



BADGER
EXPLORER



Quarterly Report 4Q 2008

2008 was an eventful year for Badger Explorer ASA. The development of Badger Explorer made important and valuable progress and is in line with the overall plan. The target is to have a commercial service for late 2010. The Demo50 prototype test in Denmark in 4Q 2008 provided valuable experience and the test results give reasons for continued optimism. Badger Explorer ASA retains its strong financial position and combined with a strengthened organisation and the partner agreements with the major oil companies Shell, ExxonMobil and StatoilHydro, the company is in an favourable position for reaching its objectives for 2009.

At the start of 2008 Badger Explorer ASA manually operated a Badger Explorer tool that was split in two separate units. At the turn of the year the company has a full size Demo50 prototype tool which is a robotic electro/hydraulic tool steered by a PC based SCADA system via a 50 meter long cable. Badger Explorer ASA plans to commence a test programme in June 2009 in which the ultimate purpose will be to test the self-burying capabilities of the tool. A parallel focus during 2009 will be the next generation, the Demo125 version. The organisation is determined to take advantage of the valuable results achieved through 2008 in order to solve the remaining technical challenges related to the Demo 125 version.

4Q - YEAR END OVERVIEW

The Badger Explorer tool is a revolutionary new method to identify oil and gas resources and reserves at a substantially lower cost and complexity than utilising an exploration drilling rig. Compared to the existing exploration methods the Badger Explorer will also lower the risk for environmental pollution and greatly reduce the disturbance associated with exploration activities.

Following an initial engineering and R&D phase, the prototype development plan since its inception has been executed in three phases;

- Main functional module testing, surface based. Performed in 2007
- Integrated system tests. Took place 1H 2008
- PC-based testing of the basic Demo50 version took place fall 2008

Preparations for a higher temperature rated tool version, Demo125, are well underway.

The first complete Badger Explorer Prototype was tested in October 2008 at a test site in Denmark. This onshore test represents the third of the main phases identified above. The tests in Denmark were valuable in spite of the fact that the geology proved not to be as relevant as anticipated. On the basis of the test results the company has gained important insights related to several of the technological solutions, which thus provide a basis for improved solutions for the Demo125 version.

More specifically, the main project activities performed to date include:

- Conceptual engineering involving the identification of alternative functional solutions for the Badger Explorer meeting operational constraints
- Design of the main system functions in full scale and testing in appropriate test cells reproducing subsurface conditions
- Development and testing of alternative technologies for the drilling, separations and transport functions
- Integration of selected design solutions and full-scale testing as a continuous process
- Full scale testing of a remotely computer controlled Badger Explorer Prototype

In 2009 the company's goal is to build a higher specification prototype able to reach a significant subterranean depth, thus providing a further basis for developing a commercial service.



Badger Explorer ASA has entered into partnership agreements with the three oil majors ExxonMobil, StatoilHydro and Shell. ExxonMobil and StatoilHydro have named the development work carried out by Badger Explorer ASA as a “potential game changer” within exploration for oil and gas. Yet, the ground breaking nature of the Badger Explorer concept has as anticipated proven to provide significant technological challenges and even if the development is in line with the overall plan, important functions still need to be improved and some need to be developed. For several of the Badger Explorer functions experience data is not readily available, hence solutions must be created from scratch by the company, its partners and sub suppliers. A focal area for the project team has been to construct test cells and experimental apparatus that can be used to investigate the functions required for the Badger Explorer. The need to develop new knowledge requires manpower with a high level of competence. Consequently more of the project work has been performed by internal resources compared to what was planned, resulting in a significant development of the company's expertise. The cooperation with the three oil



companies is working well and will be further developed in 2009.

The results so far delivered from the execution of the project have brought Badger Explorer ASA closer to its goal of supplying a commercial service to the market.

The project has developed a highly advanced prototype robotic system that can be used as a down hole laboratory for testing improved design solutions. In addition it is anticipated that many of the technological solutions developed specifically for this project can be applied for other industrial applications.

Badger Explorer's goal is to enter into a commercial phase by the end of 2010. The company and its partners acknowledge that this is an ambitious target. However, the company with its competent and flexible organisation and robust financial position, has to date managed to keep the overall time line and believes that this goal is achievable.

FINANCIAL STRENGTH

Badger Explorer ASA and the development program are fully financed. This, combined with the agreements with the oil industry majors StatoilHydro, ExxonMobil and Shell, allow for the company to focus entirely on successfully completing the development program.

The company raised equity totaling MNOK 235 in 2005 and 2007. In addition, the extended partner agreements with StatoilHydro, Shell and ExxonMobil will include financial support as well as technical support. In the present financial climate the partnerships and the financial strength provide a unique position, opening for full focus on further technological development and the upcoming commercial phase.

As of 31.12.2008 the Badger Explorer Group had a net equity of MNOK 212.2 equivalent to an equity ratio of 91.9 %. Net cash position was MNOK 137.6. In addition there was MNOK 39.4 in bank bonds. Combined with the partner agreements this is regarded to be sufficient cash to reach a commercial stage.

Through 2009 and 2010 the activity level will be increased aiming for planned commercialisation late 2010. During 2009 the company plans to spend (direct and capitalised costs) at a total of MNOK 83, compared to MNOK 39 through 2008. The anticipated cash position per year end 2009 is MNOK 133 including bank bonds.

The Oil & Gas market is developing in favour of Badger Explorer through the oil companies intensified exploration programs and mapping of new acreage and increased focus on fields that are in production. The company experience strong industry interest and see the demand for a viable concept as the Badger Explorer is continuously being strengthened.

BADGER PLASMA TECHNOLOGY AS, 100 % SUBSIDIARY

Through 4Q 2008 the activity level in the subsidiary has been at a minimum, allowing for transfer of resources to the Badger Explorer project. In 2009 a strategy will be developed including business plan and partner policy, as well as securing necessary technology rights.

CALIDUS ENGINEERING LTD, 50 % SUBSIDIARY

Calidus Engineering Ltd, UK, (Calidus) is a well reputed multi-discipline engineering company specialised in designing down hole equipment for harsh environments. Calidus has become a vital supplier to Badger Explorer ASA within these areas, and project development work related to the Badger Explorer development is ongoing. Calidus has a staff of 20 skilled employees. In addition to modelling and engineering design services, the company runs a prototype based machine shop. The clients mainly come from the oil industry, the thermal industry as well as from the R&D field.

Calidus's turnover as of 31.12.2008 was MNOK 12.4, out of which 46 % was deliveries to Badger Explorer. Turnover 2007 amounted to MNOK 8.5. The net result after tax was MNOK 2.3, compared to MNOK 0.94 a year earlier. Equity ratio is 81 %.

Order back log is strong, which opens for considerable continued growth in 2009.

INVESTOR RELATIONS AND FINANCIAL ISSUES

The cash position of the Badger Explorer Group as of 31.12.2008 was MNOK 137.6. In addition there was MNOK 39.4 in bank bonds. Bonds and deposits are held only with Norwegian rated banks. The net equity was MNOK 212.2 (91.9%).

The BXPL shares have been traded at stock prices between NOK 15 and NOK 6.75 during 4Q 2008. Approximately 0.9 million shares have been exchanged in 4Q 2008 through 133 quoted transactions, which is a lower transaction volume than previous quarters.

The number of shareholders is stable at around 580 investors. The 20 largest shareholders have a total stake of about 82 %, and have been at this level through 2008. Quarterly investor presentations have been held in Oslo and Stavanger.

BADGER EXPLORER GROUP

Gross spending has been below budget and cash position is stronger than forecasted. The cash position, equity ratio of 91.9 % and the comprehensive partner agreement secure the funding position into the planned commercial phase.

The magnitude of the Badger Explorer Group operations now consists of between 40 and 50 people when including the Calidus engineers. The core staffs of Badger Explorer ASA consist of 18 persons.

The group is seeking more project personnel, specialists and technical support staff, and the number of employees will as planned continue to increase.

Badger Explorer Group makes use of testing facilities and workshops in Stavanger, test site in Denmark and at Calidus Engineering in Cornwall UK.

MAIN FIGURES (GROUP LEVEL)

Revenues for 4Q 2008 amounted to kNOK 2 486 and to kNOK 7 373 as of 31.12.2008, compared to kNOK 826 for 4Q 2007 and kNOK 1 031 as of 31.12.2007.

Operating expenses for 4Q 2008 amounted to kNOK 5 395 and to kNOK 18 210 as of 31.12.2008, compared to kNOK 3 329 for 4Q 2007 and kNOK 10 308 as of 31.12.2007.

EBITDA for 4Q 2008 amounted to kNOK -2 909 and to kNOK -10 847 as of 31.12.2008, compared to kNOK -2 503 for 4Q 2007 and kNOK -9 277 as of 31.12.2007.

Total project development costs for the Badger Explorer Prototype and Plasma Channel Drilling amounted to kNOK 8 379 of which kNOK 6 959 was capitalised for 4Q 2008, and amounted to kNOK 28 821 of which kNOK 24 696 was capitalised as of 31.12.2008.

Public grants for the Badger Explorer Prototype and Plasma Channel Drilling amounted to kNOK 1 153 for 4Q 2008 and amounted to kNOK 2 624 as of 31.12.2008. All public grants are capitalised together with the project costs.

Earnings per share amounted to NOK -0.044 per share for 4Q 2008 and amounted to NOK -0.094 per share as of 31.12.2008.

Cash reserves per 31.12.2008 were MNOK 137.6. In addition there was MNOK 39.4 in bank bonds. Efforts have been made in both Norway and UK to secure the deposits.



| CONSOLIDATED SUMMARY Unaudited figures in NOK 1000 | 4Q 2008 | 4Q 2007 | 31.12. 2008 | 31.12. 2007 |
|--|---------|---------|-------------|-------------|
| Revenues | 2 486 | 826 | 7 363 | 1 031 |
| Operating expenses | 5 395 | 3 329 | 18 210 | 10 308 |
| EBITDA | -2 905 | -2 503 | -10 847 | -9 277 |
| Earnings per share (figures in NOK) | -0,044 | 0,009 | -0,094 | -0,158 |
| Projects development costs | 8 378 | 4 527 | 28 830 | 15 270 |
| Public grants for projects dev. | 1 153 | 2 601 | 2 624 | 5 694 |
| Cap. of dev. costs and public grants | 5 806 | 1 592 | 22 072 | 7 137 |

OUTLOOK AND SUMMARY

The results from the Badger Explorer development program through 2008 have brought Badger Explorer ASA closer to its goal of supplying a commercial service to its partners and the Oil & Gas exploration market.

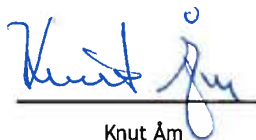
A highly advanced prototype robotic system has been developed, which provides a unique platform for qualifying the complex design solutions required to implement a Badger Explorer commercial service.

A considerable volume of new knowledge and technology, with ground breaking potential which represents significant value has been developed through the project execution. These efforts and results are expected to continue in 2009 and onwards. Badger Explorer ASA has been developed into a technology company with multi-discipline research and engineering resources of high quality. The company expects that many of the technological solutions developed specifically for the Badger Explorer tool can be applied for other industrial applications.

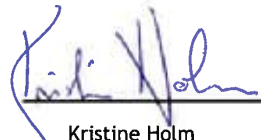
The scope for the development work in 2009 comprises the further development of the Demo50 tool to include improved separation and compaction functionality. A revised version is aimed to be tested during the summer. In parallel, development of a higher temperature rated tool, a Demo 125, is underway. The aim for this part of the overall development is to build a higher specification tool in order to be able to reach significant subterranean depth and provide the basis for a future commercial service.

Calidus Engineering Ltd, 50% owned by Badger Explorer ASA, is expected to continue its growth. The present order back log is strong and deliveries to Badger Explorer will increase. Calidus Engineering Ltd. will move to new premises 2009/2010 and the number of employees will continue to grow.

Badger Explorer ASA experience strong partner support, it has a strong cash position and a dedicated optimistic team which in total enables the company to progress its development program uninterrupted.



Knut Åm
Chairman



Kristine Holm
Director



Christian Bull Eriksson
Director



Kristijane Cook Bulukin
Director



Geir Worum
Director



Kjell Erik Drevdal
President & CEO

Stavanger, 18th of February 2009
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 Axess stock exchange. The company's head office is located at Jåttåvågveien 7, N-4020 Stavanger, Norway.

The consolidated financial statement of Badger Explorer ASA and all its subsidiaries (the Group) have been prepared on an historical cost basis and in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as of 31.12.2007.

The Group's consolidated financial statement comprises Badger Explorer ASA (100 %), Badger Plasma Technology as (100 %) and Calidus Engineering Ltd. (50 %). Intercompany sales and expenses, intercompany receivables and payables are eliminated. Purchase of shares is eliminated towards share capital. Excess value of purchase of shares in Calidus is recognised in the balance sheet as goodwill.

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 31.12.2007. 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 31.12.2007.

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 for fair value included in the consolidation are translated into NOK using exchange rate at the balance sheet date. The exchange differences arising from the translation are recorded against the equity.

Inventories are valued at the lower of cost and net realisable value. Cash includes cash in hand and at bank. Bank bonds are considered as financial assets under non-current asset. 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.

Cost relating to development are capitalised following criteria's are met in full

- the product or the process is clearly defined and the cost elements can be identified and measured reliably;
- the technical solution for the product has been demonstrated;
- the product or the process will be sold or used in the company's operations;
- the asset will generate future financial benefits; and
- sufficient technical, financial and other recourses for completing the project are present

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 from sale of engineering services is recognised on a monthly basis based on completed monthly time sheets completed by the employee at the rate agreed with the customer. Interest income is recognised in the income statement based on the effective interest method as they are earned.

Subsidies from the authorities are not recognised until it is reasonably certain that the company will meet the conditions stipulated in connection with the receipt of the subsidies and that the subsidies will be granted. The recognition of subsidies is postponed and depreciated over the period that the costs relating to that which the subsidies are intended for are incurred. Subsidies are recognised as deductions from the cost that the subsidy is meant to cover.

Contributions from partners are recognised in the balance sheet as long term liabilities as the contributions are subject to repayment. Ref. note 13 in the annual accounts.

Options granted in 2006 entitle the employees to receive shares during a 3 year period. This is an equity based option agreement and are recognised on the P&L under personnel costs and on the balance sheet under other paid in equity by 1/36 of the option value per month starting from 01.01.2007. In August 2007 an additional option was granted which entitles the employees to receive shares during a 3 year period. 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.



CONSOLIDATED INCOME STATEMENT

Unaudited figures in NOK 1000

| | 4Q 2008 | 4Q 2007 | Note | 31.12. 2008 | 31.12. 2007 |
|---|---------------|---------------|------|----------------|---------------|
| Revenues | | | | | |
| Other Income | 2 486 | 826 | 4 | 7 363 | 1 031 |
| Public grants | 1 153 | 2 601 | 1 | 2 624 | 5 694 |
| Capitalised public grants | -1 153 | -2 601 | 2 | -2 624 | -5 694 |
| Total Revenues | 2 486 | 826 | | 7 363 | 1 031 |
| Operating Expenses | | | | | |
| Cost of goods sold | 378 | 77 | | 2 526 | 77 |
| External services for dev. project | 4 365 | 1 968 | 4 | 17 255 | 6 817 |
| Salary | 4 885 | 3 666 | | 13 909 | 8 948 |
| Other Operating Expenses | 2 726 | 1 811 | 4,11 | 9 218 | 7 296 |
| Capitalised development cost | -6 959 | -4 193 | 3 | -24 696 | -12 831 |
| Total Operating Expenses | 5 395 | 3 329 | | 18 210 | 10 308 |
| EBITDA | -2 909 | -2 503 | | -10 847 | -9 277 |
| Depreciation | 319 | 159 | | 1 152 | 484 |
| EBIT | -3 228 | -2 663 | | -11 999 | -9 760 |
| Net financial income | 2 940 | 2 960 | 12 | 11 626 | 7 289 |
| EBT | -288 | 298 | | -374 | -2 471 |
| Tax | -208 | -19 | | -208 | -18 |
| Net profit/loss from operations | -499 | 279 | | -582 | -2 489 |
| Profit (loss) attributable to minority interests | 306 | 116 | | 1 134 | 116 |
| Profit (loss) attributable to equity holders of the parent | -803 | 163 | 9,10 | -1 716 | -2 606 |
| Earnings per share | -0,044 | 0,009 | | -0,094 | -0,158 |
| Earnings per share diluted | -0,044 | 0,009 | | -0,093 | -0,158 |

CONSOLIDATED BALANCE SHEET

| ASSETS Unaudited figures in NOK 1000 | 31.12. 2008 | 31.12. 2007 | Notes | 31.12. 2007 |
|---|--------------------|--------------------|--------------|--------------------|
| NON-CURRENT ASSETS | | | | |
| Development costs | 35 426 | 13 354 | 3 | 13 354 |
| Patent rights | 387 | 387 | | 387 |
| Goodwill | 6 203 | 6 625 | 4 | 6 625 |
| Total intangible assets | 42 015 | 20 366 | | 20 366 |
| Machinery, fixtures, etc. | 3 426 | 2 726 | | 2 726 |
| Total tangible assets | 3 426 | 2 726 | | 2 726 |
| Bank bonds | 39 373 | 0 | 12 | 0 |
| Sum financial assets | 39 373 | 0 | | 0 |
| TOTAL NON-CURRENT ASSETS | 84 814 | 23 091 | | 23 091 |
| CURRENT ASSETS | | | | |
| Inventory | 355 | 645 | | 645 |
| Sum Inventory | 355 | 645 | | 645 |
| Accounts receivable | 1 802 | 3 086 | 4 | 3 086 |
| Other receivables | 6 389 | 3 249 | 4 | 3 249 |
| Total receivables | 8 190 | 6 335 | | 6 335 |
| Cash and cash equivalents | 137 573 | 199 145 | | 199 145 |
| TOTAL CURRENT ASSETS | 146 118 | 206 125 | | 206 125 |
| TOTAL ASSETS | 230 932 | 229 216 | | 229 216 |
| EQUITY AND LIABILITIES Unaudited figures in NOK 1000 | 31.12. 2008 | 31.12. 2007 | Notes | 31.12. 2007 |
| EQUITY | | | | |
| Share capital | 2 305 | 2 305 | 4,5,11 | 2 305 |
| Share premium reserve | 217 100 | 217 100 | 5 | 217 100 |
| Other paid in equity | 262 | 127 | 4,6 | 127 |
| Total paid in equity | 219 667 | 219 532 | | 219 532 |
| Currency differences | -1 158 | -424 | | -424 |
| Other equity | -9 462 | -7 746 | | -7 746 |
| Total retained earnings | -10 620 | -8 170 | | -8 170 |
| Minority Interest | 3 113 | 1 978 | | 1 978 |
| TOTAL EQUITY | 212 160 | 213 341 | | 213 341 |
| LIABILITIES | | | | |
| Capitalised grants | 13 855 | 10 397 | 7 | 10 397 |
| Total long term liabilities | 13 855 | 10 397 | | 10 397 |
| Accounts payable | 2 500 | 2 201 | 4,11 | 2 201 |
| Public duties payable | 388 | 1 057 | | 1 057 |
| Taxes payable | 202 | 108 | | 108 |
| Other short term liabilities | 1 828 | 2 112 | | 2 112 |
| Total short term liabilities | 4 917 | 5 479 | | 5 479 |
| TOTAL LIABILITIES | 18 773 | 15 875 | | 15 875 |
| TOTAL EQUITY AND LIABILITIES | 230 932 | 229 216 | | 229 216 |

CONSOLIDATED CASH FLOW

| Unaudited figures in NOK 1000 | 31.12. 2008 | 31.12. 2007 | 31.12. 2007 |
|---|----------------|----------------|----------------|
| Net cash flow from operating activities | -13 048 | -8 207 | -8 207 |
| Net cash flow from investment activities | -26 548 | -20 140 | -20 140 |
| Net cash flow from financing activities | -21 665 | 164 722 | 164 722 |
| Total net changes in cash flow | -61 261 | 136 375 | 136 375 |
| Net foreign differences | -312 | 9 | 9 |
| Cash balance at beginning of period | 199 145 | 62 761 | 62 761 |
| Cash and cash equivalents at end of period | 137 573 | 199 145 | 199 145 |

CONSOLIDATED EQUITY RECONCILIATION

| Unaudited figures in NOK 1000 | 31.12. 2008 | 31.12. 2007 | 31.12. 2007 |
|--------------------------------|----------------|----------------|----------------|
| Equity at beginning of period | 213 341 | 65 013 | 65 013 |
| Capital increase | 0 | 160 000 | 160 000 |
| Share issue cost | 0 | -10 749 | -10 749 |
| Net profit (loss) | -1 716 | -2 606 | -2 606 |
| Translation differences | -734 | -424 | -424 |
| Employee options | 135 | 127 | 127 |
| Minority interest | 1 134 | 1 978 | 1 978 |
| Equity at end of period | 212 160 | 213 341 | 213 341 |

NOTES

1. The Badger Explorer Prototype project and the Plasma Channel Drilling project is supported by the Research Council of Norway and "Skattefunn" with a percentage of the total project cost. The calculated amount is accrued consecutively.
2. The cost and the grants for the development of Badger Explorer Prototype project and Plasma Channel Drilling project are capitalised.
3. 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 4 134 kNOK per 31.12.2008.
4. The 100% owned subsidiary, Badger Plasma Technology AS and the 50% owned subsidiary, Calidus Engineering Ltd. have been consolidated with the mother company Badger Explorer ASA starting from 01.12.2007. Intercompany sales and purchases, intercompany receivables and payables, intercompany investments and share capital are eliminated.
5. 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 emission of NOK 160 000 000 and listing on Oslo Axess on 12.06.2007. The total number of shares per 31.12.2008 is 18.439.040 at par value of 0,125 per share.
6. Options granted in 2006 entitle the employees to receive shares during a 3 year period until 15.12.2009. Additional options granted in 2007 entitle the employees to receive shares during a 3 year period until 15.12.2010. These are equity based option agreements and are recognised on the P&L under personnel costs and on the balance sheet under other paid in equity by 1/36 of the option value per month starting from 01.01.2007. 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. After the split of the shares the number of options amounts to 76 000.

7. The Group has received contribution from the three industrial partners amounting to a total of NOK 13 855 200. This contribution shall be repaid to the partners by paying 5% of all technology related sales in the future. This royalty is limited to 150% of received contribution.
8. Deferred tax asset has not been recognised.
9. Below table shows the segments of which the management is reporting to the Board of Directors. The segments are the main projects, engineering 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.

| 31.12.2008 - Business segments | Badger Explorer | Badger Plasma | Engineering | Other | Elimination | Total |
|--------------------------------|-----------------|---------------|-------------|-------|-------------|--------|
| Unaudited figures in NOK 1000 | | | | | | |
| Total revenue | 0 | 0 | 12 435 | 2 017 | -7 090 | 7 363 |
| Segment profit (loss) | -4 134 | 0 | 1 134 | 1 283 | 0 | -1 716 |

| 31.12.2007 - Business segments | Badger Explorer | Badger Plasma | Engineering | Other | Elimination | Total |
|--------------------------------|-----------------|---------------|-------------|-------|-------------|--------|
| Unaudited figures in NOK 1000 | | | | | | |
| Total revenue | 0 | 0 | 918 | 1 869 | -1 756 | 1 031 |
| Segment profit (loss) | -2 439 | 0 | 783 | -950 | 0 | -2 606 |

| 4Q 2008 - Business segments | Badger Explorer | Badger Plasma | Engineering | Other | Elimination | Total |
|-------------------------------|-----------------|---------------|-------------|-------|-------------|-------|
| Unaudited figures in NOK 1000 | | | | | | |
| Total revenue | 0 | 0 | 3 572 | 26 | -1 112 | 2 486 |
| Segment profit (loss) | -1 433 | 0 | 306 | 328 | 0 | -803 |

| 4Q 2007 - Business segments | Badger Explorer | Badger Plasma | Engineering | Other | Elimination | Total |
|-------------------------------|-----------------|---------------|-------------|-------|-------------|-------|
| Unaudited figures in NOK 1000 | | | | | | |
| Total revenue | 0 | 0 | 0 | 2 582 | -1 756 | 826 |
| Segment profit (loss) | -721 | 387 | -135 | 632 | 0 | 163 |

10. The below table states the affect on the Badger Explorer Group's income statement for 4Q 2007 and per 31.12.2007 as if the acquisition of Calidus Engineering Ltd. had been carried through on January 1st 2007.

Pro forma Income Statement - Badger Explorer Group

| Unaudited figures in NOK 1000 | 4Q 2007 | 31.12.2007 |
|---------------------------------|---------------|---------------|
| Other Income | 2 100 | 9 282 |
| Public grants | 2 601 | 5 694 |
| Capitalised public grants | -2 601 | -5 694 |
| Total Revenues | 2 100 | 9 282 |
| Operating Expenses | | |
| Cost of goods sold | 768 | 3 878 |
| Ext. services for dev. project | 1 691 | 6 540 |
| Salary | 4 161 | 11 670 |
| Other Operating Expenses | 1 915 | 7 868 |
| Capitalised development cost | -4 193 | -12 831 |
| Total Operating Expenses | 4 342 | 17 125 |
| EBITDA | -2 243 | -7 843 |

| | | |
|---|---------------|---------------|
| Depreciation | 200 | 707 |
| EBIT | -2 443 | -8 550 |
| Net financial items | 2 900 | 6 954 |
| EBT | 457 | -1 596 |
| Tax | -7 | -41 |
| Net profit/loss from operations | 450 | -1 637 |
| Profit (loss) attributable to minority interests | 202 | 417 |
| Profit (loss) attributable to equity holders of the parent | 249 | -2 054 |
| Earnings per share | 0,018 | -0,153 |
| Earnings per share diluted | 0,018 | -0,153 |

11. Related party transaction

Unaudited figures in NOK 1000

| Transaction with shareholders | 31.12.2008 | 31.12.2007 |
|--------------------------------------|-------------------|-------------------|
| Accounts payable | 0 | 60 |
| Total | 0 | 60 |

| Purchased services from Procom Venture AS | 31.12.2008 | 31.12.2007 |
|--|-------------------|-------------------|
| Administration services | 47 | 1 817 |
| Board of director's fee | 175 | 125 |
| Total | 222 | 1 942 |

The Company has in 2008 hired personnel from Procom Venture AS. The work was executed by the Executive Chairman of the Board until the 28.02.2008.

| Purchased services from IRIS - Forskningsinvest AS | 31.12.2008 | 31.12.2007 |
|---|-------------------|-------------------|
| Administration services | 0 | 18 |
| Project services | 0 | 27 |
| Total | 0 | 45 |

The Company has not purchased any services or equipment from IRIS in 2008.

| Shares held by members of the board and Management group | 31.12.2008 | 31.12.2007 |
|---|-------------------|-------------------|
| CFO - Gunnar Dolven | 301 872 | 286 872 |
| Knut Åm | 222 600 | 222 600 |
| CEO - Kjell Erik Drevdal | 222 600 | 222 600 |
| Invest OK AS (Kristine Holm) | 15 000 | |
| Chevni AS (Christian Bull Eriksson) | 6 000 | |
| Kristijane Cook Bulukin | 1 800 | - |
| CTO - Erling Woods | 1 000 | - |

12. Marketbased bonds

The Company owns bonds in 8 Norwegian banks with a total nominal value of MNOK 40. The bonds are classified under IAS39 as "loans and receivables" and are carried at amortised cost using the effective interest rate method. All bonds are due in approx. 2 years.

Badger Explorer ASA
Org.nr. 985 955 107 MVA

Visiting address: Jåttåvågveien 7, Stavanger, Norway
Postal address: P.O. Box 130, 4065 Stavanger, Norway
Switchboard: +47 52 97 45 00
Fax: +47 52 97 45 01
<http://www.bxpl.com>