NORTHERN DRILLING LTD.
RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2018

Highlights - Fourth Quarter

- Delivery of *West Mira* in December 2018 and began mobilizing for its initial contract in Norway
- Successfully secured a senior secured term loan of $200 million for *West Mira* delivery payment
- Wintershall Norge AS exercised two front end options for *West Mira*
- Extended option to purchase *Cobalt Explorer* until end of March 2019
- Scott McReaken appointed new Chief Executive Officer with effect from December 3, 2018

Subsequent Events

- Secured drilling contract for *West Bollsta* with Lundin Norway AS with expected commencement in early Q2 2020, adding backlog of approximately $ 200 million
- Wintershall Norge AS exercised third front end option for *West Mira* bringing expected commencement forward to early Q4 2019
- Board appointed Gunnar Eliassen as Director and Audit Committee Chair in February 2019

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 fourth quarter of 2018 and year ended December 31, 2018 consisted of interest income and administrative expenses.

Business Update

Since the last quarter the Company has continued to execute on its strategy; the Company's two harsh environment rigs were acquired at significant discounts to historical peak values and both have now secured employment with premium Norwegian operators at market leading dayrates in the North Sea. The two drillships remain with flexible delivery schedules into 2021 and the option for the *Cobalt Explorer* has been extended providing the Company with increased flexibility.

The harsh environment semi-submersible drilling rig, *West Mira,* was delivered in early December 2018 and began mobilizing towards Norway. *West Mira* will commence its first drilling program with Wintershall Norge AS ("Wintershall") after completing final operations preparations and acceptance testing throughout the summer of 2019. Since the contract was awarded from Wintershall, three front options have been exercised bringing the expected commencement date forward to the beginning of Q4 2019. The contract includes one remaining front option which would potentially bring the commencement forward further to mid Q3 2019 and it includes six additional options following the firm period. Should all follow on options be exercised *West Mira* is expected to be contracted to Wintershall until Q1 2022.

West Mira delivery was funded through a term loan facility ("TLF") of $200 million with a three year tenor and margin of 350bps+libor. The full loan amount was drawn and has a nine month amortization grace period followed by ten quarterly instalments of $5 million and a balloon payment of $150 million. All financial covenants are measured at the Group's consolidated level and there are no other employment linked or earnings requirements in the facility. Thus, the TLF provides flexibility and mitigates adverse consequences in the event of offhire or variable earnings. The TLF is in line with the Company's financing strategy of having a prudent capital structure of reasonable leverage at a low cost of capital and highlights the strong relationship the Company enjoys with leading lending institutions.

The second harsh environment semi-submersible, *West Bollsta*, is expected to be delivered in Q2 2019 and has secured a ten well contract with Lundin Norway AS ("Lundin") for work in the Luno II field and the Rolvsnes discovery. Contract value is estimated to approximately $ 200 million excluding potential performance bonus and any additional services. Contract commencement is expected in early Q2 2020 after mobilization and final operations preparations are completed. Six of the wells are subject to Lundin's fulfilment of certain conditions customary to finalizing the drilling program in Norway, which is part of their longer term growth and strategy to remain a significant operator in the North Sea market. The contract also includes four additional one-well options, and should these options be exercised *West Bollsta* is expected to be contracted to Lundin until Q3 2022.

With the first two drilling rigs securing long-term contracts in Norway, the Company is estimating revenue backlog of more than $300 million, excluding potential performance bonuses, and if all options are exercised both rigs would have employment well into 2022.

The next steps for the *West Bollsta* are to finalize the delivery plan and secure a prudent financing structure for the delivery and mobilization. The Company continues to evaluate all alternatives available and is confident in reaching a solution by delivery.

In November 2018, the Company agreed with Daewoo Shipbuilding & Marine Engineering to extend the option agreement for *Cobalt Explorer* through the end of March 2019. A down payment of $12 million was made which will be applied against the first instalment of $105 million should the option be exercised. The *Cobalt Explorer* is a modern high spec 7th generation drillship with the agreed total purchase price at $350 million ($325 million + $25 million for the second BOP) and has a flexible delivery schedule into 2021.

Effective February 27, 2019 the Board appointed Gunnar Eliassen as Director and Audit Committee Chair. Mr Eliassen served as the Chief Executive Officer for the Company since inception to December 2018. He brings continuity of leadership and knowledge to the Board, as he continues in his Seatankers roles. Mr Eliassen also serves as a Director of Golden Close Maritime Corp. Ltd. and as a Director of Quintana Energy Services Inc.

Outlook

After a year of continual increase in oil price, dayrates and optimism, the last months of 2018 resulted a significant decline in oil price which did not alter the underlying fundamentals of the industry. The outlook for offshore drilling remains relatively unchanged and will continue on its recovery. There has been a rise in enquiries from E&P companies with more interest in opportunistic exploration drilling and increases in the scope of tenders. The market continues to tighten through scrapping older units reducing the oversupply (approximately 121 floaters scrapped since 2014) coupled with multiple consolidations creating less competitors and less aggressive bidding.

Contracting activity is indicating a clear bifurcation between older units and a preference for modern high spec rigs. Certain legacy rigs are able to secure plug and abandonment work and short term campaigns, while the modern rigs are securing exploration and complex development projects with greater returns. This is most pronounced in the harsh environment market where Tier 1 rigs are near full utilization with significantly improved contract economics, while almost half of the rigs 35 years or older remain idle. With continued increase in utilization of 7^{th} generation drillships, the Company is expecting a similar strengthening in contract economics for this asset class in the next 12 months.

The Company takes comfort in this outlook with its new modern high spec fleet being more preferred by customers, its harsh environment rigs being fully contracted and having flexibility in delivery for its two ultra deepwater drillships. The Company is well positioned to deliver shareholder value as the recovery continues and will continue to evaluate opportunistic growth in line with our strategy.

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
February 28, 2019

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

Oct 1 to Dec 31, 2017	Oct 1 to Dec 31, 2018	CONDENSED CONSOLIDATED INCOME STATEMENT *(in thousands of $)*	2018	Mar 2 to Dec 31, 2017
—	—	**Total operating revenues**	—	—
446	1,268	Administrative expenses	2,292	822
446	**1,268**	**Total operating expenses**	**2,292**	**822**
(446)	**(1,268)**	**Net operating loss**	**(2,292)**	**(822)**
498	759	Interest income	2,353	725
4	(116)	Other financial (expense) income	(128)	(4,997)
56	**(625)**	**Net (loss) income**	**(67)**	**(5,094)**
—	—	**Basic loss per share ($)**	—	**(0.11)**

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

CONDENSED CONSOLIDATED BALANCE SHEET *(in thousands of $)*	2018 Dec 31	2017 Dec 31
ASSETS		
Short term		
Cash and cash equivalents	122,832	84,090
Related party receivables	2,251	—
Other current assets	345	57
Long term		
Newbuildings	779,761	185,170
Newbuilding Prepayment	13,015	—
Payment on account of newbuilding acquisition	—	200,000
Total assets	**918,204**	**469,317**
LIABILITIES AND EQUITY		
Short term liabilities		
Current portion of long term debt	10,000	—
Other current liabilities	1,392	290
Related party payables	5,747	751
Long term liabilities		
Long term debt	187,725	—
Commitments and contingencies		
Total equity	713,340	468,276
Total liabilities and equity	**918,204**	**469,317**

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

NORTHERN DRILLING LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Oct 1 to Dec 31, 2017	Oct 1 to Dec 31, 2018	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW *(in thousands of $)*	2018	Mar 2 to Dec 31, 2017
56	**(625)**	**NET (LOSS) INCOME**	**(67)**	**(5,094)**
		Adjustment to reconcile net (loss) income to net cash (used in) provided by operating activities;		
—	60	Amortization of deferred charges	60	—
—	9	Stock option expense	9	—
	56	Unrealized foreign exchange loss	56	—
—	—	Loan fee paid to related party	—	5,000
		Change in operating assets and liabilities;		
51	106	Other current assets	(344)	(57)
327	514	Other current liabilities	371	121
(236)	(2,136)	Related party payables	(1,850)	134
198	**(2,016)**	**Net cash (used in) provided by operating activities**	**(1,765)**	**104**
		INVESTING ACTIVITIES		
(827)	(205,239)	Additions to newbuilding	(389,265)	(2,053)
—	(13,015)	Additions to newbuilding prepayment	(13,015)	—
(200,000)	—	Payment on account to acquire newbuilding	—	(200,000)
(200,827)	**(218,254)**	**Net cash used in investing activities**	**(402,280)**	**(202,053)**
		FINANCING ACTIVITIES		
245,867	—	Net proceeds from share issuances	245,122	358,539
—	200,000	Proceeds from long term debt	200,000	—
—	(2,335)	Debt fees paid	(2,335)	—
—	—	Repayment of loan to related party	—	(72,500)
245,867	**197,665**	**Net cash provided by financing activities**	**442,787**	**286,039**
45,238	**(22,605)**	**Net change in cash and cash equivalents**	**38,742**	**84,090**
38,852	**145,437**	**Cash and cash equivalents at start of the period**	**84,090**	**—**
84,090	**122,832**	**Cash and cash equivalents at end of the period**	**122,832**	**84,090**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(in thousands of $ except number of shares)*	**2018**	**Mar 2 to Dec 31, 2017**
NUMBER OF SHARES OUTSTANDING		
Balance at beginning of period	77,750,100	—
Shares issued	29,805,883	77,750,100
Balance at end of period	**107,555,983**	**77,750,100**
SHARE CAPITAL		
Balance at beginning of period	77,750	—
Shares issued	29,806	77,750
Balance at end of period	**107,556**	**77,750**
ADDITIONAL PAID IN CAPITAL		
Balance at beginning of period	395,620	—
Shares issued	215,316	395,620
Stock option expense	9	—
Balance at end of period	**610,945**	**395,620**
RETAINED DEFICIT		
Balance at beginning of period	(5,094)	—
Net loss	(67)	(5,094)
Balance at end of period	**(5,161)**	**(5,094)**
TOTAL EQUITY	**713,340**	**468,276**

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 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 contract for six wells with Wintershall Norge AS (the "Wintershall Contract") for the Nova field with contract commencement expected in the fourth quarter of 2019. 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 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. As a result of Wintershall exercising front end options in the fourth quarter of 2018 and the then positive prospects of further options to potentially be exercised, the Company elected to take early delivery of *West Mira* from the shipyard in December 2018.

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* under the Wintershall Contract.

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 one semi-submersible rig, *West Mira*, that was delivered to the Company in December 2018 and one semi-submersible rig currently under construction, *West Bollsta* (formerly *Bollsta Dolphin*), which is expected to be delivered to the Company in the second quarter of 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 year ended December 31, 2018 has been calculated based on the net loss attributable to the Company of $67,000 million and the weighted average number of shares in the year of 96,613,549 shares.

4 . NEWBUILDINGS

Movements in the period from March 2, 2017 to December 31, 2018 may be summarized as follows:

	2018	2017
Balance at beginning of period	185,170	—
Transfer from Payment on account of newbuilding acquisition	200,000	—
Installments paid	362,500	182,500
Newbuilding supervision fees and costs	16,744	2,670
Mobilization costs	14,399	—
Interest capitalized	948	—
Balance at end of period	779,761	185,170

On January 4, 2018 the refund guarantee that was required in connection with the exercise of the option for *West Bollsta* 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 December 2018, the Company took delivery of *West Mira* and paid the final installment of $182.5 million. The Company incurred mobilization and operations preparation costs of $14.4 million in connection with *West Mira*.

5 . NEWBUILDING PREPAYMENT

In May 2018, the Company acquired an option from a related party to acquire a drillship, the *Cobalt Explorer*, from DSME within a six month period for a purchase price of $350.0 million. The right to exercise the option 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. This option and the contingency relating to the third party expired in November 2018 at which time the option period for the Company was extended to March 31, 2019. The option price for *Cobalt Explorer* remains at $350.0 million and the Company paid $12.0 million as consideration for the extension of the option period. Upon exercise of the option, this amount will be credited against the purchase price and $93.0 million will be payable upon exercise of the option and $245.0 million will be payable on delivery of the drillship. The $12.0 million fee is non-refundable if the option is not exercised. 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. The lay-up fee is non-refundable. Both amounts paid have been capitalized and recorded in Newbuilding Prepayment.

6 . DEBT

In November 2018, the Company entered into a $200.0 million term loan facility with a number of banks and the full loan amount was drawn in December 2018 upon the delivery of *West Mira* from the yard. The loan has a nine month amortization grace period followed by ten quarterly installments of $5.0 million and a balloon payment of $150.0 million in December 2021. The interest rate is libor plus 3.5%. The loan agreement contains certain financial covenants for the Company on a consolidated basis and requires a certain equity ratio, positive working capital and a minimum liquidity amount.

At December 31, 2018, long term debt is presented net of deferred charges of $2.3 million.

7. SHARE CAPITAL

The Company has an authorized share capital of $1,000,000,000 comprising 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.

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 December 31, 2018, the Company had 107,555,983 common shares outstanding.

8. SHARE OPTIONS

In November 2018, the Board of Directors awarded 100,000 share options to the new Chief Executive Officer in accordance with the terms of the Company's Share Option Scheme. The share options will vest in equal tranches in the three years to November 2021 and will expire in November 2023. The exercise price of NOK 63.80 will be reduced by any dividends paid before the options are exercised.

9. 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 December 31, 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, 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

A wholly-owned subsidiary of Seadrill carries out the newbuilding supervision of the *West Mira, West Bollsta* and the two drillships. In 2018, the Company was charged $4.6 million for *West Mira* and *West Bollsta* and has accrued $4.5 million for the two drillships. Both amounts have been capitalized.

The wholly-owned subsidiary of Seadrill is also supervising the mobilization of *West Mira* in readiness for the Wintershall Contract. The Company transferred $17.0 million to Seadrill in December 2018, of which $14.4 million incurred in respect of mobilization and operations preparation costs has been capitalized, $0.4 million has been expensed and $2.2 million is recorded as due from Seadrill at December 31, 2108.

Seatankers Management transactions

The Company and its subsidiaries receive management services from Seatankers Management. The fee was $0.6 million in 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 had in turn from DSME, pursuant to a separate option agreement with DSME, or the DSME Option Agreement. The option was exercisable within a six month period, following which Blue Sea was obliged to proceed with the exercise of the option available to it under the DSME Option Agreement. Nor the Company or its subsidiary made any payment to Blue Sea in exchange for the option, which lapsed in November 2018 at which time the option period in the DSME Option Agreement and in the agreement between Blue Sea and the Company's subsidiary was extended to March 2019.

Golden Ocean and Frontline transactions
The Company and its subsidiaries receive treasury and accounting services from Golden Ocean and Frontline, respectively, and was charged $50,000 and $12,000, respectively, in 2018.

10. COMMITMENTS AND CONTINGENCIES

As of December 31, 2018, the Company is committed to paying $200.0 million for the second and final instalment upon the delivery of the *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.

10. SUBSEQUENT EVENTS

In February 2019, the Company announced its harsh environment rig *West Bollsta* has secured a contract for a ten-well program with Lundin Norway AS. The drilling program includes the development of the Luno II field and the Rolvsnes discovery in the Norwegian North Sea with contract commencement expected in Q2 2020.