



## **BADGER EXPLORER ASA - REMUNERATION GUIDELINES**

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The main principle of the Company's remuneration policy for the BXPL's management is to offer competitive terms in an overall perspective taking into account salary, payments in kind, bonuses, pension plans and other benefits, to retain key staff.

Determination of salaries and additional benefits of the Company's management for the fiscal year 2016 was based on the remuneration guidelines approved by the Annual General Meeting on 14<sup>th</sup> June 2016. Management salaries and benefits for 2017 will be based on the principles noted below.

The fixed salary for each member of the management shall be competitive and based on the individual's experience, responsibilities as well as the results achieved during the previous year. Salaries as well as other benefits shall be reviewed annually, and adjusted as appropriate.

In addition to their base salary, the Company's management may be granted additional remuneration in the form of a bonus. If a bonus scheme is implemented in 2017, the assessment criteria will be based on both the Company's performance and the individual's performance. The targets to be reached by the CEO are to be determined by the Company's Board of Directors. The CEO will set relevant targets for the other members of the management, based on principles defined by BXPL's Board of Directors.

The Company's management will receive payment in kind such as cell phone expenses and payment of IT and telecommunication expenses.

On 15 March 2016, the Board of Directors of BXPL implemented a new share options program for BXPL employees offering a total of 190,000 share options at a strike price of NOK 1.80 and NOK 370,000 share options at a strike price of NOK 1.50, corresponding to 3% of all outstanding BXPL shares. The options granted will be vested in tranches and can be exercised between three and ten days after publications of the Company's Q4 2017 and Q4 2018 results in 2018 and 2019.

On 22 August 2016, Mr. Roald Valen took on the position as CEO of BXPL. Upon commencement of the employment, Mr. Valen was granted 250,000 share options in BXPL at a strike price of NOK 2.40 per share. 125,000 options will vest on the date of the publication of the Company's Q4 2017 report. A further 125,000 options will vest on the date of the publication of the Company's Q4 2018 report. Upon exercise of the options, the option holder shall pay to the Company a price of NOK 2.40 per option share. If on the exercise day the market price of the Company's shares is exceeding NOK 25, the exercise price shall be increased by an amount equivalent to 8% of the market price deducting NOK 25. The option holder is free to exercise of fully vested options at his sole discretion.

All members of the management are included in the Company's occupational pension scheme drawn up by BXPL for all its employees. The pension scheme is a defined contribution scheme and contributions

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range from 4% 0 - 7.1 G to 7% 7.1 -12 G of the employee's salary - maximized to a percentage of 12 G (NOK 1,110,912). The National Insurance scheme basic amount for 2017 is NOK 92,576. The retirement age for all employees, including the management, is 67 years.

The Board of Directors of Badger Explorer ASA has prepared this statement in accordance with the Public Limited Liability Companies Act §6-16a and will present it to the Annual General Meeting on 9<sup>th</sup> May 2017 for approval.