

Q1 - 2016 AGM Report



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Disclaimer

- This presentation includes forward-looking statements which are subject to risks and uncertainties that could cause actual results and events to differ.
- Even though the Company believes that the expectations reflected in the forward-looking statements are reasonable, BXPL cannot assure that the presented predictions will be achieved. It has to be taken into account that certain risks and uncertainties that are tied to the presented forward-looking statements, such as political, economical, financial and legal changes in the markets BXPL operates in, are beyond the Company's ability to control or predict. Therefore readers should not place undue reliance on the forward-looking statements.
- BXPL does not intend and does not assume the obligation to update any of the presented forward-looking statements in light of new information except to the extent required by applicable law and/or regulation.



Agenda

- Highlights from Q1 2016
- Development Program
- Partners
 - Statoil
 - CNPC
- Industrial Partners
- Financials
- Outlook





Development Program Outline

BXPL have identified four main processes critical for an operational Badger tool :

1. Compaction and plug integrity
2. Locomotion
3. Drilling
4. Cuttings transport

The Development Program Scope of Work describes plans and methods for researching, developing, and qualifying, the required process solutions. The program calls for work on several parallel tracks for each main challenge in order to reduce development risk.





Development Program Milestone 1

Deliverable:	Schedule:	Payment:
Cuttings transport system Stage 2 and 3 complete	Projected completion in Q2/Q3	2,5 MNOK
Cuttings transport system Stage 1 complete	Completed	2,5 MNOK
Ultrasonic transducers qualified	Completed	1,25 MNOK
Feasibility study locomotion system complete	Completed	1,25 MNOK

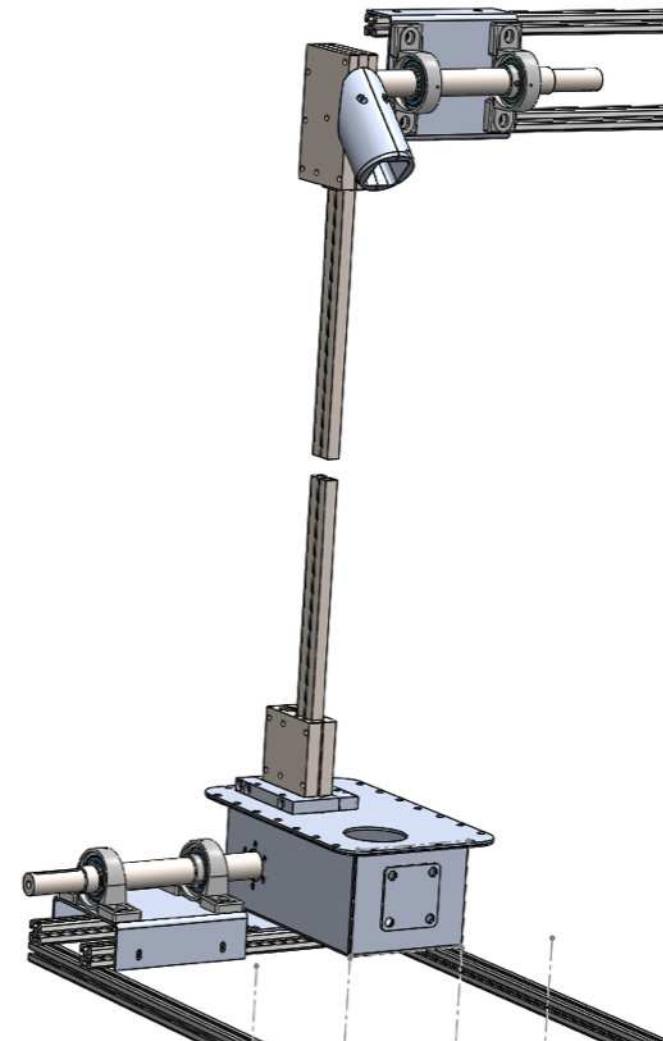
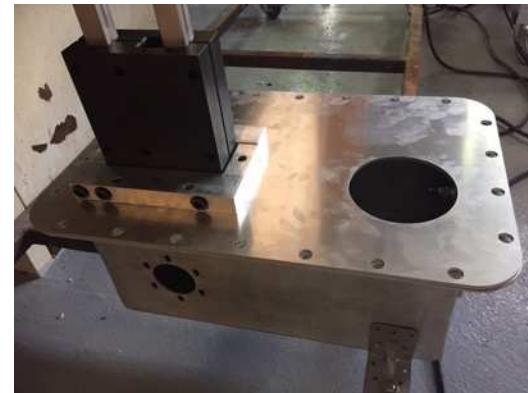


Cuttings transport system - long term testing

A main challenge in the Badger Explorer tool is the cuttings transport.

Based on the work performed at Honeybee Robotics in 2015 Badger Explorer have designed and built a new prototype.

Long term testing is planned in Q2/Q3-2016, and will release MNOK 2,5 from Statoil when successfully completed.





Agenda

- Highlights from Q4 2015
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New Development Program

Development Program

- Program is split into smaller, parallel projects with smaller budgets (Part 1, Part 2, etc.)
- Joint Industry Projects (JIP) with partners outside the Badger Explorer project will ensure progress and lower budget
- Actively seek cooperation with oil service companies



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Statoil remains positive to the Development Program, focusing on completing individual components of the BXPL tool

On the 8th April Statoil signed a Letter of Intent where they confirm their intent to support BXPL's Development Program in 2016.

Negotiations about technical deliverables and funding is ongoing.

Development Program Milestone outline

- Compaction experiments at University of Glasgow, supported by Petromaks2
- Drilling system





Meeting with CNPC DR in Beijing on January 6th and 7th 2016

Signed MoU where CNPC DR confirms intention to participate in Development Program

Timeline for final commitment was set at end Q1-2016, but negotiations are still ongoing.

BADGER EXPLORER ASA – MEMORANDUM OF UNDERSTANDING WITH CNPC DR

The Badger Development Program 2015 has been focused on developing the Cuttings Transport System as well as the Ultrasonic Transducers for the Badger Tool. As milestones related to the Program are under completion, Badger Explorer ASA (BXPL) has been working with its sponsoring partners to agree the Scope of work and funding for The Badger Development Program 2016 where focus will be on further developing the Drilling System for the Badger Tool.

After a workshop held last week, BXPL and CNPC DR signed a Memorandum of Understanding regarding CNPC DR's intention to become a full partner in the Badger Development Program for 2016. Both BXPL and CNPC DR intend to sign a formal contract before end of Q1 2016.

Stavanger, 11th January 2016





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Industrial Partners / spin-off projects

BXPL has entered partnership dialogues with several international oilfield service companies

- Accelerating technical advancement of the tool and contributing to a successful market introduction
- Partnerships will allow technologies to be spun-off for alternative applications.
- Main focus will remain the Development Program, but BXPL will make an effort to unlock the potential in technologies currently developed and pipelined for development



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BXPL: Income Statement

	Quarters			Year End	
Unaudited figures in NOK 1000	Q1 2016	Q4 2015	Q1 2015	Note	31.12.2015
Revenues					
Other Income	0	0	0		0
Total Revenues	0	0	0		0
Operating Expenses					
External services for development project	111	1 959	2 068		8 726
Payroll and related costs	1 081	1 983	3 281		9 921
Other operating expenses	1 108	536	2 610		8 083
Capitalized development costs	-601	-3 069	-3 924		-14 124
Total Operating Expenses	1 698	1 409	4 035		12 606
EBITDA	-1 698	-1 409	-4 035		-12 606
Depreciation	43	44	60		200
Operating profit (loss)	-1 741	-1 453	-4 094		-12 807
Net financial income (loss)	-113	-114	-101	3,10	-450
Profit (loss) before taxes	-1 855	-1 566	-4 196		-13 257
Tax on ordinary result	0	0	0		0
Net profit (loss)	-1 855	-1 566	-4 196		-13 257
Profit (loss) attributable to equity holders of the parent	-1 855	-1 566	-4 196		-13 257
Earnings per share	-0,10	-0,08	-0,23		-0,72
Earnings per share diluted	-0,10	-0,08	-0,23		-0,71



BXPL: Statement of Financial Position (I)

Unaudited figures in NOK 1000

ASSETS	31.03.2016	31.03.2015	Note	31.12.2015
NON-CURRENT ASSETS				
Capitalized development costs	147 966	142 263	2,6	147 768
Patent rights	387	387		387
Total intangible assets	148 352	142 650		148 154
Property, plant & equipment	58	242		101
Total tangible assets	58	242		101
Investments in shares	0	0	3,10	0
Total investments in shares	0	0		0
TOTAL NON-CURRENT ASSETS	148 410	142 891		148 255
CURRENT ASSETS				
Accounts receivables	0	0	6	0
Other receivables	5 982	9 297		3 630
Total receivables	5 982	9 297		3 630
Cash and cash equivalents	329	1 082		586
TOTAL CURRENT ASSETS	6 310	10 379		4 216
TOTAL ASSETS	154 721	153 271		152 471



BXPL: Statement of Financial Position (II)

Unaudited figures in NOK 1000

EQUITY AND LIABILITIES	31.03.2016	31.03.2015	Note	31.12.2015
EQUITY				
Share capital	2 317	2 317	3	2 317
Share premium	218 070	218 070	4	218 070
Other paid in capital	3 848	3 824	3	4 167
Total paid in equity	224 235	224 211		224 555
Retained earnings	-160 202	-149 286		-158 347
Total retained earnings	-160 202	-149 286		-158 347
TOTAL EQUITY	64 032	74 925		66 207
LIABILITIES				
Capitalized grants	79 000	73 500	6	75 000
Total non-current liabilities	79 000	73 500		75 000
Accounts payables	2 793	1 799	3,8	3 078
Public duties payables	962	1 118		474
Debt financial institutions	6 928	0	11	6 711
Other short term liabilities	1 005	1 928		1 001
Total current liabilities	11 688	4 845		11 264
TOTAL LIABILITIES	90 688	78 345		86 264
TOTAL EQUITY AND LIABILITIES	154 721	153 271		152 471



BXPL: Cash Flow Statement

Unaudited figures in NOK 1000	Quarters			Year end	
	Q1 2016	Q4 2015	Q1 2015	Note	31.12.2015
Contribution from operations [*]	-2 018	-1 273	-3 870		-12 098
Change in accounts receivables and accounts payables	-284	-433	-595	3,8	683
Change in other receivables and payables	-19	-205	-391		-936
Net cash flow from operating activities	-2 321	-1 911	-4 856		-12 351
Capitalization of development cost	-601	-3 069	-3 924	2	-14 124
Net cash flow from investment activities	-601	-3 069	-3 924		-14 124
Public grants	562	2 922	1 673	1	8 060
Contribution from industry partners	2 000	0	3 940	6	8 390
Interest received	0	16	28		54
Interest paid	-114	-130	-129		-505
Proceeds from borrowings financial institution	216	1 666	0	11	6 711
Net cash flow from financing activities	2 665	4 474	5 511		22 711
Total net changes in cash flow	-257	-505	-3 269		-3 764
Cash and cash equivalents beginning of period	586	1 091	4 351		4 351
Cash and cash equivalents end of period	329	586	1 082		586
Profit (loss) attributable to equity holders of the parent	-1 855	-1 566	-4 196		-13 256
Employee options	-320	136	165	5	508
Depreciation	43	44	60		200
Financial income	0	-16	-28		-54
Financial expenses	114	130	129		505
*Contribution from operations before tax	-2 018	-1 273	-3 870		-12 098



20 Largest Shareholders as of 31 March 2016

Top 20 shareholders

As of 31 December 2015

Rank	Investor	Holding	Percentage
1	DEUTSCHE BANK AG	2 829 997	15,3 %
2	TTC INVEST AS	1 306 862	7,0 %
3	INVESCO PERP EUR SMALL COMP FD	1 225 389	6,6 %
4	EUROCLEAR BANK S.A.	923 924	5,0 %
5	HOLBERG NORGE	808 135	4,4 %
6	SKANDINAViska ENSKILDA BANKEN S.A.	615 000	3,3 %
7	ARGENTUM	524 145	2,8 %
8	DALVIN RÅDGIVNING AS (DOLVEN GUNNAR)	426 872	2,3 %
9	MACAMA AS	355 514	1,9 %
10	ANØY INVEST DA	278 800	1,5 %
11	ÅM KNUT	242 600	1,3 %
12	GJENSIDIGE FORSIKRING	226 472	1,2 %
13	DREVDAL KJELL ERIK	222 600	1,2 %
14	NILSHOLMEN INVESTERING AS (MARKMAN KJELL)	209 222	1,1 %
15	MP PENSIJON PK	208 700	1,1 %
16	ESPELID KARSTEIN JOHAN	170 000	0,9 %
17	STOKKA SIGMUND	168 693	0,9 %
18	BARRE ØYSTEIN	155 748	0,8 %
19	BAKKE STEINAR	155 000	0,8 %
20	ØVREBOTTEIN SVEIN	155 000	0,8 %
Top 20 shareholders		11 208 673	60,5 %
Other shareholders		7 328 615	39,5 %
Total shares outstanding		18 537 288	100,0 %

Top 20 shareholders

As of 31 March 2016

Rank	Investor	Holding	Percentage
1	DEUTSCHE BANK AG	2 829 997	15,3 %
2	TTC INVEST AS	1 350 260	7,3 %
3	INVESCO PERP EUR SMALL COMP FD	1 225 389	6,6 %
4	HOLBERG NORGE	808 135	4,4 %
5	CLEARSTREAM BANKING S.A.	734 003	4,0 %
6	SKANDINAViska ENSKILDA BANKEN S.A.	615 000	3,3 %
7	ARGENTUM FONDSINVESTERINGER AS	523 145	2,8 %
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16	BAKKE STEINAR	200 473	1,1 %
17	MP PENSIJON PK	172 700	0,9 %
18	ESPELID KARSTEIN JOHAN	170 000	0,9 %
19	STOKKA SIGMUND	168 693	0,9 %
20	THOMAS FEARNLAY, STIFTESSEN	150 983	0,8 %
Top 20 shareholders		11 187 892	60,4 %
Other shareholders		7 349 396	39,6 %
Total shares outstanding		18 537 288	100,0 %



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Outlook

Successful function testing of the cuttings transport system and qualification of ultrasonic transducers are important steps towards a commercial Badger tool.

In 2016 Badger Explorer will continue to develop and qualify solutions for the main challenges with the Badger concept.

The negotiations with oil company sponsors are on-going and will be completed as soon as possible. Funding of operations in 2016 remains a top priority for the Management and Board of Directors.



Any questions - Thank You

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