

SUPPLEMENTAL PROSPECTUS



Badger Explorer ASA

Supplementing information contained in the Prospectus dated 14 February 2017 concerning the offer and listing of shares in Badger Explorer ASA on Oslo Axess

This document (the "**Supplemental Prospectus**") is a supplement to the prospectus (the "**Prospectus**") issued by Badger Explorer ASA ("**BXPL**" or the "**Company**") on 14 February 2017, in connection with (i) listing of 360,000,000 new shares (the "**Private Placement I Shares**") issued in a private placement conducted on 6 December 2016 (the "**Private Placement I**"), (ii) listing of 600,000,000 new shares (the "**Private Placement II Shares**") to be issued in connection with a private placement conducted on 2 February 2017 (the "**Private Placement II**"), (iii) the offer and listing of 80,000,000 shares (the "**Offer I Shares**") in connection with the Subsequent Offering I and (iv) the offer and listing of 80,000,000 new shares (the "**Offer II Shares**") in connection with the Subsequent Offering II, all with a nominal value of NOK 0.125 per share. The Private Placement I Shares, the Private Placement II Shares and the Offer I Shares as described and covered by the Prospectus have already been listed as of the date of this Supplemental Prospectus.

This Supplemental Prospectus constitutes a supplement to the Prospectus. The information is to be considered part of the Prospectus and (i) supersedes information originally contained in the Prospectus to the extent inconsistent with such information and (ii) supplements information originally contained in the Prospectus so that any statement contained therein will be deemed to be modified to the extent that a statement in this Supplemental Prospectus modifies such statement. Information in the Prospectus shall still apply unless and then only to the extent it has not been amended, supplemented or deleted by this Supplemental Prospectus. This Supplemental Prospectus must be read together with the Prospectus and as part of the basis for any decision of investment in the Company's Shares. Capitalized terms and expressions defined in the Prospectus shall have the same meaning when used in this Supplemental Prospectus unless otherwise defined herein or the context otherwise requires. Please see Section 20 ("Definitions and glossary") of the Prospectus for definitions of terms used in the Prospectus and this Supplemental Prospectus. References in the Prospectus to the "Prospectus" should, unless the context otherwise requires, hereafter be read to refer to the Prospectus, as supplemented hereby.

The Company is offering 80,000,000 Offer II Shares in the Company with a nominal value of NOK 0.125 each at a subscription price of NOK 0.50 per Offer II Share (the "**Subsequent Offering II**"). The Subsequent Offering II is directed towards Eligible Shareholders II (as defined in section 8.4 of the Prospectus). The subscription period for Subsequent Offering II commenced on 6 March 2017 and expires on 20 March 2017 at 16:30 CET (the "**Subscription Period II**").

Subscription rights that are not used to subscribe for shares in the Subsequent Offering II before expiry of the respective subscription period will have no value and will lapse without compensation.

The Company is not taking any action to permit a public offering of the Shares in any jurisdiction outside Norway. The Offer II Shares are being offered only in those jurisdictions in which, and only to those persons to whom, offers of such Shares (pursuant to the exercise of subscription rights or otherwise) may lawfully be made. For more information regarding restrictions in relation to the Subsequent Offering II pursuant to this Supplemental Prospectus, please see section 18 of the Prospectus.

Investing in the Company's shares, including the Offer II Shares involves certain risks. See section 2 of the Prospectus entitled "Risk Factors".

Manager:



The date of this Supplemental Prospectus is 20 March 2017

IMPORTANT INFORMATION

For the definition of certain capitalized terms used throughout this Supplemental Prospectus, please see Section 20 "Definitions and Glossary of Terms" of the Prospectus which also applies to this Supplemental Prospectus, including its front page.

This Supplemental Prospectus dated 20 March 2017 has been prepared to provide supplemental information about the Company and its business in connection with the offer and listing on Oslo Axess of the Offer II Shares to be issued in the Subsequent Offering II. Readers are cautioned that this Supplemental Prospectus is only published pursuant to Section 7-15 of the Norwegian Securities Trading Act in respect of the Offer II Shares. The Private Placement I Shares, the Private Placement II Shares and the Offer I Shares as described and covered by the Prospectus have already been listed as of the date of this Supplemental Prospectus.

The Supplemental Prospectus has been prepared to comply with the Norwegian Securities Trading Act chapter 7 and related secondary legislation, which implement the Prospectus Directive (EC/2003/71), including the EC Commission Regulation EC/809/2004, into Norwegian law. This Supplemental Prospectus has been prepared solely in the English language. The Supplemental Prospectus has been reviewed and approved by the Financial Supervisory Authority of Norway (Norwegian: "*Finanstilsynet*") (the "Norwegian FSA") in accordance with section 7-7 and 7-8, cf. sections 7-2 and 7-3 of the Norwegian Securities Trading Act. The Norwegian FSA has not controlled or approved the accuracy or completeness of the information given in this Supplemental Prospectus. The approval given by the Norwegian FSA only relates to the Company's descriptions pursuant to a pre-defined checklist of requirements. The Norwegian FSA has not made any form of control or approval relating to corporate matters described in or otherwise covered by this Supplemental Prospectus.

As the Company qualifies as a "Small or Medium Size Enterprise" (SME) and a company with "reduced market capitalization" the level of disclosure in the Prospectus is proportionate to this type of issuer cf. EC Commission Regulation EC/486/2012.

The Company has retained ABG Sundal Collier ASA as manager (the "**Manager**") for the Subsequent Offering I, Subsequent Offering II, Private Placement I and Private Placement II.

All inquiries relating to this Supplemental Prospectus must be directed to the Company. No other person or entity has been authorized to give any information about, or to make any representation on behalf of the Company in connection with the Offering or this Supplemental Prospectus and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company or the Manager or by any of the affiliates, advisors or agents of any of the foregoing.

The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. In accordance with section 7-15 of the Securities Trading Act, any new circumstance, material error or inaccuracy relating to information included in the Supplemental Prospectus, which may have significance for the assessment of the Shares, and arises between approval of the Prospectus and the latest date of either the expiry of the Offer Period II or the listing of the Offer II Shares, will be presented in a supplement to the Supplemental Prospectus. Such supplementary prospectus shall be approved by the Financial Supervisory Authority of Norway and be published. Publication of this Supplemental Prospectus shall not create any implication that there has been no change of the Company's affairs or that the information herein is correct as of any date subsequent to the date of the Supplemental Prospectus.

Distribution of this Supplemental Prospectus may be restricted by law. No action has been or will be taken in any jurisdiction other than Norway that would permit an offering of the Offer II Shares, or the possession or distribution of any documents relating thereto, or any amendment or supplement thereto, in any country or jurisdiction where this is unlawful or where specific action for such purpose is required. Accordingly, this Supplemental Prospectus may not be used for the purpose of, and does not constitute, an offer to sell or issue, or a solicitation of an offer to buy or apply for, any securities in any jurisdiction in any circumstances in which such offer or solicitation is not lawful or authorized. Persons in possession of this Supplemental Prospectus are required to inform themselves about and to observe such restrictions. Neither the Company nor the Manager shall be responsible or liable for any violation of such restrictions by prospective investors. The restrictions and limitations listed and described herein are not exhaustive, and other restrictions and limitations in relation to this Supplemental Prospectus that are not known or identified at the date of this Prospectus may apply in various jurisdictions.

The securities described herein have not been and will not be registered under the US Securities Act of 1933 as amended (the "US Securities Act"), or with any securities authority of any state of the United States. Accordingly, the securities described herein may not be offered, pledged, sold, resold, granted, delivered, allotted, taken up, or otherwise transferred, as applicable, in the United States, except in transactions that are exempt from, or in transactions not subject to, registration under the US Securities Act and in compliance with any applicable state securities laws.

This Supplemental Prospectus is subject to Norwegian law. Any dispute arising in respect of or in connection with this Supplemental Prospectus or the Offering is subject to the exclusive jurisdiction of Norwegian courts with Stavanger District Court as legal venue.

Prospective investors are expressly advised that an investment in the Offer II Shares entails financial and legal risk and that they should therefore read the Prospectus, including this Supplemental Prospectus, entirely and in particular the section 2 of the Prospectus entitled "Risk Factors" when considering an investment in the Offer II Shares. The contents of this Supplemental Prospectus are not to be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice.

1. STATEMENT OF RESPONSIBILITY

The Board of Directors of Badger Explorer ASA accepts responsibility for the information contained in this Supplemental Prospectus. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Supplemental Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Stavanger, 20 March 2017

The Board of Directors of Badger Explorer ASA

Marcus Hansson
(Chairman of the Board)

Birte Noer Borrevik
(Board member)

Belinda T. Ingebrigtsen
(Board member)

David Ottesen
(Board member)

2. SUPPLEMENTAL INFORMATION

On 20 March 2017, the Company made the following announcement:

Badger Explorer ASA (the "Company" or "Badger") is pleased to announce that the Company has entered into a Letter of Intent ("LOI") with the shareholders of Dwellop AS ("Dwellop") to acquire 100% of the outstanding shares of Dwellop. Furthermore, certain shareholders of the Company, representing approximately 28% of the outstanding shares, have asked the Board of Directors of the Company (the "Board") to call for an Extraordinary General Meeting ("EGM") to consider a proposal for certain corporate changes as a result of the recent private placement, including electing new board members to reflect the new ownership structure in the Company.

Acquisition of Dwellop

Dwellop is an independent systems and technology provider delivering topside handling equipment for well intervention and plugging & abandonment (P&A) operations. A large part of the business is focused on the design and manufacturing of high quality mechanical and structural wireline, coil tubing and pipe handling equipment for the global well intervention market. Dwellop's business model covers both sale and rental of equipment and systems to E&P companies, service providers and vessel/rig owners, and the company has a broad product portfolio for safe and cost efficient well intervention operations.

During the last three years, Dwellop has been successful in establishing the company as a pioneer within modular workover rigs and surface handling equipment to the well intervention market. With a leading position in this attractive market niche, Dwellop is in a unique position to grow in a recovering market.¹ The company is currently involved in several advanced discussions with clients for modular rig projects intended for well intervention and plugging & abandonment operations. The company is headquartered in Stavanger, Norway, and is currently owned by management and key employees after a management buyout from Rolls-Royce in 2014. Dwellop's history dates back to 1989 and currently the Company has 40 employees (www.dwellop.no). In 2016, Dwellop generated NOK 209m in revenues, NOK 46.5m in EBITDA and NOK 38.2m in net income.

Pursuant to the LOI, Badger will purchase 100% of the outstanding shares in Dwellop for an agreed purchase price of NOK 190m, whereof NOK 60m shall be settled in cash at closing and NOK 130m shall be settled by issuance of new shares in Badger at an agreed subscription price of NOK 0.65 per share (the "Remuneration Shares"). As per 31 December 2016, Dwellop had a net cash position of approximately NOK 12.2 million and net working capital of approximately NOK 16.6m.

Prior to completion of the ongoing subsequent offering (the "Subsequent Offering II"), the Remuneration Shares will constitute approximately 15.9% of the total outstanding shares of Badger. The sellers have agreed to a lock-up period of 36 months for the Remuneration Shares after closing of the transaction, as well as customary non-compete and non-solicitation provisions. Due to Dwellop's strong business and product portfolio, the company will be organized as a standalone portfolio company of Badger and will be developed on a separate basis going forward.

The purchase price implies EV/EBITDA and P/E transaction multiples of 3.8x and 5.0x, respectively.

The transaction is subject to satisfactory outcome of a confirmatory due diligence process, final and binding documentation and Badger board approval. Further, the issuance of the Remuneration Shares must be resolved by the general meeting of Badger.

The acquisition of Dwellop requires the Company to issue a supplemental prospectus to the prospectus for the Subsequent Offering II of 14 February 2017.

¹ Source: Dwellop AS

The chairman of Badger comments: "We are thrilled to work with Dwellop's management team to grow the company both organically and pursue other acquisition opportunities within the well intervention market. In a continued challenging market for oil & gas companies, we believe that products and technologies which facilitate enhanced oil recovery at low costs will continue to be in strong demand going forward. In addition to the acquisition of Dwellop, we are also pursuing other potential acquisition opportunities, in order to continue the growth and development of Badger into a larger and diversified entity, in line with our communicated strategy"

Proposal to call for an Extraordinary General Meeting

Certain shareholders of the Company, representing approximately 28% of the outstanding shares, have asked the Board to call for an EGM. The agenda for this EGM is expected to include a proposal for electing new board members to reflect the ownership structure after the recent private placement, certain changes to the corporate structure, change of name and authorization related to issuance and acquisition of own shares. The notice for EGM will be distributed in due course.

Status Badger tool

The Company is in the process of completing a strategic and technical review of the Badger tool and the Company's IP. The purpose of the assessment is to ensure that the Company makes the correct decisions with respect to maximizing the value of the tool and the IP. The Company has engaged Rystad Energy AS to assist in this process. As previously communicated, the Company will also explore ways to obtain alternative funding for development of the tool and IPs. It is the intention to transfer the Badger tool and other technologies to a wholly owned subsidiary of Badger.

3. RIGHT TO WITHDRAW APPLICATION FOR SHARES

Applicants that have applied for Offer II Shares in the Subsequent Offering II before the publication of this Supplemental Prospectus have the right to withdraw their application within two days after the publication of this Supplemental Prospectus, cf. Section 7-21(2) of the Norwegian Securities Trading Act (i.e. prior to 16:30 hours (CET) on 22 March 2017). Such withdrawal is made by contacting ABG Sundal Collier. Investors that have applied for Offer II Shares in the Subsequent Offering II before the publication of this Supplemental Prospectus and have not utilised the right to withdraw their application within the two-day deadline as indicated above, will be regarded as having accepted the revised terms of the Subsequent Offering II and hence will not need to submit a new application.

4. ADJUSTED TIMELINE FOR SETTLEMENT

As a result of the right of withdrawal described in Section 3 above, the following adjusted timeline will apply for settlement of the Subsequent Offering II:

End of Subscription Period II	20 March 2017 at 16:30 CET
Expiry of right of withdrawal for shareholders having accepted the Subsequent Offering II prior to the publication of this Supplemental Prospectus	22 March 2017 at 16:30 CET
Allocation of Offer II Shares	On or about 23 March 2017
Allocation letters distributed	On or about 23 March 2017
Payment Date II for the Offer II Shares	27 March 2017
Registration of share capital increase	On or about 30 March 2017
Listing and first day of trading of the Offer II Shares on Oslo Axess	On or about 31 March 2017

Badger Explorer ASA

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