

**ISSUER DETAILS**

<b>NAME OF ISSUER</b>	<b>FOR PERIOD ENDED</b>	<b>DATE OF REPORT</b>
NORDIC OIL AND GAS LTD.	June 30, 2007	August 29, 2007

**ISSUER ADDRESS**

4727 ROBLIN BOULEVARD

<b>CITY</b>	<b>PROVINCE</b>	<b>POSTAL CODE</b>	<b>ISSUER FAX NO.</b>	<b>ISSUER TELEPHONE NO.</b>
WINNIPEG	MANITOBA	R3R 0G2	(204) 897-7154	(204) 956-5042

<b>CONTACT NAME</b>	<b>CONTACT POSITION</b>	<b>CONTACT TELEPHONE NO.</b>
DONALD P. BENSON	PRESIDENT	(204) 956-5042

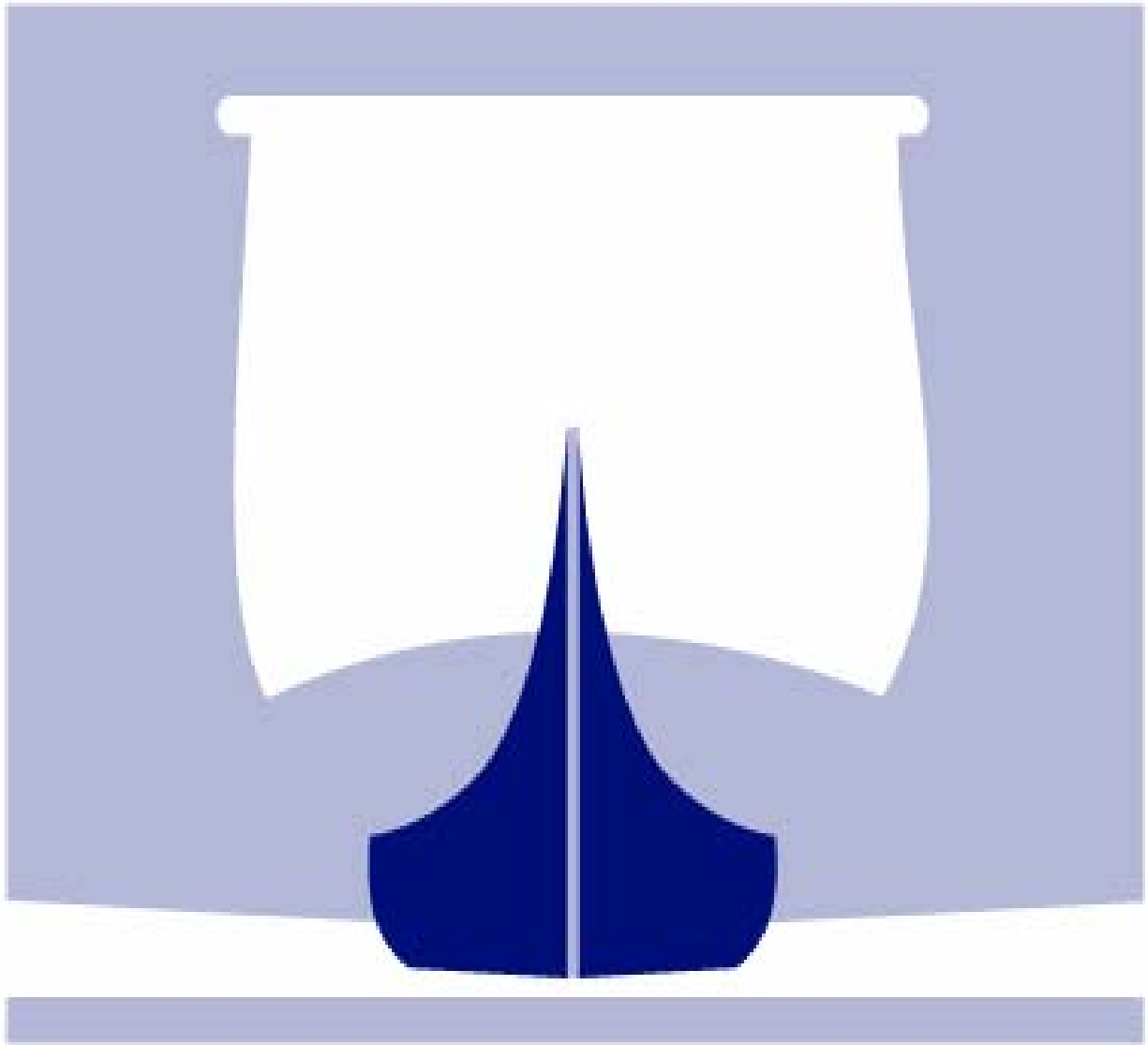
<b>CONTACT E-MAIL ADDRESS</b>	<b>WEBSITE ADDRESS</b>
<u><a href="mailto:dbenson57@shaw.ca">dbenson57@shaw.ca</a></u>	<a href="http://nordicoilandgas.com">nordicoilandgas.com</a>

**CERTIFICATE**

*THE THREE SCHEDULES REQUIRED TO COMPLETE THIS REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS REPORT WILL BE PROVIDED TO ANY SHAREHOLDER WHO REQUESTS IT.*

<b>DIRECTOR'S SIGNATURE</b>	<b>PRINT FULL NAME</b>	<b>DATE SIGNED</b>
"Donald Benson"	DONALD P. BENSON	8/29/2007

<b>DIRECTOR'S SIGNATURE</b>	<b>PRINT FULL NAME</b>	<b>DATE SIGNED</b>
"Keith Peterson"	KEITH PETERSON	8/29/2007



**NORDIC**  
OIL AND GAS LTD

## ***Notice of No Auditor Review***

**NORDIC OIL AND GAS LTD.**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these consolidated financial statements in accordance with the established standards by the Canadian Institute of Chartered Accountants for a review of interim financial statements by the entity's auditors.

**Nordic Oil and Gas Ltd.**  
**Financial Statements**  
For the period ended June 30, 2007

**Balance Sheet**  
As at June 30, 2007  
(Unaudited)

<b>ASSETS</b>	Period ended <u>June 30, 2007</u>	Period ended <u>June 30, 2006</u>
<b>Current Assets</b>		
Cash	(190,124)	71,182
Term Deposits	200,000	306,487
Accounts Receivable	127,530	157,303
Prepaid Expenses	11,632	27,482
Deferred Costs(note 6)	114,901	-
<b>Fixed Assets</b>		
Oil and Gas Interest (note 2)	3,547,830	3,449,148
Capital Asset (note 3)	14,095	15,399
<b>Total Assets</b>	<u>\$ 3,825,864</u>	<u>\$ 4,027,002</u>

**Liabilities and Shareholders' Equity**

Accounts Payable	206,772	298,238
Site Reclamation Costs	269,768	140,727
Convertible Debenture (note 6)	716,374	-
Future Tax Liability (note 1)	544,994	367,885
<b>Total Liabilities</b>	<u>1,737,909</u>	<u>806,850</u>

**Shareholders' Equity**

Capital Stock Authorized:		
Unlimited number of common shares without par value		
Issued and outstanding (note 4)	\$ 2,691,778	3,331,776
Contributed Surplus (note 5)	1,174,238	760,564
	<u>3,866,016</u>	<u>4,092,340</u>
Retained Earnings (Deficit)	(1,423,315)	(916,222)
Current Earnings (Deficit)	(354,746)	(225,577)
Total Retained Earnings (Deficit)	<u>(1,778,061)</u>	<u>(1,141,788)</u>
<b>Total Shareholders' Equity</b>	2,087,955	2,950,552
<b>Total Liabilities &amp; Equity</b>	<u>\$ 3,825,864</u>	<u>\$ 3,757,402</u>

**Nordic Oil and Gas Ltd.**  
**Financial Statements**  
For the period ended June 30, 2007

**Statement of Income and Deficit**  
For the period ended June 30, 2007  
(Unaudited)

<b>REVENUE</b>	Period ended <u>June 30, 2007</u>	Period ended <u>June 30, 2006</u>
Oil and Gas Revenue	\$ 348,541	355,022
Liquids Revenue	4,810	8,242
Transport Revenue	7,591	15,300
Interest Revenue	3,626	8,653
	<u>364,568</u>	<u>387,217</u>
 <b>PRODUCTION COSTS</b>		
Operating Costs	102,968	77,068
Royalties Costs	75,097	97,227
<b>Total Production Costs (note 8)</b>	<u>178,065</u>	<u>174,295</u>
 <b>EXPENSES</b>		
Depletion and Amortization Expense	220,897	133,974
General and Administration Expenses	108,584	71,866
Site Reclamation	50,818	22,440
Geological Services	43,501	32,093
Management Fees	60,000	60,000
Professional Fees	41,152	8,338
Regulatory Fees	16,297	15,296
Stock Option Expense	-	94,492
<b>Total Expenses (note 8)</b>	<u>541,248</u>	<u>416,059</u>
 <b>Total Product Costs and Expenses</b>	 <u>719,313</u>	 <u>612,794</u>
 <b>NET INCOME (LOSS)</b>	 <u>(354,746)</u>	 <u>(225,577)</u>
 <b>Retained Earnings (Deficit), beginning</b>	 (1,423,315)	 (916,222)
 <b>Current Earnings (Loss)</b>	 (354,746)	 (225,577)
 <b>Retained Earnings (Deficit), ending</b>	 <u>(1,778,061)</u>	 <u>(1,141,788)</u>
 <b>Earnings per share (Loss)</b>	 \$ (.0222)	 \$ (.0146)

**Nordic Oil and Gas Ltd.**  
**Financial Statements**  
For the period ended June 30, 2007

**Statement of Cash Flow**  
For the period ended June 30, 2007  
(Unaudited)

<b>Cash Flow from</b>	Period ended	Period ended
<b>Operating Activities</b>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Net Loss for period	(354,746)	(225,577)
Adjustments for		
Depletion and Amortization	220,897	133,974
Stock Based Compensation	-	94,492
Asset Retirement Obligation	50,818	22,440
Changes in non-cash working capital		
Accounts Receivable	(4,722)	30,464
Accounts Payable	(179,679)	(830,958)
Prepaid Expense, Increase	-	-
Total	<u>(267,432)</u>	<u>(775,165)</u>
<b>Investing Activities</b>		
Property and equipment acquisitions	(156,115)	(304,767)
<b>Financing Activities</b>		
Share capital issued net of issue costs	-	-
<b>Increase (Decrease) in cash and equivalents, during the year</b>	<u>(423,547)</u>	<u>(1,079,932)</u>
Cash and cash equivalents, beginning	<u>433,423</u>	<u>1,457,601</u>
Cash and cash equivalents, ending	<u>\$ 9,876</u>	<u>377,669</u>
<b>Cash and cash equivalents:</b>		
Cash	(190,124)	71,182
Term Deposits due within 30 days	<u>200,000</u>	<u>306,487</u>
	<u>\$ 9,876</u>	<u>\$ 377,669</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICIES:

#### a) Incorporation

Nordic Oil and Gas Ltd., (the "Company") was incorporated under The Corporations Acts (Manitoba). The Company was originally classified as a venture capital pool corporation under the rules of the Toronto Venture Exchange ("TSX", formerly the Canadian Venture Exchange). Under such rules, to meet the initial listings requirements of a publicly traded company, the Company was required to complete a Qualifying Transaction. The Company completed a Qualifying Transaction on November 14, 2002, and is now listed on the TSX (see note 2).

#### b) Financial Instruments

Financial instruments included cash and term deposits, accounts and GST receivable, accounts payable and accrued liabilities. The estimated fair value of such financial instruments approximates their carrying values. A \$200,000 bank line is secured with a term deposit.

#### c) Future Income Taxes

The company follows the liability method of accounting for income taxes. Under this method, income taxes are recognized for the future income tax consequences attributable to differences between the carrying value and the tax bases of assets and liabilities. The components of the future income tax liability are as follows:

Property and equipment	\$ (663,997)
Flow-through share renouncement to be incurred	
Non-Capital Losses	65,044
Share Issue Costs	53,959
Future Tax Liability	<u>\$ (544,944)</u>

In assessing the realizability of future tax assets, management considers whether or not it is more likely than not that some portion or all of the future tax assets will be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during periods in which those temporary differences become deductible. Management considers the schedule reversal of projected future taxable income, and tax planning strategies in making this assessment. The amount of future tax asset considered realizable could change materially in the near term, based upon future taxable income during the carry-forward period.

#### d) Oil & Gas Interest and Depletion

The company follows the full cost method of accounting for oil and gas properties whereby all costs relating to acquisition, exploration and development of oil and gas reserves are capitalized. Such costs include land acquisitions costs, geological and geophysical costs, drilling and other costs related to exploration and development activities. Proceeds from the disposal of oil and gas properties are applied against the capitalized costs of the related property.

The Company annually applies a ceiling test to capitalized costs, net of accumulated depletion and depreciation, to ensure they do not exceed the estimated undiscounted value of future net revenues from proven oil and gas reserves, based on year-end prices and costs, adjusted for estimated future general and administrative expenses, abandonment and site restoration costs, financing costs, and income taxes. Upon commencement of production, capitalized costs are depleted using the unit-of-production method, based on estimated provable oil and gas reserves determined by independent engineering.

At present, a substantial portion of the company's activities are conducted with others. These financial statements reflect only the Company's proportionate interest in joint ventures.

**e) Stock Based Compensation**

The Company has a stock option plan for its directors, officers and employees. Any compensation paid by option holders on the exercise of stock options is credited to share capital.

Commencing November 1, 2002, the company adopted the new Canadian accounting standard for stock based compensation and other stock-based payments which requires that all stock-based awards granted to non-employees be accounted for at fair market value.

**f) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles require management to make estimates and assumptions that affect the reporting amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**g) Measurement Uncertainty**

The amounts recorded for depletion, depreciation and amortization of oil and gas interests and property and equipment are based on estimates. The ceiling test is based on estimates of proven reserves, production rates, oil price, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

**h) Statement Format**

The company will now present the Statement of Cash Flows using the indirect method. This will allow users a straightforward means to compare the company's financial statements.

**2. OIL AND GAS INTERESTS**

The following is a summary of the oil and gas interests owned by the Company, their depletion using the units-of-production method, their cost, accumulated depletion and resulting net book value:

	<u>2007</u>		<u>2006</u>	
	Cost	Ac. Depletion	Cost	Ac. Depletion
Oil and gas	3,079,436	\$ 2,226,763	2,265,957	1,592,751
Net book value		852,673		673,206

The remaining value of the Oil and Gas Asset is comprised of costs that were unrealized at statement date. During the year the Company completed three wells in the Joffre area of Alberta. Drilling in the Preeceville area was completed during the previous year and is yet to be realized.

### 3. FIXED ASSETS

The following is a summary of the fixed assets owned by the Company, their rates of amortization using declining balance method, their cost, accumulated amortization and resulting net book value:

	Rate	<u>2007</u>		<u>2006</u>	
		Cost	Acc. Amort.	Cost	Acc. Amort.
Computer	30%	12,378	3,633	11,098	2,243
Equipment	30%	7,271	1,921	7,274	730
Net book value			14,095		15,399

### 4. Equity Instruments

The authorized capital of the Company is an unlimited number of Class A common shares.

The issued capital is as follows:

	<u>2007</u>		<u>2006</u>	
	Shares	Amounts	Shares	Amounts
Class A Common Shares	15,944,207	2,691,778	15,418,480	3,254,141
Warrants as flow through	2,249,355	289,052	1,712,088	164,859
Warrants as agent warrants		-	333,934	54,681
Balance of all equity instruments		\$ 2,980,830		\$ 3,473,681

Each unit of the Company sold as flow through common shares entitled the purchaser to one half share warrant, which can be purchased for \$.60-\$.80. In conjunction with placement the previous year, 333,394 broker warrants were issued. One brokers warrant entitles the holder to purchase one class A common share at a price of \$.40 and \$.80. The warrants expire in May and June 2007. At the date of the statement there were 2,249,355 warrants outstanding. The fair value of the warrants was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	4.00%
Expected life (years)	1
Expected volatility	95.00%
Expected dividend yield	0%

The Company has established a stock option plan for its directors, officers, key employees, agents, and consultants. The total number of authorized and unissued common shares allocated to, and made available to, such participants under the plan, shall not

exceed 10% of the issued and outstanding Class A Common Shares at the time of the granting of the option. At the balance sheet date there were 1,510,000 options outstanding. The fair value of the options was estimated using the Black-Scholes option-pricing model with the following assumptions:

Risk-free interest rate	4.00%
Expected life (years)	5
Expected volatility	142%-170%
Expected dividend yield	0%

<u>Issued</u>	<u>Option Price</u>	<u>Expire</u>
525,000	\$ 0.40	1/17/2008
50,000	\$ 0.40	5/21/2008
50,000	\$ 0.40	9/22/2008
25,000	\$ 0.40	10/9/2008
160,000	\$ 0.40	2/12/2009
210,000	\$ 0.45	1/31/2010
300,000	\$ 0.40	1/22/2011
190,000	\$ 0.25	12/13/2011

#### 5. CONTRIBUTED SURPLUS

	<u>2007</u>	<u>2006</u>
Balance, beginning of period	1,174,238	662,386
Stock based compensation	-	94,492
Warrants expired	-	-
Balance, end of period	1,174,238	756,878

#### 6 CONVERTIBLE DEBENTURE

On November 30, 2006, the company issued convertible debentures in the amount of \$766,000 maturing on November 30, 2008 and bearing interest at an annual rate of 8%, payable semi-annually on each of the six and twelve month anniversary of the intial date of closing. The debenture is collatteredalized by all the present and future property and asssets of the company. The debentures are convertible, at the option of the holder at any time, into Class A common shares of the Company at a conversion price of \$0.25. The maximum aggregate principal amount of convertibles debentures authorized under the Company's Trust Indenture is \$1,000,000.

The debenture is a financial instrument that contains both a liabilty and equity component. The liabilty component and the equity component must be presented separately, as determined at intial recognition. The company has valued the equity component of this debenture using the residual value of equity component method, whereby the liabilty component is valued first usiing managements best estimate of the current market rate for comparable instruments; at the time of issuance. The difference between the proceeds of the issued convertible debentures and the fair value of the liabilty is assigned to the equity based on an estimated 12% interest rate were as follows:

Total proceeds of Debenture net of issue costs	\$766,000
Value of liability component	<u>(714,217)</u>
	51,783
Equity component issue costs	<u>(8,693)</u>
Value of equity component	<u><u>\$43,090</u></u>

Total convertible debenture issue costs of \$128,590 have been allocated to the debt and equity components on a pro rata basis. Amortization of the deferred debenture costs related to the liability component of \$119,897 amounted to \$4,996 in the previous year leaving an unamortized balance of \$114,901.

## 7. EXPENSES

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Rent	\$ 3,965	\$ 3,034
Banking and Interest	27,310	2,265
Office Administration	7,427	21,320
Corporate Relations	23,595	15,830
Other	25,557	16,467
Accounting/Audit Fees	20,728	12,950
Audit Fees	31,141	6,459
Legal fees	10,011	1,879
Management Fees	60,000	60,000
Regulatory Costs	16,297	15,296
Geological Services	43,501	32,093
Stock Option Expense	-	94,492
Amortization	1,192	8,965
Site Reclamation	50,818	22,440
Depletion Costs	219,706	125,009
<b>Production Costs:</b>		
Operating Costs	102,968	77,068
Royalties Costs	75,097	97,227
<b>Total</b>	<u>\$ 719,313</u>	<u>\$ 612,794</u>

## 8. PRODUCT PRICES AND PRODUCTION

Our results of operations and financial condition are significantly affected by natural gas commodity prices, which can fluctuate dramatically. The commodity prices are beyond the company's control and are difficult to predict. Gas volume and price realization comparisons for the indicated periods are set forth below. The company does not hedge any of its production.

	<u>Six Months Ended June 30</u>	
	<u>2007</u>	<u>2006</u>
Gas(103M3)	1,630	1,461
Prices (GJ)	6.8580	6.3687

Three Months Ended June 30

	<u>2007</u>	<u>2006</u>
Gas(103M3)	791	702
Prices (GJ)	6.7005	5.6442

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**9. CORPORATE OFFICERS AND BOARD OF DIRECTORS**

Donald P Benson (1)  
Chairman & Chief Executive Officer

Keith Peterson  
Secretary-Treasurer & Director

Michael Mann, Geologist (1)  
Director

Barry Palka (1)  
Director

Brahm Silverstone, Geophysicist  
Director

(1) is a member of audit committee

**10. CORPORATE INFORMATION**

HEAD OFFICE:

4727 Roblin Boulevard  
Winnipeg, Manitoba, Canada R3R 0G2  
Telephone: 204-956-5042  
Fax: 204-897-7154

GENERAL INFORMATION:

Number of Shares Outstanding:15,994,207  
Stock Exchange Listing: TSXV:NOG  
Fiscal Year-End: December 31  
Transfer Agent: CIBC Mellon Trust, Winnipeg  
Auditor: BDO Dunwoody  
Reporting Jurisdictions: Alberta; Manitoba; Saskatchewan; British Columbia

**Schedule B  
Supplementary Information**

	Period ended <u>June 30, 2007</u>	Period ended <u>June 30, 2006</u>
<b>1. Expenses -</b>		
<b>General and Administration:</b>		
Rent	\$ 3,965	\$ 3,034
Banking and Interest	27,310	2,265
Office Administration	7,427	21,320
Corporate Meetings	23,595	15,830
Other	25,557	16,468
Legal fees	10,011	1,879
Audit Fees	31,141	6,459
Accounting Fees	20,728	12,950
Management Fees	60,000	60,000
Regulatory Costs	16,297	15,296
Geological Services	43,501	32,093
Stock Option Expense	-	94,492
Site Reclamation	50,818	22,440
Amortization	1,192	8,965
<b>Production Costs:</b>		
Depletion Costs	219,706	125,009
Operating Costs	102,968	77,068
Royalties Costs	75,097	97,227
<b>Totals</b>	<b>\$ 719,313</b>	<b>\$ 612,794</b>

**2. Flow Through Expenses-**

Flow through expenses	292,433
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**3. Related Party Transactions - none**

**4. Summary of Securities Issued During Period.**

**5. Summary of Securities as at June 30, 2007:**

- a) Authorized: Unlimited Class A Common
- b) Issued: 15,994,207 Class A Common
- c) Options Issued:
  - 525,000 \$.40 expire Jan 7, 2008,no par value
  - 50,000 \$.40 expire May 21, 2008,no par value
  - 50,000 \$.40 expire September 22, 2008,no par value
  - 25,000 \$.40 expire October 9, 2008,no par value
  - 160,000 \$.40 expire February 12, 2009,no par value
  - 260,000 \$.45 expire January 30, 2010,no par value
  - 300,000 \$.40 expire January 22, 2011,no par value
  - 190,000 \$.25 expire December 13, 2011,no par value

**6. Officers and Directors:**

Donald P. Benson, President and Chairman  
 Keith A. Peterson, Secretary Treasurer and Director  
 Barry Palka, Director  
 Michael Mann, Geologist and Director  
 Brahm Siverstone, Geophysicist and Director