



BADGER
EXPLORER



Semi-annual Report 1H 2009

The second quarter has been eventful and characterised by steady progress. Badger Explorer ASA has not experienced any significant set-backs and through extensive drilling tests, functions of the Badger Explorer tool have been verified. The work has involved design improvements, drilling of numerous holes in representative rock samples, transporting and compaction of drill cuttings into firm and solid plugs behind the Badger Explorer tool.

Numerous natural self-burial test sites have been identified and investigated, however none of them fulfil all the test site criterias set by the Company. The search for a natural test site and alternatives continues.

Testing and adjustments will continue throughout 2009 and it is the Company's objective to launch its first commercial services by the end of 2010. At the same time the Company has taken important strategic and organizational steps in order to prepare for the launch of commercial services.

1H - AN OVERVIEW

During the second quarter of 2009 Badger Explorer ASA has tested a number of alternative technologies for key functions of the tool. Rock-samples from various potential test sites have been used for testing the tool at the Company's facilities in Stavanger. More than 50 jig-based systems drilling tests incorporating all functions of the tool have successfully been performed in different types of rock. Plugs were formed at the rear end of the tool. However the system is still not at the desired level of stability.

At present the search process for finding appropriate test sites is ongoing. As opposed to offshore test sites, where the surroundings will be saturated with liquid, the dryness of onshore test sites has proven to be challenging. Small cracks in offshore formations are expected to be beneficial for the operation of the Badger Explorer, whereas the cracks onshore are challenging because of the loss of liquid.

The Company has secured access to state-of-the-art sensors and logging tools to be supplied by two highly qualified international vendors. This is expected to save time and lower development costs.

The testing of the pre-commercial versions of the tool together with the three client partners, ExxonMobil, Shell and StatoilHydro, is planned to take place throughout 2010.

Processes are ongoing within the two main areas:

- Prototypes - Demo50
- Pre-commercial versions - Demo125



Prototypes - Demo50

New design solutions have been developed to improve functions such as drilling and the separation of cuttings and the compaction of the same. The hydraulic and electrical systems have undergone substantial redesign to improve process control aspects. Design details have been investigated through small scale and full scale jig-based system tests. The tool is remotely operated from a PC with full duplex communication system.

A methodology for evaluating a test site has been developed and applied to eleven different locations in Europe. Rock samples from prospective test sites have been sent to Norway and used for integrated system tests. A critical part of the project, the compaction of a solid plug has been achieved several times. As previously stated the challenge is to find a site where the water level in the well can be sustained during drilling. In addition there are restrictions by the local authorities that prohibit drilling down into the ground-water-level. As a result the number of possible test sites is limited. The goal is to identify a suitable test site and to demonstrate the functionality of the prototype, Demo50 version 2, at this site by drilling down to a limited depth and thereafter recover the tool for inspection.

Pre-commercial versions - Demo125

Activities to develop the next generation of the Badger Explorer tool are proceeding. This tool will be designed and built using electrical components with higher specifications and other high performance custom designed technologies in order to reach deeper test depths. This Demo125 pre-commercial tool will primarily be based on the Demo50 design, but some of the key functions are expected to be redesigned.



One main improvement of the pre-commercial tool is its electrical system which will be a complete custom designed solution to run on DC voltage instead of 3 phase AC. Using components of military specification the electronics will function at 125 degrees Celsius. The electronic design work has started and this next version will be operated via a monocable. The cable storage concepts are also being investigated with the objective of identifying a reliable concept for storing sufficient cable within the tool using as little space as possible.

Once the self-burial test has been completed a new phase of the development work, the pre-commercial phase, will take place. This phase involves the Company's client partners ExxonMobil, Shell and StatoilHydro. The client partners have secured first right of refusal to buy the full manufacturing capacity of Badger Explorer at market price for a period of three years from the time of commercialization through an extended client partner agreement.

The objective is to test the first versions of Demo125 during 2010 in cooperation with the client partners.

BADGER PLASMA TECHNOLOGY AS, 100 % SUBSIDIARY

Apart from efforts to secure IP, the activity level through 1H 2009 in the subsidiary has been at a minimum, allowing for full utilisation of resources to the Badger Explorer project.

CALIDUS ENGINEERING LTD, CORNWALL, UK, 50 % SUBSIDIARY

Calidus Engineering Ltd. (Calidus), UK, is a well-reputed multi-discipline engineering company specialized in designing down hole equipment for harsh environments. In addition to modelling and engineering design services, they run a prototype based machine shop. Their revenue mainly comes from local and global clients in the oil industry, the geothermal industry as well as within the field of R&D.

Calidus has become a vital supplier to Badger Explorer ASA and development work related to the Badger Explorer development is ongoing. Calidus' contributions comprise the participation in the finalization of the Prototypes and in the design and development of the proceeding pre-commercial versions.

As a result of increased turnover, business volume and the number of employees (currently 24) Calidus has decided to invest in new premises, offices and machining hall, at a local industrial estate. Favourable public grants are available, and Calidus has benefitted from this in the total self-financing plan. To take benefit of the combined company resources a closer cooperation will be developed between Badger Explorer ASA and Calidus. As part of this the BXPL Business Manager, Mr. Kenneth O. Rosén, will move to Cornwall as from January 2010 to become the Business Manager of Calidus, in a combined role as the Deputy to the Managing Director Mr. Nigel Halladay.



Calidus's turnover for 1H 2009 was MNOK 8.3 compared to MNOK 4.9 for 1H 2008, out of which 46 % were deliveries to Badger Explorer ASA for 1H 2009 and 61 % for 1H 2008.

The net result before tax (EBT) was MNOK 1.9, compared to MNOK 0.4 the year before. Calidus' equity ratio is 88.2 % and the cash position remains strong.

Calidus' order backlog is satisfactory and the company is expecting continued growth through the remainder of 2009.

FINANCIAL STRENGTH AND INVESTOR RELATIONS

Badger Explorer ASA and its development program up to and including the commercial launch are fully financed. This, combined with the agreements with the three oil industry majors ExxonMobil, Shell and StatoilHydro, allows the Company to entirely focus on successfully completing the development program of the Badger Explorer service.

In 2005 and 2007 the Company raised equity in total of MNOK 235. The extended partner agreements with the Company's industry partners will include financial support in addition to the valuable 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 30.06.2009 the Badger Explorer Group had a net equity of MNOK 209.5 (equity ratio of 92.1 %), compared to MNOK 212.1 as of 30.06.2008. The group's total liquidity is MNOK 160.6 consisting of MNOK 81.8 in net cash and bank bonds totalling MNOK 78.8. Combined with the partner agreements the equity position and the cash position are regarded to be sufficient to reach a commercial stage.

Through 2H 2009 and during 2010 the activity level will be increased aiming for planned commercialization late next year. The Company has estimated a cash position per year end of MNOK 133 including the bank bonds.

Investor Relations Issues

The BXPL shares have been traded at stock prices between NOK 10.40 and NOK 7.00 during 1H 2009, and are currently traded at approximately NOK 8.50.

The number of shareholders is gradually increasing, at present 632 shareholders. Norwegian entities and individuals hold 65.8 % of the total number of outstanding shares. Compared to 1H 2008 the 20 largest shareholders have reduced their holdings, and as of the end of the 1H 2009 they hold 78.4 % compared to 83 % at the same time last year.

Quarterly investor presentations have been held in Oslo and Stavanger. 1H 2009 report presentations will also be given at "Rogaland på Børs" August 31st and at the Annual Pareto Oil & Offshore Seminar Oslo 1.-2. September 2009.

STRENGTHENING THE ORGANIZATION

To prepare for the challenges of the pre-commercial phase key personnel will be recruited during the remainder of 2009. At this stage in the Company's development it is of vital importance to keep key employees, and to stimulate this the Board has decided to implement a new share option bonus scheme. Details will follow in a separate stock exchange notification/press release.

BADGER EXPLORER GROUP

The magnitude of the Badger Explorer Group operations now consists of more than 50 people, including skilled Calidus engineers and dedicated sub-vendors specialists and various research institutes. The core staff of Badger Explorer ASA consists of 19 persons and was extended by three new employments in 1H 2009.

The group is seeking more specialists, technical support and operational staff, thus the number of employees will continue to increase during 2009/2010.

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

EQUAL OPPORTUNITIES AND FAIR TREATMENT OF PERSONNEL

As of 30.06.2009 Badger Explorer ASA has 19 permanent employees of

whom four are female. Badger Plasma Technology AS has no permanent employees. Calidus Engineering Ltd. has 24 employees, 20 male and four female. In order to succeed, the Group is dependant upon engaging the best competence available. Hence competence must be sourced where it is available. However the Company will emphasize the importance of maintaining a balance and distribution of gender, equal compensation for similar work, and equal opportunities for everyone in the development and running of the Company. The staff is multinational representing five nationalities. The Board of Directors has five members of whom three are male and two are female.

MAIN FIGURES

Revenues for 2Q 2009 amounted to kNOK 1 926 and to kNOK 4 458 for 1H 2009, compared to kNOK 1594 for 2Q 2008 and kNOK 3 561 for 1H 2008. Operating expenses for 2Q 2009 amounted to kNOK 4 728 and to kNOK 9 982 for 1H 2009, compared to kNOK 5 007 for 2Q 2008 and kNOK 9 447 for 1H 2008. EBITDA for 2Q 2009 amounted to kNOK -2 802 and to kNOK -5 524 in 1H 2009, compared to kNOK -3 413 for 2Q 2008 and kNOK -5 886 for 1H 2008.

Total project development costs for the Badger Explorer Prototype and Plasma Channel Drilling amounted to kNOK 10 498 of which kNOK 9 228 was capitalized for 2Q 2009 and amounted to kNOK 18 420 of which kNOK 15 862 was capitalized for 1H 2009.

No applications for public grants have been filed for 1H 2009. Public grants amounted to kNOK 684 for 1H 2008. All public grants were capitalized together with the project costs.

Earnings per share amounted to NOK -0,125 per share for 2Q 2009 and amounted to NOK -0,238 per share for 1H 2009. Cash reserves per 30.06.2009 are MNOK 81.8. In addition the Company holds MNOK 78.8 in bank bonds.

SUMMARY Unaudited figures in NOK 1000	2Q 2009	2Q 2008	30.06. 2009	30.06. 2008
Revenues	1 926	1 594	4 458	3 561
Operating expenses	4 728	5 007	9 982	9 447
EBITDA	-2 802	-3 413	-5 524	-5 886
Earnings per share (figures in NOK)	-0,125	-0,041	-0,238	-0,046
Projects development costs	10 498	6 355	18 420	11 456
Public grants for projects dev.	0	371	0	684
Cap. of dev. costs and public grants	9 228	5 071	15 862	9 149

RISK CONSIDERATIONS

For a company that is dependent on groundbreaking technological development it is of the utmost importance to continuously analyze the risks and manage them in a professional manner. The Company continuously works to reduce all risk elements which could influence the Company's success through steady progress in the development project and through securing competence, skills and capacities, and through funding and robust partnerships.

The extended partner agreement, signed by the Company's industry partners in 2008, must be regarded as the most risk reducing external effort so far. In addition further efforts, strategic acquisitions and partnerships are being evaluated on a continuous basis.

The Company is focusing on the following risk elements:

-Technology/Badger Explorer

The development work has been complex and time consuming. The time schedule estimates a commercial service to be launched in late 2010. However there is risk tied to the fact that the development of the commercial versions of the Badger Explorer technology could be more extensive than planned for and this could result in a longer development period for the services provided by Badger Explorer ASA. The extended agreement with the client partners implies comprehensive development support, and this has to be regarded as risk reducing in its nature.

The secured access to high quality sensors and logging tools is expected to be a major step forward in the development of a commercial tool. State-of-the-art technology is offered in combination with communication systems and software for underground analysis. Some adjustments are expected to custom design the sensors and logging systems for the commercial version of the Badger Explorer tool.

- Progress

As of today, no competitors to the Badger Explorer and its future closed cavity operations have been identified. However competitors could appear and the time for market introduction of the tool will be of vital importance. Simultaneously, it is necessary to spend the time needed to develop robust solutions and not compromise on quality and reliability.

- The Market

The uncertainty within the Oil & Gas market is currently higher than previously experienced. The Company's partners have secured first right of refusal to buy the full manufacturing capacity of Badger Explorer at marked price for a period of three years from the time of commercialization through an extended partner agreement. The agreement secures market introduction and the Company has potential buyers, which again reduces the market risk.

Furthermore the market risk related to the development phase has been reduced during the last year as a consequence of the general downturn in all markets that has led to shorter delivery times and more competitive pricing.

The economy of the Badger Explorer concept is considered to be so robust that even a dramatic drop in the rig rates should not dramatically influence the economics of the Badger Explorer ASA.

Market awareness and attention indicates high interest in the Badger Explorer closed cavity concept. It is anticipated that the Badger Explorer concept will have environmental benefits compared to traditional methods in remote areas like Northern Norway, Alaska etc.

- Competence and resources

The development of the Badger Explorer requires access to top competence in a large number of technical fields. In spite of some improvements in the labour market, it remains a challenge to recruit individuals with the right competence. The Company has been able to recruit several highly qualified employees during the last year. Moving towards the pre-commercial phase it will be of high importance to widen and increase the contributions from the Company's three industry partners both within product design and development and within the operational field.

Agreements like the one recently entered into with the vendors of state-of-the-art sensors and logging tools, will be vital as well in order to keep up with the time schedule and to secure components and services of the very best quality. The efforts to secure skilled employees and long-term agreements with various vendors will continue. The Company has sufficient solidity and cash available to perform further acquisitions if deemed feasible.



- Authorities approval for the use of the tool

When introducing new concepts, with considerable challenges and new routines, the authorities will require extensive and convincing qualifications that demonstrate operational safety. The Company is working actively within this field and has already opened a dialogue with relevant governmental bodies and authorities. So far, no unsolvable barriers have been identified. Legal personnel have been recruited to work especially on this. Support from the oil companies in this respect will most likely be needed in order to achieve authorities' necessary product and operation approval.

- Environmental aspects

The Badger Explorer technology is a non-polluting alternative to explore for Oil & Gas. Sustainable environmental solutions and efforts to conserve the environment is a major fundament for the company's business concepts. The non-polluting services the Badger Explorer offers should be a strong incentive for the authorities, professional players within the industry and other stakeholders to have the technology commercialized. Hence, all these groups will have a common interest in the Badger Explorer being realized and introduced to the market as soon as possible.

- Currency exchange risk

As a result of acquiring 50 % of the shares in Calidus Engineering Ltd. in UK, the Group's balance sheet can be affected to a certain extent by the movements in the GBP/NOK exchange rates. The Group has a limited number of other transactions in foreign currency which consequently gives a low currency risk. When commercial operations in larger scale commence a currency policy will be introduced.

- Interest risk

The Company's cash position is held in NOK in short term rated bank bonds and deposited with Norwegian banks at NIBOR plus contracts. The company has no interest bearing debt. Thus the interest risk in the company is limited. However, all money markets including the Norwegian have experienced falling interest rates the last nine months; consequently interest income gained is at a much lower level in 2009 than in 2008.

- Credit bearing risk on accounts receivable

The majority of sales are based on short term credit, whereas the company is exposed to limited credit risk on clients. However, the customers are mainly large international energy corporations having strong solidity and corresponding good credibility. The company has not experienced losses on receivables.

Calidus Engineering Ltd, the 50 % owned entity, invoices in Pound sterling and Euro to a limited number of large international customers. The credit risk on receivables in Calidus is regarded to be limited.

OUTLOOK

The progress made during the first half of 2009 has brought Badger Explorer ASA closer to supplying a commercial service to its partners and the Oil & Gas market in general. A commercial service is expected to be launched in late 2010.

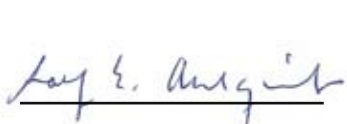
For the remainder of 2009 the emphasis will continue to be on the testing of the prototypes.

The goal of the Company is to complete the self-burial test, in this regard selecting a suitable test site is crucial. The self-burial of the tool will mark an important milestone and will establish a basis for further development of the commitments from the partners.

The Badger Explorer Group has through 1H 2009 managed to develop technology enabling the making of firm plugs (essential for burial). These technologies are essential for the success of the Badger Explorer tool, hence the board reiterates its optimistic view on the remainder of 2009 and the coming year.

RESPONSIBILITY STATEMENT

The Board of Directors and the CEO confirm that to the best of their knowledge the condensed set of financial statements for the first half year of 2009 which have been prepared in accordance with IAS 34 - Interim Financial Reporting, gives a true and fair view of the Group's consolidated assets, liabilities, financial position and results of the operation for the period, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.



Rolf E. Ahlqvist
Chairman



Bjørge Gretland
Director



Kristine Holm
Director



Christian Bull Eriksson
Director



Tone Kvåle
Director



Kjell Erik Drevdal
President & CEO



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 31.12.2008. 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 31.12.2008.

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. 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.

INCOME STATEMENT

Unaudited figures in NOK 1000	2Q 2009	1Q 2009	2Q 2008	Note	30.06. 2009	30.06. 2008
Revenues						
Other Income	1 926	2 532	1 594	4	4 458	3 561
Public grants	0	0	371	1	0	684
Capitalised public grants	0	0	-371	2	0	-684
Total Revenues	1 926	2 532	1 594		4 458	3 561
Operating Expenses						
Cost of goods sold	1 411	535	543		1 946	1 197
External services for dev. project	6 941	4 317	3 812	4	11 258	6 925
Salary	2 656	4 337	3 073		6 993	6 373
Other Operating Expenses	2 948	2 699	3 021	4,10	5 647	4 785
Capitalised development cost	-9 228	-6 634	-5 442	3	-15 862	-9 833
Total Operating Expenses	4 728	5 254	5 007		9 982	9 447
EBITDA	-2 802	-2 722	-3 413		-5 524	-5 886
Depreciation	296	292	307		587	518
EBIT	-3 098	-3 014	-3 719		-6 112	-6 403
Net financial income	1 080	1 626	2 925	11	2 706	5 755
EBT	-2 018	-1 388	-794		-3 405	-649
Tax	0	0	0		0	0
Net profit/loss from operations	-2 018	-1 388	-794		-3 405	-649
Profit (loss) attributable to minority interests	269	690	-35		959	199
Profit (loss) attributable to equity holders of the parent	-2 287	-2 078	-759	9	-4 365	-848
Earnings per share	-0,125	-0,113	-0,041		-0,238	-0,046
Earnings per share diluted	-0,124	-0,113	-0,041		-0,237	-0,046

BALANCE SHEET

ASSETS Unaudited figures in NOK 1000	30.06. 2009	30.06. 2008	Notes	31.12. 2008
FIXED ASSETS				
Development costs	51 288	22 504	3	35 426
Patent rights	387	387		387
Goodwill	6 486	6 195	4	6 203
Total intangible assets	58 160	29 086		42 015
Machinery, fixtures, etc.	3 729	3 773		3 426
Total tangible assets	3 729	3 773		3 426
Bank bonds	78 830	0	11	39 373
Sum financial assets	78 830	0		39 373
TOTAL NON-CURRENT ASSETS	140 719	32 859		84 814
CURRENT ASSETS				
Inventory	942	1 163		355
Sum Inventory	942	1 163		355
Accounts receivable	612	2 773	4	1 802
Other receivables	3 481	5 424	4	6 389
Total receivables	4 093	8 197		8 191
Cash and cash equivalents	81 817	185 981		137 573
TOTAL CURRENT ASSETS	86 853	195 341		146 119
TOTAL ASSETS	227 572	228 199		230 933
EQUITY AND LIABILITIES Unaudited figures in NOK 1000	30.06. 2009	30.06. 2008	Notes	31.12. 2008
EQUITY				
Share capital	2 305	2 305	4,5,10	2 305
Share premium reserve	217 100	217 100	5	217 100
Other paid in equity	316	195	4,6	262
Total paid in equity	219 721	219 599		219 667
Other equity	-14 301	-9 723		-10 620
Total retained earnings	-14 301	-9 723		-10 620
Minority Interest	4 072	2 177		3 113
TOTAL EQUITY	209 492	212 054		212 160
LIABILITIES				
Capitalised grants	13 855	12 055	7	13 855
Total long term liabilities	13 855	12 055		13 855
Accounts payable	3 151	3 045	4,10	2 500
Public duties payable	49	48		388
Taxes payable	116	25		202
Other short term liabilities	908	972		1 828
Total short term liabilities	4 224	4 090		4 918
TOTAL LIABILITIES	18 079	16 145		18 773
TOTAL EQUITY AND LIABILITIES	227 572	228 199		230 933

CASH FLOW

Unaudited figures in NOK 1000	30.06. 2009	30.06. 2008	31.12. 2008
Net cash flow from operating activities	-2 653	-9 587	-13 048
Net cash flow from investment activities	-56 209	-11 399	-65 921
Net cash flow from financing activities	2 706	8 097	17 708
Total net changes in cash flow	-56 156	-12 889	-61 261
Net foreign differences	401	-276	-312
Cash balance at beginning of period	137 573	199 145	199 145
Cash and cash equivalents at end of period	81 817	185 981	137 573

EQUITY RECONCILIATION

Unaudited figures in NOK 1000	30.06. 2009	30.06. 2008	31.12. 2008
Equity at beginning of period	212 160	213 341	213 341
Total comprehensive income	-2 722	-1 354	-1 316
Employee options	54	67	135
Equity at end of period	209 492	212 054	212 160

Total comprehensive income

Unaudited figures in NOK 1000	30.06. 2009	30.06. 2008	31.12. 2008
Profit (loss) attrib. to equity holders of the parent	-4 365	-848	-1 716
Translation differences	684	-705	-734
Minority interest	959	199	1 134
Comprehensive income at end of period	-2 722	-1 354	-1 316

Distribution of total comprehensive income

Unaudited figures in NOK 1000	30.06. 2009	30.06. 2008	31.12. 2008
Majority interest	-3 681	-1 553	-2 450
Minority interest	959	199	1 134

NOTES

1. The Badger Explorer Prototype project and the Plasma Channel Drilling project was supported by the Research Council of Norway and "Skattefunn" with a percentage of the total project cost in 2008. No application for support has yet been filed for 2009.
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 kNOK 2 558 per 30.06.2009.



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 30.06.2009 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; 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.

30.06.2009 - Business segments	Badger	Badger	Engineer-		Elimin-	
Unaudited figures in NOK 1000	Explorer	Plasma	ing	Other	ation	Total
Total revenue	0	0	8 299	21	-3 862	4 458
Segment profit (loss)	-2 558	0	959	-2 818	52	-4 365
Total assets	46 373	6 559	16 815	166 672	-8 847	227 572
30.06.2008 - Business segments	Badger	Badger	Engineer-		Elimin-	
Unaudited figures in NOK 1000	Explorer	Plasma	ing	Other	ation	Total
Total revenue	0	0	4 926	1 644	-3 008	3 561
Segment profit (loss)	-1 618	0	199	571	0	-848
Total assets	18 167	6 367	13 636	197 583	-7 554	228 199
2Q 2009 - Business segments	Badger	Badger	Engineer-		Elimin-	
Unaudited figures in NOK 1000	Explorer	Plasma	ing	Other	ation	Total
Total revenue	0	0	4 360	-0	-2 434	1 926
Segment profit (loss)	-1 270	0	269	-1 317	31	-2 287
2Q 2008 - Business segments	Badger	Badger	Engineer-		Elimin-	
Unaudited figures in NOK 1000	Explorer	Plasma	ing	Other	ation	Total
Total revenue	0	0	2 226	757	-1 388	1 594
Segment profit (loss)	-909	0	-35	184	0	-759

10. Related party transaction Unaudited figures in NOK 1000

Transaction with shareholders	30.06.2009	30.06.2008
Accounts payable*	1 072	305
Purchased services*	3 906	1 825
Total	1 072	305

*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 33 000 shares in Badger Explorer ASA.

Shares held by members of the board and Management group	30.06.2009	30.06.2008
Convexa Capital IV AS (Bjørge Gretland)*	3 200 780	3 300 780
Ahlqvist Invest AS (Rolf E. Ahlqvist)**	465 407	446 407
Dalvin Rådgivning AS (CFO - Gunnar Dolven)	301 872	291 872
CEO - Kjell Erik Drevdal	222 600	222 600
Convexa AS (Bjørge Gretland)	100 000	-
5K International (CEO - Kjell Erik Drevdal)	10 000	-
Invest OK AS (Kristine Holm)	15 000	-
Chevni AS (Christian Bull Eriksson)	6 000	-
CTO - Erling Woods	1 000	-

* Bjørge Gretland does not have decisive influence in Convexa Capital IV AS. He entered the Board of Directors on the 24th of April 2009.

** Rolf E. Ahlqvist entered the Board of Director on the 24th of April 2009.

11. Bank bonds

The Company owns bonds in 13 Norwegian banks with a total nominal value of MNOK 80. 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. 1,25 years.



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