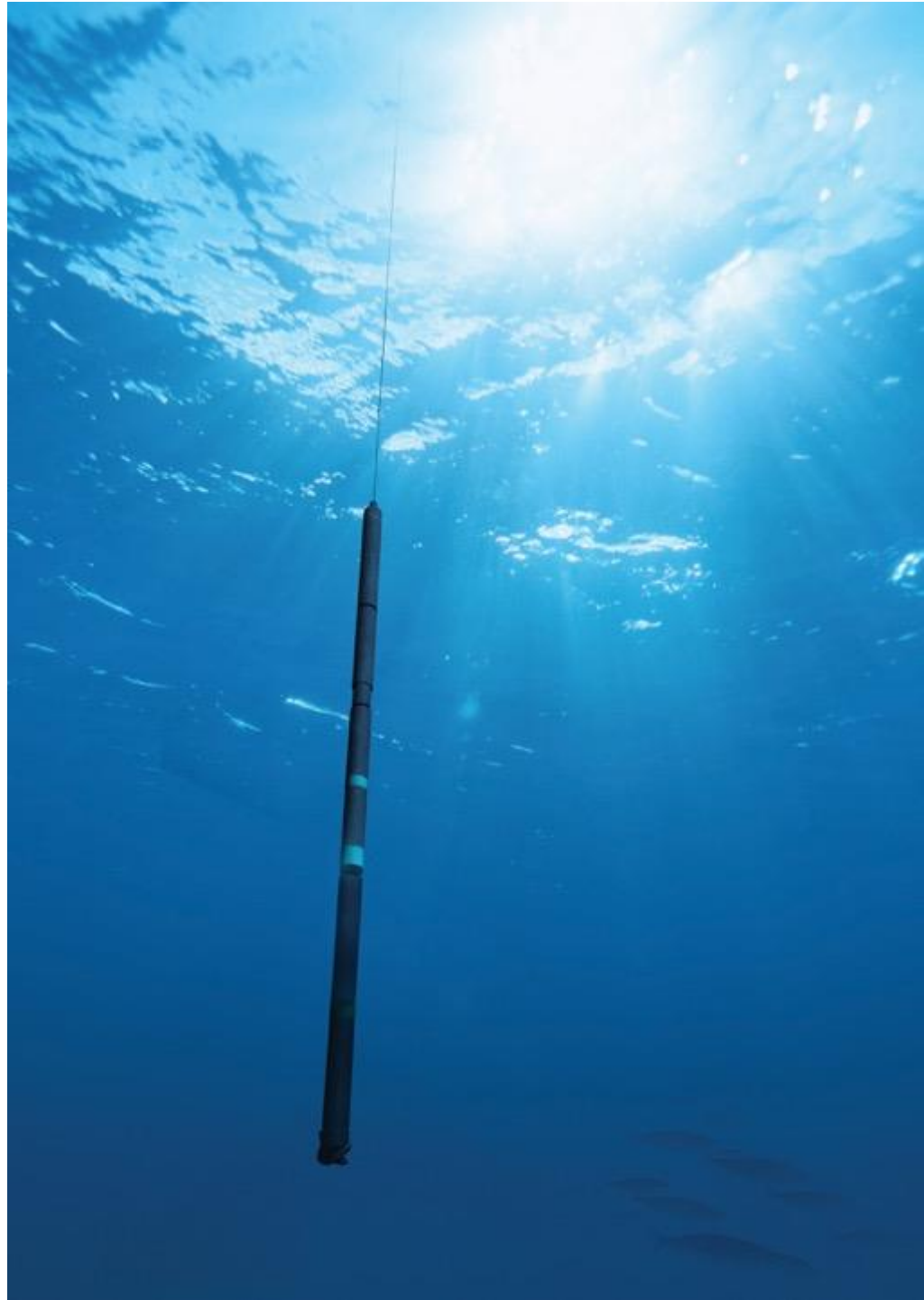




# Q3 - 2016 IR Report

3<sup>rd</sup> November 2016





## Disclaimer

This presentation includes forward-looking statements which are subject to risks and uncertainties that could cause actual results and events to differ.

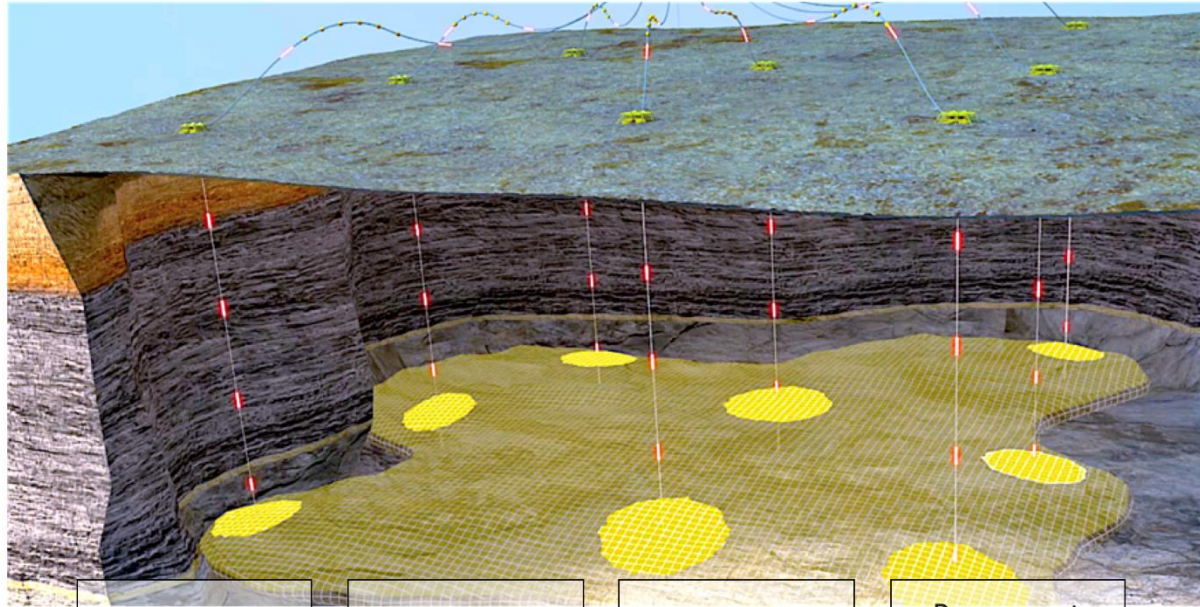
Even though the Company believes that the expectations reflected in the forward-looking statements are reasonable, BXPL cannot assure that the presented predictions will be achieved. It has to be taken into account that certain risks and uncertainties that are tied to the presented forward-looking statements, 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.



1. Introduction
2. Financial status
3. Project status
  - Development Program
4. Outlook
5. Questions

# Building the Future of Subsurface Exploration



No Drilling Rig  
Needed

No More  
Environmental  
Hazards

Parallel Drilling

Permanent  
Reservoir  
Monitoring  
Included





1. Introduction
2. Financial status
3. Project status
  - Development Program
4. Outlook
5. Questions

## INCOME STATEMENT

	Quarters				Year to date		Year End
Unaudited figures in NOK 1000	Q3 2016	Q2 2016	Q3 2015	Note	30.09.2016	30.09.2015	31.12.2015
<b>Revenues</b>							
Other Income	5	42	0		47	0	0
<b>Total Revenues</b>	<b>5</b>	<b>42</b>	<b>0</b>		<b>47</b>	<b>0</b>	<b>0</b>
<b>Operating Expenses</b>							
External services for development project	201	1 185	3 033		1 497	6 767	8 726
Payroll and related costs	1 166	750	2 883		2 996	7 938	9 921
Other operating expenses	731	1 249	2 155		3 088	7 547	8 083
Capitalized development costs	-632	-1 872	-4 425		-3 105	-11 055	-14 124
<b>Total Operating Expenses</b>	<b>1 466</b>	<b>1 312</b>	<b>3 647</b>		<b>4 476</b>	<b>11 197</b>	<b>12 606</b>
<b>EBITDA</b>	<b>-1 461</b>	<b>-1 270</b>	<b>-3 647</b>		<b>-4 429</b>	<b>-11 197</b>	<b>-12 606</b>
Depreciation	15	37	48		95	157	200
<b>Operating profit (loss)</b>	<b>-1 476</b>	<b>-1 307</b>	<b>-3 694</b>		<b>-4 525</b>	<b>-11 353</b>	<b>-12 807</b>
Net financial income (loss)	-105	-129	-109	3,10	-347	-337	-450
<b>Profit (loss) before taxes</b>	<b>-1 581</b>	<b>-1 436</b>	<b>-3 804</b>		<b>-4 871</b>	<b>-11 690</b>	<b>-13 257</b>
Tax on ordinary result	0	0	0		0	0	0
<b>Net profit (loss)</b>	<b>-1 581</b>	<b>-1 436</b>	<b>-3 804</b>		<b>-4 871</b>	<b>-11 690</b>	<b>-13 257</b>
<b>Profit (loss) attributable to equity holders of the parent</b>	<b>-1 581</b>	<b>-1 436</b>	<b>-3 804</b>		<b>-4 871</b>	<b>-11 690</b>	<b>-13 257</b>
Earnings per share	-0,09	-0,08	-0,21		-0,26	-0,63	-0,72
Earnings per share diluted	-0,09	-0,08	-0,20		-0,26	-0,63	-0,71



## STATEMENT OF FINANCIAL POSITION

Unaudited figures in NOK 1000

<b>ASSETS</b>	<b>30.09.2016</b>	<b>30.06.2016</b>	<b>30.09.2015</b>	<b>Note</b>	<b>31.12.2015</b>
<b>NON-CURRENT ASSETS</b>					
Capitalized development costs	149 316	149 132	145 808	2,6	147 768
Patent rights	387	387	387		387
<b>Total intangible assets</b>	<b>149 703</b>	<b>149 519</b>	<b>146 195</b>		<b>148 154</b>
Property, plant & equipment	28	21	144		101
<b>Total tangible assets</b>	<b>28</b>	<b>21</b>	<b>144</b>		<b>101</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>149 730</b>	<b>149 539</b>	<b>146 339</b>		<b>148 255</b>
<b>CURRENT ASSETS</b>					
Accounts receivables	0	6	0	6	0
Other receivables	2 227	2 518	5 676		3 630
<b>Total receivables</b>	<b>2 227</b>	<b>2 524</b>	<b>5 676</b>		<b>3 630</b>
<b>Cash and cash equivalents</b>	<b>327</b>	<b>287</b>	<b>1 091</b>		<b>586</b>
<b>TOTAL CURRENT ASSETS</b>	<b>2 554</b>	<b>2 811</b>	<b>6 767</b>		<b>4 216</b>
<b>TOTAL ASSETS</b>	<b>152 284</b>	<b>152 350</b>	<b>153 106</b>		<b>152 471</b>

Unaudited figures in NOK 1000

<b>EQUITY AND LIABILITIES</b>	<b>30.09.2016</b>	<b>30.06.2016</b>	<b>30.09.2015</b>	<b>Note</b>	<b>31.12.2015</b>
<b>EQUITY</b>					
Share capital	2 317	2 317	2 317	3	2 317
Share premium	218 070	218 070	218 070	4	218 070
Other paid in capital	3 869	3 903	4 031	3	4 167
<b>Total paid in equity</b>	<b>224 256</b>	<b>224 290</b>	<b>224 419</b>		<b>224 555</b>
Retained earnings	-163 219	-161 638	-156 781		-158 347
<b>Total retained earnings</b>	<b>-163 219</b>	<b>-161 638</b>	<b>-156 781</b>		<b>-158 347</b>
<b>TOTAL EQUITY</b>	<b>61 038</b>	<b>62 652</b>	<b>67 638</b>		<b>66 207</b>
<b>LIABILITIES</b>					
Capitalized grants	81 500	79 500	75 000	6	75 000
<b>Total non-current liabilities</b>	<b>81 500</b>	<b>79 500</b>	<b>75 000</b>		<b>75 000</b>
Accounts payables	1 979	2 847	3 510	3,8	3 078
Public duties payables	456	180	614		474
Debt financial institutions	6 910	6 820	5 046	10	6 711
Other short term liabilities	402	351	1 299		1 001
<b>Total current liabilities</b>	<b>9 747</b>	<b>10 198</b>	<b>10 469</b>		<b>11 264</b>
<b>TOTAL LIABILITIES</b>	<b>91 247</b>	<b>89 698</b>	<b>85 469</b>		<b>86 264</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>152 284</b>	<b>152 350</b>	<b>153 106</b>		<b>152 471</b>



## STATEMENT OF CASH FLOW

	Quarters				Year to date		Year end
Unaudited figures in NOK 1000	Q3 2016	Q2 2016	Q3 2015	Note	30.09.2016	30.09.2015	31.12.2015
Contribution from operations*	-1 494	-1 215	-3 510		-4 727	-10 825	-12 098
Change in accounts receivables and accounts payables	-861	47	742	3,8	-1 098	1 116	683
Change in other receivables and payables	543	-822	1 227		-298	-731	-936
Net cash flow from operating activities	-1 813	-1 990	-1 542		-6 124	-10 440	-12 351
Capitalization of development cost	-632	-1 872	-4 425	2	-3 105	-11 055	-14 124
Net cash flow from investment activities	-632	-1 872	-4 425		-3 105	-11 055	-14 124
Public grants	0	2 057	1 733	1	2 619	5 138	8 060
Contribution from industry partners	2 500	2 000	1 500	6	6 500	8 390	8 390
Interest received	4	18	2		22	38	54
Interest paid	-109	-147	-111		-369	-375	-505
Proceeds from borrowings financial institution	90	-108	3 078	10	198	5 046	6 711
Net cash flow from financing activities	2 485	3 820	6 201		8 970	18 236	22 711
Total net changes in cash flow	40	-42	234		-259	-3 258	-3 764
Cash and cash equivalents beginning of period	287	329	857		586	4 351	4 351
Cash and cash equivalents end of period	327	287	1 091		327	1 091	586
Profit (loss) attributable to equity holders of the parent	-1 581	-1 436	-3 804		-4 871	-11 690	-13 256
Employee options	-33	55	136	5	-298	372	508
Depreciation	15	37	48		95	157	200
Financial income	-4	-18	-2		-22	-38	-54
Financial expenses	109	147	111		369	375	505
*Contribution from operations before tax	-1 494	-1 215	-3 510		-4 727	-10 825	-12 098



1. Introduction
2. Financial status
3. Project status
  - Development Program
4. Outlook
5. Questions



# Development Program

- ✓ Expanding the operational envelope of the 2<sup>nd</sup> generation Badger tool
- ✓ Qualify and prove four core technology solutions:
  - ✓ Drilling Solution
  - ✓ Cutting Transport Solution
  - ✓ Compaction Solution
  - ✓ Locomotion Solution



# Development Program - Status

- ✓ Milestone 1 completed
  - ✓ Ultrasonic transducer qualified
  - ✓ Feasibility study of locomotion system completed
  - ✓ Cutting transport concept completed
- ✓ Milestone 2 work in progress
  - ✓ Ultra sonic transducer test program in University of Glasgow commencing



# Development Program - Status

## ✓ Funding

- ✓ While working closely with existing Oil Company sponsors and providers of research and innovation program funding, Badger continues its work to secure sufficient funding for the remaining part of the Development Program.

## ✓ Partnership

- ✓ Statoil: Statoil signed the Letter of Intent (8<sup>th</sup> April 2016) confirming their support to the Development Program
- ✓ CNPC-DR: The negotiations with CNPC-DR are ongoing. Even though the process is taking longer than anticipated, CNPC-DR has confirmed their intention to join the Badger Explorer Development Program.

## ✓ Industrial Partners

- ✓ Badger Explorer has not prioritized this in Q3 2016



1. Introduction
2. Financial status
3. Project status
  - Development Program
4. Outlook
5. Questions



The work to develop and qualify solutions for the Development Program is ongoing with a steady progress reducing the technical risk level

The Badger team continues its work to secure sufficient funding for the remaining part of the Development Program



1. Introduction
2. Financial status
3. Project status
  - Development Program
4. Outlook
5. Questions



Thank you for attending