



BADGER
EXPLORER



Quarterly Report 1Q 2011

FINALIZING THE PROTOTYPE PHASE AND ENTERING THE PRE-COMMERCIAL PHASE

Throughout 1Q 2011 BXPL has continuously worked on meeting the targets agreed upon for the final Milestone 3 together with starting-up the pre-commercial phase. Upon publishing the sponsors' approval of the Badger Explorer prototype concept in December 2010 BXPL announced that 1H 2011 would be used to finalize the prototype and enter the pre-commercial phase.

Milestone 3 consists of two different tasks. Conducting drilling and compaction operations in different lithologies as step one and performing a deeper closed cavity drilling test at Brumunddal as step two.

A test site in a clay formation at Sola, just outside Stavanger has been chosen for step one. In February 2011 a jig-assisted test at the Sola clay test site was performed. Currently closed cavity drilling and compaction tests are being conducted at Sola, then the final deeper closed cavity drilling test at Brumunddal will be completed.

To successfully meet the Milestone 3 targets comprehensive testing of the tool has taken place and modifications and improvements have been implemented. The tool is now equipped with two anchors as an additional lower anchor just above the drilling unit has been added. A sensor sub has been built into the Badger Explorer, the cable package has been extended and the complete tool has been re-cabled. The hydraulic components have undergone inspection and maintenance. All these technical improvements combined with extensive workshop testing of the complete system have been necessary to prepare for the Milestone 3 operations. These will increase the reliability of today's Badger Explorer Demo50 version as well as raise the probability of success.

To prepare for the pre-commercial phase a wide market and Badger Explorer applications' study is being undertaken focusing on the tool's potential markets and its players, customer value propositions and potential Badger Explorer applications for short and long term market introduction. The Company will focus and develop attractive short term applications of the Badger Explorer for business development purposes.

BXPL has decided to move into new premises at Forusskogen 1, 4033 Stavanger as of 15 May 2011. Through combining the Company's offices, workshop and test facilities the organization's efficiency will increase.

CALIDUS ENGINEERING LTD., UK, 50% SUBSIDIARY AS OF 31 MARCH 2011

Calidus Engineering Ltd. (Calidus), UK, is a well-reputed multi-discipline engineering company specializing in designing down-hole equipment for high temperature environments. In addition to modeling and engineering design services, Calidus has a machine shop equipped for manufacturing of prototypes. Revenue comes from local and global clients within the oil industry, the geothermal industry as well as from the field of R&D.

Calidus is a vital supplier of Badger Explorer ASA. In order to successfully complete the Badger Explorer Milestone 3 within 1H 2011 the co-operation with and the use of Calidus will be intensified.

On 15 April 2011 Badger Explorer ASA has acquired an additional 25% stake of its subsidiary Calidus Engineering Ltd. for a pre-agreed consideration of £ 932,685. After the purchase BXPL holds 75% of its subsidiary.

Calidus's turnover as of 31.03.2011 amounted to MNOK 3.2 compared to MNOK 3.5 as per 31.03.2010, out of which 9% (63% as of 31.03.2010) were deliveries to Badger Explorer ASA.



The net result before tax (EBT) amounted to MNOK -0.4 compared to MNOK 0.8 the year before. The negative net result before tax is due to lower level of deliveries to BXPL and shifts in purchased components and materials for later deliveries to other clients. Calidus' equity ratio is 83.3% and the cash position remains strong.

FINANCIALS AND INVESTOR RELATIONS

In 2005 and 2007 the Company raised equity totalling MNOK 235.

The agreements with the Company's current sponsors have included financial support in addition to valuable technical support. During the pre-commercial phase the development program will aim at taking full benefit of public grants and additional partner funding. Altogether this provides a solid funding plan which allows fully focusing on further technological development and the upcoming pre-commercial phase.

As of 31.03.2011 the Badger Explorer Group had a net equity of MNOK 177.5 (equity ratio of 87.9%) compared to MNOK 197.0 (equity ratio of 91.4%) as of 31.03.2010.

The Company's activity level will increase during 2011.

Investor relations issues

At the Annual General Meeting, held on 27 April 2011, several new Board members were elected. The Board of Directors of Badger Explorer ASA now consists of:

- Mr. Marcus Hansson (Chairman), a London based investor
- Ms. Kristine Holm (Board member since 2007), Asset Manager & Assisting Business Unit Manager in Total E&P Norge
- Ms. Tone Kvåle (Board member since 2009), CFO of NorDiag ASA
- Mr. Clive Mather (new Board member), Chairman of the Board of Iogen Corporation
- Mr. John R. Wilson (new Board member), CEO of Quantapoint.

The new Board of Directors has valuable and relevant industry experience and a broad international network within BXPL's business segments.

Badger Explorer ASA has currently 867 shareholders. Norwegian entities and individuals hold 63.4% of the total number of outstanding shares. As of 31.03.2011 the 20 largest shareholders held 70.9% of the outstanding shares in BXPL.

BADGER EXPLORER GROUP

In addition to Badger Explorer ASA's core staff of 16 permanent employees (as of 31.03.2011), four of whom are female, 30 more people are involved in the Group's development project through separate agreements and via cooperating companies. The Group is seeking more technical and operational staff and the number of employees will increase.

MAIN FIGURES

Revenues amounted to kNOK 3 058 as of 31.03.2011, compared to kNOK 1 289 as of 31.03.2010.

Operating expenses amounted to kNOK 8 290 as of 31.03.2011, compared to kNOK 4 240 as of 31.03.2010.

EBITDA amounted to kNOK -5 232 as of 31.03.2011, compared to kNOK -2 951 as of 31.03.2010.

As of 31.03.2011 the total development costs for the Badger Explorer Prototype amounted to kNOK 6 703 of which kNOK 5 853 were capitalised.

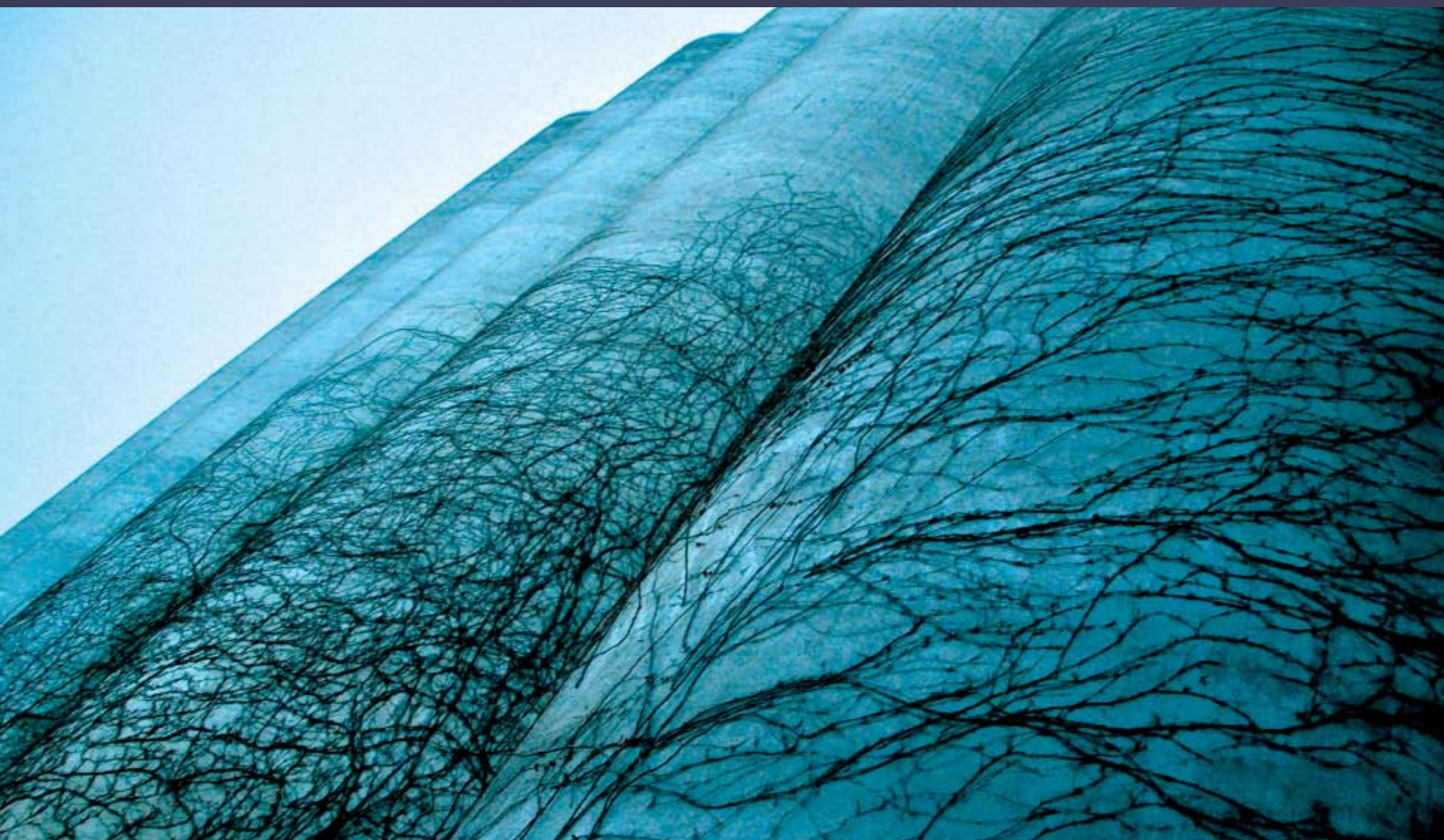


Applications for "Skattefunn" and NRC funding have been filed and approved for 2011. Public grants amounted to kNOK 748 as of 31.03.2011. All public grants were capitalised together with the project costs.

Earnings per share amounted to NOK -0.25 per share as of 31.03.2011. As of 31.03.2011 cash reserves amount to MNOK 44.2.

In addition the Company holds MNOK 43.1 in shares of a market based liquidity fund. During 1Q 2011 shares of a total value of MNOK 10 have been sold and the market value of the shares has increased by 0.9% so far in 2011 resulting in net financials of kNOK 629 as of 31.03.2011.

CONSOLIDATED SUMMARY (Unaudited figures in NOK 1000)	1Q 2011	1Q 2010	31.03. 2011	31.03. 2010
Revenues	3 058	1 289	3 058	1 289
Operating expenses	8 290	4 240	8 290	4 240
EBITDA	-5 232	-2 951	-5 232	-2 951
Earnings per share (figures in NOK)	-0,253	-0,210	-0,253	-0,210
Projects development costs	6 703	11 525	6 703	11 525
Public grants for projects dev.	748	108	748	108
Cap. of dev. costs and public grants	5 105	10 071	5 105	10 071



OUTLOOK

At present the Company focuses on the completion of Milestone 3 of the prototype development project and negotiations with sponsors for the next phase are ongoing.

The pre-commercial phase will be demanding and challenging. One of the main goals will be designing, developing and operating the first customer-paid pilot version of the Badger Explorer tool. In order to be able to enter into field pilot contracts BXPL concentrates on early applications of the Badger Explorer. The ongoing market and applications' study will be used to help detail the frame of such early applications and the Company will update its business plan and outline prospective target customers.

The basic version of the tool for the next phase will be the Badger Explorer 125 Demonstrator. Solutions and experiences gained from the Badger Explorer Demo50 tool will be implemented and furthermore functions and solutions to withstand greater depth will be developed.

The sponsoring oil companies' continued support is encouraging and the approval of the concept demonstration received in December 2010 was an important acknowledgement.

Based on the achieved results, the overall technical progress of the project and the tentative early application study, the optimistic view on the potential of the Badger Explorer technology is maintained. The new Board's aim will be an enhanced focus on the further development of Badger Explorer services and early applications to be introduced to the market.

Stavanger, 27 April 2011
The Board of Directors
Badger Explorer ASA

ACCOUNTING POLICIES

Badger Explorer ASA is a public limited company registered in Norway and listed on the Oslo Stock Exchange (Oslo Axess list). The Company's head office is located at Jåttåvågveien 7 - Building C, 4020 Stavanger, Norway.

The consolidated financial statement of Badger Explorer ASA and all its subsidiaries (the Group) has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as of 31.12.2010.

The financial statement has been prepared on an historical cost basis, except for investment in shares in liquidity fund which is held to fair value over profit and loss.

The Group's consolidated financial statement comprises the financial statement of Badger Explorer ASA (100%), Badger Plasma Technology as (100%) and Calidus Engineering Ltd. (50%).

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Non-controlling interest represent the portions of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

The interim financial statement do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements as at 31.12.2010.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31.12.2010.

The Group's consolidated financial statements are presented in NOK. Income statements in foreign subsidiaries are translated into NOK using the average exchange rate for the period (month). Assets and liabilities in foreign subsidiaries, including goodwill and adjustments of fair value of identifiable assets and liabilities arising on the acquisition of subsidiaries 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.

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

Inventories are valued at the lower of cost and net realisable value.

Cash includes cash in hand and at bank.

Accounts receivable are recognised in the balance sheet at nominal value less provisions for doubtful debts.

Fixed assets are carried at cost less accumulated depreciations and impairment losses.

The gross carrying amount of fixed assets is the purchase price, including duties/taxes and direct acquisition costs relating to making the asset ready for use.

Depreciation is calculated using the straight-line method.

Intangible assets are capitalised 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.

Development expenditures related to the Badger Explorer development project and the Badger Plasma Technology project are recognized as an intangible asset when the Group can demonstrate:

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

When all the above criteria are met, the cost relating to development start to be recognized in the balance sheet.

Costs that have been charged as expenses in previous accounting periods are not recognised in the balance sheet.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Revenue is recognised to the extent when it is probable that the economic benefit will flow to the Group and the revenue can be reliability measured, regardless of when the payment is being made.

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

Public grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grants relate to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the cost it intends to compensate. Where the costs are related to a development project and capitalised, the belonging grants are deducting the carrying amount of the asset.

Contributions from partners are recognised in the balance sheet as long term liabilities as the contributions are subject to repayment. Ref. note 14 in the annual accounts.

The options granted in 2006 were during Q3 2009 replaced with new options. The options entitle the employees to purchase shares at a predetermined price during a 3.2 year period until 15.11.2012. This is an equity based option program and is recognized on the P&L under personnel costs and on the balance sheet under other paid in equity. The options are recognized over the vesting period starting from 15.09.2009. The option value is based on a third party evaluation of the options at the grant date where the Black-Scholes model was used for calculation. The replacement of options was treated as a cancellation and re-pricing under IFRS 2.

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

CONSOLIDATED INCOME STATEMENT

Unaudited figures in NOK 1000	1Q 2011	4Q 2010	1Q 2010	Note	31.03. 2011	31.03. 2010
Revenues						
Other Income	3 058	5 729	1 289	4	3 058	1 289
Public grants	748	1 430	108	1	748	108
Capitalised public grants	-748	-1 430	-108	2	-748	-108
Total Revenues	3 058	5 729	1 289		3 058	1 289
Operating Expenses						
Cost of goods sold	964	2 068	176		964	176
External services for dev. project	3 486	4 079	6 143	4	3 486	6 143
Payroll and related costs	6 623	7 602	5 888		6 623	5 888
Other operating expenses	3 070	3 165	2 213	4,10	3 070	2 213
Capitalised development cost	-5 853	-6 216	-10 180	3	-5 853	-10 180
Total Operating Expenses	8 290	10 699	4 240		8 290	4 240
EBITDA	-5 232	-4 970	-2 951		-5 232	-2 951
Depreciation	275	107	284		275	284
Operating profit (loss)	-5 506	-5 077	-3 234		-5 506	-3 234
Net financial	629	574	-254	11	629	-254
Profit (loss) before taxes	-4 877	-4 503	-3 488		-4 877	-3 488
Tax on ordinary result	0	-418	0		0	0
Net profit/loss	-4 877	-4 921	-3 488		-4 877	-3 488
Profit (loss) attributable to non-controlling interests	-195	571	380		-195	380
Profit (loss) attributable to equity holders of the parent	-4 682	-5 492	-3 868	9	-4 682	-3 868
Earnings per share	-0,25	-0,30	-0,21		-0,25	-0,21
Earnings per share diluted	-0,25	-0,30	-0,21		-0,25	-0,21

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (Unaudited figures in NOK 1000)	31.03. 2011	31.03. 2010	Notes	31.12. 2010
NON-CURRENT ASSETS				
Capitalised development costs	94 261	74 082	3	89 156
Patent rights	387	387		387
Goodwill	5 513	5 605	4	5 640
Total intangible assets	100 161	80 074		95 182
Property, plant & equipment	3 530	3 374		3 642
Total tangible assets	3 530	3 374		3 642
Investment in shares in liquidity fund	43 087	59 058	11,12	52 616
Sum financial assets	43 087	59 058		52 616
TOTAL NON-CURRENT ASSETS	146 777	142 506		151 440
CURRENT ASSETS				
Inventories	1 741	950		4 213
Sum Inventories	1 741	950		4 213
Accounts receivables	6 280	973	4	3 959
Other receivables	2 998	2 667	4	2 905
Total receivables	9 278	3 640		6 864
Cash and cash equivalents	44 179	68 391		45 888
TOTAL CURRENT ASSETS	55 199	72 981		56 965
TOTAL ASSETS	201 976	215 486		208 404
EQUITY AND LIABILITIES (Unaudited figures in NOK 1000)	31.03. 2011	31.03. 2010	Notes	31.12. 2010
EQUITY				
Share capital	2 314	2 305	4,5,10	2 305
Share premium fund	217 823	217 100	5	217 100
Other paid in capital	2 488	1 329	4,6	2 286
Total paid in equity	222 625	220 734		221 690
Retained earnings	-51 009	-28 768		-45 696
Total retained earnings	-51 009	-28 768		-45 696
Non-controlling interests	5 898	5 065		6 093
TOTAL EQUITY	177 514	197 030		182 087
LIABILITIES				
Capitalised grants	17 935	13 855	7	17 935
Other long term liabilities	64	0		80
Total long term liabilities	17 999	13 855		18 015
Accounts payables	2 947	2 076	4,10	3 393
Public duties payables	789	89		2 604
Taxes payables	403	196		413
Other short term liabilities	2 324	2 242		1 893
Total short term liabilities	6 463	4 601		8 303
TOTAL LIABILITIES	24 462	18 456		26 318
TOTAL EQUITY AND LIABILITIES	201 976	215 486		208 404

CONSOLIDATED STATEMENT OF CASH FLOW

Unaudited figures in NOK 1000	31.03. 2011	31.03. 2010	Note	31.12. 2010
Contribution from operations*	-5 029	-2 567		-17 656
Change in accounts receivable and accounts payable	-2 767	-753	4,10	-2 422
Change in other receivables and payables	985	618		-499
Net cash flow from operating activities	-6 811	-2 702		-20 577
Investments in fixed assets	-163	-324		-1 297
Investment/sales bank bonds	0	33 782		33 782
Investment/sales in shares in liquidity fund	9 529	-59 058	12	-52 616
Capitalisation of development cost	-5 853	-10 180	3	-26 950
Net cash flow from investment activities	3 513	-35 780		-47 081
Public grants	748	108	1	1 805
Contribution from industry partners	0	0	7	4 080
Other changes in long term receivables and payables	-16	0		80
Interest paid	905	356	11	-1 018
Interest received	-276	-610	11	1 505
Increase share capital	732	0		-0
Net cash flow from financing activities	2 094	-145		6 452
Total net changes in cash flow	-1 204	-38 628		-61 206
Net foreign translation differences	-505	-297		-222
Cash and cash equivalents 01.01	45 888	107 316		107 316
Cash and cash equivalents end of period	44 179	68 391		45 888
Net result	-4 682	-3 868		-20 905
Profit (loss) attributable to non-controlling interest	-195	380		1 408
Employee options	203	383		1 340
Depreciation	275	284		989
Financial income	-905	-356		-1 505
Financial expenses	276	610		1 018
*Total contribution from operations	-5 029	-2 567		-17 656

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

Unaudited figures in NOK 1000	31.03. 2011	31.03. 2010	Note	31.12. 2010
Equity at beginning of period	182 087	200 536		200 536
Capital increase	732	0		-0
Total comprehensive income	-5 509	-3 890		-19 789
Employee options	203	383		1 340
Equity at end of period	177 514	197 030		182 087

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Total comprehensive income

Unaudited figures in NOK 1000	31.03. 2011	31.03. 2010	31.12. 2010
Profit (loss) for the year (period):	-4 877	-3 488	-19 497
Other comprehensive income			
Translation differences	-631	-402	-292
Comprehensive income at end of period	-5 509	-3 890	-19 789

Total comprehensive income attributable to:

Unaudited figures in NOK 1000	31.03. 2011	31.03. 2010	31.12. 2010
Equity holders of the parent	-5 314	-4 269	-21 197
Non-controlling interest	-195	380	1 408
	-5 509	-3 890	-19 789

NOTES

- Projects in the Badger Explorer Program are supported by the Research Council of Norway and "Skattefunn" with a percentage of the total project cost. The calculated amount is accrued consecutively. Badger Explorer ASA is also supported by "Skattefunn" and RCN in 2011.
- The cost and the grants for the development of Badger Explorer Prototype project and Plasma Channel Drilling project are capitalised.
- The project development costs are capitalised in accordance with the IFRS regulations. Additional project cost not capitalised this year due to the restriction in the IFRS standard for the Badger Explorer Prototype project amounts to kNOK 789 per 31.03.2011.
- The 100% owned subsidiary, Badger Plasma Technology AS and the 50% owned subsidiary, Calidus Engineering Ltd. have been consolidated with the parent company Badger Explorer ASA starting from 01.12.2007. Intercompany sales and purchases, intercompany receivables and payables, intercompany investments and share capital are eliminated.
- The general assembly decided in meeting on 09.05.2007 to split the existing shares which gave an increase in number of shares from 6 719 520 to 13 439 040. A total of 5 000 000 additional shares were issued in connection with the IPO of NOK 160 000 000 related to the listing on Oslo Axxess on 12.06.2007. On 18.03.2011 a total number of 73 249 option shares was exercised by employees and 73 249 shares were issued. The total number of shares per 31.03.2011 is 18 512 289 at par value of 0,125 per share.

- The options granted in 2006 were during 3Q 2009 replaced with new options. The new option program was accepted and effective from 15.09.2009, included all employees and granted a total of 382 250 share options at a strike of NOK 10 and 25 000 share options at a strike of NOK 15. The options entitle the employees to purchase shares during a 3.2 year period until 15.11.2012. These are equity based option agreements and are recognised on the P&L under payroll and related costs and on the balance sheet under other paid in capital. The options (incl. Employers' national insurance contributions) are recognized over the vesting period starting from 15.09.2009. The option value is based on a third party evaluation of the options at the grant date where the Black-Scholes model was used for calculation. The replacement of options was treated as a cancellation and re-pricing under IFRS 2. The options were "in the money" per 31.03.2011. A total number of 73 249 share options were exercised in the 1Q 2011 exercise window and a total of 73 249 share options have been exercised in total. Next exercise window will be in 2Q 2011.
- The Group has received contribution from the three industry partners amounting to a total of NOK 17 935 200 since 2005. This contribution shall be repaid to the partners by paying 5% royalty of all technology related sales in the future. This royalty is limited to 150% of received contribution.
- Deferred tax asset has not been recognised.
- Below table shows the segments of which the management is reporting to the Board of Directors. The segments are the main projects; Badger Explorer and Plasma Channel Drilling, engineering; Calidus Engineering Ltd. and other activities (mainly administration).

The column "other" includes all administration support and other costs not allocated directly to any of the other segments. All office equipment and cash in the Norwegian companies are included in this segment.

31.03.2011 - Business segments	Badger Explorer	Badger Plasma	Engineering	Other	Elimination	Total
Unaudited figures in NOK 1000						
Total revenue	0	0	3 233	131	-305	3 058
Segment profit (loss)	-789	0	-195	-3 698	0	-4 682
Total assets	90 730	5 899	21 282	92 780	-8 715	201 976

31.03.2010 - Business segments	Badger Explorer	Badger Plasma	Engineering	Other	Elimination	Total
Unaudited figures in NOK 1000						
Total revenue	0	0	3 481	0	-2 192	1 289
Segment profit (loss)	-1 346	0	380	-2 902	0	-3 868
Total assets	70 268	5 899	18 400	130 836	-9 916	215 486

1Q 2011 - Business segments	Badger Explorer	Badger Plasma	Engineering	Other	Elimination	Total
Unaudited figures in NOK 1000						
Total revenue	0	0	3 233	131	-305	3 058
Segment profit (loss)	-789	0	-195	-3 698	0	-4 682

1Q 2010 - Business segments	Badger Explorer	Badger Plasma	Engineering	Other	Elimination	Total
Unaudited figures in NOK 1000						
Total revenue	0	0	3 481	0	-2 192	1 289
Segment profit (loss)	-1 346	0	380	-2 902	0	-3 868

10. Related party transaction

Unaudited figures in NOK 1000

Transaction with shareholders	31.03.2011	31.03.2010
Accounts payable*	0	933
Purchased services*	304	2 143

*The Company has purchased engineering- and production services from Calidus Engineering Ltd. in which Badger Explorer ASA owns 50% and Nigel Halladay owns 50% of the shares. Nigel Halladay also owns 51 000 shares in Badger Explorer ASA.

Shares held by members of the board and Management group	31.03.2011	31.03.2010
SIX SIS AG 25PCT (Board Director - Marcus Hansson)	500 000	500 000
Ahlqvist Invest AS (Chairman of the Board - Rolf E. Ahlqvist)	465 407	465 407
Dalvin Rådgivning AS (CFO - Gunnar Dolven)	301 872	301 872
CEO - Kjell Erik Drevdal	222 600	222 600
Nilsholmen Investering AS (Sr. VP Bus. Dev. & Strategy - Kjell Markman)	209 222	149 222
SEB Private Bank S.A. Luxembourg (Board Director - Marcus Hansson)	65 000	65 000
Nilsholmen AS (Sr. VP Bus. Dev. & Strategy - Kjell Markman)	20 200	80 200
Invest OK AS (Board Director - Kristine Holm)	15 000	15 000
Board Director - Marcus Hansson	11 668	-
5K International (CEO - Kjell Erik Drevdal)	10 000	10 000
Chevni AS (Board Director - Christian Bull Eriksson)	6 000	6 000
CFO - Gunnar Dolven	8 000	-
Board Director - Tone Kvåle	5 000	5 000
Mng. HR, Economy & Adm. - Hege Furland	2 858	2 858
Product Manager - Wolfgang Mathis	2 100	2 100
CTO - Erling Woods	1 000	1 000
Ordinary shares	1 844 927	1 825 259
% of total shares	10,0 %	9,9 %

11. Investment in shares

Unaudited figures in NOK 1000

The Company owns 39 391 shares of First Norway Alpha KL IV-IA, a market based liquidity fund, to a net cost value of MNOK 43.7. The nominal value of the fund is deposited on overnight NIBOR contracts with Norwegian banks. Interest earnings are invested in share options. The value of the shares are monitored on a daily basis. The shares are not under any contractual obligation unless for a 3 days notice for settlement when selling the shares. The shares are classified under IAS39 as "financial assets at fair value through profit and loss" and are carried at market value.

Specification of shares in First Norway Alpha KL IV-IA liquidity fund	Number of shares	Subscription price*	Carrying price per share	Carrying amount
Subscription of shares 08.01.2010	54 045	60 000	1 105	59 701
Sale of shares**	-14 654	-16 269	1 092	-16 000
Shares 31.03.11	39 391	43 731	1 094	43 087

*Subscription price per share: 1110

**A loss of NOK 269 177 was realized in connection with sale of financial assets.

12. Fair value hierarchy

Unaudited figures in NOK 1000

As at 31.03.2011, the Group held the following financial instruments carried at fair value on the statement of financial positions. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets of liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Financial assets measured at fair value	2011	Level 1	Level 2	Level 3
Shares in liquidity fund at fair value through profit and loss	43 087	43 087		

Badger Explorer ASA
Org.nr. 985 955 107 MVA

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Postal address: P.O.Box 130, 4065 Stavanger, Norway

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New address as of 15.05.2011:
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