

Income Statement - Badger Explorer ASA

All figures in NOK

	Note	2015	2014
REVENUES			
Other income		0	0
Total revenues		0	0
OPERATING EXPENSES			
External services for development project	8	8 725 892	16 520 280
Payroll and related expenses	6	9 921 081	17 342 776
Depreciation	7	200 371	300 883
Other operating expenses		8 083 181	11 356 929
Capitalized development costs	8	-14 123 964	-24 106 993
Total operating expenses		12 806 562	21 413 875
Operating profit (loss)		-12 806 562	-21 413 875
Financial income	3	38 831	677 694
Other financial income	3	15 518	375 080
Financial expenses	3	504 656	303 604
Loss on sale of associate and shares	3,17	0	156 802
Impairment of remaining shares	3,17	0	156 802
Share of profit / (loss) of associates	3,17	0	2 387 020
Net financial income (loss)		-450 308	-1 951 455
Profit (loss) before taxes		-13 256 869	-23 365 330
Tax on ordinary result	4	0	0
Net profit (loss)		-13 256 869	-23 365 330
Profit (loss) attributable to equity holders of the company	5	-13 256 869	-23 365 330
Earnings per share	5	-0,72	-1,26
Earnings per share diluted	5	-0,70	-1,23

Statement of comprehensive income - Badger Explorer ASA

All figures in NOK

Total comprehensive income	2015	2014
Profit (loss) for the year	-13 256 869	-23 365 330
Other comprehensive income - items that will later be reclassified to profit or loss		
Translation differences	0	0
Total comprehensive income for the year, net of tax	-13 256 869	-23 365 330

Total comprehensive income attributable to:	2015	2014
Equity holders of the company	-13 256 869	-23 365 330
Non-controlling interest	0	0
Total comprehensive income	-13 256 869	-23 365 330

Statement of financial position - Badger Explorer ASA

All figures in NOK

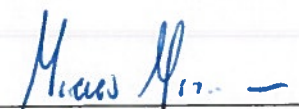
ASSETS	Note	2015	2014
NON-CURRENT ASSETS			
Capitalized development costs	2,8	147 767 798	140 217 614
Patent rights	8	386 668	386 668
Total intangible assets		148 154 466	140 604 282
Property, plant & equipment	7	100 933	301 304
Total tangible assets		100 933	301 304
Investment in shares	17	0	0
Total investment in shares		0	0
TOTAL NON-CURRENT ASSETS		148 255 399	140 905 594
CURRENT ASSETS			
Other receivables	2,9,14	3 629 859	5 390 522
Total receivables		3 629 859	5 390 522
Cash and cash equivalents	10	585 953	4 350 500
TOTAL CURRENT ASSETS		4 215 812	9 741 022
TOTAL ASSETS		152 471 211	150 646 616


Statement of financial position - Badger Explorer ASA

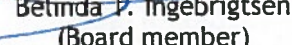
All figures in NOK


EQUITY AND LIABILITIES	Note	2015	2014
EQUITY			
Share capital	11	2 317 161	2 317 161
Share premium	11	218 069 985	218 069 985
Other paid in capital	6	4 167 490	3 659 643
Total paid in equity		224 554 636	224 046 789
Retained earnings		-158 347 399	-145 090 529
Total equity attributable to equity holders of parent		-158 347 399	-145 090 529
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TOTAL EQUITY		66 207 237	78 956 260
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LIABILITIES			
Capitalized grants	13	75 000 000	66 520 000
Total long term liabilities		75 000 000	66 520 000
Accounts payable	12,14	3 077 545	2 394 292
Public duties payables		474 324	1 650 303
Debt financial institutions	15	6 711 379	0
Other short term liabilities	16	1 000 727	1 125 761
Total short term liabilities		11 263 975	5 170 356
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TOTAL LIABILITIES		86 263 975	71 690 356
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TOTAL EQUITY AND LIABILITIES		152 471 211	150 646 616

Stavanger, 27th April 2016


 Marcus Hansson
 (Chairman of the Board)


 Birte Noer Borrevik
 (Board member)


 Betinda T. Ingebrigtsen
 (Board member)


 David Ottesen
 (Board member)


 Øystein Larsen
 CEO

Statement of Change in Equity - Badger Explorer ASA

All figures in NOK

	Note	Share capital	Share premium	Other paid in capital	Foreign currency translation	Retained earnings	Total equity
Equity as of 1 January 2014		2 317 161	218 069 985	2 965 787	172 373	-121 897 575	101 627 732
Profit (loss) for the year						-23 365 330	-23 365 330
Foreign currency translation							0
Total comprehensive income					0	-23 365 330	-23 365 330
Changes in non-controlling interest	17				-172 373	172 373	0
Option plan payment	6			693 856			693 856
Equity as of 31 December 2014		2 317 161	218 069 985	3 659 643	0	-145 090 529	78 956 260
Profit (loss) for the year						-13 256 869	-13 256 869
Total comprehensive income						-13 256 869	-13 256 869
Option plan payment	6			507 847			507 847
Equity as of 31 December 2015		2 317 161	218 069 985	4 167 490	0	-158 347 399	66 207 237

Statement of Cash Flow - Badger Explorer ASA

All figures in NOK

	Note	2015	2014
Cash flow from operational activities			
Contributions from operations*		-12 098 343	-20 419 137
Change in accounts receivable and accounts payables		683 066	-2 006 954
Change in other receivables and payables		-936 206	-1 286 695
Net cash flow from operating activities	A	-12 351 484	-23 712 786
Cash flow from investment activities			
Capitalization of development costs	8	-14 123 964	-24 106 993
Net cash flow from investment activities	B	-14 123 964	-24 106 993
Cash flow from financing activities			
Government grants	2	8 060 043	13 907 721
Contributions from industry partners	13	8 389 786	12 600 000
Proceeds from borrowings financial institutions	15	6 711 379	0
Interest received	3	38 831	648 037
Other financial income	3	15 518	375 080
Interest paid	3	-504 656	-303 604
Net cash flow from financing activities	C	22 710 901	27 227 234
Total net changes in cash flow	A+B+C	-3 764 547	-20 592 545
Cash and cash equivalents at beginning of period	10	4 350 500	24 943 338
Cash and cash equivalents at end of period	10	585 953	4 350 500
 Net result attributable to equity holders of the company		 -13 256 869	 -23 365 330
Employee options	6	507 847	693 856
Depreciation	7	200 371	300 883
Financial income	3	-54 349	-1 052 774
Financial expenses	3	504 656	303 604
Share of (profit) / loss of associate	3,17	0	2 387 020
Impairment of remaining shares	3	0	156 802
Loss on sale of associate and shares	3,17	0	156 802
*Total contributions from operations		-12 098 343	-20 419 137

Note 1 Accounting policies

Badger Explorer ASA (BXPL) is a public limited company registered in Norway and listed on the Oslo Stock Exchange (Oslo Axxess list). The Company's head office is located at Professor Olav Hanssens vei 15, 4021 Stavanger, Norway.

1.1 Basis of presentation of the accounts

The financial statement of BXPL has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statement has been prepared on an historical cost basis.

1.2 Investment in associates

BXPL's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in the associate is initially recognised at fair value. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date.

The income statement reflects BXPL's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, BXPL determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as share of loss of an associate in the income statement.

Upon loss of significant influence over the associate, BXPL measures and recognises any retained investment as its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

1.3 Foreign currency translation

The Company presents its financial statements in Norwegian kroner (NOK). This is also BXPL's functional currency.

Translation differences are taken to profit or loss. Transaction in foreign currencies are initially recorded in the functional currency rate quoted at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the balance sheet date.

Income statement in foreign associate is translated into NOK using the average exchange rate for the period (month). Assets and liabilities in foreign associate are translated into NOK using exchange rate at the balance sheet date. The exchange differences arising from the translation are recognised directly as other comprehensive income in equity.

1.4 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

1.5 Financial assets**Initial recognition**

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, receivables, available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company's financial assets include cash and cash equivalents, trade and other receivables.

Note 1 Accounting policies (continues)Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance cost in the income statement.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR (Effective Interest Rate) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in financial income in the income statement. The losses arising from impairment are recognised in the income statement in cost of sales or other operating expenses for receivables. This category includes accounts receivable and other receivables carried at amortised cost or at normal amount less provision for bad debt were this can be regarded as a reasonable proxy for fair value.

1.6 Financial liability

Financial liabilities within the scope IAS 39 are classified as financial liabilities at fair value through profit or loss, borrowings, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

BXPL's financial liabilities include trade and other payables, bank overdraft, borrowings (capitalized grants).

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit and loss so designated at the initial date of recognition, and only if criteria of IAS 39 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Borrowings (capitalized grants)

After initial recognition, borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Bank overdraft

The fair value of bank overdraft held by the Company is classified within current liabilities in the statement of financial position and it amounts to NOK 6.711 million at 31 December 2015.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- there is a currently enforceable legal right to offset the recognised amounts and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.7 Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be converted into cash within three months and to a known amount, and subject to an insignificant risk of change in value.

Note 1 Accounting policies (continues)

1.8 Fixed assets

Fixed assets are carried at cost less accumulated depreciations and impairment losses. When fixed assets are sold or disposed of, the gross carrying amount and accumulated depreciation are derecognised, and any gain or loss on the sale or disposal is recognised in the income statement.

The gross carrying amount of fixed assets is the purchased price, including duties/taxes and direct acquisition costs relating to making the asset ready for use. Subsequent costs, such as repair and maintenance costs, are recognised in profit or loss as incurred. When increased future economic benefits as a result of repair/maintenance work can be proven, such costs will be recognised in the balance sheet as additional to fixed assets.

Depreciation is calculated using the straight-line method over the following periods:

Plant and machinery: 6 - 10 years

Fixtures, fittings and vehicles: 3 - 5 years

The depreciation period, the depreciation method and the residual value of fixed assets are evaluated annually.

1.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is expensed as incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as change in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets are capitalized if it is probable that the expected future financial benefits referred to the asset will accrue to the Company, and that the cost can be calculated in a reliable matter.

Intangible assets with indefinite useful lives are tested for impairment annually at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Patents and licenses

Cost relating to patents and licenses are capitalized as incurred. Depreciation is recognised in the balance sheet and depreciated using the straight-line method over the expected useful life, commencing when the technology is ready for its intended use. The expected useful life of patents and licenses varies from 5 to 20 years.

Research and development

Expenses relating to research and development are recognised in the income statement when they are accrued. Expenses relating to development are capitalized if the following criteria are met in full:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Company's intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits.
- The ability to measure reliably the expenditure during development.
- The availability of resources to complete the asset.

When all the above criteria are met, the costs relating to development are capitalized. All costs related to the Badger Explorer development project is capitalized continuously every month. Project manager performs a continuous assessment to identify whether the cost relates to the development project or to normal operations. Internal hours used in the development project are capitalized at cost (no mark-up).

Costs that have been charged as expenses in previous accounting periods are not capitalized.

Note 1 Accounting policies (continues)

Recognised development costs are depreciated on a straight-line basis over the estimated useful life for the asset, usually not exceeding 10 years. Depreciation starts when the asset is ready for use. No depreciation has been performed for the development projects yet. The fair value of the development costs will be calculated when there is an indication of change in value.

1.10 Provisions

A provision is recognised in the accounts only when the Company is a subject to a liability that is a consequence of an event that has already happened and where it is likely that in order to reduce the liability the Company will have to apply financially measurable resources, and the liability can be reasonably estimated. Provisions are evaluated at the end of each month and adjusted to reflect the available information about the provision. Where the information available is insufficient, a best estimate is used.

1.11 Recognition of revenue

Revenue is recognised to the extent when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable net of value added tax and discounts. The following specific recognition criteria must also be met before revenue is recognised:

Interest income is recognised in the income statement based on the effective interest method as they are earned.

1.12 Government grants and contribution from partners

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant are related to a development project which is capitalized, the belonging grants are deducting the carrying amount of the asset.

Government grants received to date are related to (ref. note 8):

- development projects and deducted in the carrying amount of the related project

When the contributions from partners are subject to specific requirements, the contributions are recognised in the balance sheet as long term liabilities. When the contributions from partners are not subject to specific requirements, the contributions are recognised in the balance sheet as a deduction of the carrying amount of the related project. ref. note 13.

Where the Company receives non-monetary grants, the assets and the grants are recorded at nominal amounts and released to profit and loss over the expected useful life of the relevant assets by equal annual instalments.

1.13 Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all taxable temporary differences on assets and liabilities.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Note 1 Accounting policies (continues)

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The tax payable and deferred tax are recognised directly as other comprehensive income in equity to the extent that they relate to factors that are recognised directly as other comprehensive income in equity.

1.14 Contingent liabilities and assets

Contingent liabilities are defined as

- (i) possible obligations resulting from past events whose existence depends on future events.
- (ii) obligations that are not recognised because it is not probable that they will lead to an outflow of resources.
- (iii) obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the annual financial statements. Significant contingent liabilities are stated, with the exception of contingent liabilities where the probability of the liability occurring is remote.

A contingent asset is not recognised in the annual financial statements, but is disclosed if there is a certain level of probability that a benefit will accrue to the Company.

1.15 Events after the balance sheet date

New information received after the balance sheet date relating to events and transactions incurred before the balance sheet date is reflected in the balance sheet/income statement. Events after the balance sheet date that do not affect the Company's position at the balance sheet date but affect the Company's position in the future are stated if significant.

1.16 Use of estimates when preparing the annual financial statements

Estimates and their underlying assumptions that affect the application of accounting principles and reported amounts of assets and liabilities, income and expenses are based on historic experience and other factors considered reasonable under the circumstances. The estimates constitute the basis for the assessment of the net book value of assets and liabilities when these values cannot be derived from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements, is given in the following note:

- Capitalized development cost/R&D cost (note 8)

The preparation of the Company's financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment of the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment of the carrying amounts of assets and liabilities within the next financial year are discussed below.

Development costs are capitalized in accordance with the accounting policy. Initial capitalization of costs is based on management's judgement that technological and economical feasibility is confirmed. Project manager performs a continuous assessment to identify whether the cost relates to the development project or to normal operations. Internal hours used in the development project are capitalized at cost (no mark-up). Capitalized carrying amount for the development project amounts to NOK 147.768 million as of 31 December 2015, see note 8.

Note 1 Accounting policies (continues)

The capitalized development of NOK 147.768 million is the main asset of BXPL, equivalent to 99.7% of total assets. Future sales of the Badger units has a minimum net price of USD 12 million, thus present capitalized value represents roughly 11 sold units. Via the development agreement the partners have a first right to buy Badger services at agreed terms. This right to buy the first operations secures BXPL prime customers and likely delivery of many units. The year-end valuation of the capitalized technology must be seen in this perspective. Based on the above assessment of future sales the entity has assessed that there is no need to book an impairment of the capitalized cost in 2015.

1.17 Share options

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used are disclosed further below and in note 6.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

1.18 Impairment of assets

The Company assesses whether there are any indicators of impairment for all assets at each reporting date.

An assessment of impairment losses on assets is made when there is an indication of a fall in value. If an asset's carrying amount is higher than the asset's recoverable amount, an impairment loss will be recognised in the income statement. The recoverable amount is the higher of the fair value less costs to sell and the discounted cash flow from continued use. The fair value less costs to sell is the amount that can be obtained from a sale to an independent third party minus the sales costs. The recoverable amount is determined separately for all assets but, if this is impossible, it is determined together with the entity to which the assets belong.

Impairment losses recognised in the income statements of previous periods are reversed when there is information that the need for the impairment loss no longer exists or is not as great as it was. However, no reversal takes place if the reversal leads to the carrying amount exceeding what the carrying amount would have been if normal depreciation periods had been used.

1.19 Cash flow statement

The cash flow statement is prepared in accordance with the indirect method and based upon IAS 7.

1.20 Costs related to equity transactions

Costs directly related to equity transactions are recognised directly on the equity after deduction of tax.

1.21 Changes in accounting policies and disclosures

The Company has implemented all changes in standards and interpretations for 2015. The implementation of these changes have not resulted in any changes to the group beyond the information given in the notes.

Standards and interpretations that are issued up to the date of issuance of the financial statements, but not yet effective, are disclosed below. The Company's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the financial statements are issued.

Note 1 Accounting policies (continues)

Standards issued but not yet effective or implemented up to the date of issuance of the Company's financial statements. This listing of standards and interpretations are those that the Company reasonably expect to have an impact on disclosures, financial position or performance when applied in future periods.

IAS 1 Presentation of Financial Statements

The amendments to IAS 1, issued as part of IASB's Disclosure Initiative, further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements.

IFRS 9 Financial Instruments

IFRS 9 will eventually replace IAS 39 Financial Instruments: Recognition and Measurement. In order to expedite the replacement of IAS 39, the IASB divided the project into phases: classification and measurement, hedge accounting and impairment. New principles for impairment were published in July 2014 and the standard is now completed. The parts of IAS 39 that have not been amended as part of this project have been transferred into IFRS 9.

*Annual Improvements 2010-2012**IFRS 2 Share-based Payment*

The amendment is implemented prospectively and clarifies the definition of performance conditions and service conditions, including the following:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

IFRS 13 Fair Value Measurement

The amendment is implemented prospectively and clarifies that the portfolio exception in IFRS 13 can not only be applied to financial assets and financial liabilities, but also to other contracts which fall under the scope of IAS 39.

IFRS 15 Revenues from Contracts with Customers

The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company is not yet in a commercial position and the effects of the new standards has not yet been assessed.

IFRS 16 Leases replaces existing IFRS leases requirements, IAS 17 Leieavtaler

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The effective date for IASB is from January 1, 2019 but not yet determined by EU. The Company does not expect the new leasing standard to have material effect on the financial statement at the date of the implementation.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is implemented retrospectively and clarifies that the revaluation method may be used by reference to observable data, either by adjusting the gross carrying amount to the market value or by determining the market value at the carrying amount and adjusting the gross carrying amount proportionally so that the carrying amount is equal to the market value. The accumulated depreciation / amortisation is the difference between the gross and carrying amount of the assets.

IAS 24 Related Party Disclosures

The amendment is implemented retrospectively and clarifies that an entity providing management personnel services ("a management entity") and key management personnel to management is a related party and has to apply the disclosure requirements for related parties.

The Company does not anticipate that the implementation of the standards and interpretations detailed above will have any material impact on the accounts when they are implemented other than in terms of the information that will have to be provided in the notes.

Note 2 Government grants and development costs

(All figures in NOK)

Badger Explorer ASA (BXPL) has been awarded grants from the Research Council of Norway (RCN). For the financial year 2015, RCN has through its PETROMAKS-program awarded a grant of NOK 957,165 (2014: NOK 4.066 million) supporting a development of the Badger autonomous drilling tool. Through the PETROMAKS2-program, RCN granted NOK 4.181 million (2014: NOK 2.287 million) funding for the development of HPHT ultrasonic system.

The R&D projects have been approved for Skattefunn. For the financial year 2015, the Company has recognized NOK 2.922 million compared with NOK 1.554 million in 2014.

Innovation Norway has awarded a grant of NOK 6 million supporting BXPL's ongoing Demonstrator Program for the financial year 2014.

The R&D projects are funded with a percentage of the total project costs. The government grants and all project development costs of BXPL, related to the Demonstrator Program, are capitalized in accordance with the IFRS regulations, except of NOK 2.699 million for 2015 and NOK 3.793 million for 2014. These additional project costs are related to the restriction on capitalisation of own personnel cost in the IFRS standard.

Note 3 Net financial income (loss)

(All figures in NOK)

	2015	2014
Financial income includes the following items:		
Interest income related to cash and cash equivalents	5 309	96 526
Other financial income	15 518	384 922
Currency gain	33 521	571 326
Total financial income	54 349	1 052 774
Financial expenses include:		
Other financial expenses	-181 188	-99 469
Loss on sale of associate and shares	0	-156 802
Share of profit / (loss) of associate	0	-2 387 020
Currency loss	-323 468	-204 136
Impairment of financial assets	0	-156 802
Total financial expenses	-504 656	-3 004 229

Note 4 Tax

(All figures in NOK)

	2015	2014
Income tax expense		
Payable tax	0	0
Other	0	0
Tax from previous years	0	0
Changes in deferred tax	0	0
Total tax expense	0	0

Calculation of basis for tax

Earnings before tax	-13 256 869	-23 365 330
Permanent differences	499 593	3 408 018
Changes in temporary differences	12 757 276	19 957 312
Total basis for tax	0	0

Summary of temporary differences:

Fixed assets	-631 781	-674 859
Loss carried forward	-157 257 028	-144 456 674
Total	-157 888 809	-145 131 533

Deferred tax asset	-39 472 202	-39 185 514
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Statement of financial position

Deferred tax asset	2015	2014
Loss carried forward	-39 314 257	-39 003 302
Fixed assets	-157 945	-182 212
Total deferred tax asset	-39 472 202	-39 185 514
Valuation allowance	39 472 202	39 185 514
Total deferred tax asset recognised in the statement of financial position	0	0

The Company has not recognized a deferred tax asset in the statement of financial position as the Company is in a development phase and is currently generating losses.

Loss carried forward as of 31 December 2015	2015	2014
Unlimited carrying forward	157 257 028	144 456 674

Effective tax rate	2015	2014
Profit / (loss) before tax	-13 256 869	-23 365 330
27% tax of earnings before tax	-3 579 355	-6 308 639
Permanent differences	134 890	920 165
Changes in deferred tax asset not recognised in the statement of financial position	286 688	5 388 474
Effect due to changes in tax rate from 27% to 25% on the deferred tax asset*	3 157 776	0
Calculated tax cost	0	0

Effective tax rate	0 %	0 %
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*With effect from the 2016 financial year, the corporate taxable profits (ordinary income) are taxed at a flat rate of 25%. Deferred tax assets and liabilities at 31 December 2015 have been calculated using the new tax rate.

Note 5 Earnings per share

(All figures in NOK)

Earnings per share is calculated as net profit (loss) for the year attributable to equity holders of the Company divided by the weighted average number of shares outstanding over the year.

Diluted earnings per share is calculated as net profit (loss) for the year attributable to equity holders of the Company divided by the weighted average number of shares outstanding over the year plus the weighted average number of dilutive potential shares.

Options, awarded to employees at the end of 2006 and 2007, were waived and not included in the calculation of diluted earnings per share. The effect of options awarded to employees in September 2009, June 2010, October 2011, September 2013 and February 2014 is included in the calculation of diluted earnings per share for 2014 and 2015.

	2015	2014
Profit (loss) attributable to equity holders of the Company	-13 256 869	-23 365 330
Weighted average outstanding ordinary shares	18 537 288	18 537 288
Effect of dilution - share options	469 000	523 000
Weighted average outstanding diluted shares	19 006 288	19 060 288

Earnings (loss) per share	2015	2014
Ordinary	-0,72	-1,26
Diluted	-0,70	-1,23

Note 6 Payroll and related expenses

(All figures in NOK)

Payroll and related expenses	2015	2014
Salaries and vacation pay	7 015 003	12 733 637
Social security tax	1 145 796	2 021 301
Pension expense ("OTP")	301 163	468 548
Employee share option program expense (incl. national insurance contributions)	507 847	667 757
Remuneration to the Board of Directors and the Nomination Committee	545 000	815 000
Other benefits	406 271	636 533
Total payroll and related expenses	9 921 081	17 342 776

Number of employees	2015	2014
The average number of full time equivalent employees*	8	12

*Effective from 30 June 2015, three employees were laid off from their positions as a result of cost cutting efforts.

Pension scheme

The Company has a defined contribution pension scheme that complies with the Norwegian mandatory occupational pension legislation (called "OTP"). The annual contributions to this scheme are at the rates of 4% for salaries between one and twelve times Public pension base rate (G) and 3% for salaries between 6 G and 12 G. The compensation scheme is financed from operations and will be paid upon members achieving a retirement age of 67. As of 1 May 2015, the amount of the Public pension base rate was NOK 90,068 per year.

	2015	2014
Contributions expensed during the year	301 163	468 548

Total remuneration to executive management during the year ended 31 December is as follows:

	2015			2014		
	Salary	Other Benefits	Pension cost	Salary	Other Benefits	Pension cost
Chief Executive Officer (CEO)*	1 305 362	14 535	54 792	1 735 856	14 535	54 792
Chief Technology Officer (CTO)	1 099 842	28 326	54 792	1 066 859	26 799	54 792
General Manager**	0	0	0	2 328 116	28 036	49 268

*Effective from 1 May 2015, CEO's monthly salary was reduced by 50% from NOK 150,000 to NOK 75,000 as a result of cost cutting efforts.

**Compensation for the financial year 2014 includes accrued vacation pay and other payments paid out in respect of employee's death at work.

At the end of the financial year 2015, executive management of BXPL consists of CEO, CFO, CTO and Sr. Vice President Business Dev. & Strategy. Remuneration for CFO and Sr. Vice President Business Dev. & Strategy is included in the note 12 "Transactions with related parties".

Shares and options owned directly or indirectly by the members of management as of 31 December 2015

	No. of shares	% share	Options
Chief Executive Officer (CEO)	155 000	0,8 %	370 000
Chief Financial Officer (CFO)	434 872	2,3 %	0
Chief Technology Officer (CTO)	0	0 %	24 000
Sr. Vice President Business Dev. & Strategy	229 422	1,2 %	0
Total	819 294	4,4 %	394 000

On 16 September 2013, Mr. Steinar Bakke took on the position as President and CEO. Upon commencement of the employment, Mr. Bakke was granted 370,000 share options in BXPL at a strike price of NOK 6.50. 185,000 share options will vest on the day of the publication of the Company's Q4 2015 report. A further 185,000 share options will vest on the day of the publication of the Company's Q2 2017 report. The exercise of fully vested share options is at the sole of discretion of the option holder. All share options were "out of the money" on 31 December 2015.

Note 6 Payroll and related expenses (continues)

(All figures in NOK)

Remuneration to the Board of Directors and the Nomination Committee

The Annual General Meeting held on 5 May 2015 resolved changes to the composition of the Board of Directors and remuneration of the Board members. The allocation of remuneration to the members of the Board and Nomination Committee is as follows:

	2 015	2 014
Marcus Hansson - Chairman of the Board, Audit Committee*	120 000	300 000
Birte N. Borrevik - Board member*	60 000	0
Hilde Christiansen - Board member	0	120 000
Belinda T. Ingebrigtsen - Board member	0	0
Tone Kvåle - Board member, Audit Committee**	200 000	200 000
Rolf E. Ahlqvist - Nomination Committee	25 000	25 000
Bjørge Gretland - Board member* (***)	60 000	0
Bjørge Gretland - Nomination Committee	0	10 000
David Ottesen - Board member*	60 000	150 000
Richard Urbanski - Nomination Committee	10 000	0
Knut Åm - Nomination Committee	10 000	10 000
Total remuneration	545 000	815 000

*Effective from 28 July 2015, the members of the Board was initially paid out 40% of the total remuneration as a result of the Company's tight cash position in 2015. The remaining 60% of the total Board remuneration will be paid in 2016. The Board members have decided to split their board remuneration at their own initiative.

**On 31 March 2015, Mrs. Tone Kvåle resigned as member of the Company's Board of Directors.

***On 30 December 2015, Mr. Bjørge Gretland resigned as member of the Company's Board of Directors.

Employee share option program

On 1 January 2015, there were 523,000 share options outstanding under Employee share option program. These share options include 370,000 options granted to CEO Steinar Bakke and 153,000 share options to other BXPL's employees. Effective from 30 June 2015, three employees were laid off from their positions as a result of cost cutting efforts and their 54,000 share options forfeited. A total of 469,000 share options held by BXPL employees were outstanding on 31 December 2015. Fully vested and exercisable share options can be exercised between three to ten days after the publication of the Company's Q1 and Q3 reports.

	2015		2014	
	Share options	Weighted average exercise price	Share options	Weighted average exercise price
Summary of outstanding options:				
Outstanding options 01.01.	523 000	6,80	520 667	7,27
Granted options	0	0,00	213 000	7,51
Exercised options	0	0,00	0	0,00
Cancelled options	0	0,00	-43 167	12,90
Forfeited	-54 000	7,51	-67 500	7,79
Expired options	0	0,00	-100 000	7,50
Outstanding options 31.12.	469 000	6,71	523 000	6,79
Vested options	33 000	7,51	0,00	0,00
Weighted Average Fair Value of options granted during the period	0	0,00	213 000	3,45
Charged against the income statement:	507 847		693 856	
Charged against the income statement - Employers' national insurance contribution:	0		-26 099	

Fair value of the options granted is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Changes to the estimates may significantly influence the expense recognized during a period.

Note 6 Payroll and related expenses (continues)

(All figures in NOK)

The Board of Directors holds an authorisation to issue shares in the Company resolved by the Annual General Meeting on 5 May 2015. This authorisation is valid until the next General Meeting to be held in 2016 with an ultimate expiry date on 30 June 2016. The authorisation is provided for increasing the Company's share capital with up to NOK 115,858 by way of issuance of up to 926,864 shares in connection with the Company's share incentive scheme.

Implemented remuneration policy for members of executive management for 2015:

The main principle of the Company's remuneration policy for BXPL's management is to offer competitive terms in an overall perspective taking into account salary, payments in kind, bonuses, pension plans and other benefits, to retain key staff.

Management salaries and benefits for 2015 was based on the principles noted below.

The fixed salary for each member of the management shall be competitive and based on the individual's experience, responsibilities as well as the results achieved during the previous year. Salaries as well as other benefits shall be reviewed annually, and adjusted as appropriate. The salary for the CEO and executive management has been reduced during 2015.

In addition to their base salary, the Company's management may be granted additional remuneration in the form of a bonus. If a bonus scheme is implemented in 2015, the assessment criteria will be based on both Company's performance and the individual's performance. The targets to be reached by the CEO are to be determined by the Company's Board of Directors. The CEO will set relevant targets for the other members of the management team, based on principles defined by BXPL's Board of Directors. No provision for bonus has been recognized for 2015.

The Company's management will receive payment in kind such as cell phone expenses and payment of IT and telecommunication expenses.

In February 2014, a new share option program for all BXPL employees was implemented. The current management has been allocated 24,000 share options. Each option entitles the option holder to purchase one share at a strike price of NOK 7.51. If, on the exercise day, the market price of the BXPL shares exceeds NOK 50, the exercise price shall be increased by an amount equivalent to 8% of the market price less NOK 50. The options granted will be vested in tranches and can be exercised at the earliest 12 months subsequent to the date of grant and thereafter at up to 2 occasions during each calendar year, between three and 10 days after publications of the Company's Q1 and Q3 results in 2016 and 2017. CEO Steinar Bakke has been granted 370,000 share options at a strike price of NOK 6.50. 185,000 shares options will vest on the date of the publication of BXPL's Q4 2015 report. A further 185,000 shares options will vest on the date of the publication of BXPL's Q2 2017 report. The exercise of fully vested shares options is at the sole discretion of the option holder.

All members of the management are included in the Company's occupational pension scheme drawn up by BXPL for all its employees. The pension scheme is a defined contribution scheme and contributions range from 4% to 7% of the employee's salary - maximized to a percentage of 12G (NOK 1,080,816). The retirement age for all employees, including management, is 67 years.

Remuneration policy for members of executive management - Guidelines for 2016:

The main principle of the Company's remuneration policy for BXPL's management is to offer competitive terms in an overall perspective taking into account salary, payments in kind, bonuses, pension plans and other benefits, to retain key staff.

Management salaries and benefits for 2016 will be based on the principles noted below.

The fixed salary for each member of the management shall be competitive and based on the individual's experience, responsibilities as well as the results achieved during the previous year. Salaries as well as other benefits shall be reviewed annually, and adjusted as appropriate.

In addition to their base salary, the Company's management may be granted additional remuneration in the form of a bonus. If a bonus scheme is implemented in 2016, the assessment criteria will be based on both the Company's performance and the individual's performance. The targets to be reached by the CEO are to be determined by the Company's Board of Directors. The CEO will set relevant targets for the other members of the management team, based on principles defined by BXPL's Board of Directors.

The Company's management will receive payment in kind such as cell phone expenses and payment of IT and telecommunication expenses.

In February 2014, a new share option program for all BXPL employees was implemented. Each option entitles the option holder to purchase one share at a strike price of NOK 7.51. If, on the exercise day, the market price of the BXPL shares exceeds NOK 50, the exercise price shall be increased by an amount equivalent to 8% of the market price less NOK 50. The options granted will be vested in tranches and can be exercised at the earliest 12 months subsequent to the date of grant and thereafter at up to 2 occasions during each calendar year, between three and 10 days after publications of the Company's Q1 and Q3 results in 2016 and 2017. Former CEO Steinar Bakke has been granted 370,000 share options at a strike price of NOK 6.50. 185,000 shares options will vest on the date of the publication of BXPL's Q4 2015 report. A further 185,000 shares options will vest on the date of the publication of BXPL's Q2 2017 report. The exercise of fully vested shares options is at the sole discretion of the option holder.

On 15 January 2016, the new CEO Øystein Larsen has been granted 370,000 share options at a strike price of NOK 1.50. 185,000 shares options will vest on the date of the publication of BXPL's Q4 2017 report. A further 185,000 shares options will vest on the date of the publication of BXPL's Q4 2018 report. Upon exercise of the options, the option holder shall pay to the Company a price of NOK 1.50 per option share. If on the exercise day the market price of BXPL's shares is exceeding NOK 25, the exercise price shall be increased by an amount equivalent to 8% of the market price deducting NOK 25. The exercise of fully vested shares options is at the sole discretion of the option holder.

All members of the management are included in the Company's occupational pension scheme drawn up by BXPL for all its employees. The pension scheme is a defined contribution scheme and contributions range from 4% to 7% of the employee's salary - maximized to a percentage of 12G (NOK 1,080,816). The retirement age for all employees, including management, is 67 years.

Note 6 Payroll and related expenses (continues)

(All figures in NOK)

Auditor's fee

(All figures in NOK)

The following table shows remuneration related to professional services rendered by the Company's principal auditor, Ernst & Young AS, for fiscal year 2015 and 2014. The amounts shown are exclusive of value added tax.

	2015	2014
Audit services*	165 000	130 000
Assurance services**	42 691	42 185
Other assistance***	100 538	129 867
Total	308 229	302 052

* Audit services relate primarily to services provided by Ernst & Young AS for auditing BXPL's financial statements and its internal controls.

** Assurance services include primarily review of the Company's quarterly financial statements and the annual report.

*** Other assistance relates primarily to other attestation services required under regulatory requirements, advisory services, preparation of tax returns, Going concern assumption review.

Note 7 Tangible fixed assets

(All figures in NOK)

	Property, plant & equipment	Total 2015	Property, plant & equipment	Total 2014
Cost price 01.01.	5 793 447	5 793 447	5 764 330	5 764 330
Additions	0	0	29 117,82	29 117,82
Disposals	0	0	0	0
Cost price 31.12.	5 793 447	5 793 447	5 793 447	5 793 447
Accumulated depreciations 31.12.	-5 692 515	-5 692 515	-5 492 143	-5 492 143
Accumulated depreciation of disposed asset	0	0	0	0
Currency translation difference	0	0	0	0
Booked value 31.12.	100 933	100 933	301 304	301 304
Depreciation	-200 371	-200 371	-300 883	-501 254
Depreciation rate %:	10% - 33%		10% - 33%	
Economic life (years):	3 - 10		3 - 10	
Depreciation method:	straight line		straight line	

The depreciation period and method are assessed each year to ensure that the method and period used harmonize with the financial realities of the non-current asset. The same applies to the scrap value.

BXPL has entered into operating leases for offices and other equipment. The costs are as follows:

	2015	2014
Operating leasing costs		
Rent costs on buildings	2 019 520	1 979 948
Other	32 551	33 271
Total operating leasing costs	2 052 071	2 013 219

The future minimum rents related to non-cancellable leases fall due as follows for BXPL:

	Within 1 year	2-5 years	After 5 years
Operational leasing costs	16 000	0	0
Rent costs on buildings	556 337	0	0
Total	572 337	0	0

The lease agreement for the main office (headquarters) has been entered into for a period of 5 years. This agreement expires on 31 March 2016 and includes an option to extend the agreement for 3+3 years at market conditions.

Note 8 Intangible assets

(All figures in NOK)

BXPL has recognised the following intangible assets in the statement of financial position (including internal built up assets such as development costs).

2015	Patents*	Development costs	Total
Cost price 01.01.	400 000	140 217 614	140 617 614
Additions**	0	14 123 964	14 123 964
Government grants	0	-6 573 781	-6 573 781
Cost price 31.12.	400 000	147 767 798	148 167 798
Accumulated depreciations 31.12.	13 332	0	13 332
Book value 31.12.	386 668	147 767 798	148 154 466

** The addition in 2015 consists of external services of NOK 8.162 million, purchase of manufactured parts, components and materials of NOK 0.452 million, internal personnel costs of NOK 5.398 million and travel expenses of NOK 0.112 million for the Badger Explorer development projects.

2014	Patents*	Development costs	Total
Cost price 01.01.	400 000	130 785 242	131 185 242
Additions**	0	24 106 993	24 106 993
Government grants	0	-14 674 620	-14 674 620
Cost price 31.12.	400 000	140 217 614	140 617 614
Accumulated depreciations 31.12.	13 332	0	13 332
Book value 31.12.	386 668	140 217 614	140 604 282

** The addition in 2014 consists of external services of NOK 9.577 million, purchase of manufactured parts, components and materials of NOK 6.336 million, internal personnel costs of NOK 7.587 million and travel expenses of NOK 0.445 million for the Badger Explorer development projects.

There has not been made any depreciation on intangible asset in 2014 and 2015.

All development costs in 2014 and 2015 are related to the development of the Badger Explorer technology in BXPL. The development work contains inherent technology risk and risk related to the funding contributions from the partners. An amount of management focus will continue to be applied to prudent financial management, improved cost-effectiveness and simplification of non-technical activities.

* The patent applies to the Badger Explorer technology and has a validity of 20 years from date it was granted. The Development costs apply to the development of the Badger Explorer technology in Badger Explorer ASA and the Plasma Channel Drilling technology in Badger Plasma Technology AS. Depreciation will commence when the technology is ready for its intended use.

Note 9 Total receivables

(All figures in NOK)

	2015	2014
Skattefunn & Research Council of Norway receivables	3 108 774	4 595 016
Prepaid expenses	187 192	296 127
Refundable VAT	333 893	499 379
Total receivables	3 629 859	5 390 522

For age distribution of accounts receivables see note 14.

Note 10 Cash and cash equivalents

(All figures in NOK)

	2015	2014
Cash at bank	585 953	4 350 500
Total cash at bank	585 953	585 953
Restricted bank deposits for employee withholding taxes	259 771	1 091 589

Note 11 Share capital and shareholders information

(All figures in NOK)

Share capital as at 31 December 2015 is NOK 2.317 million, being 18,537,288 ordinary shares at a nominal value of NOK 0.125 each. All share carry equal voting rights.

Number of ordinary shares	2015	2014
01.01.2015	18 537 288	18 537 288
Capital increase	0	0
31.12.2015	18 537 288	18 537 288

BXPL had 793 shareholders on 31 December 2015. Norwegian entities and individuals held 64.4% of the outstanding shares and the 20 largest shareholders held 60.5% of the outstanding shares. As of 31 December 2015, the 20 largest shareholders were as follows:

	No. of shares	% share
DEUTSCHE BANK AG	2 829 997	15,3 %
TTC INVEST AS	1 306 862	7,0 %
INVECO PERP EUR SMALL COM	1 225 389	6,6 %
EUROCLEAR BANK S.A.	923 924	5,0 %
HOLBERG NORGE	808 135	4,4 %
SKANDINAVISKA ENSKILDA BANKEN S.A.	615 000	3,3 %
ARGENTUM	523 145	2,8 %
DALVIN RÅDGIVNING AS	426 872	2,3 %
MACAMA AS	355 514	1,9 %
ANØY INVEST DA	278 800	1,5 %
KNUT ÅM	242 600	1,3 %
GJENSIDIGE FORSIKRING	226 472	1,2 %
KJELL ERIK DREVDAL	222 600	1,2 %
NILSHOLMEN INVESTERING AS	209 222	1,1 %
MP PENSJON PK	208 700	1,1 %
ESPELID KARLSTEIN JOHAN	170 000	0,9 %
SIGMUND STOKKA	168 693	0,9 %
BARRA ØYSTEIN	155 748	0,8 %
BAKKE STEINAR	155 000	0,8 %
ØVREBOTTEN SVEIN	155 000	0,8 %
20 largest shareholders	11 207 673	60,5 %
773 other shareholders	7 329 615	39,5 %
Total of 793 shareholders	18 537 288	100 %

Note 11 Share capital and shareholders information (continues)

(All figures in NOK)

The following members of the Board of Directors and member of executive management hold shares as of 31 December 2015:

	2015	2014
Skandinaviska Enskilda Banken S.A. Luxembourg (Chairman - Marcus Hansson)	565 000	565 000
Dalvin Rådgivning AS (CFO - Gunnar Dolven)*	426 872	301 872
Nilsholmen Investerings AS (Sr. VP Bus. Dev. & Strategy - Kjell Markman)	209 222	209 222
President & CEO - Steinar Bakke*	155 000	30 000
Nilsholmen AS (Sr. VP Bus. Dev. & Strategy - Kjell Markman)	20 200	20 200
Chairman - Marcus Hansson	11 668	11 668
CFO - Gunnar Dolven	8 000	8 000
Board member - Tone Kvåle	5 000	5 000
Ordinary shares	1 400 962	1 150 962
% of total shares	7,6 %	6,2 %

*On 20 August 2015, BXPL's CEO Steinar Bakke purchased 125,000 shares in BXPL at a price of NOK 1.35 per share. CEO of Dalvin Rådgivning AS, Mr. Gunnar Dolven purchased 125,000 in BXPL at a price of NOK 1.35 per share.

Board of Director's mandate to increase the share capital

The Board of Directors holds two authorisations to issue shares in the Company resolved by the Annual General Meeting on 5 May 2015. These authorisations are valid until the next Annual General Meeting to be held in 2016 with an ultimate expiry date on 30 June 2016. The first authorization is provided for increasing the Company's share capital with up to NOK 115,858 by way of issuance of up to 926,864 shares in connection with the issuance of shares to employees, directors and others connected with the Company as part of the Company's share incentive scheme and the share issue against payment in other cash payment (contribution). The second authorization is provided for increasing the Company's share capital with up to NOK 231,716 by way of issuance of up to 1,853,728 shares in conjunction with the issuance of shares to existing shareholders and new investors for a cash deposit or cash contributions and mergers.

Note 12 Transactions with related parties

(All figures in NOK)

The following table provides the total amount of transactions that have been entered into with related parties controlled by the members of executive management of BXPL for the relevant financial year. The purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions.

Transactions with related parties	2015	2014
Purchased services	2 515 589	4 411 106

In June 2013, BXPL entered into a consultancy agreement with two of its largest shareholders, Dalvin Rådgivning AS and Nilsholmen AS. During 2015, payments totalling NOK 1.124 million were made to Dalvin Rådgivning AS in respect of performed consultancy services and NOK 13,188 related to travel expenses. Mr. Gunnar Dolven, who is CFO of BXPL, is a director of Dalvin Rådgivning AS. In 2015, Nilsholmen AS, a company owned by Mr. Kjell Markman, received payments of NOK 1.319 million in respect of performed consultancy services and NOK 59,574 related to travel expenses. Mr. Markman is Sr. VP Business Development & Strategy of BXPL.

For transactions with Severn Subsea Technologies Ltd. and Mr. Nigel Halliday please refer to note 17.

Note 13 Conditional commitments

(All figures in NOK)

Contribution recognised as capitalised grants in the statement of financial position

BXPL has received contributions from the industry partners amounting to NOK 75.000 million whereas NOK 66.520 million were received prior to 2015. These contributions shall be repaid to the partners by paying 5% royalty of all technology related sales in the future. This royalty is limited to a total of 150% of received contributions.

Note 14 Financial risk management objectives and policies

(All figures in NOK)

BXPL is exposed to foreign currency exchange risk, interest rate risk, credit risk and liquidity risk.

The Company's management oversees the management of these risks and assures that BXPL's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees on policies for managing each of these risks which are summarised below.

Foreign currency exchange risk

The Company's cash reserves of NOK 585,953 are deposited in the Norwegian bank Sparebanken Vest. All the Company's financial instruments are in a Norwegian Kroner (NOK) functional currency. When commercial operations in larger scale commence, a foreign currency exchange risk policy will be introduced.

Interest rate risk

The Company's financial income and financial cost in the income statement are both influenced by changes in interest rates. BXPL's interest rate risk is mainly related to funding in USD. The Company has NOK 450,308 in net financial loss as of 31 December 2015. The Company's debt to financial institutions carries fixed interest rate of 4.95%. In addition, there is a yearly commission of 1.0% on the credit line. As of 31 December 2015, NOK 6.711 million has been drawn on the overdraft facility.

Credit risk

BXPL trades only with recognised, creditworthy third parties. It is the Company's policy that all customers that wish to trade on credit terms are subject to credit verification procedures. All cash in the Company is deposited in the Norwegian bank Sparebanken Vest. Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk.

Liquidity risk

BXPL monitors its liquidity on a regular basis, and produces rolling liquidity forecast on a monthly basis in order to identify liquidity requirements in future periods. The target for BXPL's management of liquidity risk is to maintain a liquidity corresponding to its net liquidity requirements for 12 months.

The cash position of BXPL at year end 2015 was NOK 585,953, compared to NOK 4.351 million in 2014. At year-end 2015, the Company has withdrawn NOK 6.711 million of the total overdraft facility of NOK 7.500 million. The main cash inflow during 2016 is Skattefunn 2015 tax deduction (NOK 2.547 million), the remaining RCN's grants (NOK 6.171 million) and the Badger Development Program partner funding from Statoil for the Milestone 1 (NOK 5.000 million). The Company believes it will have sufficient funds to continue its ongoing operations during 2016 and meet its obligations, if Statoil and CNPC DR join the Development Program. As of 27 April 2016, the signatures from Statoil and CNPC DR for the Development Program are still pending. In January 2016, CNPC DR signed MoU indicating their intent to support the Development Program. In April 2016, Statoil confirmed their intent to support the Development Program. The level of technical progress is dependent upon the level of funding from the partners. Contingencies for 2016 include overdraft facility with the Company's bank and accelerated release of government grants and partner funding.

Cash level will be carefully managed during 2016. The Badger Development Program will contribute to operational funding in 2016. In Q1 2016, Statoil approved the first and second key deliverables of Milestone 1 of the Badger Development Program, which released NOK 5.000 million. Technical progress on the HPHT ultrasonic project will release funding from awarded grants. As of 22 April 2016, the Company has withdrawn NOK 4.604 million of the total overdraft facility of NOK 7.500 million. BXPL is in breach of the financial covenants in the current credit facility, ref. note 15.

The table below shows a maturity analysis for BXPL's total short term liabilities:

2015	within 3 months	within 6 months	within 9-12 months
Accounts payable	3 077 545	0	0
Public duties payables	474 324	0	0
Debt financial institutions (due as a result of breach of covenants ref. note 15)	6 711 379	0	0
Other short term liabilities	371 820	628 907	0
2014	within 3 months	within 6 months	within 9-12 months
Accounts payable	2 394 292	0	0
Public duties payables	1 650 303	0	0
Other short term liabilities	131 383	994 378	0

Capital management

BXPL's main objective for the management of its capital structure is to maximise value creation for shareholders, while at the same time maintaining a sound financial position and a good credit rating.

BXPL manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives policies or processes during the financial year.

BXPL monitors its capital structure using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, debt financial institutions, trade and other payables, less cash and short-term deposits.

Note 14 Financial risk management objectives and policies (continues)

	2015	2014
Debt financial institutions	6 711 379	0
Trade and other payables	4 552 596	5 170 356
Bank deposits	-585 953	-4 350 500
Net debt	10 678 022	819 856
Equity	66 207 237	78 956 260
Total capital	66 207 237	78 956 260
Capital and net debt	76 885 259	79 776 116
Gearing ratio	13,9 %	1,0 %
Equity ratio	43,4 %	52,4 %

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments:

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	585 953	585 953	4 350 500	4 350 500
Current receivables	3 629 859	3 629 859	5 390 522	5 390 522
Financial liabilities				
Debt financial institutions	6 711 379	6 711 379	0	0
Trade and other payables	4 552 596	4 552 596	5 170 356	5 170 356

Age distribution of receivables

As at 31 December 2015, the ageing analysis of receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
2015	3 629 859	3 629 859	0	0	0	0	0
2014	5 390 522	5 390 522	0	0	0	0	0

Note 15 Debt financial institutions

(All figures in NOK)

Short term liabilities	2 015	2 014
Debt financial institutions	6 711 379	0

BXPL entered into a revolving credit facility with its Norwegian bank Sparebanken Vest on 22 August 2012 that provides for borrowings of up to NOK 7.500 million with a fixed interest rate of 4.95%. In addition, there is a yearly commission of 1.0% on the credit line. As of 31 December 2015, NOK 6.711 million has been drawn on the overdraft facility. Financial covenants: equity - not be less than NOK 75 million and should exceed more than 50% of the book equity ratio. The book equity less intangible assets must be positive. Accounts receivable - must exceed 75% of the withdrawn credit facility. Financial review - quarterly financial statement submission to the bank. The overdraft facility of NOK 7.500 million with Sparebanken Vest is in breach with the agreed covenants as of 31 December 2015 and also as of 31 March 2016.

Note 16 Other short term liabilities

(All figures in NOK)

Other short term liabilities	2 015	2 014
Unpaid vacation pay	628 907	994 378
Other accrued costs	181 297	131 383
Other short term liabilities*	190 522	0
Total other short term liabilities	1 000 727	1 125 761

* Other short term liabilities include outstanding balance payable to CNPD DR for having two Chinese engineers working at Badger Explorer ASA's HQ from May to September in 2015.

Note 17 Investment in shares

(All figures in NOK)

Severn Subsea Technologies Ltd.

On 28 June 2013, BXPL divested its 70% interest of Severn Subsea Technologies Ltd. (SST) to Severn Glocon for a net amount of NOK 7.189 million with a loss of NOK 1.120 million in the Group. Upon settling the completion accounts, BXPL realised a further loss of NOK 838,350 accounted for in December 2013.

On 15 December 2014, Severn Glocon acquired another 15% of the shares for consideration of £1 giving a loss of NOK 156,802. Loss arising from the partial disposal of investment in the associated company was recognised in the income statement. BXPL's fair value assessment of the investment in the shares was set to zero at year end 2014 and impairment of NOK 156,802 has been booked. BXPL holds 15% of shares in SST as of 31 December 2015.

Carrying amount movements in the Statement of Financial Position of BXPL for the period ended 31 December 2015:

Carrying amount of 30% interest retained on 31 December 2013	2 700 624
30% share of net result in the associate for the period 1 January - 15 December 2014	-2 387 020
Sale of 15% of shares on 15 December 2014	-156 802
Impairment of the remaining 15% of shares in SST booked in 2014	-156 802
Closing balance for the period ended 31 December 2015	0

Transactions with Severn Subsea Technologies Ltd.	2015	2014
Accounts payable*	0	16 092
Purchased services*	7 109	1 871 500

* The Company purchased engineering- and production services from SST. Mr. Nigel Halladay (previous MD of Calidus Engineering Ltd.) owns 75,500 shares in BXPL. All purchased services from SST in 2014 and 2015 are related to the development project in BXPL.

Note 18 Events after the balance sheet date

(All figures in NOK)

The cost decrease throughout 2015 was driven by the current market challenges and uncertainty with respect to future oil prices. BXPL has significantly reduced its cost structure to align with anticipated lower activity level. Effective from 1 January 2016 until further notice, the executive management of BXPL has implemented a temporary salary reduction by 15% for all employees as a result of budgetary constraints.

On 20 January 2016, Mr. Øystein Larsen was appointed new CEO of BXPL. Mr. Larsen has previously held the position as CTO of BXPL and has been working for the Company since 2009. Mr. Steinar Bakke, former CEO of BXPL, will assume the position as Senior Advisor focusing on sponsoring partners and industrial partnerships.

On 11 January 2016, Mr. Bakke has purchased 45,473 shares in BXPL at a price of NOK 0.95 per share. The total holding of Mr. Bakke's shares, after this transaction, is 200,437 shares.

No other events have taken place after the reporting period that would have affected the financial statements or any assessments carried out.

Note 19 Assessment of going concern

(All figures in NOK)

The annual financial statements have been prepared on the basis of the going concern assumption. The Board of Directors confirms the going concern assumption to be present but the Board assess the current liquidity situation as very tight. Additional funding is required within a short period of time to carry on the future development of the Badger tool. As of April 27, 2016, signatures from CNPC DR for the Badger Development Program are pending, and as a result the funding from both sponsors, Statoil and CNPC DR, is uncertain. In addition, the Company is in breach of the financial covenants in the current credit facility, ref. note 15. The Board assessed the uncertainties for pending signatures of sponsors in the Badger Development Program and corresponding liquidity risk, causing significant doubt about the Company's ability to continue as a going concern. Reference is also made to note 14 "Liquidity risk" and note 15 "Debt financial institutions" for additional information.

Key Figures Badger Explorer ASA

	2015	2014
Selected items from income statement (1000 NOK)		
Total revenues	0	0
Government grants	6 574	14 675
Capitalized development costs	-14 124	-24 107
Total operating expenses	12 807	21 414
EBIT	-12 807	-21 414
Net profit (loss) for the year	-13 257	-23 365
Profit (loss) attributable to equity holders of the company	-13 257	-23 365
Earnings per share (NOK)	-0,72	-1,26
Selected items from statement of financial position (1000 NOK)		
Capitalized development costs	147 768	140 218
Total non-current assets	148 255	140 906
Total current assets	4 216	9 741
Total assets	152 471	150 647
Total equity	66 207	78 956
Equity ratio	43,4 %	52,4 %
Total liabilities	86 264	71 690
Selected items from statement of cash flow (1000 NOK)		
Net cash flow from operating activities	-12 351	-23 713
Net cash flow from investment activities	-14 124	-24 107
Net cash flow from financing activities	22 711	27 227
Total net changes in cash flow	-3 765	-20 593
Cash and cash equivalents at end of period	586	4 351
Average number of employees	8	12