NORTHERN DRILLING LTD.

RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2018

Highlights – Third Quarter

- The Company continues its cost efficient efforts and reports limited operational expenses and a net profit for the quarter and year to date

Subsequent Events

- Successfully secured a senior secured term loan of $200 million for *West Mira*
- Wintershall Norge AS exercised two front end options for *West Mira* bringing expected commencement date forward to fourth quarter 2019
- Elected to take early delivery of *West Mira*, currently scheduled for early December 2018
- Scott McReaken appointed new Chief Executive Officer with effect from December 3, 2018

Results

The Company's activities since incorporation in March 2017 have consisted principally of acquiring drilling units currently under construction and raising capital. The Company does not currently have any drilling units in operation and the operating results in the third quarter of 2018 and nine months ended September 30, 2018 consisted of interest income and limited administrative expenses.

Business update

The Company enjoys a strong relationship with leading lending institutions and signed on November 29, 2018 a term loan facility (TLF) of $200 million for *West Mira*. The full loan amount will be drawn in connection with the delivery of *West Mira* from the yard and the tenor of the loan is three year post delivery. The loan has a nine month amortization grace followed by ten quarterly instalments of $5m with a balloon of $150m at maturity implying a skewed 12 years profile. The interest rate is viewed as attractive at Libor+350bps. The loan agreement has no requirements for fixed employment giving the Company full flexibility and discretion to employ *West Mira* as it sees fit. Furthermore there are no covenants linked to earnings, mitigating adverse effects in the event of off-hire or variable earnings. All financial covenants are linked to balance sheet measures for Northern Drilling Limited on a consolidated basis. $25 million of the TLF is subject to certain conditions which are expected to be resolved before December 31, 2018. The financing is in line with the Company's strategy of having a prudent capital structure with reasonable leverage secured at a low cost of capital.

During the third quarter the Company agreed the acquisition of spare parts and inventory from Dolphin Drilling Limited originally procured for the Company's second semi-submersible drilling rig *West Bollsta*. The Company managed to negotiate close to 60% discount on the original purchase price of more than $12 million, representing future savings for the Company relative to procuring similar spare parts from equipment vendors when preparing *West Bollsta* for operations.

In October and November, Wintershall Norge AS exercised two front end options under the *West Mira* contract bringing expected commencement date forward to fourth quarter 2019. Wintershall has additional front end options outstanding bringing potential commencement date forward to third quarter 2019 should all options be exercised.

As a result of Wintershall exercising front end options and the positive prospects of further options to potentially be exercised, the Company has elected to take early delivery of *West Mira* from the shipyard. Expected delivery of *West Mira* is now set to early December 2018.

West Mira will be the world's first modern drilling rig equipped with a low emission hybrid power plant with batteries. Integration of batteries in power supply and distribution system on a drilling rig is expected to significantly reduce fuel consumption, CO^2 and NOx emissions. This solution is a testament to Northern Drilling being in the forefront of technology enhancements and the ability to collaborate with key suppliers, such as Siemens, to increase *West Mira*'s operational capabilities and provide value for existing and future drilling operators. Siemens will continue to work closely with the rig to complete the upgrade prior to contract commencement with Wintershall and during operations to ensure maximum performance of the hybrid system.

On November 29, 2018 the Board appointed Scott McReaken as the Chief Executive Officer with effect from December 3, 2018. Mr McReaken will succeed Gunnar Winther Eliassen who will continue to support the Company through Seatankers Consultancy Services. Mr McReaken has been employed by Seadrill Group of Companies since 2012 where he served as Chief Executive Officer and Director of Sevan Drilling and Chief Financial Officer of North Atlantic Drilling Ltd. With commencement of *West Mira* for operations in Norway, Northern Drilling will enter into a new phase of business. The Board believes Mr McReaken brings the experience and leadership necessary to successfully oversee this important transformation of the Company. The Company will continue to primarily remain an asset platform and is not targeting a further expansion of in-house operational capabilities. All operational capabilities and requirements will continue to be sourced through management contracts maintaining Northern Drilling's extremely cost competitive and flexible platform.

The Company will continue to execute on its strategy of pursuing attractive asset acquisitions that will enhance the Company's fleet and create value to its shareholders. The Company has created a unique exposure to the offshore drilling market with only premium assets acquired at historical low prices, combined with flexible delivery schedules. With an expected average delivery year of 2020 for its fleet, Northern Drilling is protected against short term volatility while enjoying the exposure to a full market recovery on a medium to long term basis.

Outlook

Despite recent short term volatility in the oil price, the ultra deewpater (UDW) market continues to show clear signs of improvements. Increased tender activity continues to be a leading indicator pointing to increased activity. Drilling contractors are also becoming more restrictive contracting out premium rigs at or close to operational cost. This has resulted in a number of selective, but highly supportive data-points for tier 1 benign UDW rigs securing contracts with an expected margin of more than $50,000 per day above daily operating cost. Utilization for tier 1 benign UDW rigs is currently estimated to be 82% compared to the trough in November 2017 of 63%. Since the

Company's entrance into the UDW market in May 2018 the trend with operators preferring premium units has intensified with an annualized growth in utilization of more than 40% year over year. Based on the observed utilization and day rate trajectory, the Company is increasingly comfortable on the outlook for its UDW rigs but will continue to utilize its flexible delivery schedule to maximize expected future contract economics.

The harsh environment market has seen several contracts for premium HE rigs awarded year to date at clean rates approaching $ 300,000 on average. Several of the contracts awarded are for start-up in late 2019 and 2020 reducing the availability of premium HE rigs. *West Bollsta* is today believed to be one of the very few available rigs to meet the technical requirements from certain operators for start-up in the next 12 to 18 months. The Company is ideally positioned with *West Bollsta* but will continue to weigh potential contract economics against delivery timing of said rig.

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
November 30, 2018

NORTHERN DRILLING LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

July 1 to Sept 30, 2017	July 1 to Sept 30, 2018	CONDENSED CONSOLIDATED INCOME STATEMENT *(in thousands of $)*	Jan 1 to Sept 30, 2018	Mar 2 to Sept 30, 2017	Mar 2 to Dec 31, 2017
—	—	**Total operating revenues**	—	—	—
242	399	Administrative expenses	1,024	376	822
242	**399**	**Total operating expenses**	**1,024**	**376**	**822**
(242)	**(399)**	**Net operating loss**	**(1,024)**	**(376)**	**(822)**
122	774	Interest income	1,594	227	725
(1)	11	Other financial (expense) income	(12)	(5,001)	(4,997)
(121)	**386**	**Net income (loss)**	**558**	**(5,150)**	**(5,094)**
—	—	**Basic loss per share ($)**	—	**(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 Sept 30	2017 Sept 30	2017 Dec 31
ASSETS			
Short term			
Cash and cash equivalents	145,437	38,852	84,090
Other current assets	563	109	57
Long term			
Newbuildings	569,187	184,073	185,170
Payment on account of newbuilding acquisition	—	—	200,000
Total assets	**715,187**	**223,034**	**469,317**
LIABILITIES AND EQUITY			
Short term liabilities			
Other current liabilities	195	142	290
Related party payables	1,036	370	751
Commitments and contingencies			
Total equity	713,956	222,522	468,276
Total liabilities and equity	**715,187**	**223,034**	**469,317**

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

July 1 to Sept 30, 2017	July 1 to Sept 30, 2018	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW *(in thousands of $)*	Jan 1 to Sept 30, 2018	Mar 2 to Sept 30, 2017	Mar 2 to Dec 31, 2017
(121)	**386**	**NET INCOME (LOSS)**	**558**	**(5,150)**	**(5,094)**
		Adjustment to reconcile net income (loss) to net cash provided by (used in) operating activities;			
—	—	Loan fee paid to related party	—	5,000	5,000
		Change in operating assets and liabilities;			
53	(427)	Other current assets	(450)	(108)	(57)
(330)	(97)	Other current liabilities	(143)	(206)	121
341	917	Related party payables	286	369	134
(57)	**779**	**Net cash provided by (used in) operating activities**	**251**	**(95)**	**104**
		INVESTING ACTIVITIES			
(1,225)	(2,884)	Additions to newbuilding	(184,026)	(1,225)	(2,053)
—	—	Payment on account to acquire newbuilding	—	—	(200,000)
(1,225)	**(2,884)**	**Net cash used in investing activities**	**(184,026)**	**(1,225)**	**(202,053)**
		FINANCING ACTIVITIES			
—	—	Net proceeds from share issuances	245,122	112,672	358,539
—	—	Repayment of loan to related party	—	(72,500)	(72,500)
—	**—**	**Net cash provided by financing activities**	**245,122**	**40,172**	**286,039**
(1,282)	**(2,105)**	**Net change in cash and cash equivalents**	**61,347**	**38,852**	**84,090**
40,134	**147,542**	**Cash and cash equivalents at start of the period**	**84,090**	**—**	**—**
38,852	**145,437**	**Cash and cash equivalents at end of the period**	**145,437**	**38,852**	**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 Sept 30, 2018**	**Mar 2 to Sept 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)	558	(5,150)	(5,094)
Balance at end of period	**(4,536)**	**(5,150)**	**(5,094)**
TOTAL EQUITY	**713,956**	**222,522**	**468,276**

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

NORTHERN DRILLING LTD.
NOTES TO THE 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 deepwater 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 initially 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 (previously North Atlantic Norway 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 (SGS) and Seadrill Norway Operations Ltd (the Manager), a wholly owned subsidiaries of Seadrill Ltd, where the existing management agreement with SGS will be suspended and in direct continuation the Manager will perform services under 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 early December 2018, 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 nine months ended September 30, 2018 has been calculated based on the net income attributable to the Company of $0.6 million and the weighted average number of shares in the period of 92,925,989 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 respectively, 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 September 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 September 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 $3.8 million for these newbuilding supervision services in the nine months ended September 30, 2018

Seatankers Management transactions

The Company and its subsidiaries receive management services from Seatankers Management. The fee was $0.3 million in the nine months ended September 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 September 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 expected to be early December 2018. 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 end 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 respectively but the Company has the right to take early delivery by giving three months' notice.

8. SUBSEQUENT EVENTS

The Company signed on November 29, 2018 a term loan facility of $200 million for *West Mira*. The loan will have a tenor or three year post delivery, an interest cost of Libor+350bps and a nine month amortization grace followed by ten quarterly instalments of $5m with a balloon of $150m at maturity implying a skewed 12 years profile.

In October and November 2018, Wintershall Norge AS exercised two front end options under the *West Mira* contract bringing expected commencement date forward to fourth quarter 2019

As a result of Wintershall exercising front end options and the positive prospects of further options to potentially be exercised, the Company has elected to take early delivery of *West Mira* from the shipyard. Expected delivery of *West Mira* is now set to early December 2018

On November 29, 2018 the Board appointed Scott McReaken as the Chief Executive Officer with effect from December 3, 2018. In connection with the appointment as Chief Executive Officer, the Board has awarded McReaken 100,000 share options. The share options will expire on 30 November 2023, and 1/3 of the options will vest on 30 November 2019, 1/3 on 30 November 2020 and 1/3 on 30 November 2021. The exercise price is NOK 63.80, subject to customary adjustments including for any distribution of dividends made before the relevant options are exercised. McReaken does not hold shares or other rights to shares in the Company.