



NORTHERN OCEAN LTD.
RESULTS FOR THE SECOND QUARTER AND SIX MONTHS
ENDED JUNE 30, 2020

Highlights - Second Quarter

- In June 2020, the Company agreed to amend the *West Bollsta* contract with Lundin Energy Norway AS to defer commencement to early fourth quarter and receive compensation during the idle period after specific conditions are met.
- In June 2020, an amendment and waivers to certain covenants were agreed with the lenders under the term loan facility effective through December 2020.

Results

In the second quarter, operating revenue was \$24.8 million compared to \$19.1 million in the previous quarter. The *West Mira* continued operations under contract and achieved technical utilization of 92% for the quarter and year-to-date at 88%. The *West Mira* was out of service for three days in June related to repairs on the deck crane. Contract revenue was \$23.0 million, reimbursable revenue was \$1.7 million and other revenue from the provision of management services was \$0.2 million in the second quarter.

Total operating expenses were \$27.2 million compared to \$29.1 million in the previous quarter. Rig operating expenses were \$18.7 million, which is roughly in line with the last quarter and includes impacts from the coronavirus COVID-19 ("Coronavirus"). Reimbursable expenses were \$1.6 million and depreciation was \$5.6 million. Administrative expenses were \$1.2 million in the quarter, which include remaining professional services associated with the Company's spin-off from Northern Drilling.

Other financial expenses were \$3.4 million compared to \$6.5 million in the previous quarter. Loan interest expense was \$4.0 million, amortization of deferred charges was \$0.5 million and there was a foreign exchange gain of \$1.1 million due to appreciation of the Norwegian Kroner throughout the quarter compared with a foreign exchange loss of \$2.4 million in the first quarter.

The net loss in the second quarter was \$5.8 million resulting in a basic and diluted loss per share of \$0.09.

Business Update

In the second quarter 2020, the Company continued its operations on the *West Mira* and contract preparations on the *West Bollsta*, while adapting to new health and safety measures to reduce risk from the global pandemic. The *West Mira* experienced downtime in the end of June and into July which amounted to 21 days out of service across both periods. The rig has returned to drilling activities for Wintershall Norge AS ("Wintershall") and the manager is working closely with the client to ensure safe and efficient operations continue.

The *West Bollsta* continues its contract preparation phase while the crew works to gain acceptance by Lundin Energy Norway AS ("Lundin") and progress the attestation of compliance ("AOC") items to be ready for its initial well in the Barents in the coming months. The idle period compensation has been delayed mainly due to testing of the modified blowout preventer and is expected to commence drilling activities in the Barents Sea in early fourth quarter 2020.

The Company's revenue backlog at June 30, 2020 is estimated at \$319 million, excluding options and performance bonuses and adjusted for current estimates of well programs. The third quarter to-date technical utilization is approximately 82%, which includes 17 days from the crane repairs.

In June, the Company and its lenders agreed to an amendment and waivers for certain covenants in its term loan facility effective through end of December 2020. Discussions with the Company's manager have been initiated with the objective to find a solution to the outstanding balances and terms for the provision of management services.

Outlook

The Company continues to believe in the long-term fundamentals of the harsh environment market.

Recent significant reductions in demand for natural resources has caused for adjustment in oil company capex spending and delays in offshore drilling programs. However, the harsh environment market continues to remain stronger compared to other international regions. Additionally, certain tax relief schemes could provide potential incentives for oil companies to continue or expand activities in Norway where the Company's rigs are well suited to remain competitive.

The Company continues to remain focused on having both rigs operating under their contracts and maintaining relationships with its stakeholders to ensure that drilling activities continue through these challenging and uncertain times.

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 Ocean Ltd.
Hamilton, Bermuda
August 28, 2020

Questions should be directed to:
Scott McReaken: Chief Executive Officer
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NORTHERN OCEAN LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2019 Apr-Jun	2020 Apr-Jun	CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS <i>(in thousands of \$)</i>	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
—	23,045	Contract revenue	39,821	—	11,184
—	1,666	Reimbursable revenue	3,928	—	2,108
—	102	Other income	211	—	756
—	24,813	Total operating revenues	43,960	—	14,048
657	18,688	Rig operating expenses	37,107	768	13,999
—	1,633	Reimbursable expenses	3,790	—	2,025
—	5,628	Depreciation	13,293	—	2,984
53	1,240	Administrative expenses	2,050	107	1,411
710	27,189	Total operating expenses	56,240	875	20,419
(710)	(2,376)	Net operating loss	(12,280)	(875)	(6,371)
57	3	Interest income	159	140	255
(321)	(3,452)	Other financial income (expense)	(10,000)	(515)	(3,049)
(974)	(5,825)	Net loss before taxes	(22,121)	(1,250)	(9,165)
—	67	Tax	1,208	—	931
(974)	(5,758)	Net loss	(20,913)	(1,250)	(8,234)
—	(0.09)	Basic loss per share (\$)	(0.33)	—	(1.74)

2019 Apr-Jun	2020 Apr-Jun	CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS <i>(in thousands of \$)</i>	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
(974)	(5,758)	Net loss	(20,913)	(1,250)	(8,234)
—	45	Foreign currency translation (loss) income	(6)	—	13
—	45	Other comprehensive (loss) income	(6)	—	13
(974)	(5,713)	Comprehensive loss	(20,919)	(1,250)	(8,221)

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

NORTHERN OCEAN LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEET <i>(in thousands of \$)</i>	Jun 2020	Dec 2019
ASSETS		
Short term		
Cash and cash equivalents	89,232	53,895
Restricted cash	118	128
Accounts receivable, net	5,567	7,214
Unbilled receivables	16,500	15,671
Related party receivables	7,929	6,944
Other current assets	6,368	11,895
Long term		
Drilling units	513,551	524,466
Newbuildings	542,090	480,011
Fixtures and fittings	1	2
Deferred tax	2,139	931
Total assets	1,183,495	1,101,157
LIABILITIES AND EQUITY		
Short term liabilities		
Current portion of long term debt	40,000	40,000
Other current liabilities	28,900	5,475
Deferred revenue	10,694	11,277
Related party payables	120,584	70,595
Long term liabilities		
Long term debt	376,518	345,495
Deferred revenue	14,194	15,191
Related party long term debt	70,000	70,000
Commitments and contingencies (Note 15)		
Total equity	522,605	543,124
Total liabilities and equity	1,183,495	1,101,157

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

NORTHERN OCEAN LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2019 Apr-Jun	2020 Apr-Jun	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (in thousands of \$)	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
(974)	(5,758)	NET LOSS	(20,913)	(1,250)	(8,234)
		Adjustment to reconcile net loss to net cash provided by (used in) operating activities;			
266	511	Amortization of deferred charges	1,023	458	1,345
—	(3,118)	Amortization of deferred revenue	(5,870)	—	(1,471)
—	5,628	Depreciation	13,293	—	2,984
—	45	Unrealized foreign exchange loss	(6)	—	13
—	(67)	Tax	(1,208)	—	(931)
		Change in operating assets and liabilities;			
—	(1,397)	Receivables	1,647	—	(7,214)
—	2,564	Unbilled receivables	(830)	—	(15,671)
34	5,087	Other current assets	5,435	77	(11,586)
923	17,096	Other current liabilities	23,959	2,921	4,119
4,717	(21,019)	Related party balances	(10,408)	(432)	(6,713)
—	1,637	Deferred revenue	4,290	—	27,939
4,966	1,209	Net cash provided by (used in) operating activities	10,412	1,774	(15,420)
		INVESTING ACTIVITIES			
(208,900)	(3,155)	Additions to newbuilding	(5,485)	(208,900)	(230,756)
—	—	Purchase of fixtures and fittings	—	—	(2)
(208,900)	(3,155)	Net cash used in investing activities	(5,485)	(208,900)	(230,758)
		FINANCING ACTIVITIES			
—	—	Net proceeds from share issuances	400	—	98,300
200,000	—	Proceeds from long term debt	50,000	200,000	200,000
—	(10,000)	Repayment of bank debt	(20,000)	—	(10,000)
(2,950)	—	Debt fees paid	—	(2,950)	(2,950)
197,050	(10,000)	Net cash provided by (used in) financing activities	30,400	197,050	285,350
(6,884)	(11,946)	Net change	35,327	(10,076)	39,172
11,659	101,296	Cash, cash equivalents and restricted cash at start of the period	54,023	14,851	14,851
4,775	89,350	Cash, cash equivalents and restricted cash at end of the period	89,350	4,775	54,023

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

NORTHERN OCEAN LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY <i>(in thousands of \$ except number of shares)</i>	2020 Jan-Jun	2019 Jan-Dec
Number of shares outstanding		
Balance at beginning of period	63,726,692	100
Shares issued	75,686	63,726,592
Balance at end of period	63,802,378	63,726,692
Share capital		
Balance at beginning of period	63,727	—
Shares issued	76	63,727
Balance at end of period	63,803	63,727
Additional paid in capital		
Balance at beginning of period	488,010	—
Shares issued	324	488,010
Balance at end of period	488,334	488,010
Accumulated other comprehensive income		
Balance at beginning of period	13	—
Other comprehensive (loss) income	(6)	13
Balance at end of period	7	13
Retained deficit		
Balance at beginning of period	(8,626)	(1,998)
Net loss	(20,913)	(6,628)
Balance at end of period	(29,539)	(8,626)
Total equity	522,605	543,124

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

NORTHERN OCEAN LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Northern Ocean Ltd., or the Company, was incorporated under the laws of Bermuda on March 3, 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.

As of the date of this report, the Company owns two semi-submersible rigs, *West Mira* and *West Bollsta*, which were delivered to the Company in December 2018 and June 2019, respectively. The *West Mira* commenced its contract with Wintershall Norge AS ("Wintershall") on November 7, 2019. This contract is between Wintershall and a variable interest entity ("VIE") subsidiary of Seadrill Ltd, which the Company consolidates as it is deemed to be its primary beneficiary. The *West Bollsta* continues its contract preparation phase to gain acceptance by Lundin Energy Norway AS ("Lundin") in the commencement deferral period and progresses the attestation of compliance ("AOC") required for its initial well in the Barents in early fourth quarter 2020. The Company expects to novate the Lundin contract to the same VIE subsidiary as the *West Mira*.

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, decreasing market value of the rigs, failure to acquire future assets, developing into an operating business, securing funding for new rigs and maintaining sufficient operating liquidity. In addition, public health threats, such as the Coronavirus, influenza and other highly communicable diseases or viruses, outbreaks of which have from time to time occurred in various parts of the world in which we operate could adversely impact our operations as well as the operations of our customers. The Company also needs to comply with certain financial covenants 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 and are significantly impacted by the price of oil, which can be very volatile. 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 due to market developments, technical or regulatory matters, and should the Company not be able to obtain favorable contracts for its rigs.

2. BASIS OF ACCOUNTING

The unaudited 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, 2019. 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 makes estimates and assumptions affecting the reported amounts of assets and liabilities. Actual results could differ from those estimates.

3. REVENUE FROM CONTACTS WITH CUSTOMERS

The following table provides information about receivables and contract liabilities from our contracts with customers at June 30, 2020:

<i>(in thousands of \$)</i>	
Accounts receivable, net	5,567
Unbilled receivables	16,500
Current contract liabilities (deferred revenue)	10,694
Non-current contract liabilities (deferred revenue)	14,194

The deferred revenue included above consists primarily of mobilization and upgrade revenue for both wholly and partially unsatisfied performance obligations as well as expected variable mobilization and upgrade revenue for partially unsatisfied performance obligations, which has been estimated for purposes of allocating across the entire corresponding performance obligations.

(in thousands of \$)

Total contract liabilities at December 31, 2019	26,468
Deferred revenue accruing in the period	4,290
Amortization of deferred revenue	(5,870)
Total contract liabilities at June 30, 2020	24,888
Current contract liabilities	10,694
Long term contract liabilities	14,194

4. INCOME TAXES

Bermuda

Under current Bermuda law, the Company is not required to pay taxes in Bermuda on either income or capital gains. The Company has received written assurance from the Minister of Finance in Bermuda that, in the event of any such taxes being imposed, the Company will be exempted from taxation until March 31, 2035.

Other Jurisdictions

The Company has subsidiaries, which were incorporated in the Marshall Islands and they are not subject to income tax. Certain of the Company's subsidiaries and branches in Norway and the USA are subject to income tax in their respective jurisdictions. The tax paid by subsidiaries and branches that are subject to income tax is not material.

Deferred tax

Deferred tax assets and liabilities are based on temporary differences that arise between carrying values of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes and the future tax benefits of tax loss carry forwards.

The Company does not have any unrecognized tax benefits, material accrued interest or penalties relating to income taxes.

5. EARNINGS PER SHARE

The computation of basic earnings per share is based on the weighted average number of shares outstanding and net income (loss). The Company does not have any dilutive instruments. The components of the numerator and the denominator in the calculation are as follows;

2019 Apr-Jun	2020 Apr-Jun		2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
(974)	(5,758)	Net loss (in thousands of \$)	(20,913)	(1,250)	(8,234)
—	63,802	Weighted average number of ordinary shares (in thousands)	63,779	—	4,735

Earnings per share is not presented for the three and six months ended June 30, 2019 as the Company only had 100 shares issued and outstanding in the period.

6. RESTRICTED CASH

Restricted cash consists of cash held in a restricted account for payroll taxes.

7. DRILLING UNITS

Movements in the carrying value of Drilling units, which represents the carrying value of *West Mira*, in the six months ended June 30, 2020 may be summarized as follows:

<i>(in thousands of \$)</i>	Cost	Accumulated depreciation	Net carrying value
Balance at December 31, 2019	527,450	(2,984)	524,466
Additions	2,378		2,378
Depreciation	—	(13,293)	(13,293)
Balance at June 30, 2020	529,828	(16,277)	513,551

The depreciation charge in the six months ended June 30, 2020 includes \$2.6 million that was incurred in the first quarter being the value of a lifeboat that was lost in bad weather in February 2020.

8. NEWBUILDINGS

Movements in the carrying value of Newbuildings, which represents the carrying value of *West Bollsta*, in the six months ended June 30, 2020 may be summarized as follows:

<i>(in thousands of \$)</i>	
Balance at December 31, 2019	480,011
Mobilization costs	55,761
Newbuilding supervision fees and costs	1,405
Interest capitalized	4,913
Balance at June 30, 2020	542,090

9. OTHER CURRENT ASSETS

Other current assets at June 30, 2020 may be summarized as follows:

<i>(in thousands of \$)</i>	
Reimbursable amounts due from customer	1,638
VAT receivable	3,729
Grant receivable	672
Other	329
	6,368

10. OTHER CURRENT LIABILITIES

Other current liabilities at June 30, 2020 may be summarized as follows:

<i>(in thousands of \$)</i>	
Accounts payable	7,622
Accrued administrative expenses	5,123
Accrued newbuilding expenses	13,626
Other payables	747
Accrued interest expense	1,782
	28,900

11. DEBT

Debt at June 30, 2020 may be summarized as follows:

<i>(in thousands of \$)</i>	
U.S. dollar denominated floating rate debt:	
\$200.0 million term loan facility - <i>West Mira</i>	180,000
\$200.0 million term loan facility - <i>West Bollsta</i>	190,000
\$50.0 million term loan facility - <i>West Mira and West Bollsta</i>	50,000
Total debt	420,000
Short term debt	(40,000)
Deferred charges	(3,482)
Long term debt	376,518

The outstanding debt as of June 30, 2020 is repayable as follows:

<i>(in thousands of \$)</i>	
Year 1	40,000
Year 2	210,000
Year 3	170,000
Year 4	—
Year 5	—
Thereafter	—
	420,000

In March 2020, the Company drew down \$50.0 million from its \$450.0 million secured term loan facility. Half of this drawdown amount is to be repaid in December 2021 being the maturity date of the West Mira term loan facility and half is to be repaid in June 2022 being the maturity date of the West Bollsta term loan facility.

In March 2020, the Company paid a quarterly installment due under the West Mira loan facility and a quarterly installment due under the West Bollsta loan facility, each in the amount of \$5.0 million.

In June 2020, the Company paid a quarterly installment due under the West Mira loan facility and a quarterly installment due under the West Bollsta loan facility, each in the amount of \$5.0 million.

In June 2020, an amendment and waivers to certain covenants were agreed with the lenders under the term loan facility effective through December 2020. The Company is in compliance with all financial covenants as of June 30, 2020.

Assets pledged

<i>(in thousands of \$)</i>	
Drilling unit	513,551
Newbuildings	542,090
	1,055,641

Deferred charges

<i>(in thousands of \$)</i>	
Debt arrangement fees	5,910
Accumulated amortization	(2,428)
	3,482

In the six months ended June 30, 2020, amortization expense of \$1.0 million in respect of deferred charges was recorded in other financial expense in the condensed consolidated statement of operations.

12. SHARE CAPITAL

On February 6, 2020, Northern Drilling Ltd. ("Northern Drilling") announced an exchange offer in connection with the Company's application for listing on the Oslo Børs and a subsequent share offering by the Company. Northern Drilling offered its shareholders the opportunity to exchange up to 85% of their ownership in Northern Drilling at an exchange ratio of 2.0316 shares in Northern Drilling for one share in the Company. The exchanged shares in Northern Drilling were cancelled upon settlement.

On February 26, 2020, Northern Drilling announced that 91,422,966 of its shares were accepted in the exchange offer and exchanged with 45,000,100 shares in the Company that were owned by Northern Drilling. Following completion of the exchange offer, Northern Drilling does not hold any shares in the Company and 91,422,966 of Northern Drilling's shares were cancelled. Upon completion of the exchange offer, Hemen Holding owns 39.5% of the Company.

On February 26, 2020, the Company issued 75,686 shares in the subsequent offering at a subscription price of NOK 49 per share, generating gross proceeds of NOK 3.7 million (or \$0.4 million based on an exchange rate of NOK 9.27 to USD 1.00) and has 63,802,378 shares issued and outstanding as at the date of this report.

On February 27, 2020, the Company's shares began trading on the Oslo Børs.

13. FAIR VALUES

The carrying value and estimated fair value of the Company's financial instruments as of June 30, 2020 are as follows:

<i>(in thousands of \$)</i>	Carrying Value	Fair Value
Assets:		
Cash and cash equivalents	89,232	89,232
Restricted cash	118	118
Liabilities:		
Floating rate debt	416,518	416,518
Related party long term debt	70,000	64,326

The estimated fair value of financial assets and liabilities are as follows:

<i>(in thousands of \$)</i>	Fair Value	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	89,232	89,232	—	—
Restricted cash	118	118	—	—
Liabilities:				
Floating rate debt	416,518	—	416,518	—
Related party long term debt	64,326	—	—	64,326

The following methods and assumptions were used to estimate the fair value of each class of financial instrument;

Cash and cash equivalents – the carrying values in the balance sheet approximate fair value.

Restricted cash – the carrying value in the balance sheet approximates fair value.

Floating rate debt - the fair value of floating rate debt has been determined using level 2 inputs and is considered to be equal to the carrying value since it bears variable interest rates, which are reset on a quarterly basis.

Related party long term debt - the fair value has been determined using level 3 inputs being the discounted expected cash flows of the outstanding debt.

14. RELATED PARTY TRANSACTIONS

Hemen Holding Ltd, or Hemen Holding, a Cyprus holding company, indirectly controlled by trusts established by Mr. John Fredriksen, for the benefit of his immediate family, owned 39.6% of the Company's outstanding ordinary shares at June 30, 2020. The Company transacts business with the following related parties, being companies in which Hemen Holding, or companies affiliated with Hemen Holding, has a significant interest - Seadrill Ltd, or Seadrill, Seatankers Management Co. Ltd, or Seatankers Management, Golden Ocean Management AS, or Golden Ocean, Frontline Management (Bermuda) Limited, or Frontline Management, and Northern Drilling Ltd or Northern Drilling.

Seadrill transactions

A wholly-owned subsidiary of Seadrill carries out the newbuilding supervision of the *West Bollsta* and charges a management supervision fee that is capitalized until initial operations commence. The *West Mira* commenced its drilling contract with Wintershall on November 7, 2019, and is charged a fixed fee for management services included in Rig Operating Expenses. The *West Mira* contract is between Wintershall and Seadrill Northern Operations Ltd, a subsidiary of Seadrill Ltd, and a variable interest entity which the Company consolidates as it is deemed to be its primary beneficiary. In the six months ended June 30, 2020, the Company was charged management fees from Seadrill in the amount of \$7.2 million.

Golden Ocean, Frontline and Seatankers Management transactions

The Company and its subsidiaries receive treasury, accounting, corporate secretarial and advisory services from these entities and was charged \$0.2 million in the six months ended June 30, 2020.

Northern Drilling transactions

The Company provides management services to Northern Drilling and charged \$0.2 million in the six months ended June 30, 2020.

Related party balances

A summary of balances due from related parties at June 30, 2020 is as follows:

<i>(in thousands of \$)</i>	
Northern Drilling Ltd	255
Seadrill companies	7,674
	<u>7,929</u>

A summary of balances due to related parties at June 30, 2020 is as follows:

<i>(in thousands of \$)</i>	
Seadrill companies	120,456
Seatankers Management Co. Ltd	72
Frontline Management (Bermuda) Ltd	56
	<u>120,584</u>

15. COMMITMENTS AND CONTINGENCIES

As of June 30, 2020, the Company was committed to completing the mobilization of *West Bollsta* for commencement of the drilling contract with Lundin.

Agreements executed to establish the operating framework of the VIE, which performs the drilling contract with Wintershall, include a mechanism for the Company to provide a \$100 million bank guarantee if the Company's net asset value or market capitalization falls below a certain amount. The bank guarantee shall remain in force for the duration of the drilling contract so long as the net asset value or market capitalization remains below the required amount.

NORTHERN OCEAN LTD.
INTERIM REPORT JANUARY - JUNE 2020

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed consolidated financial statements for the period January 1 to June 30, 2020 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.

The Board of Directors
Northern Ocean Ltd.
Hamilton, Bermuda
August 28, 2020