer will be able to deliver exploratory wells to a cost in the range of 15 – 20 mill USD. This represents a dramatic cost reduction when comparing a Badger Arctic exploration well to a conventional well which might have a price tag of 200 – 300 mill USD.
- In addition the Badger Explorer will not represent any environmental exposure or threat.
- It is our belief that the Badger Technology will contribute to making it politically acceptable to explore onshore and offshore in Environmentally Sensitive Area .



Snapshot of main activities

- **Demonstrator Program Milestone program ongoing**
- **Ultrasonic Drilling**
 - Project started internally and at partner companies, including Schott in Germany, InPhase Norway and Etrema US.
- **Self Cleaning Bit**
 - 2nd generation prototype arrived mid March, testing ongoing
 - Patent pending
 - Drilled in real formation last week
- **Dry Cuttings Transport System**
 - Development of transport system for dry and wet cuttings
 - Work performed by Honeybee Robotics in the US
 - Full scale prototype completed
- **Research Council of Norway (RCN) Petromaks2 program**
 - BXPL awarded funding for 3-years long project
 - RCN covers 50% of 26.4 MNOK
 - Development of HPHT Ultrasonic transducers

Milestone 2 approved by SCM 1st March 2013

- Tool specification adjusted according to latest findings
- Transport mechanism chosen based on latest knowledge
- Prototype communication system designed and successfully tested
- Anchor and packers module concepts chosen
- Prototype cable store successfully tested.



Milestone 3 - Completed in 2013

Milestone 3 approved by SCM on October 29 2013

- **All** modules critical for Badger Explorer tool ready for testing

Movie of the actual layout available on our website: www.bxpl.com





Milestone 4 - completed in 2014

- **Milestone 4 approved at the SCM on January 29th 2014**
 - Pending completion of PGS module (was completed Feb15)

Module Test: Beta Tool

The individual modules required for the Beta Tool must first be function tested when in stand-alone mode. Each module must perform essentially as specified, but variations from specification are permitted if they:

- are acceptable for the field pilot conditions;
- do not affect other functionality of the tool as a system;

or

- can be addressed with a high-confidence fix prior to full-scale testing

Module physical test

The initial stage is to verify the basic functionality of each module, e.g. supplying specified hydraulic pressure, or checking slurry lines for leakage.

This test is performed in a workshop environment, and qualifies the module for Module process testing.

Movies of various tests completed available on our website: www.bxpl.com



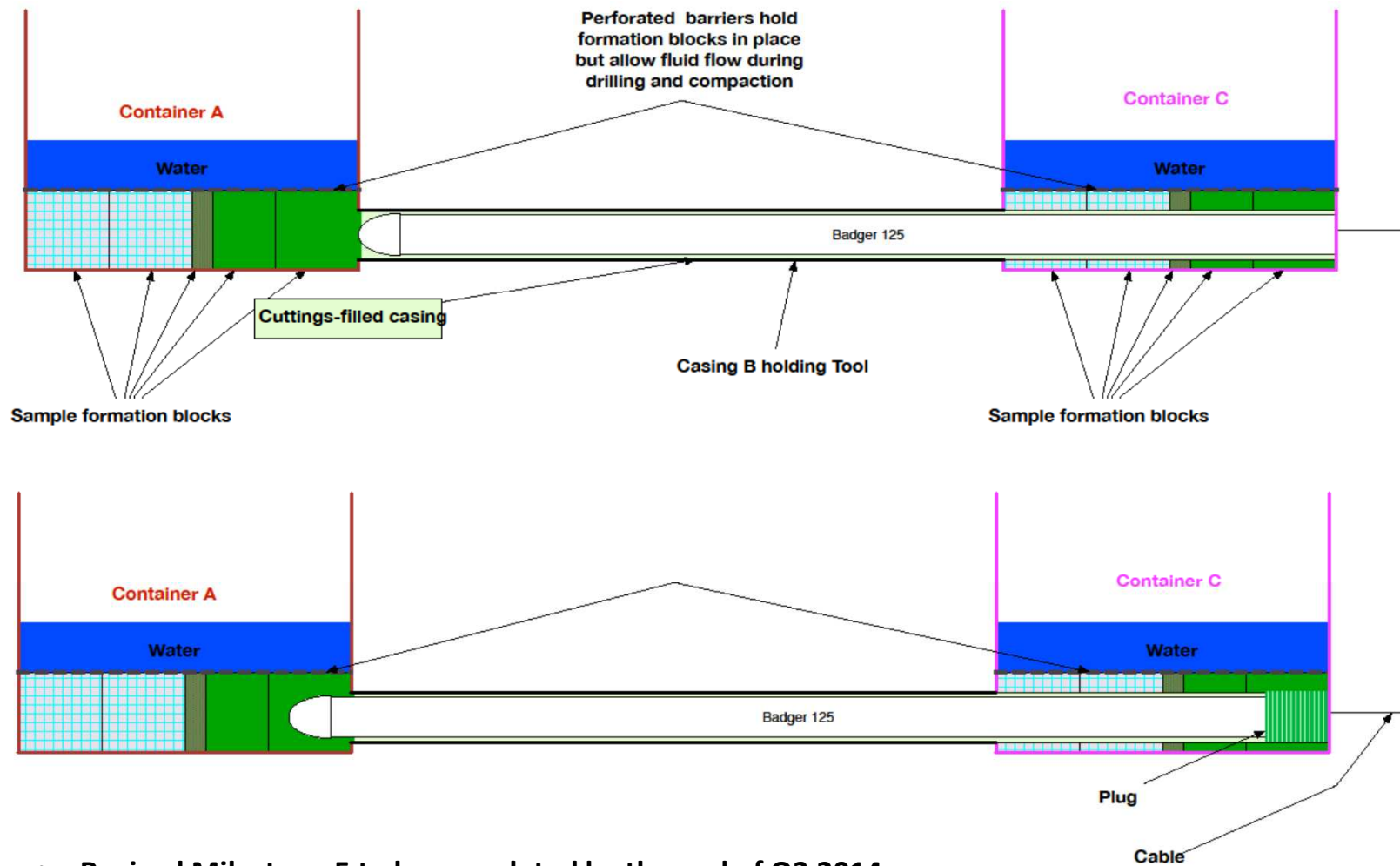
System Function Test

Once interoperability of all modules has been confirmed, a full function test is to be performed of the entire Beta Tool as system.

This test requires all modules to be physically connected (i.e. without temporary flexible connectors, multiple modules connected if this is required for full tool operation, etc.)

Without access to intermediate test points, the System Function Test focuses on whether the tool functions can be made to operate, even if limitations are present or workarounds are required.

Milestone 5



- Revised Milestone 5 to be completed by the end of Q3 2014.



Milestone 6 - to be done at YE 2014

The revised Milestone 6 has three deliverables:

1. Evaluation of Badger Explorer (BE) Demonstrator Program
2. Full report on BE 125 Demonstrator tool and recommendation for improvements based on MS5 test
3. Scope of work for BE Development Program

In parallel with this the BXPL team will continue the R&D into the main challenges, including drilling, transport, compaction and locomotion.

The R&D efforts combined with the MS5 and MS6 will provide a solid starting point for the BE Development Program.

The revised Milestone 6, and the Badger Explorer Demonstrator Program will be concluded by the end of Q4 2014.

Description

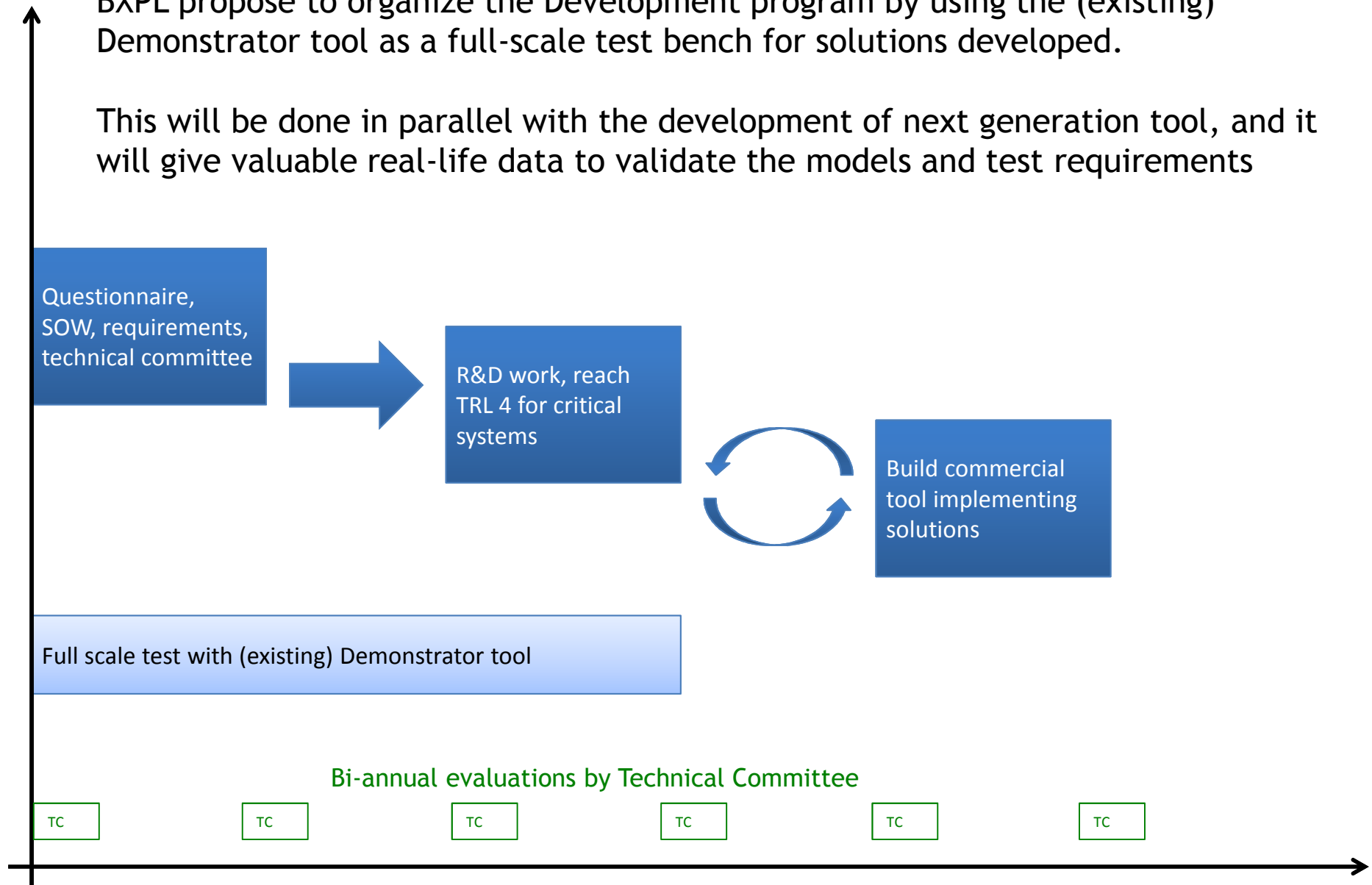
- Driven by **development of technical solutions**
- Use TRL (Technology Readiness Level) as decision gates
- Identify **critical sub-systems** (drilling, transport, comp, locomotion, ...)
- Use **model** as integrated part of development
- Find solutions to the critical components and **prove the solutions**
- Finally, build a tool around the proved solutions

Advantages with new approach

- Reduces risk early
- Closer interaction with partners, ensure targets are aligned
- Costly tool build postponed until solutions are proven

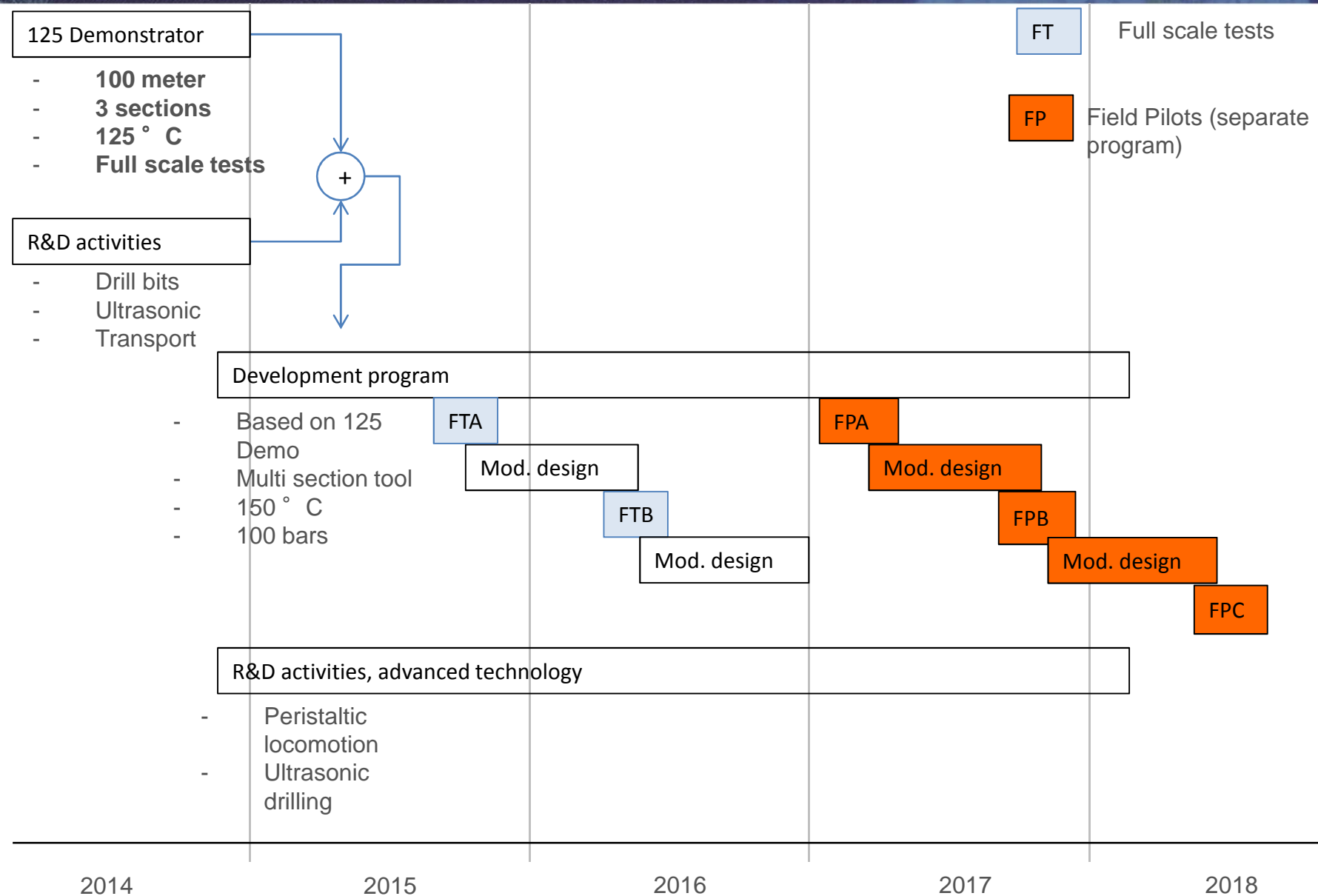
BXPL propose to organize the Development program by using the (existing) Demonstrator tool as a full-scale test bench for solutions developed.

This will be done in parallel with the development of next generation tool, and it will give valuable real-life data to validate the models and test requirements





Overview: Development Program Simple Outline



Financials





BXPL Group: Consolidated Income Statement

	Quarters				Year End	
	Q4 2013	Q3 2013	Q4 2012	Note	31.12.2013	31.12.2012
Revenues						
Other Income	0	0	43		70	365
Public grants	4 808	3 987	-101	1,2	22 375	2 843
Capitalised public grants	-4 808	-3 987	101	1,2	-22 375	-2 843
Total Revenues	0	0	43		70	365
Operating Expenses						
External services for dev. project	8 284	7 165	4 000		24 991	8 993
Payroll and related costs	4 203	1 425	4 779		14 909	19 578
Other operating expenses	2 992	2 525	922		10 729	6 834
Capitalised development cost	-10 348	-8 758	-6 124		-31 523	-17 149
Total Operating Expenses	5 131	2 358	3 577		19 105	18 256
EBITDA	-5 131	-2 358	-3 534		-19 036	-17 891
Depreciation	92	92	136		451	651
Operating profit (loss)	-5 223	-2 450	-3 670		-19 486	-18 542
Net financial income (loss)	-129	-47	-907	4	15	614
Profit (loss) before taxes from continuing operations	-5 352	-2 497	-4 577		-19 471	-17 928
Tax on ordinary result from continuing operations	0	0	0		0	0
Net profit (loss) from continuing operations	-5 352	-2 497	-4 577	9	-19 471	-17 928
Discontinued operations:						
Profit (loss) after tax for the period from discontinued operations	-838	0	-750	12	-4 344	-3 380
Net profit (loss)	-6 190	-2 497	-5 327		-23 815	-21 308
Profit (loss) attributable to non-controlling interests	0	0	-198		54	-845
Profit (loss) attributable to equity holders of the parent	-6 190	-2 497	-5 129		-23 869	-20 463
Earnings per share	-0,33	-0,25	-0,28		-1,31	-1,10
Earnings per share diluted	-0,33	-0,25	-0,28		-1,31	-1,10



BXPL Group: Consolidated Statement of Financial Position I

Unaudited figures in NOK 1000

ASSETS	31.12.2013	30.09.2013	Note	31.12.2012
NON-CURRENT ASSETS				
Capitalised development costs	130 785	125 244	2,3,7	121 637
Patent rights	387	387		387
Goodwill	0	0	4,12	5 595
Total intangible assets	131 172	125 631		127 619
Property, plant & equipment	573	646	12	15 273
Total tangible assets	573	646		15 273
Investments in associates	2 701	2 959	4,12	0
Total investments in associates	2 701	2 959		0
TOTAL NON-CURRENT ASSETS	134 446	129 235		142 893
CURRENT ASSETS				
Inventories	0	0		1 932
Sum Inventories	0	0		1 932
Accounts receivables	0	0	4,10	2 124
Other receivables	6 920	7 467	4,12	3 652
Total receivables	6 920	7 467		5 776
Cash and cash equivalents	24 943	17 259	4,10,12	17 608
TOTAL CURRENT ASSETS	31 863	24 727		25 315
TOTAL ASSETS	166 309	153 962	9	168 208



BXPL Group: Consolidated Statement of Financial Position II

Unaudited figures in NOK 1000

EQUITY AND LIABILITIES	31.12.2013	30.09.2013	Note	31.12.2012
EQUITY				
Share capital	2 317	2 317	4	2 317
Share premium fund	218 070	218 070	5	218 070
Other paid in capital	2 966	2 856	4	4 582
Total paid in equity	223 353	223 243		224 969
Retained earnings	-121 725	-115 487		-99 790
Total retained earnings	-121 725	-115 487		-99 790
Non-controlling interests	0	0	12	1 880
TOTAL EQUITY	101 628	107 756		127 059
LIABILITIES				
Capitalised grants	53 920	38 720	7	24 000
Total non-current liabilities	53 920	38 720		24 000
Accounts payables	4 401	4 412	4,10	3 801
Interest-bearing loans and borrowings	0	0	10	8 200
Public duties payables	3 104	603		1 271
Other short term liabilities	3 255	2 471		3 878
Total current liabilities	10 761	7 486		17 149
TOTAL LIABILITIES	64 681	46 206		41 149
TOTAL EQUITY AND LIABILITIES	166 309	153 962		168 208



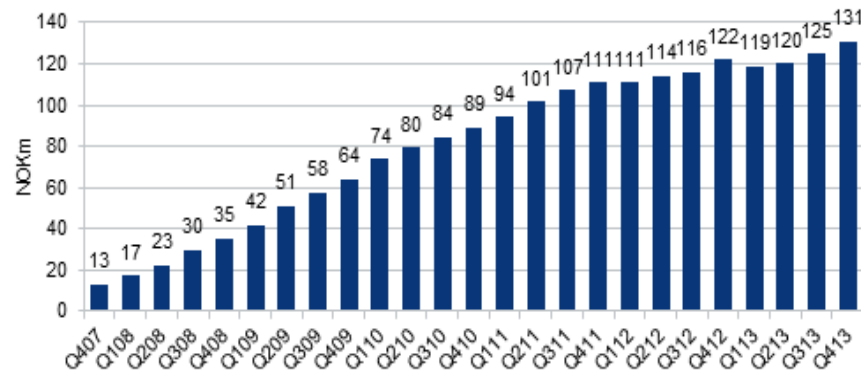
BXPL Group: Consolidated Cash Flow

	Quarters				Year end	
Unaudited figures in NOK 1000	Q4 2013	Q3 2013	Q4 2012	Note	31.12.2013	31.12.2012
Contribution from operations*	-5 004	-4 761	-3 943		-20 597	-16 517
Change in accounts receivables and accounts payables	913	121	909	4,10	2 487	-2 003
Change in other receivables and payables	3 820	983	-347		1 079	-1 953
Net cash flow from operating activities	-271	-3 658	-3 381		-17 032	-20 473
Investment/sales fixed assets	0	0	0		0	75
Capitalisation of development cost	-10 348	-8 758	-6 124	3	-31 523	-17 149
Sales of capitalised equipment	0	0	34	3	0	294
Reclassification of contribution from industry partner	0	0	0		0	2 488
Sale of shares in subsidiaries	0	6 360	752	4	5 442	752
Net cash flow from investment activities	-10 348	-2 398	-5 338		-26 081	-13 541
Public grants	2 267	4 279	2 046	1	20 343	2 843
Contribution from industry partners	15 200	0	0	7	29 920	7 800
Interest received	46	148	166		387	821
Interest paid	-1	0	-89		-3	-51
Net cash flow from financing activities	17 512	4 427	2 123		50 647	11 413
Total net changes in cash flow - continued operations	6 845	-1 628	-6 596		7 535	-22 601
Total net changes in cash flow - discontinued operations	838	0	-992	12	-199	1 030
Net foreign translation differences	0	0	75		0	0
Cash and cash equivalents beginning of period	17 259	18 887	25 120		17 608	39 179
Cash and cash equivalents end of period	24 943	17 259	17 607		24 943	17 608
Profit (loss) attributable to equity holders of the Company	-5 352	-2 497	-5 129		-19 471	-17 083
Profit (loss) attributable to non-controlling interests	0	0	-198		54	-845
Employee options	110	-2 384	411		-1 616	1 363
Depreciation	92	92	493		451	651
Financial income	-349	-134	-100		-735	-820
Financial expenses	238	40	89		339	51
Share of (profit) / loss of associates	258	123	166	4	380	0
Loss on sale of subsidiary and shares	0	0	0		0	166
*Contribution from operations before tax	-5 004	-4 761	-3 943		-20 597	-16 517



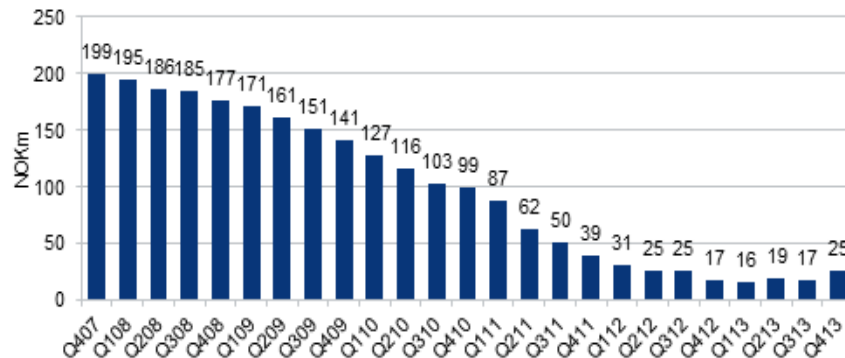
Company Structure and Financials: Spending/Investment

Capitalised developments costs

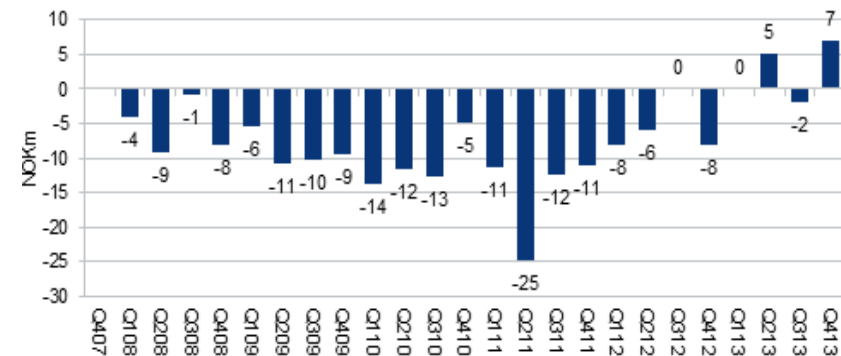


- Badger Explorer has funded its operations through a) equity issues, b) oil company partner funding and c) various government grants
- 75 MNOK was raised from private equity players in 2005 and 160 MNOK in relation to the IPO in 2007
- The main assets are investments in the Badger Explorer technology

Liquidity position



Cash usage



• Estimated cash balance as of 01-Jan-2014:	24.943 MNOK
• Innovasjon Norge	6.000 MNOK
• RCN Field Pilot Program	5.024 MNOK
• SkatteFUNN	1.554 MNOK
• Sponsors - M5 & M6 completion BDP	5.780 MNOK
• Petromaks Ultrasonic grant awarded	4.325 MNOK
	47.626 MNOK



20 Largest Shareholders as of 31 December 2013

Top 20 shareholders

As of 31 December 2013

Rank	Investor	Holding	Percentage
1	CONVEXA CAPITAL IV AS	3 200 780	17,3 %
2	STATE STREET BANK AND TRUST CO.	2 699 997	14,6 %
3	BANK OF NEW YORK MELLON SA/NV	922 224	5,0 %
4	INVESCO PERP EUR SMALL COMP FD	874 551	4,7 %
5	HOLBERG NORDEN VERDIPAPIRFONDET	830 311	4,5 %
6	ODIN OFFSHORE	673 093	3,6 %
7	SKANDINAVISKA ENSKILDA BANKEN S.A.	655 000	3,5 %
8	IRIS-FORSKNINGSINVEST AS	497 584	2,7 %
9	BANK OF NEW YORK MELLON (LUX) S.A.	358 787	1,9 %
10	DALVIN RÅDGIVNING AS (DOLVEN GUNNAR)	301 872	1,6 %
11	ANØY INVEST DA	278 800	1,5 %
12	TTC INVEST AS	250 000	1,3 %
13	ÅM KNUT	242 600	1,3 %
14	DREVDAL KJELL ERIK	222 600	1,2 %
15	CSV II AS	214 000	1,2 %
16	MP PENSJON PK	213 200	1,2 %
17	NILSHOLMEN INVESTERING AS (MARKMAN KJELL)	209 222	1,1 %
18	VENTOR AS	190 004	1,0 %
19	THE NORTHERN TRUST CO.	188 190	1,0 %
20	STOKKA SIGMUND	178 693	1,0 %
Top 20 shareholders		13 201 508	71,2 %
Other shareholders		5 335 780	28,8 %
Total shares outstanding		18 537 288	100,0 %

- 785 shareholders as of 31-Dec-2013
- 63.9 % Norwegian shareholders
- 20 largest shareholders held 71.2%
- Primary insiders held 7.4%

- **Completion of Badger Demonstrator Program by end of 2014**
 - **Badger Beta versions, comprehensive test phases to conclude with MS5 and MS6**
- **Strengthen sponsor/partner relations**
 - **Increased technical co-operation with our partners**
- **Cash Management continues to be a priority**
- **Secure funding for the Badger Development Program**



Any questions -Thank You

