



BADGER[®]
EXPLORER



QUARTERLY REPORT

1. QUARTER 2006

INVESTOR RELATIONS

Badger Explorer ASA was OTC listed with effect from 6th of January 2006. The ticker code is BXPL.

Share transactions	January	February	March
No. Transaction	147	85	131
No. Shares	1,296,964	1,500,592	452,412

CAR (Corporate Advice and Research) issued an independent provide company analysis to the investor market on the 6th of March 2006.

Summary:

All or Nothing

We initiate coverage of Badger Explorer ASA (BXPL) with a Buy-rating and a 6m target of NOK 75, implying an upside potential of 125%. BXPL has developed a concept for exploration and verification of hydrocarbons that may have profound effects on the industry. Technical risk is high, but the potential payoff is massive – our DCF indicates NOK 1 000 / share if successful! A solid cash reserve, patent protection and backing from big-oil are important factors that increase BXPL's probability of success.

CONTRACTS

Badger Explorer ASA has signed a contract with an external supplier for rental of workshop and test facilities, as well as outdoors and indoors facilities for testing of modules and later systems.

DEVELOPMENT PROJECT – BADGER EXPLORER PROTOTYPE

The company is now working on recruiting personnel and liaising with external partners to optimise the usage of resources and competence. The Prototype project is now in the start up stage of Phase II, and drilling tests have been undertaken which have delivered promising results with regards to the technology which is going to be used in Badger Explorer.

NEW EMPLOYMENTS

During the first quarter of 2006 4 persons have started their work in Badger Explorer ASA:



Dave Gardner

01.01.2006.
CTO and Project Manager
Gardner has an unique and extensive experience within various engineering disciplines from companies such as Schlumberger, Aker Maritime, Rogalandsforskning and Altinex.



Hege Furland

01.02.2006
Manager Finance and Adm.
Experience as Contracts- and Market Coordinator in Smedvig and Manager Administration and Economy in Norferm AS. Will be responsible for administrative routines and economy reporting.



Are Sandkleiva

01.03.2006
Lead Design Engineer
Sandkleiva has a long and relevant background from the industry, including design and production of robots at ABB Robotics and design of equipment used for well operations at Aker Maritime.



Silje Evensen Jacques

01.03.2006
Product Development Engineer.
Jacques is a post graduate engineer from NTNU and she is a graduated engineer within industrial product development and design.

FINANCES (non audited numbers in 1000).

P&L Summary	1. quarter 2006
Revenues	
Other Income	50
Public subsidies	640
Activated public subsidies	-640
Total Revenues	50
Operating Expences	
External services for development project	-744
Salary	-789
Depreciation	-58
Other Operating Expences	-1 557
Activated project costs	1 777
Total Operating Expences	-1 370
EBIT	-1 320
Net financials	422
EBT	-898

Balance sheet	per 31.03.06
ASSETS	
FIXED ASSETS	
Development costs	3 596
Patent rights	387
Deferred tax benefit	2 376
Sum intangible assets	6 359
Machinery, furniture and fixtures	870
Sum other fixed assets	870
TOTAL FIXED ASSETS	7 228
CURRENT ASSETS	
Accounts receivable - customers	20
Other accounts receivable	2 114
Sum accounts receivable	2 135
Bankinnskudd, kontenter o.l	67 219
TOTAL CURRENT ASSETS	69 354
TOTAL ASSETS	76 582

EQUITY AND LIABILITIES	
EQUITY	
Share capital	884
Share premium account	69 270
Sum paid in equity	70 153
Other equity	-695
Sum Earned equity	-695
TOTAL EQUITY	69 458
LIABILITIES	
Contribution from Partners	6 120
Sum long term liabilities	6 120
Accounts payable	1 183
Payables to public authorities	-525
Other short term liabilities	345
Sum short term liabilities	1 004
TOTAL LIABILITIES	7 124
TOTAL EQUITY AND LIABILITITES	76 582