NORTHERN DRILLING LTD.
RESULTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED JUNE 30, 2019

Highlights - Second Quarter

- Exercised option to purchase *Cobalt Explorer* for $350 million and flexible delivery schedule into Q1 2021.
- Wintershall Norge AS exercised final front option for *West Mira* bringing commencement forward to end Q3 2019.
- Secured financing for *West Bollsta* delivery installment 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, raising capital and operational preparations for initial drilling contracts. The Company does not currently have any drilling units in operation and the operating results in the second quarter and six months ended June 30, 2019 consisted of interest income, administrative expenses and non-capitalized costs related to contract preparations.

Business Update

In the second quarter, the Company grew its fleet to a total of five high specification offshore drilling rigs with the acquisition of the *Cobalt Explorer.* The two harsh environment semi submersibles are both preparing for their initial long-term contracts in Norway, with the *West Mira* expected to commence near the end of September. The three 7th generation ultra deepwater drillships remain in the Korean shipyard having forward delivery dates into 2021 and awaiting further dayrate recovery.

The *West Mira* is completing its final acceptance testing for Wintershall Norge AS and the *West Bollsta* began sailing from Korea towards Norway for Lundin Norway AS. They each have ten well contracts with options that could extend the contracts into 2022. The total revenue backlog is estimated at $345 million, excluding options and performance bonuses.

The integrated battery system on the *West Mira* is fully installed and makes it the first low-emission hybrid offshore drilling rig in the world. Hybrid technology is a significant milestone for offshore drilling, as the industry finds new ways to provide greater efficiencies, reduce its impact on the environment, and continuing to provide services required to meet global energy demands.

The Company's three 7th generation drillships have been purchased at significant discounts to historic newbuild cost and all have forward deliveries into the first half of 2021. This flexibility towards the ultra deepwater market allows the Company to optimize timing and achieve maximum return on investment. Seadrill is managing the shipyard oversight for the *West Aquila* and *West Libra* and Vantage Drilling is managing shipyard oversight for the *Cobalt Explorer*. This provides continuity of experience with the rig and the shipyard for each rig.

In May 2019, the Company provided $200 million of financing through its existing term loan facility for the delivery instalment of the *West Bollsta* and began its three year tenor from the drawdown. In April 2019, the Company agreed a $100 million Revolving Credit Facility with Sterna Finance, an affiliate of the Company's largest shareholder Hemen Holding Limited, 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 the scale advantages of our managers, the Company expects to continue its highly competitive cost structure after operations commence.

Outlook

The Company's long term outlook on the offshore drilling market remains constructive. The harsh environment market is well into a recovery and the benign ultra deepwater market continues at a slow, but positive trend.

Recovery in the harsh environment is under way with utilization of modern rigs above 95%. As expected, leading edge day rate for premium units have taken another step increase and have in certain instances reached north of $400,000 per day. Some demand for lower specification rigs will continue but the market is showing a strong bifurcation with a preference for newer and more technical capable rigs. With the Company having market indexed linked options on both of its existing contracts, it is well positioned to benefit from the ongoing harsh environment recovery.

The benign deepwater spot market for short term work remains competitive; rates are trending upwards but still at uneconomical levels. The longer the spot market remains at these levels, the less likely stacked rigs will return to the market due to the significant reactivation costs, which positively impacts the market balance. Contracts with forward start-up dates reflect a material step-up in dayrate economics compared to current observed spot rates. This trend is expected to continue, positively impacting the outlook for contracting opportunities for the Company's drillships.

Northern Drilling is well positioned with its contracts in the harsh environment and long term delivery strategy for its drillships. The Company remains focused on bringing its first two rigs into service and selectively bidding its drillships on future contract opportunities offering satisfactory returns.

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
August 30, 2019

Questions should be directed to:
Scott McReaken: Chief Executive Officer
+1 (832) 509 7191

NORTHERN DRILLING LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Apr 1 to Jun 30, 2018	Apr 1 to Jun 30, 2019	**CONDENSED CONSOLIDATED INCOME STATEMENT** *(in thousands of $)*	Jan 1 to Jun 30, 2019	Jan 1 to Jun 30, 2018	2018
—	—	**Total operating revenues**	—	—	—
—	657	Operating costs	768	—	350
347	767	Administrative expenses	1,287	625	1,942
347	**1,424**	**Total operating expenses**	**2,055**	**625**	**2,292**
(347)	**(1,424)**	**Net operating loss**	**(2,055)**	**(625)**	**(2,292)**
517	793	Interest income	1,513	820	2,353
(12)	(287)	Other financial expense	(509)	(23)	(128)
158	**(918)**	**Net (loss) income**	**(1,051)**	**172**	**(67)**
0.00	**(0.01)**	**Basic (loss) income per share ($)**	**(0.01)**	**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 Jun 30	2018 Jun 30	2018 Dec 31
ASSETS			
Short term			
Cash and cash equivalents	47,134	147,542	122,832
Related party receivables	—	—	2,251
Other current assets	604	80	345
Long term			
Newbuildings	1,087,790	567,789	779,761
Newbuilding prepayment	—	—	13,015
Total assets	**1,135,528**	**715,411**	**918,204**
LIABILITIES AND EQUITY			
Short term liabilities			
Current portion of long term debt	30,000	—	10,000
Other current liabilities	4,036	244	1,392
Related party payables	23,917	1,597	5,747
Long term liabilities			
Long term debt	365,233	—	187,725
Commitments and contingencies			
Total equity	712,342	713,570	713,340
Total liabilities and equity	**1,135,528**	**715,411**	**918,204**

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

NORTHERN DRILLING LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Apr 1 to Jun 30, 2018	Apr 1 to Jun 30, 2019	**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW** *(in thousands of $)*	Jan 1 to Jun 30, 2019	Jan 1 to Jun 30, 2018	2018
158	**(918)**	**NET (LOSS) INCOME**	**(1,051)**	**172**	**(67)**
		Adjustment to reconcile net (loss) income to net cash provided by (used in) operating activities;			
—	267	Amortization of deferred charges	458	—	60
—	17	Stock option expense	53	—	9
—	12	Unrealized foreign exchange loss	—	—	56
		Change in operating assets and liabilities;			
(23)	49	Other current assets	(259)	(23)	(344)
141	3,084	Other current liabilities	1,021	(46)	371
(1,043)	(6,924)	Related party payables	(10,779)	(631)	(1,850)
(767)	**(4,413)**	**Net cash used in operating activities**	**(10,557)**	**(528)**	**(1,765)**
		INVESTING ACTIVITIES			
(179,880)	(245,820)	Additions to newbuilding	(262,191)	(181,142)	(389,265)
—	—	Additions to newbuilding prepayment	—	—	(13,015)
(179,880)	**(245,820)**	**Net cash used in investing activities**	**(262,191)**	**(181,142)**	**(402,280)**
		FINANCING ACTIVITIES			
245,122	—	Net proceeds from share issuances	—	245,122	245,122
—	200,000	Proceeds from long term debt	200,000	—	200,000
—	(2,950)	Debt fees paid	(2,950)	—	(2,335)
245,122	**197,050**	**Net cash provided by financing activities**	**197,050**	**245,122**	**442,787**
64,475	**(53,183)**	**Net change in cash and cash equivalents**	**(75,698)**	**63,452**	**38,742**
83,067	**100,317**	**Cash and cash equivalents at start of the period**	**122,832**	**84,090**	**84,090**
147,542	**47,134**	**Cash and cash equivalents at end of the period**	**47,134**	**147,542**	**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 Jun 30, 2019**	**Jan 1 to Jun 30, 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	29,805,883
Balance at end of period	**107,555,983**	**107,555,983**	**107,555,983**
SHARE CAPITAL			
Balance at beginning of period	107,556	77,750	77,750
Shares issued	—	29,806	29,806
Balance at end of period	**107,556**	**107,556**	**107,556**
ADDITIONAL PAID IN CAPITAL			
Balance at beginning of period	610,945	395,620	395,620
Shares issued	—	215,316	215,316
Stock option expense	53	—	9
Balance at end of period	**610,998**	**610,936**	**610,945**
RETAINED DEFICIT			
Balance at beginning of period	(5,161)	(5,094)	(5,094)
Net (loss) income	(1,051)	172	(67)
Balance at end of period	**(6,212)**	**(4,922)**	**(5,161)**
TOTAL EQUITY	**712,342**	**713,570**	**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, raising capital and operational preparations for initial drilling contracts.

As of the date of this report, the Company owns two semi-submersible rigs, *West Mira* and *West Bollsta*, that were delivered to the Company in December 2018 and June 2019, respectively. Both rigs are being mobilized for the commencement of their respective contracts with Wintershall Norge AS ("Wintershall") near the end of September 2019 and Lundin Norway AS ("Lundin"), in the second quarter of 2020. The Company also owns three drillships, including the newly acquired *Cobalt Explorer*, under construction which are expected to be delivered in the first half of 2021.

The Wintershall and Lundin contracts have been awarded to a Seadrill Ltd. subsidiary, which will operate the *West Mira* and *West Bollsta* on the Company's behalf. The Company entered into agreements with subsidiaries of Seadrill Ltd, for commercial and technical services of the *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.

The presentation of the condensed consolidated income statement for the year ended December 31, 2018 has been expanded to conform with the 2019 presentation. The previously reported number for Administrative expenses of $2.3 million is now reported as $1.9 million and a new line, Operating expenses, has been added for the training costs of $0.4 million that were previously included in Administrative expenses. This revision does not impact the Company's previously reported condensed consolidated balance sheet or condensed consolidated statement of cash flows.

3. EARNINGS PER SHARE

The basic earnings per share amounts for the six months and three months ended June 30, 2019 have been calculated based on the net loss attributable to the Company of $1.1 million and $0.9 million, respectively. The weighted average number of shares in both periods was 107,555,983 shares.

4 . NEWBUILDINGS

Movements in the six months to June 30, 2019 may be summarized as follows:

(in thousands of $)	
Balance at December 31, 2018	**779,761**
Transfer from Newbuilding prepayment	**13,015**
Installments paid	**227,473**
Newbuilding supervision fees and costs	**8,661**
Mobilization costs	**51,793**
Interest capitalized	**7,087**
Balance at June 30, 2019	**1,087,790**

In May 2019, the Company paid $18.6 million for the second installment due in respect of *West Cobalt*.

In June 2019, the Company took delivery of the *West Bollsta,* paid the final installment and other costs due of $208.9 million. The *West Bollsta* is currently being mobilized in preparation for the commencement of its operating contract with Lundin Norway AS, in the second quarter of 2020.

5 . NEWBUILDING PREPAYMENT

The amount recorded as Newbuilding Prepayment at March 31, 2019 was transferred to Newbuildings in April 2019 upon the exercise of the option for the newbuilding.

6 . DEBT

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 amount of this loan was drawn in June 2019 upon the delivery of the *West Bollsta.* The additional tranche has a three year tenor and 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* loan, including the interest rate of Libor plus 350 bps.

In the six months ended June 30, 2019, amortization expense of $0.5 million in respect of deferred charges was recorded in other financial expense in the consolidated income statement.

7. 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 39% of the Company's outstanding ordinary shares at June 30, 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, Sterna Finance Limited, or Sterna Finance, 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 the two drillships, and operations supervision of the mobilization and operational preparations of the *West Mira* and *West Bollsta*. The Company pays management fees for supervision of these activities and provides Seadrill funding for the mobilization and operational preparation. In the six months ended June 30, 2019, the Company was charged newbuilding supervision fees of $6.0 million, funded $34.0 million and has a payable to Seadrill of $23.8 million.

Seatankers Management transactions
The Company and its subsidiaries receive management services from Seatankers Management. The fee was $0.4 million in the six months ended June 30, 2019.

Blue Sea transactions
In April 2019, a wholly-owned subsidiary of the Company entered into a sales and purchase agreement with DSME to acquire the drillship, *Cobalt Explorer*, for $350.0 million. The Company made a $12.0 million prepayment in December 2018, which is credited against the purchase price and the remaining $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. At the end of June 2019, the first instalment was paid and the $28.8 million has been paid in total. The amounts paid to DSME have been capitalized and recorded in Newbuildings.

Pursuant to the sale and purchase agreement, Blue Sea provided an irrevocable and unconditional corporate guarantee to DSME. The Company executed a counter indemnity guarantee under which Blue Sea is indemnified in respect of all amounts paid under its corporate guarantee. The Company paid a guarantee fee of $0.4 million to Blue Sea.

Sterna Finance
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. The RCF was undrawn at June 30, 2019.

8. COMMITMENTS AND CONTINGENCIES

As of June 30, 2019, the Company is 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. The Company is also committed to paying the remaining balance on the first installment for *Cobalt Explorer* in the amount of $74.4 million in four equal installments over a nine month period ending on March 31, 2020. The remaining $245.0 million will be payable on delivery of the drillship, which is expected in the first quarter of 2021.

9. SUBSEQUENT EVENTS

In July 2019, the Company has drawn $30.0 million from the Sterna Finance revolving credit facility.

NORTHERN DRILLING LTD.
INTERIM REPORT JANUARY - JUNE 2019

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed consolidated financial statements for the period January 1 to June 30, 2019 have been prepared 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, 2019

/s/ Gary Casswell
Gary Casswell (Chairman)

/s/ Keesjan Cordia
Keesjan Cordia

/s/ Gunnar Eliassen
Gunnar Eliassen

/s/ Jon Olav Østhus
Jon Olav Østhus