

To the General Meeting in Badger Explorer ASA

Stavanger, 5 April 2011

## **The Nomination Committee's Report and Recommendations to the General Meeting in Badger Explorer ASA**

Reference is made to the Notice of the Annual General Meeting in Badger Explorer ASA ("BXPL", "Company"). The Annual General Meeting will be held on Wednesday, 27 April 2011 at 10.00 CET.

According to § 6 of Badger Explorer ASA's Articles of Association a Nomination Committee with up to three members shall be elected by the General Meeting. As a listed company BXPL also is subject to the corporate governance requirements set out in the Norwegian Code of Practice for Corporate Governance. BXPL applies to the Norwegian Code of Practice for Corporate Governance dated 21 October 2010 and any deviations from it are explained in the Company's Corporate Governance Policy (as approved by the Board of Directors on 30 March 2011).

During the fiscal year 2010 the Nomination Committee held 2 scheduled meetings. Representatives of the Nomination Committee have also held meetings with various shareholders of Badger Explorer ASA in London, Oslo, Stavanger and Bergen.

As required by the Norwegian Code of Practice for Corporate Governance in chapter 9 the Board of Directors has carried out an evaluation of its own performance and expertise including an evaluation of the composition of the Board and its function both individually and as a group in relation to the Company's objectives. This report has been made available to the Nomination Committee.

### **Matters related to the Board of Directors:**

According to § 5 of the Articles of Association BXPL's Board of Directors shall consist of four to eight members. The present Board of Directors in Badger Explorer ASA consists of the following members:

- Rolf E. Ahlqvist (Chairman)
- Christian Bull Eriksson (Board member)
- Marcus Hansson (Board member)
- Kristine Holm (Board member)
- Tone Kvåle (Board member)

One of the main duties of the Nomination Committee in general is to propose candidates for election to the Board of Directors including a justification of the recommendation.

Badger Explorer ASA's Nomination Committee proposes the following candidates to be elected by the General Meeting as new Board members:

- Tone Kvåle (Board member), re-elected until AGM in 2013
- Clive Mather (Board member), elected until AGM in 2013
- John Wilson (Board member), elected until AGM in 2013

The Nomination Committee concludes that the proposed candidates possess relevant experience within financing and accounting, technology and business development and have in-depth experience from the oil and gas industry. Their experience will be of importance for the further development of the Company.

The terms of Board members Mr. Marcus Hansson and Ms. Kristine Holm end at the AGM in 2012 and are therefore not up for election.

If the candidates proposed by the Nomination Committee are elected by the General Meeting on 27 April 2011 the Board of Directors of Badger Explorer ASA will have the following composition:

- Marcus Hansson (Chairman), elected until AGM in 2012
- Kristine Holm (Board member), re-elected until AGM in 2012
- Tone Kvåle (Board member), re-elected until AGM in 2013
- Clive Mather (Board member), elected until AGM in 2013
- John Wilson (Board member), elected until AGM in 2013.

Brief presentation of each proposed candidate:

Ms. Kvåle holds a B.Sc. degree in business administration from The College of Harstad, Norway. Ms. Kvåle is currently the CFO of NorDiag ASA, Oslo, Norway. She has 14 years of experience from the biotechnology industry (DynaL Biotech 1995 - 2005 and Invitrogen Corporation 2005 - 2006). Ms. Kvåle has also extensive experience from accounting, finance and the IR field within listed companies and in particular from companies being in the product development and growth phase. As of 30 March 2011 Ms. Kvåle holds 5,000 shares, equivalent to 0.03% of all outstanding BXPL shares.

Mr. Clive Mather is the Chairman of the Board of Iogen Corporation, a world leader in technology to produce cellulosic ethanol based in Canada. In June 2007 Mr. Mather retired as President and Chief Executive Officer of Shell Canada Limited, one of the largest integrated petroleum companies in Canada. Mr. Mather's career of 38 years with Shell spanned all of its major businesses and included assignments in Brunei, Gabon, South Africa, The Netherlands and the United Kingdom. Mr. Mather is currently also the Chairman of the Shell Pensions Trust Ltd and Tearfund, both in the UK. Mr. Mather holds a Master of Arts degree from Lincoln College, Oxford. Mr. Mather is a companion of the Chartered Management Institute and a fellow of the Chartered Institute of Personnel and Development.

Mr. John Wilson has a broad range of experience including engineering, marketing, manufacturing, sales and executive management positions throughout the world including Executive Vice President of Landmark Graphics and President of the Exploration Services Division within Veritas DGC. Currently Mr. Wilson holds the position as CEO for Quantapoint, a company active within 3D laser scanning based in

Houston. He holds a bachelor's degree in electronic engineering and physics from Loughborough University of Technology and an MBA from the Polytechnic of Central London, both located in the UK.

**Matters related to the Nomination Committee's composition:**

According to § 6 of the Articles of Association BXPL's Nomination Committee shall consist of two to three members. Mr. Marcus Hansson resigned from his position as chairman of the Nomination Committee on 9 November 2010. At the Extraordinary General Meeting on 1 December 2010 Mr. Bjørge Gretland was elected to Badger Explorer ASA's Nomination Committee with a term until the upcoming AGM on 27 April 2011. The current Nomination Committee consists of:

- Rolf E. Ahlqvist, re-elected until AGM in 2012
- Bjørge Gretland, elected until AGM in 2011
- Knut Åm, elected until AGM in 2012.

It is proposed that the General Meeting re-elects Mr. Bjørge Gretland as member to the Nomination Committee until the AGM in 2013 as he has broad experience.

If the proposed candidate is elected by the General Meeting on 27 April 2011 the Nomination Committee of Badger Explorer ASA will have the following composition:

- Rolf E. Ahlqvist, re-elected until AGM in 2012
- Bjørge Gretland, re-elected until AGM in 2013
- Knut Åm, elected until AGM in 2012.

Brief presentation of Mr. Gretland:

Mr. Gretland holds a Master of Economics and a Dr. Oecon (PhD) within strategy and finance from Norwegian School of Economics and Business Administration (NHH) and was a Research Scholar at Stanford University from 1989 - 1991. Mr. Gretland is the founder and managing partner of Convexa Capital, a group of venture capital funds focusing on disruptive technologies within solar energy, oil technology and IT/Telecom. Mr. Gretland has broad experience from venture capital, M&As and investment banking and is Board member of several Norwegian and international growth companies.

As of 30 March 2011 Mr. Gretland is managing partner in Convexa Capital, which holds 3,200,780 shares, equivalent to 17.3% of all outstanding BXPL shares.

**Matters related to remuneration:**

According to chapter 7 of the Norwegian Code of Practice for Corporate Governance and chapter 8 of the Company's Corporate Governance Policy it is the Nomination Committee's duty to propose the fees to be paid to the Company's Board of Directors.

It is proposed that the General Meeting approves the Board's remuneration for the financial year 2010 amounting to 937,500 NOK, divided among the Board members as follows:

Name	Ordinary Remuneration	Audit Committee	Compensation Committee	Strategy Committee	Total Remuneration
Rolf E. Ahlqvist	300,000 NOK	Included	Included	Included	300,000 NOK
Christian Bull Eriksson	150,000 NOK			Included	150,000 NOK
Bjørge Gretland	75,000 NOK				75,000 NOK
Marcus Hansson	62,500 NOK				62,500 NOK
Kristine Holm	150,000 NOK			Included	150,000 NOK
Tone Kvåle	150,000 NOK	50,000 NOK	Included		200,000 NOK
<b>Total</b>	<b>887,500 NOK</b>	<b>50,000 NOK</b>			<b>937,500 NOK</b>

It is proposed that the General Meeting also approves the remuneration for the fiscal year 2010 to be paid to the members of the Nomination Committee amounting to 55,000 NOK and divided among the members as follows:

Name	Position	Total Remuneration
Marcus Hansson	Chairman of the Committee until 9 November 2010	12,500 NOK
Bjørge Gretland	Chairman of the Committee as of 1 December	12,500 NOK
Rolf E. Ahlqvist	Member	15,000 NOK
Knut Åm	Member	15,000 NOK
<b>Total</b>		<b>55,000 NOK</b>

The above listed amounts of remuneration for each member of the Board of Directors and the Nomination Committee reflect their responsibilities, expertise, committed time and workload and are on a comparable level with companies of similar size within the oil industry.

With kind regards,

On behalf of the Nomination Committee

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Rolf E. Ahlqvist  
(sign.)

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Bjørge Gretland  
(sign.)

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Knut Åm  
(sign.)