NORTHERN DRILLING LTD.
RESULTS FOR THE FIRST QUARTER 2019

Highlights - First Quarter

- Secured drilling contract for *West Bollsta* with Lundin Norway AS with expected commencement Q2 2020, adding backlog of approximately $200 million
- Wintershall Norge AS exercised the third front end option for *West Mira*

Subsequent Events

- Exercised option to purchase *Cobalt Explorer* for $350 million and flexible delivery schedule into Q1 2021
- Wintershall Norge AS exercised fourth and final front end option for *West Mira* bringing commencement forward to mid Q3 2019
- Entered into financing for *West Bollsta* delivery instalment through upsizing the existing senior secured term loan by $200 million
- Agreed revolving credit facility with Sterna Finance for $100 million and a three year tenor

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 first quarter of 2019 consisted of interest income, administrative expenses and non-capitalized costs related to contract preparations.

Business Update

The acquisition of the *Cobalt Explorer* and contract award for the *West Bollsta* are significant milestones demonstrating the Company's commitment and unique ability to execute its strategy in the recovering offshore drilling market. Further, all of the front end options in the *West Mira* contract have now been exercised bringing commencement forward almost nine months, which is a result of the increasing demand in the North Sea and our manager's ability to efficiently mobilize and prepare the rig for its contract.

With the addition of the *Cobalt Explorer*, the Company now has three seventh generation high specification drillships which continue to have the highest demand and earning capacity in the tightening Tier 1 ultra deepwater market. The long-term flexible delivery on all of these rigs and significant discount to historic peak values provides the opportunity for the Company to be pragmatic in our decisions and to achieve a greater return on investment.

The harsh environment semi-submersible *West Bollsta* is expected to be delivered from Hyundai Heavy Industries in Korea in early June. The *West Bollsta* will commence its first drilling program with Lundin Norway AS ("Lundin") after completing operations preparations and initial acceptance testing through the winter season. Lundin is a leading operator in the North Sea and under this ten-well campaign the *West Bollsta* activities will be within the Rolvsnes discovery and Luno II development. The contract revenue backlog for the initial term is estimated at $200 million excluding potential bonus and add-on services. The contract also has four additional one-well market indexed options which would extend employment with Lundin through 2022.

In May 2019, the Company entered into an agreement with a group of banks to upsize the West Mira term loan facility from $200.0 million to $400.0 million by adding a separate tranche for the *West Bollsta*. The full loan amount will be drawn in connection with the delivery of the *West Bollsta* and the tranche has a three year tenor from drawdown. The *West Bollsta* loan tranche has a nine month amortization grace followed by quarterly instalments of $5.0 million implying a skewed 12 year profile. The terms and conditions are the same as the *West Mira*, including the interest rate of Libor plus 350 bps, which is considered attractive. 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.

In April 2019, the Company agreed a $100 million Revolving Credit Facility (“RCF”) with Sterna Finance, an affiliate of the Company’s largest shareholder Hemen Holding Limited. The RCF has a tenor of three years and bears an all-in interest cost of 6.75% per annum reflecting commitment and continued support from the Company’s largest shareholder.

With attractive bank financing in place, a lean corporate structure with limited overhead cost and scale advantages by being included in the Seadrill fleet, the Company expects to continue its highly competitive cost structure after operations commence.

In April, the *West Mira* arrived at a shipyard in Bergen, Norway to complete the remaining operation preparations and acceptance testing for its contract with Wintershall Norge AS (“Wintershall”). With all the front end options exercised, the contract is expected to commence in mid Q3 2019 and revenue backlog is estimated at $145 million excluding potential bonus. The contract also has four options at the end of the firm period that would potentially extend employment with Wintershall into 2022.

The *West Mira* will also be the world's first modern drilling rig to operate a low-emission hybrid (diesel-electric) power plant using lithium-ion energy storage. The battery system will result in an estimated 42% reduction in the runtime of on-platform diesel engines, reducing CO¬2 emissions by 15 percent and NOx emissions by 12 percent, which is equivalent to annual emissions from approximately 10,000 automobiles.

Outlook

The Company continues to have a positive long term view on the offshore drilling market.

Significant improved project economics has led to breakeven prices of close to $30 per barrel for several large deepwater developments, making offshore highly competitive compared to other conventional and unconventional alternatives. The first phase of the Liza development outside Guyana where project economics have been guided to be more than three times the economics of a standard Permian Basin field is a testament to the recovery and competiveness of offshore. Further, improved cash flows for E&P companies has resulted in substantial increases in new major offshore project approvals with FID’s in 2019 expected to be close to three times higher than in 2016. This trend is expected to continue going forward resulting in increased demand for offshore drilling units.

Since 2014, a total of 125 floaters have been scrapped, representing a reduction of 30% compared to the total fleet in 2014. A significant portion of the non-marketed floater fleet is older than 30 years and have been stacked for more than two years. Up to 50 of these rigs represent future scrapping candidates due to reactivation costs that can exceed $100 million. With less than 20 uncontracted competitive floater newbuilds, the global floater fleet is expected to continue to shrink going forward.

Marketed utilization for floaters has increased from 57% at cyclical lows to 80% today, being driven further by Tier 1 drillships utilizations approaching 85%. With recent consolidation six drilling contractors now control approximately 75% of the premium drillship market. Drilling contractors are finally showing a more disciplined approached in contract tenders, especially for contracts with start-up in 2020 and beyond. Several data-points of deepwater rates at close to $300,000 per day have already been observed. Leading edge day rate for premium drillships is expected to continue its trend higher as drilling contractors are increasingly unwilling to commit to future work unless economics are at a substantial premium to current observed rates. The number of projects requiring certain high specification drilling units is also increasing, especially in the Gulf of Mexico with high pressure drilling operation requiring drillships with unique capabilities. With the Company's three high specification drillships having forward delivery in 2021, Northern Drilling is in a unique position to benefit from the improving fundamentals observed in the deepwater market.

The harsh environment market for modern rigs is close to fully booked. Leading edge day rate for premium units is expected to take another step increase and approach $400,000 per day, when considering a market standard bonus mechanism. The Company was a first mover in acquiring its two harsh environment units at the trough of this cycle at attractive prices. Both units are now fully contracted and expected to further benefit from increases in day rates through the market indexed options in the contracts with Lundin and Wintershall.

Forward Looking Statements

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 condensed consolidated financial 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 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 these forward-looking statements to actual results.

The Board of Directors
Northern Drilling Ltd.
Hamilton, Bermuda
May 31, 2019

Questions should be directed to:
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NORTHERN DRILLING LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT *(in thousands of $)*	**Jan 1 to Mar 31, 2019**	**Jan 1 to Mar 31, 2018**	**2018**
Total operating revenues			—
Administrative expenses	631	278	2,292
Total operating expenses	**631**	**278**	**2,292**
Net operating loss	**(631)**	**(278)**	**(2,292)**
Interest income	720	303	2,353
Other financial expense	(222)	(11)	(128)
Net (loss) income	**(133)**	**14**	**(67)**
Basic (loss) income per share ($)	**0.00**	**0.00**	**0.00**

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

CONDENSED CONSOLIDATED BALANCE SHEET *(in thousands of $)*	**2019 Mar 31**	**2018 Mar 31**	**2018 Dec 31**
ASSETS			
Short term			
Cash and cash equivalents	100,317	83,067	122,832
Related party receivables	7,715	—	2,251
Other current assets	665	1	345
Long term			
Newbuildings	799,642	386,488	779,761
Newbuilding Prepayment	13,015	—	13,015
Payment on account of newbuilding acquisition	—	—	—
Total assets	**921,354**	**469,556**	**918,204**
LIABILITIES AND EQUITY			
Short term liabilities			
Current portion of long term debt	15,000	—	10,000
Other current liabilities	2,839	103	1,392
Related party payables	7,356	1,163	5,747
Long term liabilities			
Long term debt	182,916	—	187,725
Commitments and contingencies			
Total equity	713,243	468,290	713,340
Total liabilities and equity	**921,354**	**469,556**	**918,204**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW *(in thousands of $)*	**Jan 1 to Mar 31, 2019**	**Jan 1 to Mar 31, 2018**	**2018**
NET (LOSS) INCOME	**(133)**	**14**	**(67)**
Adjustment to reconcile net (loss) income to net cash (used in) provided by operating activities;			
Amortization of deferred charges	191	—	60
Stock option expense	36	—	9
Unrealized foreign exchange loss	(12)	—	56
Loan fee paid to related party	—	—	—
Change in operating assets and liabilities;			
Other current assets	(308)	—	(344)
Other current liabilities	(2,063)	(187)	371
Related party payables	(3,855)	412	(1,850)
Net cash (used in) provided by operating activities	**(6,144)**	**239**	**(1,765)**
INVESTING ACTIVITIES			
Additions to newbuilding	(16,371)	(1,262)	(389,265)
Additions to newbuilding prepayment	—	—	(13,015)
Net cash used in investing activities	**(16,371)**	**(1,262)**	**(402,280)**
FINANCING ACTIVITIES			
Net proceeds from share issuances	—	—	245,122
Proceeds from long term debt	—	—	200,000
Debt fees paid	—	—	(2,335)
Net cash provided by financing activities	**—**	**—**	**442,787**
Net change in cash and cash equivalents	**(22,515)**	**(1,023)**	**38,742**
Cash and cash equivalents at start of the period	**122,832**	**84,090**	**84,090**
Cash and cash equivalents at end of the period	**100,317**	**83,067**	**122,832**

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

NORTHERN DRILLING LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(in thousands of $ except number of shares)*	**Jan 1 to Mar 31, 2019**	**Jan 1 to Mar 31, 2018**	**2018**
NUMBER OF SHARES OUTSTANDING			
Balance at beginning of period	107,555,983	77,750,100	77,750,100
Shares issued	—	—	29,805,883
Balance at end of period	**107,555,983**	**77,750,100**	**107,555,983**
SHARE CAPITAL			
Balance at beginning of period	107,556	77,750	77,750
Shares issued	—	—	29,806
Balance at end of period	**107,556**	**77,750**	**107,556**
ADDITIONAL PAID IN CAPITAL			
Balance at beginning of period	610,945	395,620	395,620
Shares issued	—	—	215,316
Stock option expense	36	—	9
Balance at end of period	**610,981**	**395,620**	**610,945**
RETAINED DEFICIT			
Balance at beginning of period	(5,161)	(5,094)	(5,094)
Net (loss) income	(133)	14	(67)
Balance at end of period	**(5,294)**	**(5,080)**	**(5,161)**
TOTAL EQUITY	**713,243**	**468,290**	**713,340**

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

NORTHERN DRILLING LTD.
NOTES TO THE UNAUDITED 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 but not limited to ultra-deep water environments.

The Company's activities since incorporation have consisted principally of acquiring drilling units under construction, listing its shares on Oslo Axess and then the Oslo Stock Exchange and raising capital.

As of the date of this report, the Company owns one semi-submersible rig, *West Mira*, that was delivered to the Company in December 2018 and is currently being mobilized for the commencement of its contract with Wintershall Norge AS ("Wintershall") in the third quarter of 2019. The semi-submersible rig currently under construction, *West Bollsta* (formerly *Bollsta Dolphin*), is expected to be delivered to the Company in the second quarter of 2019 and commence operations under a contract with Lundin Norway AS ("Lundin"), in the second quarter of 2020. The Company also owns two drillships under construction which are expected to be delivered by early 2021. On April 30, 2019 the Company exercised the option to acquire a third drillship, currently known as *Cobalt Explorer,* and delivery is expected in early 2021.

The Wintershall and Lundin contracts have been awarded to Seadrill Norway Operations Ltd., a subsidiary of a related party, Seadrill Ltd, who will operate the *West Mira* and *West Bollsta* on the Company's behalf. The Company also announced that it had entered into a Heads of Agreement with subsidiaries of Seadrill Ltd, for an operating agreement to cover commercial and technical services for *West Mira* and *West Bollsta* under their respective contracts.

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. The Company also needs to comply with certain financial covenants on a consolidated basis under the terms of its existing term loan facility and failure to do so would require the outstanding loan to be repaid. 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.

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 year ended December 31, 2018. 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 quarter ended March 31, 2019 has been calculated based on the net loss attributable to the Company of $0.1 million and the weighted average number of shares in the year of 107,555,983 shares.

4 . NEWBUILDINGS

Movements in the quarter ended March 31, 2019 comprise newbuilding supervision fees and costs, mobilization costs and capitalized interest of $3.3 million, $13.4 million and $3.1 million, respectively.

5 . DEBT

In the quarter ended March 31, 2019, amortization expense of $0.9 million in respect of deferred charges was recorded in other financial expense in the consolidated income statement.

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 38% of the Company's outstanding ordinary shares at March 31, 2019. 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, Blue Sea Brokers Inc, or Blue Sea Brokers, Blue Sea Navigation Holdings Inc, or Blue Sea, Golden Ocean Management AS, or Golden Ocean and Frontline Management (Bermuda) Limited, or Frontline Management.

Seadrill transactions
Wholly-owned subsidiaries of Seadrill carry out the newbuilding supervision of *West Mira*, *West Bollsta* and the two drillships, and operations supervision of the mobilization and operational preparations of the *West Mira*. The Company pays management fees for supervision of these activities and provides Seadrill funding for the mobilization and operational preparation. In the quarter ended March 31, 2019, the Company was charged a total newbuilding supervision fee of $3.0 million, funded $17.0 million and has a related party receivable and liability with Seadrill for $7.7 million and $7.4 million, respectively.

Seatankers Management transactions
The Company and its subsidiaries receive management services from Seatankers Management. The fee was $0.2 million in the quarter ended March 31, 2019.

Blue Sea transactions
Cobalt Explorer
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, the *Cobalt Explorer*, for $350.0 million for which Blue Sea had an option to acquire from DSME for the same amount pursuant to an option agreement with DSME, or the DSME Option Agreement. The option was exercisable within a six month period and was subject to a defined, unaffiliated, third party not exercising a senior priority purchase right over the drillship for $405.0 million during the option period. The Company did not make any payment to Blue Sea in exchange for the option. This option and the contingency relating to the third party expired in November 2018 at which time the option period for the Company and the option period under the DSME Option Agreement were extended by approximately four months. Under the terms of this extension, the option price for *Cobalt Explorer* remained at $350.0 million and the Company paid $12.0 million as consideration for the extension of the option period in December 2018. The Company also paid a fee of $1.0 million as reimbursement of lay-up expenses incurred by DSME for the additional four months' lay-up period. Both amounts paid have been capitalized and recorded in Newbuilding Prepayment. Upon exercise of the option in April 2019, the $12.0 million prepayment is credited against the purchase price and $93.0 million will be payable in five equal instalments over ten months beginning in June 2019. The remaining $245.0 million will be payable on delivery of the drillship, which is expected in the first quarter of 2021.

Pursuant to the sale and purchase agreement, Blue Sea will provide an irrevocable and unconditional corporate guarantee to DSME. The Company will execute a counter indemnity guarantee under which Blue Sea is indemnified in respect of all amounts paid under its corporate guarantee. The Company shall pay to Blue Sea a guarantee fee in an amount to be agreed.

7. COMMITMENTS AND CONTINGENCIES

As of March 31, 2019, the Company is committed to paying $200.0 million for the second and final instalment upon the delivery of *West Bollsta*. The expected delivery date for this unit is in the second quarter of 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.

8. SUBSEQUENT EVENTS

In April 2019, Wintershall elected to exercise the fourth and final front end option for *West Mira*, bringing the expected commencement date of operations forward to the third quarter of 2019.

On April 30, 2019, the Company exercised its option to acquire *Cobalt Explorer*. The Company will pay the remaining balance on the first installment amount of $93.0 million in five equal installments over a ten month period beginning on June 1, 2019. The remaining $245.0 million will be payable on delivery of the drillship, which is expected in the first quarter of 2021. The Company has obtained a revolving credit facility from Sterna Finance Ltd, an affiliate of Hemen, in the amount of $100.0 million for a three year period with interest payable at 6.75%.

In May 2019, the Company entered into an agreement with a group of banks to upsize the *West Mira* term loan facility to $400.0 million to be utilized for the delivery of the *West Bollsta.* The tranche has a tenor of three years from drawdown, ten quarterly instalments of $5.0 million after a nine month grace period and an interest rate of Libor plus 350 bps. The loan agreement contains no requirements for fixed employment and no covenants linked to earnings, mitigating adverse effects in the event of offhire or variable earnings. All financial covenants are linked to balance sheet measures on a consolidated basis. $50.0 million of the *West Bollsta* loan tranche is subject to certain conditions, which are expected to be resolved by December 31, 2019 at the latest.