NORTHERN DRILLING LTD.

RESULTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED JUNE 30, 2018

Highlights

- In May 2018, the Company acquired two 7th generation ultra deepwater capable drillships currently under construction at Daewoo Shipbuilding & Marine Engineering Co., Ltd for a historical low acquisition price of $296 million per unit.
- The Company successfully completed a private placement, in May 2018, raising gross proceeds of approximately $250 million.
- In June 2018, the Company announced that its harsh environment semi-submersible rig, West Mira, had secured a firm contract for six wells with Wintershall Norge AS for the Nova field
- In July 2018, the Company's shares were transferred from a listing on Oslo Axess to Oslo Børs.
- The Company continues its cost efficient efforts and reports limited operational expenses and a net profit for the quarter.

Results

The Company's activities since incorporation in March 2017 have consisted primarily of acquiring drilling units currently under construction and raising capital. The Company does not currently have any drilling units in operation and the income and costs in the second quarter of 2018 and six months ended June 30, 2018 consisted of interest income and administrative expenses.

In May 2018, the Company entered into agreements to purchase two newbuild 7th generation DP3 and ultra-deepwater capable drillships from Daewoo Shipbuilding & Marine Engineering Co., Ltd ("DSME") known as the *West Aquila* and the *West Libra*, representing two of the world's most capable drillships ever built. The acquisition price was $296 million per unit, of which $90 million per unit was payable at contract signing and the remaining balance at delivery. Expected delivery is January and March 2021, with a flexible delivery schedule and an option to take earlier delivery. In addition, the Company has an option from a related party to acquire a third drillship, the *Cobalt Explorer*, from DSME for a purchase price of $350 million with a six months option period. The right to exercise the option is subject to a defined, unaffiliated, third party not exercising a senior priority purchase right over the drillship at $405 million during the option period.

In connection with the acquisition of the two drillships from DSME, the Company successfully completed a private placement of 29,805,553 new shares, at a subscription price of NOK 68.00 per share, generating gross proceeds of NOK 2,026,800,000 ($248.8 million). The net cash proceeds from the private placement were $245.1 million. The Company intends to use the net proceeds for further fleet expansion, including the partial funding of the two drillships under construction at DSME, and for general corporate purposes.

On June 27, 2018, the Company announced that its harsh environment rig, *West Mira*, had secured a firm contract for six wells with Wintershall Norge AS (the "Wintershall Contract") for the Nova field with contract commencement expected in March 2020. Wintershall Norge AS is a subsidiary of Germany's largest internationally active producer of crude oil and natural gas with several development projects in the North Sea. The contract value is estimated to be approximately $106 million. The Wintershall Contract has been awarded to Seadrill Norway Operations Ltd., a subsidiary of a related party, Seadrill Ltd, who will operate *West Mira* on the Company's behalf. The Wintershall Contract also includes options for early commencement starting from early Q3 2019 as well as follow-on options after the firm contract period. Should all options be exercised, *West Mira* is expected to be contracted to Wintershall until Q1 2022. The day rates for parts of the optional period will be based on a market indexed rate, which enables the Company to benefit from the expected tightening of the harsh environment market with a drilling rig well positioned on the Northern Continental Shelf.

The Company also announced that it had entered into a Heads of Agreement with Seadrill Global Services Ltd (the "Manager"), a wholly owned subsidiary of Seadrill Ltd, for an operating agreement ("Operating Agreement") for *West Mira* under the Wintershall Contract. The Operating Agreement is to cover customary scope for commercial and technical services securing the Company safe and reliable operations from one of the world's most experienced drilling contractors.

On June 29, 2018, the Norwegian Financial Supervisory Authority ("Finanstilsynet") approved the Company's prospectus relating to the listing of the 29,805,883 new shares issued in the private placement completed in May 2018. Based on the approved prospectus, the new shares became registered on the Company's ordinary ISIN BMG6624L1090. Furthermore, as of July 3, 2018, the Company's shares were transferred from a listing on Oslo Axess to Oslo Børs, in accordance with Oslo Børs' decision to admit the Company's shares to listing on Oslo Børs. The Company's shares continued to trade under its existing trading symbol "NODL".

Strategy

The second quarter was another transformative quarter for Northern Drilling with the acquisition of the two DSME drillships and the Wintershall Contract award. The Company believes an acquisition price of $296 million for a 7th gen drillship combined with flexible delivery schedule until 2021 represents an equal attractive entry point as the Company's entrance into the harsh environment market in 2017. Through its forward delivery strategy, Northern Drilling has a truly unique exposure to a recovering in the offshore drilling market without incurring substantial cost in anticipation of a recovery. Limiting the administrative and operative expenses is of high importance and reflected through the Company again reporting limited cost and a net profit.

The Wintershall Contract represents a milestone for the Company and is in line with the Company's strategy of securing attractive contracts without locking in today's day rates for a prolonged time. The Company believes the fundamentals in the harsh environment market continues to strengthen and will be reluctant to enter into longer term contracts without having sufficient market adjustment mechanisms. Under the Wintershall Contract, the back-end options come with market adjustment features giving Northern Drilling adequate protection.

The Company is involved in several tender processes for West Bollsta, some of which represents long term drilling requirement with start-ups beyond 2021 where we believe Northern Drilling is well positioned. However, given the duration and long dated start-up of some of these opportunities, rates will need to be significantly above the current market to be considered attractive to Northern Drilling. The Company is increasingly confident that the harsh environment market fundamentals will continue to strengthen and economics of future contracts should reflect this view.

With flexible delivery until 2021, the Company can comfortably await a further market improvement in the benign deep water market before actively start marketing its two DSME units. The Company has received incoming inquiries from operators requesting high spec drillship for certain demanding drilling operations where Northern Drilling's units are two of the few rigs capable. The trend with operators preferring higher spec drilling units is expected to continue, favorably positioning Northern Drilling.

The Company views its purchase option for Cobalt Explorer as attractive with a price of $350m that includes additional spare parts with a value conservatively estimated to $25 million. Exercise of the purchase option will however continue to be strictly conditional upon it being accretive to Northern Drilling's shareholders. The Company is also actively pursuing other growth opportunities for stranded offshore drilling assets, always remaining strict to its strategy of having a long dated, flexible delivery window combined with a historically attractive purchase price.

Northern Drilling will target debt financing for the take-out payment of West Mira and West Bollsta. Initial feedback from several lending institution is positive, and the Company is confident it will secure financing at attractive and flexible terms prior to delivery.

Outlook

The UDW market is still struggling with contractors willing to enter into contracts at close to operational cost to secure utilization. Northern Drilling will not entertain such discussions for its drillships and will actively utilize its flexible delivery schedule while the market fundamentals are working in the Company's favor.

The fixture activity for UDW floaters is on a very positive trend. Year to date there are more UDW fixtures than at the height in 2013. This trend is expected to continue. Albeit, duration of fixtures is still materially below historical levels with operators tendering for mostly shorter term well contracts plus options, increased tender requirements is the first sign of a market that has entered a recovery phase. Golden Triangle continues to lead the way with expected UDW requirements going forward up ~35% last 12 months. Next to follow is expected to be contract duration which will eventually lead to increased day rates for UDW units. High spec units are expected to be preferred and the market balance is close to reaching an inflection point where the contractors of the highest spec units can start to bid materially higher rates. It is also comfortable to observe most contractors consistently bidding substantially higher rates for contract opportunities with start-up in 2020 and onwards.

Following several contract awards for high end HE units, there is limited availability for modern HE units left for start-up in 2019 and 2020, ideally positioning West Bollsta for its first contract. The North Sea continues to be the most active area but with the Barents Sea also seeing increased requirements. Northern Drilling with West Bollsta due for delivery in 2019 is ideally positioned for several of the ongoing requirements.

The macro backdrop continues to develop favorably with current crude oil price above $70/barrel. More importantly, the oil price has consistently traded above $60/barrel the last ten months. Stability in the oil price going forward is believed to be key in oil majors' decision of increasing its E&P spending as the cost deflation in the offshore industry has enabled deepwater developments to be increasingly competitive at current oil price levels.

The Company's activities are subject to significant risks and uncertainties that can have an adverse effect on the Company's business, financial condition, results of operations and cash flow. See Note 1 to the unaudited interim condensed consolidated financial statements.

Forward Looking Statements

This Report contains certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates, sometimes identified by the words "believes", "expects", "intends", "plans", "estimates" and similar expressions. The forward-looking statements contained in this Report, including assumptions, opinions and views of the Company or cited from third-party sources, are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. The Company does not provide any assurance that that the assumptions underlying such forward-looking statements are free from errors, nor does the Company accept any responsibility for the future accuracy of the opinions expressed in the presentation or the actual occurrence of the forecasted developments. No obligations are assumed to update any forward-looking statements or to conform to these forward-looking statements to actual results.

The Board of Directors
Northern Drilling Ltd.
Hamilton, Bermuda
August 30, 2018
Questions should be directed to:
Gunnar Eliassen: Chief Executive Officer
+44 74 6914 0012

NORTHERN DRILLING LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Apr 1 to Jun 30, 2017	Apr 1 to Jun 30, 2018	CONDENSED CONSOLIDATED INCOME STATEMENT *(in thousands of $)*	Jan 1 to Jun 30, 2018	Mar 2 to Jun 30, 2017	Mar 2 to Dec 31, 2017
—	—	**Total operating revenues**	—	—	—
101	347	Administrative expenses	625	134	822
101	**347**	**Total operating expenses**	**625**	**134**	**822**
(101)	**(347)**	**Net operating loss**	**(625)**	**(134)**	**(822)**
96	517	Interest income	820	105	725
—	(12)	Other financial expense	(23)	(5,000)	(4,997)
(5)	**158**	**Net income (loss)**	**172**	**(5,029)**	**(5,094)**
—	—	**Basic loss per share ($)**	—	**(0.13)**	**(0.10)**

See accompanying notes that are an integral part of these unaudited interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET *(in thousands of $)*	2018 Jun 30	2017 Jun 30	2017 Dec 31
ASSETS			
Short term			
Cash and cash equivalents	147,542	40,134	84,090
Other current assets	80	161	57
Long term			
Newbuildings	567,789	183,329	185,170
Payment on account of newbuilding acquisition	—	—	200,000
Total assets	**715,411**	**223,624**	**469,317**
LIABILITIES AND EQUITY			
Short term liabilities			
Other current liabilities	244	124	290
Related party payables	1,597	857	751
Commitments and contingencies			
Total equity	713,570	222,643	468,276
Total liabilities and equity	**715,411**	**223,624**	**469,317**

See accompanying notes that are an integral part of these unaudited interim condensed consolidated financial statements.

NORTHERN DRILLING LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Apr 1 to Jun 30, 2017	Apr 1 to Jun 30, 2018	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW *(in thousands of $)*	Jan 1 to Jun 30, 2018	Mar 2 to Jun 30, 2017	Mar 2 to Dec 31, 2017
(5)	**158**	**NET INCOME (LOSS)**	**172**	**(5,029)**	**(5,094)**
		Adjustment to reconcile net income (loss) to net cash (used in) provided by operating activities;			
—	—	Loan fee paid to related party	—	5,000	5,000
		Change in operating assets and liabilities;			
(161)	(23)	Other current assets	(23)	(161)	(57)
33	141	Other current liabilities	(46)	124	121
28	(1,043)	Related party payables	(631)	28	134
(105)	**(767)**	**Net cash (used in) provided by operating activities**	**(528)**	**(38)**	**104**
		INVESTING ACTIVITIES			
—	(179,880)	Additions to newbuilding	(181,142)	—	(2,053)
—	—	Payment on account to acquire newbuilding	—	—	(200,000)
—	**(179,880)**	**Net cash used in investing activities**	**(181,142)**	**—**	**(202,053)**
		FINANCING ACTIVITIES			
—	245,122	Net proceeds from share issuances	245,122	112,672	358,539
—	—	Repayment of loan to related party	—	(72,500)	(72,500)
—	**245,122**	**Net cash provided by financing activities**	**245,122**	**40,172**	**286,039**
(105)	**64,475**	**Net change in cash and cash equivalents**	**63,452**	**40,134**	**84,090**
40,239	**83,067**	**Cash and cash equivalents at start of the period**	**84,090**	**—**	**—**
40,134	**147,542**	**Cash and cash equivalents at end of the period**	**147,542**	**40,134**	**84,090**

See accompanying notes that are an integral part of these unaudited interim condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(in thousands of $ except number of shares)*	**Jan 1 to Jun 30, 2018**	**Mar 2 to Jun 30, 2017**	**Mar 2 to Dec 31, 2017**
NUMBER OF SHARES OUTSTANDING			
Balance at beginning of period	77,750,100	—	—
Shares issued	29,805,883	46,000,100	77,750,100
Balance at end of period	**107,555,983**	**46,000,100**	**77,750,100**
SHARE CAPITAL			
Balance at beginning of period	77,750	—	—
Shares issued	29,806	46,000	77,750
Balance at end of period	**107,556**	**46,000**	**77,750**
ADDITIONAL PAID IN CAPITAL			
Balance at beginning of period	395,620	—	—
Shares issued	215,316	181,672	395,620
Balance at end of period	**610,936**	**181,672**	**395,620**
RETAINED DEFICIT			
Balance at beginning of period	(5,094)	—	—
Net income (loss)	172	(5,029)	(5,094)
Balance at end of period	**(4,922)**	**(5,029)**	**(5,094)**
TOTAL EQUITY	**713,570**	**222,643**	**468,276**

See accompanying notes that are an integral part of these unaudited interim condensed consolidated financial statements.

1. GENERAL

Northern Drilling Ltd, or the Company, was incorporated under the laws of Bermuda on March 2, 2017, with its principal executive office located in Hamilton, Bermuda, for the purpose of ownership of offshore drilling rigs. The Company is expected to be primarily engaged in offshore contract drilling for the oil and gas industry in benign and harsh environments worldwide, including ultra-deep water environments.

The Company's activities since incorporation have consisted principally of acquiring four drilling units under construction, an option to acquire a drilling unit, listing its shares on Oslo Axess and then Oslo Børs and raising capital. Furthermore, on June 27, 2018, the Company announced that its harsh environment rig, *West Mira*, had secured a firm contract for six wells with Wintershall Norge AS (the "Wintershall Contract") for the Nova field with contract commencement expected in March 2020. Wintershall Norge AS is a subsidiary of Germany's largest internationally active producer of crude oil and natural gas with several development projects in the North Sea. The contract value is estimated to be approximately $106 million. The Wintershall Contract has been awarded to Seadrill Norway Operations Ltd., a subsidiary of a related party, Seadrill Ltd, who will operate the *West Mira* on the Company's behalf. The Wintershall Contract also includes options for early commencement starting from early Q3 2019 as well as follow-on options after the firm contract period. Should all options be exercised, *West Mira* is expected to be contracted to Wintershall until Q1 2022. The day rates for parts of the optional period will be based on a market indexed rate, which enables the Company to benefit from the expected tightening of the harsh environment market with a drilling rig well positioned on the Northern Continental Shelf.

The Company also announced that it had entered into a Heads of Agreement with Seadrill Global Services Ltd (the "Manager"), a wholly owned subsidiary of Seadrill Ltd, for an operating agreement ("Operating Agreement") for *West Mira* under the Wintershall Contract. The Operating Agreement is to cover customary scope for commercial and technical services securing the Company safe and reliable operations from one of the world's most experienced drilling contractors.

The Company's activities are subject to significant risks and uncertainties that can have an adverse effect on the Company's business, financial condition, results of operations and cash flow. Such risks and uncertainties include, among others, failure to take delivery of the current newbuildings, decreasing market value of the rigs, failure to acquire future assets, developing into an operating business and securing additional funding. Further, the success and growth of the Company's business is depending on the level of activity in the offshore oil and gas industry generally and the drilling industry specifically. Both such industries are highly competitive, with intense price competition. Further, the Company has a limited number of rigs which makes it vulnerable in the event of a loss of revenue of any such rigs and should the Company not be able to obtain favorable contracts for its rigs.

As of the date of this report, the Company owns two semi-submersible rigs currently under construction, *West Mira*, which is expected to be delivered to the Company in January 2019, and *Bollsta Dolphin*, which is expected to be delivered in January 2019. The Company also owns two drillships under construction which are expected to be delivered by early 2021. Further, the Company has an option from a related party to acquire a third drillship, currently known as *Cobalt Explorer*.

2. BASIS OF ACCOUNTING

The condensed consolidated financial statements are stated in accordance with accounting principles generally accepted in the United States as described in the Company's audited financial statements for the period from March 2, 2017 to December 31, 2017. The condensed consolidated financial statements include the assets and liabilities of the Company and its subsidiaries. All intercompany balances and transactions have been eliminated on consolidation. The preparation of the condensed consolidated financial statements requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities. Actual results could differ from those estimates.

3. EARNINGS PER SHARE

The basic earnings per share for the six months ended June 30, 2018 has been calculated based on the net income attributable to the Company of $0.2 million and the weighted average number of shares in the period of 89,694,851 shares. There were no potentially dilutive instruments outstanding in the period.

4 . NEWBUILDINGS

On January 4, 2018 the refund guarantee that was required in connection with the exercise of the option for *Bollsta Dolphin* was received by the Company and the option was considered fully exercised at which time the $200.0 million that was recorded in the balance sheet as Payment on account of newbuilding acquisition was transferred to Newbuildings.

In May 2018, the Company entered into agreements to purchase two newbuilding 7th generation DP3 and ultra-deepwater capable drillships, known as the *West Aquila* and the *West Libra*, from Daewoo Shipbuilding & Marine Engineering Co Ltd, or DSME. The acquisition price was $296.0 million per unit, of which $90.0 million per unit was payable at contract signing and the remaining balance at delivery. Expected delivery is January and March 2021, with a flexible delivery schedule and an option to take earlier delivery. In addition, the Company has received an option to acquire a third drillship, the *Cobalt Explorer*, for a purchase price of $350.0 million.

5. SHARE CAPITAL

The Company has an authorized share capital of $1,000,000,000 comprising of 1,000,000,000 common shares, each with a par value of $1.00.

In May 2018, the Company completed a private placement of 29,805,883 new shares, at a subscription price of NOK 68.00 per share. Gross proceeds of NOK 2,026,800,000 ($248.8 million) were raised and the Company incurred fees of $3.7 million in connection with this private placement.

On June 29, 2018, the Norwegian Financial Supervisory Authority ("Finanstilsynet") approved the Company's prospectus relating to the listing of the 29,805,883 new shares issued in the private placement completed in May 2018. Based on the approved prospectus, the new shares became registered on the Company's ordinary ISIN BMG6624L1090. Furthermore, as of July 3, 2018, the Company's shares were transferred from a listing on Oslo Axess to Oslo Børs, in accordance with Oslo Børs' decision to admit the Company's shares to listing on Oslo Børs. The Company's shares continued to trade under its existing trading symbol "NODL".

As at June 30, 2018, the Company had 107,555,983 common shares outstanding.

6. RELATED PARTY TRANSACTIONS

Hemen Holding Ltd, or Hemen, a Cyprus holding company, indirectly controlled by trusts established by Mr. John Fredriksen, for the benefit of his immediate family, owns approximately 37% of the Company's outstanding ordinary shares at June 30, 2018. The Company transacts business with the following related parties, being companies in which Hemen, or companies affiliated with Hemen, has a significant interest - Seadrill Ltd, or Seadrill, Seatankers Management Co. Ltd, or Seatankers Management, and Blue Sea Navigation Holdings Inc, or Blue Sea.

Seadrill transactions
A wholly-owned subsidiary of Seadrill carries out the newbuilding supervision of the Company's two rigs current under construction. The Company was charged $2.5 million for these newbuilding supervision services in the six months ended June 30, 2018

Seatankers Management transactions
The Company and its subsidiaries receive management services from Seatankers Management. The fee was $0.2 million in the six months ended June 30, 2018.

Blue Sea transaction
In May 2018, a wholly-owned subsidiary of the Company entered into an optional sales and purchase agreement with Blue Sea, whereby Blue Sea granted the subsidiary an option to acquire a drillship, which Blue Sea in turn has an option to acquire from DSME, pursuant to a separate option agreement with DSME, or the DSME Option Agreement. The option may be exercised by the subsidiary within a six months' period, following which Blue Sea is obliged to proceed with the exercise of the option available to it under the DSME Option Agreement. Nor the Company or its subsidiary has made any payment to Blue Sea in exchange for the option, and if exercised the terms of acquisition for the subsidiary are back-to-back with the terms Blue Sea has agreed with DSME. If the subsidiary exercises the option to acquire the drillship, the Company shall pay a purchase price of $350.0 million, payable in two instalments with $105.0 million due upon the exercise of the option the remaining balance upon delivery. The right to exercise the option is subject to a defined, unaffiliated, third party not exercising a senior priority purchase right over the drillship at $405 million during the option period. Pursuant to the DSME Option Agreement, DSME may require Blue Sea to provide a parent company guarantee, following which the Company's subsidiary shall pay Blue Sea a guarantee fee upon execution of such guarantee (if required).

7. COMMITMENTS AND CONTINGENCIES

As of June 30, 2018, the Company is committed to paying $182.5 million for the second and final instalment upon the delivery of *West Mira.* The delivery date is December 31, 2018, but the Company has the right (and intends) to extend delivery by a period of up to thirty-one days to January 31, 2019. The Company is also committed to paying $200.0 million for the second and final instalment upon the delivery of the *Bollsta Dolphin*. The delivery date for this unit is January 2019. The Company is also committed to paying $412.0 million for the second and final instalments upon the delivery of the two drillships. Delivery is January and March 2021 but the Company has the right to take early delivery by giving three months' notice.

NORTHERN DRILLING LTD.
INTERIM REPORT JANUARY - JUNE 2018

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed consolidated financial statements for the period January 1 to June 30, 2018 have been stated in accordance with U.S generally accepted accounting principles, and give a true and fair view of the Company's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Board of Directors of Northern Drilling Ltd.
August 30, 2018

/s/ Gary Casswell
Gary Casswell (Chairman)

/s/ Georgina Sousa
Georgina Sousa

/s/ Jon Olav Østhus
Jon Olav Østhus