

2014 AGM Presentation



Rig-less exploration and monitoring

Steinar Bakke - CEO
Gunnar Dolven - CFO

Stavanger, 5 May 2015

1. Main Activities

2. Overview – Demonstrator Program – work completed

- 1.MS4-2014
- 2.MS5-2014/15
- 3.MS6-2015

3. Development Program - status

- 1.Brief outline

4. Financials

5. Outlook





- **Demonstrator Program**
 - Completing Milestones as per program – details later in the presentation
- **Self Cleaning Bit**
 - Patent pending
- **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**
 - Development of HPHT Ultrasonic transducers ongoing
- **Development Program**
 - Preparing all documentation for the Development Program (2015 - 2017) together with existing Oil company Partners
 - Program and Agreement
 - Leading to commercial Badger Explorer tool



1. Main Activities

2. Overview – Demonstrator Program – work completed

- 1. MS4-2014
- 2. MS5-2014/15
- 3. MS6-2015

3. Development Program - status

- 1. Brief outline

4. Financials

5. Outlook





- **Milestone 4 approved at the SCM on January 29th 2014**

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



Executive summary Milestone 5

Executive summary:

- The main goals of Milestone 5 were achieved.
- A full system test of the tool was performed, and modifications and adjustments were implemented where necessary. After the system test the tool was installed in a custom built test setup to allow horizontal drilling and compaction tests.
- The tool has drilled through a set of formations, and used drilled cuttings to compact a plug into the same hole
- Milestone 5 has given Badger Explorer valuable and new information about the tool performance.
- Combining this new information with the lessons learned during the previous milestones provides a solid foundation for the next phase of work.

- ***Milestone 5 was approved at the SCM on Thursday February 5th***



Executive summary Milestone 6

Executive summary:

- The main goals of Milestone 6 were achieved.
- A report has been written and sent to the partners. The report contains a summary of the Demonstrator Program together with a report on the tool performance and recommended improvements.
- A technical workshop, with the partners, was held summer 2014 where the Demonstrator Program was discussed and the proposed new Development Program was presented.
- Based on the input from the partners the scope of work for the Development Program has been written and sent to the partners
- BXPL has started work in the Development Program on key areas:
 - Locomotion and Compaction

Milestone 6 was approved at the SCM on Thursday February 5th



1. Main Activities

2. Overview – Demonstrator Program – work completed

- 1. MS4-2014
- 2. MS5-2014/15
- 3. MS6-2015

3. Development Program - status

1. Brief outline

4. Financials

5. Outlook





The Development Program

- The purpose of the Development Program is to deliver robust, commercially viable technologies for a defined range of operations with the Badger Explorer concept.
- The DP aims to deliver technologies for a commercial Badger Explorer tool.
- The previous programs have provided a solid foundation for further development. BXPL have, together with the partners, identified the main challenges with the Badger Explorer concept
- In parallel with finding solutions to these challenges BXPL is actively searching for an industrial partner to ultimately bring the technology to the market.



The Development Program

- BXPL is in a phase where the Scope of Work of the Development Program is being discussed with the current partners.
- Letter of intent received from one partner.
 - Final negotiations are still ongoing
- Cooperation agreement in place with a second partner
 - All agreements expected to be finalized later in 2015
 - Two engineers arrived in Stavanger from this partner May 4th 2015 to start working here.
 - Payment for these two engineers already in place
- Negotiations underway with a new national oil company



1. Main Activities

2. Overview – Demonstrator Program – work completed

- 1. MS4-2014
- 2. MS5-2014/15
- 3. MS6-2015

3. Development Program - status

- 1. Brief outline

4. Financials

5. Outlook





Income statement

	Note	2014	2013
REVENUES			
Other income		0	70 268
Public grants	2	14 674 620	22 375 451
Capitalized public grants	8	-14 674 620	-22 375 451
Total revenues		0	70 268
OPERATING EXPENSES			
External services for development project	8	16 520 280	24 990 861
Payroll and related costs	6	17 342 776	14 908 711
Depreciation	7	300 883	450 753
Other operating expenses		11 356 929	10 729 145
Capitalized development costs	8	-24 106 993	-31 523 302
Total operating expenses		21 413 875	19 556 168
Operating profit (loss)		-21 413 875	-19 485 899
Financial income	3	677 694	735 287
Other financial income	3	375 080	0
Financial expenses	3	303 604	339 335
Loss on sale of associate and shares	3,16	156 802	0
Impairment of remaining shares	3,16	156 802	0
Share of profit / (loss) of associates	3,16,17	2 387 020	380 443
Net financial income (loss)		-1 951 455	15 509
Profit (loss) before tax from continuing operations		-23 365 330	-19 470 390
Tax on ordinary result from continuing operations	4	0	0
Net profit / (loss) for the year from continuing operations		-23 365 330	-19 470 390
Discontinued operations:			
Profit / (loss) after tax for the year from discontinued operations	16,17	0	-4 343 576
Net profit (loss)		-23 365 330	-23 813 965
Profit (loss) attributable to non-controlling interest		0	54 378
Profit (loss) attributable to equity holders of the parent	5	-23 365 330	-23 868 344
Earnings per share from continuing operations	5	-1.26	-1.29
Earnings per share diluted from continuing operations	5	-1.23	-1.28
Earnings per share from discontinued operations	5		-0.23
Earnings per share diluted from discontinued operations	5		-0.23



Statement of Financial Position (I)

ASSETS	Note	2014	2013
NON-CURRENT ASSETS			
Capitalized development costs	2,8	140 217 614	130 785 242
Patent rights	8	386 668	386 668
Total intangible assets		140 604 282	131 171 910
Property, plant & equipment	7	301 304	573 069
Total tangible assets		301 304	573 069
Investments in associate	17	0	2 700 624
Total investments in associate		0	2 700 624
TOTAL NON-CURRENT ASSETS		140 905 594	134 445 603
CURRENT ASSETS			
Other receivables	2,9,14	5 390 522	6 919 596
Total receivables		5 390 522	6 919 596
Cash and cash equivalents	10	4 350 500	24 943 338
TOTAL CURRENT ASSETS		9 741 022	31 862 934
TOTAL ASSETS		150 646 616	166 308 537



Statement of Financial Position (II)

EQUITY AND LIABILITIES	Note	2014	2013
EQUITY			
Share capital	11	2 317 161	2 317 161
Share premium	11	218 069 985	218 069 985
Other paid in capital	6	3 659 643	2 965 787
Total paid in equity		224 046 789	223 352 933
Foreign currency translation reserve		0	172 373
Retained earnings		-145 090 529	-121 897 575
Other equity		-145 090 529	-121 725 201
TOTAL EQUITY		78 956 260	101 627 732
LIABILITIES			
Capitalized grants	13	66 520 000	53 920 000
Total long term liabilities		66 520 000	53 920 000
Accounts payable	12,16	2 394 292	4 401 247
Public duties payables		1 650 303	3 104 253
Other short term liabilities	15	1 125 761	3 255 305
Total short term liabilities		5 170 356	10 760 805
TOTAL LIABILITIES		71 690 356	64 680 805
TOTAL EQUITY AND LIABILITIES		150 646 616	166 308 537



20 Largest Shareholders as of 31 December 2014

Top 20 shareholders

As of 31 December 2014

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	INVESCO PERP EUR SMALL COMP FD	1 233 338	6,7 %
4	THE BANK OF NEW YORK MELLON SA/NV	922 224	5,0 %
5	HOLBERG NORDEN VERDIPAPIRFONDENT	813 455	4,4 %
6	ODIN OFFSHORE	630 594	3,4 %
7	SKANDINAViska ENSKILDA BANKEN S.A.	615 000	3,3 %
8	IRIS-FORSKNINGSINVEST AS	497 584	2,7 %
9	DALVIN RÅDGIVNING AS (DOLVEN GUNNAR)	301 872	1,6 %
10	ANØY INVEST DA	278 800	1,5 %
11	TTC INVEST AS	250 000	1,3 %
12	ÅM KNUT	242 600	1,3 %
13	DREVDAL KJELL ERIK	222 600	1,2 %
14	MP PENSJON PK	213 200	1,2 %
15	NILSHOLMEN INVESTERING AS (MARKMAN KJELL)	209 222	1,1 %
16	VENTOR AS	190 004	1,0 %
17	ESPELID KARSTEIN JOHAN	170 000	0,9 %
18	STOKKA SIGMUND	168 693	0,9 %
19	BAKKEN MADS	150 000	0,8 %
20	THE NORTHERN TRUST C TREATY ACCOUNT	149 900	0,8 %
Top 20 shareholders		13 159 863	71,0 %
Other shareholders		5 377 425	29,0 %
Total shares outstanding		18 537 288	100,0 %

• 748 shareholders as of 31 December 2014

• 64.7% Norwegian shareholders

• 20 largest shareholders held 71.0%

• Primary insiders held 7.4%

- **Important to keep cost at a minimum until signatures on next phase are in place**
- **Several cost adjustments implemented as of 31. March 2015**
 - Cut staff by 38,5%
 - Management in 50 % positions
 - Major cut in rental agreement workshop and offices
 - Major cut in administration costs
 - Entered agreements on postponed payment terms



1. Main Activities

2. Overview – Demonstrator Program – work completed

1. MS4-2014
2. MS5-2014/15
3. MS6-2015

3. Development Program - status

1. Brief outline

4. Financials

5. Outlook





Outlook

- **Secure funding for the Badger Development Program**
 - Need to meet milestones in the new program
- **Cash Management continues to be a priority**
- **Strengthen relationship with potential Industry Partner**



Any questions -Thank You

