

**ISSUER DETAILS**

<b>NAME OF ISSUER</b>	<b>FOR PERIOD ENDED</b>	<b>DATE OF REPORT</b>
NORDIC OIL AND GAS LTD.	March 31, 2009	5/27/09

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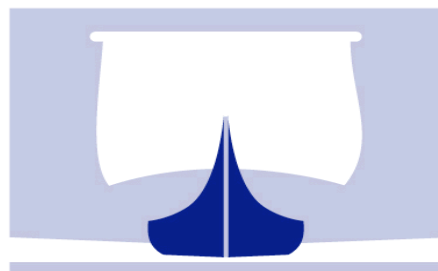
<b>CONTACT NAME</b>	<b>CONTACT POSITION</b>	<b>CONTACT TELEPHONE NO.</b>
DONALD P. BENSON	PRESIDENT	(204) 956-5042

<b>CONTACT E-MAIL ADDRESS</b>	<b>WEBSITE ADDRESS</b>
<a href="mailto:dbenson57@shaw.ca">dbenson57@shaw.ca</a>	<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	5/27/09
<b>DIRECTOR'S SIGNATURE</b>	<b>PRINT FULL NAME</b>	<b>DATE SIGNED</b>
"Barry Palka"	BARRY PALKA	5/27/09



**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.**  
**Balance Sheet**  
**As at March 31, 2008**  
**(Unaudited)**

<b>ASSETS</b>	March 31, <u>2009</u>	December 31, <u>2008</u>
<b>Current Assets</b>		
Cash	106,121	161,172
Short-Term Investments (note 3)	859,314	2,382,938
Accounts Receivable	301,269	210,312
Deposits	352,012	337,185
Deferred Costs	-	-
	<u>1,618,717</u>	<u>3,091,608</u>
<b>Capital Assets</b>		
Property and Equipment (note 4)	11,067,589	10,857,784
<b>Total Assets</b>	<u><u>12,686,306</u></u>	<u><u>\$ 13,949,392</u></u>
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts Payable	1,345,289	1,988,542
Convertible Debenture (note 5)	-	354,500
	<u>1,345,289</u>	<u>2,343,042</u>
<b>Long-Term Liabilities</b>		
Asset Retirement Obligations	524,539	524,539
Future Tax Liability	874,288	990,046
<b>Total Liabilities</b>	<u>2,744,115</u>	<u>3,857,627</u>
 <b>Shareholders' Equity</b>		
Equity Instruments (note 7)	11,700,457	11,646,009
Equity portion of convertible debenture	-	19,942
Contributed Surplus (note 8)	2,026,442	1,978,390
Deficit	<u>(3,784,708)</u>	<u>(3,552,575)</u>
<b>Total Shareholders' Equity</b>	<u>9,942,190</u>	<u>10,091,765</u>
 <b>Total Liabilities &amp; Equity</b>	<u><u>\$ 12,686,306</u></u>	<u><u>\$ 13,949,392</u></u>

**Nordic Oil and Gas Ltd.**  
**Statement of Operations and Loss**  
For the period ended March 31, 2008  
(Unaudited)

	Three months ended March 31, <u>2009</u>	Three months ended March 31, <u>2008</u>
<b>REVENUE</b>		
Oil and Gas Revenue	254,398	138,101
Liquids Revenue	2,784	4,092
Transport Revenue	1,486	3,661
Interest Revenue	2,553	3,248
<b>Total Revenue</b>	<u>261,220</u>	<u>149,101</u>
<b>PRODUCTION COSTS</b>		
Operating Costs	239,348	57,498
Royalties Costs	30,435	24,763
<b>Total Production Costs</b>	<u>269,783</u>	<u>82,261</u>
<b>EXPENSES</b>		
Depletion and Amortization Expense	76,045	85,587
General and Administration Expenses	53,871	99,888
Geological Services	8,312	17,410
Management Fees	38,333	32,500
Professional Fees	35,476	21,795
Interest Expense	-	15,215
Regulatory Fees	24,791	18,397
Stock Option Expense	48,052	284,473
<b>Total Expenses</b>	<u>284,880</u>	<u>575,265</u>
<b>Total Product Costs and Expenses</b>	554,663	657,525
<b>Net loss before taxes</b>	<u>(293,443)</u>	<u>(508,424)</u>
<b>Future income tax recovery</b>	(61,310)	(383,978)
<b>Net loss for the period</b>	<u>(232,133)</u>	<u>(124,446)</u>
Deficit, beginning	(3,552,575)	(2,555,836)
Deficit, ending	<u>(3,784,708)</u>	<u>(2,680,282)</u>
<b>Loss per share for the period</b>	(0.006)	(0.003)

**Nordic Oil and Gas Ltd.**  
**Statement of Cash Flow**  
For the period ended June 30, 2008  
(Unaudited)

	Three months ended March 31, 2009	Three months ended March 31, 2008
<b>Cash Flow from Operating Activities</b>		
Net Loss for the period	(232,133)	(124,446)
Adjustments for		
Depletion and Amortization	76,045	85,587
Stock Based Compensation	48,052	284,473
Future income tax recovery	(61,310)	(383,978)
Changes in non-cash working capital	(749,037)	(1,160,780)
Total cash from (used in) operations	<u>(918,383)</u>	<u>(1,299,143)</u>
<b>Investing Activities</b>		
Property and equipment acquisitions	(2,432,910)	605,875
Total	<u>(2,432,910)</u>	<u>605,875</u>
<b>Financing Activities</b>		
Shares issued net of issue costs		2,631,902
Shares issued on warrants & options		129,516
Total	<u>-</u>	<u>2,761,418</u>
<b>Increase (Decrease) in cash and equivalents, during the year</b>	<u>(3,351,293)</u>	<u>2,068,149</u>
Cash and cash equivalents, beginning	<u>4,316,729</u>	<u>2,248,579</u>
Cash and cash equivalents, ending	<u><u>965,436</u></u>	<u><u>4,316,728</u></u>
<b>Cash and cash equivalents:</b>		
Cash	106,121	409,290
GICs and term deposits	859,314	3,907,439
	<u>\$ 965,436</u>	<u>\$ 4,316,729</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. NATURE OF OPERATIONS AND GOING CONCERN

Nordic Oil and Gas Ltd. ("the company") is a Canadian based oil and gas exploration and development company incorporated under the laws of Manitoba whose oil and gas properties are located in the provinces of Alberta and Saskatchewan.

These financial Statements have been prepared on a going concern basis that contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. At March 31, 2009 the Company had an operating loss before income taxes of 293,443 and used 979,693 of cash in its operations. The Company's ability to continue as a going concern is dependant upon the Company achieving and maintaining profitable results, receiving support from its lenders and attracting sufficient resources to explore and develop oil and natural gas properties. There is no certainty that management will be able to resolve these matters. These financial statements do not reflect the adjustments that would be made necessary if the going concern assumption as not appropriate and these adjustments may be material.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

These financial Statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment within the framework of the significant accounting policies summarized below;

#### Property and Equipment

The Company follows the Canadian Institute of Chartered Accountant's Accounting Guideline - 16, for the full cost method of accounting for oil and gas properties whereby all costs relating to the acquisition, exploration and development of oil and gas reserves are capitalized. Such costs include land acquisition costs, geological and geophysical costs, disposal of oil and gas properties are applied against the capitalized costs drilling and other costs related to exploration and development activities. Proceeds from the of the related property provided such sales would not alter the rate of depletion by more than 20% in which case it would be charged or credited to operations to the current year.

The Company annually applies and impairment test (ceiling test) to capitalized costs, net of accumulated depletion and amortization, to ensure they do not exceed the estimated undiscounted value of future net revenues from proven oil and gas reserves determined by independent engineers, based on third party quoted forward prices adjusted for transportation and quality, less operating and abandonment costs. Should it be determined that impairment has occurred, the amount of impairment is measured and recorded as the amount by which the carrying amount of the property and equipment exceeds fair value of proved and probable reserves plus the cost net of impairment of unproved properties. Fair value is based on the present and future cash flows, after deduction abandonment and site restoration costs, discounted at a risk free interest rate, adjusted for prevailing market conditions. Any reduction of value, as a result of the impairment test (ceiling test), will be included in depletion, amortization and accretion.

Computers are recorded at cost and are amortized at a rate intended to amortize the cost of the computers over their useful lives.

#### Depletion and Amortization

Upon commencement of production, or abandonment of property, capitalized costs are depleted using the unit of production method, based on estimated gross proven oil and gas reserves determined by independent engineers. Oil and gas reserves are converted to a common unit of measure based on energy content of six thousand cubic feet of gas to one barrel of oil. Costs of undeveloped properties are not included in the costs subject to depletion. These costs are assessed periodically for impairment.

Prior to 2008, computers were amortized on a 30% declining balance basis. As of 2008, new computers are amortized on a 45% declining balance basis.

**Revenue Recognition**

Revenue from the sales of petroleum and natural gas are recognized when the risk and rewards of ownership pass to the purchaser, including delivery of the product, the selling price being fixed or determinable and collectability being reasonably assured. Settlement adjustments, if any, are reflected in revenue when the amounts are known. Transportation costs related to the delivery of the product are recorded as an operating expense on the date the product is transported.

**Asset Retirement Obligation**

The Company recognizes the estimated fair value of an Asset Retirement Obligation ("ARO") in the period in which it is incurred when a reasonable estimate of fair value can be made. The fair value of the estimated ARO is recorded as a liability with a corresponding increase in the carrying amount of the related asset. AROs are initially measured at fair value and subsequently adjusted for the accretion or discount and any changes to the underlying cash flows. The capitalized amount is depleted on a unit of production basis over the life of the proven reserves. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted cost would also result in an increase or decrease to the ARO with an offsetting amount to the related property. Actual costs incurred are charged against the ARO to the extent of the recorded liability. Any difference between the actual costs incurred and the recorded liability is recognized as a gain or loss in the period in which the costs are incurred.

**Joint Activities**

A substantial portion of the Company's activities are conducted jointly with related parties through joint operating agreements. These financial statements reflect only the Company's proportionate interest in such activities.

**Per share amounts**

Basic loss per common share is computed by dividing income applicable to common shareholders by the weighted average number of common shares outstanding for the period.

The Company uses the treasury stock method to determine the dilutive effect of stock options and the other dilutive instruments. This method assumes that proceeds received from the exercise of in-the-money stock options and other instruments, are used to repurchase common shares at the average market price of the period. Basic net earnings (loss) per common share are determined by dividing net earnings (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share are computed by giving effect to the potential dilution that would occur if stock options and other dilutive instruments were exercised.

**Income taxes**

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income taxes are based on the differences between assets and liabilities reported for accounting purposes from those reported for income tax purposes. The rates used in the future income tax calculation are enacted or substantively enacted at the time of calculation. The effect of a change in rates on future tax assets and liabilities is recognized in income in the period in which the change occurs. Future income tax assets are calculated and if realization is not deemed more likely than not, a valuation allowance is provided.

**Stock-based compensation and other stock-based payments**

Under the Company's stock option plan, options to purchase common shares may be granted to directors, officers, employees and consultants at current market prices. Stock-based compensation expense is recorded in the statement of operations and deficit for all options with a corresponding increase recorded in contributed surplus. The expense is based on the estimated fair value at the time of the grant and recognized over the vesting period of employee options and over the period that would have been recognized had the Company paid cash for consultant options. Upon exercise of the options, the amount of the consideration paid together with the amount previously recorded in contributed surplus is recorded as an increase in share capital.

**Measurement uncertainty**

Amounts recorded for depletion, amortization and accretion and amounts used for the ceiling test calculation and impairment of unproven properties are based on estimates of crude oil and natural gas reserves and future costs required to develop and reclaim and abandon those reserves and explore unproven properties.

The financial statements include accruals based on the terms of existing joint operating agreements. Due to varying interpretations of the definition of terms in these agreements, the accruals made by management in this regard may be significantly different from those determined by the Company's joint operating partners. The effect on the financial statements resulting from such adjustments, if any, will be reflected prospectively.

The Black Scholes option valuation model was developed for use in estimating the fair value of traded options and warrants which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility.

The Company has estimated the debt and equity components of its convertible debenture based on its best estimate of the rate for comparable instruments at the time of issue.

The capital expenditures classification made by the Company with respect to the renouncement of flow-through shares is based on estimates from geologic information obtained and the classification of the expenditures may be challenged by the taxation authorities and in this regard the assessments may be different from that of management.

The operations of the Company are complex, and related tax interpretations, regulations and legislation affecting the Company are continually changing.

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.

#### **Capital Disclosure**

The company's objectives in managing its capital include safeguarding the Company's ability to continue as a going concern, so that it can continue to provide to an adequate return to its shareholders through the operation of the business.

#### **Flow-through shares**

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow through share arrangements are renounced to investors in accordance with income tax legislation. The Company provides for the future effect on income taxes related to flow-through shares as a reduction of share capital and an increase in future income taxes at the date of renunciation.

#### **Short-term Investments**

Short-term investments are comprised of guaranteed investment certificates and term deposits with initial terms to maturity of over ninety days but less than one year.

#### **Cash and cash equivalents**

Short-term investments with maturities of ninety days or less are considered to be cash equivalents and are recorded at cost, which approximates market value.

#### **Debt instrument**

On issue of convertible debt instruments, the cost of the liability portion is initially calculated using the market interest rate for an equivalent non-convertible instrument. The remainder of the net proceeds is allocated to the equity conversion option, which is reported in equity. The liability element is subsequently reported at amortized cost. Amortization of the debt discount is recognized in the statement of operations over the duration of the debt instrument. The value of the equity conversion option is not changed in future periods.

Costs incurred related to the convertible debt instruments have been allocated to the debt and equity component on a pro rata basis.

#### **Financial instruments and change in accounting policies**

Voluntary changes in accounting policies are permitted only if they result in financial statements which provide more reliable and relevant information. Accounting policy changes are applied retrospectively unless it is impracticable to determine the period or cumulative impact of the change. Corrections of prior period errors are applied retrospectively and changes in accounting estimates are applied prospectively by including the effect of the change in earnings.

On January 1, 2007, the Company adopted the following new accounting standards that were issued by The Canadian Institute of Chartered Accountants ("CICA"): CICA Handbook Section 1530, "Comprehensive Income"; Section 3855, "Financial Instruments - Recognition and Measurement"; Section 3861, "Financial Instruments - Disclosure and Presentation"; and Section 3865, "Hedges". The adoption of these new standards resulted in changes in the accounting for financial instruments. The Company adopted these standards at the beginning of the year and, in accordance with the transitional provisions, the prior period balances have not been restated.

Section 1530 established standards for reporting and presenting comprehensive income. Comprehensive income comprises net income and other comprehensive income ("OCI") and includes all changes in equity (net assets) of the Company during the year except those resulting from investment by and distribution to owners. On adoption of the new standards, the Company determined that there was no other comprehensive income required to be recorded. As a result, comprehensive income consists solely of net income.

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Under Section 3855, financial instruments must be classified as held for trading ("HFT"), held to maturity ("HTM"), loans and receivables, available for sale ("AFS") financial assets or other financial liabilities. All financial instruments, including derivatives, are measured on the balance sheet at fair value, except for those classified as loans and receivables, HTM investments and other financial liabilities, which are measured at amortized cost using the effective interest rate method. Changes in fair value of HFT financial instruments are recorded in net income. Changes in fair value of AFS financial assets are recorded in other OCI until the investment is sold or impaired; at which time, the realized gain or loss will be recorded in net income.

Section 3861 establishes standards for the presentation of financial instruments and non - financial derivatives and identifies the related information that should be disclosed.

Section 3865 describes when and how hedge accounting can be applied. The Company does not have any hedging relationships.

Upon adoption of these new standards, the Company has designated its financial instruments, as follows:

<b>Financial Statement Item</b>	<b>Classification</b>	<b>Measurement</b>
Cash and cash equivalents	Held-for-trading	Fair value
Short-term investments	Held-to-maturity	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accruals	Other financial liabilities	Amortized cost
Convertible debentures (debt component)	Other financial liabilities	Amortized cost

All derivative instruments, including embedded derivatives, are recorded in the balance sheet and statement of operations and deficit at fair value unless exempted from derivative treatment as a normal purchase and sale. All changes in their fair value are recorded in operations.

The valuation techniques used to determine the fair value of financial instruments have remained substantially the same despite the adoption of these new accounting standards.

Transaction costs related to held-for-trading financial assets are expensed as incurred. Transaction costs related to loans and receivables and other financial liabilities are netted against the carrying value of the asset or liability and amortized over the expected life of the instrument using the effective interest rate method.

The adoption of Section 1530 and 3855 had the following impact on the opening deficit of the company:

	March 31 2009
Deferred costs -	-
Deficit - increase	-
Convertible debenture - decrease	-

### 3. SHORT -TERM INVESTMENTS

	2009	2008
Short term investments	859,314	2,361,583

Short-term investments are comprised of guaranteed investment certificates from a chartered bank with effective interest rates of 1.5% (2008 - 1.5%) maturing between the dates of June 9 and Aug 28th 2009. Interest is received on maturity.

Short term investments also include the Company's marketable securities. The market value of the investment account was recorded as \$21,355. There was no significant impairment as at March 31, 2009.

The Company has pledged short term investments with its bank as collateral for a \$200,000 overdraft facility. This facility is payable on demand and bears interest at the bank's overdraft borrowing rate of bank prime plus 0.5%. The credit facility was not drawn upon on this fiscal year.

### 4. PROPERTY AND EQUIPMENT

March 31 2009	Cost	Accumulated Depletion and Amortization	Net Book Value
Petroleum and natural gas properties and equipment	13,850,526	2,813,170	11,037,356
Field Office Trailer	16,500	2,382	14,118
Computer Equipment	26,805	11,766	15,039
	<u>13,893,831</u>	<u>2,827,318</u>	<u>11,066,513</u>
December 31 2008			
Petroleum and natural gas properties and equipment	13,574,432	2,748,169	10,826,263
Field Office Trailer	16,500	1,238	15,263
Computer Equipment	26,805	10,546	16,259
	<u>13,617,737</u>	<u>2,759,953</u>	<u>10,857,784</u>

Depletion of petroleum and natural gas properties is determined using the unit of production method based upon proved reserves. No administrative expenses have been capitalized to property and equipment. As at March 31, 2009, costs amounting to \$5,459,937 (2008 - \$3,022,257) that were incurred on unproven properties have been excluded from costs subject to depletion.

The Company applied the ceiling test to its capitalized assets at December 31, 2008, 2007 and 2006 and determined that there was no impairment of costs requiring a write-down.

The following table outlines the benchmark prices used in the impairment test at December 31, 2007:

Year	AECO Natural Gas CDN\$/mmbtu
2008	6.75
2009	7.5
2010	7.75
2011	7.75
2012	7.75
Thereafter	+ 2%/Year

All barrels of oil equivalent conversions are derived by converting natural gas to crude oil in the ratio of six thousand cubic feet of natural gas to one barrel of crude oil.

### 5. ASSET RETIREMENT OBLIGATION

The following table presents the continuity of the beginning and ending obligation associated with the retirement of oil and gas properties.

	31-Mar-09	31-Dec-08
Asset Retirement Obligation, beginning of year	424,259	240,107
Liabilities Incurred		184,152
Accretion Expense	9,441	
Asset Retirement Obligation, end of year	<u>433,699</u>	<u>424,259</u>

The undiscounted amount of cash flows, required over the estimated reserve life of the underlying assets, to settle the obligation, adjusted for inflation, is estimated at \$1,028,087. The obligation was calculated using a credit-adjusted risk free discount rate of 8% and an inflation rate of 2%. It is expected that this obligation will be funded from general Company resources at the time the costs are incurred with the majority of costs expected to occur between 2010 and 2024.

## 6. CONVERTIBLE DEBENTURES

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 initial date of closing. The debenture is collateralized by all the present and future property and assets 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 the conversion price of \$0.25. The maximum aggregate principal amount of convertible debentures authorized under the Company's Trust Indenture is \$1,000,000.

The debenture is a financial instrument that contains both a liability and equity component. The liability component and the equity component were presented separately, as determined at initial recognition. The Company has valued the equity component of this debenture using the residual value of equity component method, whereby the liability component is valued first using management's 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 liability is assigned to the equity component. At the time, the resulting liability and equity values determined using this method based on an estimated 12% interest rate were as follows:

Total proceeds of convertible debenture	766,000
Total proceeds of conversion of debenture	(391,500)
Conversion cost for debenture	(828)
Balance Dec 31, 2008	<u>373,672</u>

During the first quarter, on Jan 29, 2009, the Company paid the balance owing on the convertible debentures, which matured on November 30, 2008. The total amount paid was \$373,672.57.

## 7. EQUITY INSTRUMENTS

### (a) Authorized

The authorized share capital of the Company is as follows:

- an unlimited number of Class A common shares
- an unlimited number of convertible preferred shares

### (b) Issued

The issued share capital is as follows:

	Three months ended		Twelve Months Ended	
	Mar 31 2009		Dec 31 2008	
	Number of Shares	Amount	Number of Shares	Amount
<b>Common shares</b>				
Balance, beginning of year	48,140,126	9,277,763	34,723,276	6,306,336
Issued as flow-through units			10,046,934	3,651,010
Issued as non flow-through units			606,750	151,712
Issued from treasury			-	-
Stock Options exercised			287,500	211,325
Share issue costs			-	(573,661)
Tax effect of flow-through shares			-	(1,352,727)
Warrant revaluation			-	-
Warrant exercised			909,666	479,408
Shares cancelled			-	-
Conversion of debentures			1,566,000	404,360
Balance, end of year	48,140,126	9,277,763	48,140,126	9,277,763

Warrants	Number of warrants	Amount	Number of warrants	Amount
Balance, beginning of year	15,097,863	2,368,247	10,026,843	855,188
Issued as flow-through units			5,023,467	1,348,104
Issued as non flow-through units			303,375	90,988
Issued as agent warrants			813,845	237,431
Warrant revaluation			(909,666)	(140,241)
Warrants expired			(160,001)	(23,223)
<b>Balance, end of year</b>	<b>15,097,863</b>	<b>2,368,247</b>	<b>15,097,863</b>	<b>2,368,247</b>

In accordance with the terms of the offerings and certain provisions of the Income Tax Act (Canada), the Company will renounce for income tax purposes, exploration expenditures of \$4,977,708 to subscribers of the flow through common shares in the current year private placement, for which the Company will have to incur eligible expenditures by December 31, 2009.

**(c) Private placements**

Nordic settles sales receivables and trade payables in accordance with normal industry standards while maintaining working capital liquidity by drawing from and repaying its bank overdraft facility as needed. The Company expects to be able to fund its 2009 capital expenditure program using operating cash flow and equity funds raised in 2008, along with additional financings in 2009. The Company utilizes both equity and Flow-Through issues from time to time to finance its capital program.

**(d) Warrants**

The fair value of the warrants was estimated using the Black-Scholes option-pricing model with the following assumptions.

Period ended March 31	2009	2008
Risk free interest rate	3.10% - 3.27%	3.10% - 3.27%
Expected life (years)	1.75	2
Expected volatility	91% - 100%	91% - 100%
Expected dividend yield	0%	0%

**(e) Stock Options**

The Company has a Stock Option Plan for the issuance of Class A common shares to employees, officers, directors and other key personnel based on the approval of the Board of Directors and regulatory authorities. The total number of authorized 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. Options vest at the determination of the Board of Directors at the time of granting and expire after five years. The Company's stock option plan allows them to grant options with an exercise price not less than the Discounted Market Price on the date of grant as defined by the TSX Venture Exchange Inc.

As at March 31, 2009 the Company has the following stock options outstanding:

	Number of options	Option price range per share	Weighted average exercise price
Options outstanding, Dec 31, 2008	3,992,500	\$0.25-0.45	\$0.41
Granted	1,108,900	\$0.10	\$0.10
Options expired	(220,000)	\$0.40	\$0.40
Options exercised	-		
<b>Options outstanding, March 31, 2009</b>	<b>4,881,400</b>	<b>\$0.10-0.60</b>	<b>\$0.34</b>

Options granted during the year vested immediately.

The following table summarizes the stock options outstanding at March 31 2009:

Options Outstanding	Option Price	Weighted Average Excursive Price	Weighted Average Remaining Contractual Life	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable
180,000	0.45	0.45	0.83	180,000	0.45
280,000	0.40	0.40	1.81	280,000	0.40
115,000	0.25	0.25	2.70	85,000	0.25
1,495,000	0.60	0.60	3.75	1,495,000	0.60
657,500	0.32	0.32	3.82	697,500	0.32
1,045,000	0.20	0.20	4.39	1,035,000	0.20
1,108,900	0.10	0.10	5.00	1,108,900	0.10
4,881,400		0.34	-	4,881,400	0.34

As at December 31, 2008 the Company has the following stock options outstanding:

	Number of options	Option price range per share	Weighted average exercise price
Options outstanding, Dec 31, 2007	3,080,000	\$0.20-0.60	0.51
Granted	2,020,000	\$0.20-0.32	0.25
Options expired	(287,500)	\$0.25-0.40	0.34
Options exercised	(890,000)	\$0.20-0.60	0.39
Options outstanding, December 31, 2008	3,922,500	\$0.20-0.60	0.41

Options granted during the year vested immediately.

The following table summarizes the stock options outstanding at December 31, 2008:

Options Outstanding	Option Price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Options Exercisable	Weighted Average Exercise Price of Options Exercisable
150,000	0.40	0.40	0.12	150,000	0.40
180,000	0.45	0.45	1.08	180,000	0.45
280,000	0.40	0.40	2.06	280,000	0.40
115,000	0.25	0.25	2.95	115,000	0.25
1,495,000	0.60	0.60	4.00	1,495,000	0.60
657,500	0.32	0.32	4.07	657,500	0.32
1,045,000	0.20	0.20	4.64	1,045,000	0.20
3,922,500		0.41	-	3,922,500	0.41

During the year, under the fair-value-based method, \$48,052 (2008 - \$284,473) in compensation expense was recorded in the statement of operations and deficit and credited to contributed surplus for options granted to directors, officers, employees and consultants.

The fair value of share options used to calculate compensation expense has been estimated using the Black-Scholes option pricing model with the following assumptions:

Period Ended March 31,	2009	2008
Risk Free interest rate	1.90%	3.4% - 3.7%
Expected life (years)	5	5
Expected volatility	0.95%	79% - 89%
Expected dividend yield	0%	0%

**(f) Dividends**

Under the terms of the convertible debenture agreement (Note 6) the Company will not make any capital distributions with respect to any shares, or redeem any other debentures of the Company at any time that the Company is in arrears in payment of any principal or interest on the debentures. At March 31, 2009 the Company was not in arrears regarding the payment of interest.

**(g) Per share amounts**

Per share calculations are based on the weighted average number of Class A common shares outstanding during the quarter of 48,140,126 (2008 - 48,140,126). For 2009 and 2008, diluted loss per share is consistent with basic loss per share as the effects of the debenture conversions and option exercises are anti-dilutive.

**(h) Escrow Shares**

As of the quarter end end there were no common shares held in escrow

(i) Equity portion of convertible debenture

Balance, beginning of year	19,942
Amount repaid	(19,942)
<u>Balance, end of quarter</u>	<u>(0)</u>

8. CONTRIBUTED SURPLUS

	Mar 31 2009	Dec 31 2008
Balance, beginning of year	1,978,390	1,631,847
Stock based compensation	48,052	441,695
Stock Options Excerised	-	(118,375)
Warrants exerised	-	23,223
<u>Balance, end of quarter/year</u>	<u>2,026,442</u>	<u>1,978,390</u>

9. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in these financial statements, the Company had the following related party transactions:

The Company has a joint operating agreement with Desoto Resources Limited whereby it has an 85% interest in certain assets including crown leases, gas line, oil and gas leases, and certain property and equipment. The costs for the three wells drilled under the joint operating agreement will be incurred 100% by the Company. As at March 31, 2009, the three wells have been drilled. The Company, directors and officers have an interest in Desoto Resources Limited.

The Company has a joint operating agreement with Western Warner Oils Ltd. whereby it has an 80% interest in certain assets including crown leases, gas lines, oil and gas leases, and certain property and equipment. The costs for the first five wells drilled in the joint operating agreement were to be incurred 100% by the Company. As at March 31, 2009 four of the five wells have been drilled. The Company, directors and officers have an interest in Western Warner Oils Ltd.

As described above, substantially all of the Company's activities are undertaken jointly with related parties by joint operating agreement.

The Company has a services agreement with Nordic Management Ltd. for various consulting services. Nordic Management Ltd. receives \$13,333 per month for management services, \$5,000 per month for landman services and \$5,000 per month for investor relations services. The contract expires November 14, 2012. Certain of the Company's directors and officers control Nordic Management Ltd. These transactions are in the normal course of operations and are measured at the exchange amount (the amount of consideration established and agreed to by the related parties).

At the end of the quarter, the amounts due from (to) related parties are as follows:

	Mar 31 2009	Dec 31 2008
Amounts included in accounts receivable	324,964	42,176
<u>Amounts included in accounts payable and accrued liabilities</u>	<u>22,253</u>	<u>152,332</u>

The balances included in accounts receivable and accounts payable and accrued liabilities are non-interest bearing, payable on demand and have arisen from the sales of product and provision of services referred to above.

10. COMMITMENTS

In addition to commitments disclosed elsewhere in these financial statements, the Company has the following commitments:

(a) Pursuant to the flow-through Class A common shares issued, the Company is committed to spending \$4,759,916 on qualified expenditures by December 31, 2009.

(b) In the normal course of operations, the Company enters into contractual agreements to drill wells on third party lands.

11. CONTINGENCIES

The Company is subject to various regulatory and statutory requirements relating to the protection of the environment. These requirements, in addition to contractual agreements and management decisions, result in the accrual of estimated future removal and site restoration costs. Any changes in these estimates will affect future operations. Costs attributable to these commitments and contingencies are expected to be incurred over an extended period of time and are to be funded mainly from the Company's cash provided by operating activities.

The Company has been advised by its joint venture partner in Joffre, Desoto Resources Limited, that Desoto Resources Limited has filed a statement of claim against an independent oil and gas producer to preserve its right in petroleum and natural gas leases that the independent oil and gas producer has stated are terminated by virtue of the fact that the lands in question are not capable of production. The statement of claim seeks damages and asks the court to confirm the validity of the leases. The two and a half sections of leases in question includes one well currently awaiting tie-in and are reflected as proven reserves in the Company's reserves report completed by an independent engineering company. Desoto Resources Limited holds in trust an 85% portion of the interest in the leases on behalf of Nordic Oil and Gas Ltd. At this time, the likelihood of the claim is not determinable.

## 12. FINANCIAL INSTRUMENTS

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to commodity price risk and credit risk. The Company manages its exposure to the extent practical.

### (a) Commodity Price Risk

The Company will be subject to commodity price risk for the delivery of natural gas and crude oil. The Company may manage and minimize the risk by entering into various joint operating agreements with sub-participants. As at December 31, 2008, the Company has not entered into any commodity contracts

### (b) Credit Risk

Substantially all of the Company's accounts receivable are from working interest partners in the oil and gas industry and, as such, the Company is exposed to all the risks associated with that industry. At December 31, 2008 substantially all of the Company's cash was held at one financial institution and, as such the Company is exposed to concentration of credit risk.

### (c) Fair Value of Financial Instruments

The carrying values of current financial assets and liabilities including cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities, and convertible debentures, approximates their fair values due to the short-term nature of these instruments.

The fair value of the advances from related parties cannot be determined with sufficient reliability as these instruments are not traded in an organized financial market.

## 13. INDEMNITIES AND GUARANTEES

(a) In the ordinary course of business, the Company enters into contracts which contain indemnification provisions, such as loan agreements, purchase contracts, service agreements, licensing agreements, asset purchase and sale agreements, operating agreements, leasing agreements, asset use agreements, etc. In such contracts, the Company may indemnify counterparties to the contracts if certain events occur. These indemnification provisions vary on an agreement basis. In some cases, there are no pre-determined amounts or limits included in the indemnification provisions and the occurrence of contingent events that will trigger payment under them is difficult to predict. Therefore, the maximum potential future amount that the Company could be required to pay cannot be estimated.

(b) Under the terms of certain agreements and the Company's by-laws the Company indemnifies individuals who have acted at the Company's request to be a director and/or officer of the Company, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individuals as a result of their service. The claims covered by such indemnifications are subject to statutory and other legal limitation periods. The nature of the indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiaries of such indemnification agreements.

#### 14. INCOME TAXES

(a) Significant components of the future income tax liability at December 31, 2009 and 2008 include the following:

	2009	2008
Short term investment		11,007
Property and equipment and asset retirement obligations	(220,527)	(1,547,538)
Share issuance costs	-	180,512
Non-capital losses	180,232	365,973
	<u>(40,295)</u>	<u>(990,046)</u>

(b) Income tax expense differs from that which would be expected from applying the statutory Canadian federal and provincial 2008 income tax rates of 25% (2008 - 31.15%) to loss before income taxes as follows:

	2009	2008
Loss before income taxes	(293,443)	(1,438,685)
Combined federal and provincial tax rate	25.00%	31.15%
Expected income tax ( recovery)	(73,361)	(448,133)
Increase(decrease) resulting from:		
Resource allowance		
Tax rate change		(141,396)
Non-deductible expenses	12,051	145,947
Other		766
Provision for income taxes (recovery)	<u>(61,310)</u>	<u>(442,816)</u>

(c) At the end of the year, subject to confirmation by income tax authorities, the Company has approximately the following un-deducted tax pools:

	2009	2008
Cumulative Canadian oil and gas property expenses	788,413	720,669
Cumulative Canadian development expenses	2,512,917	2,416,812
Cumulative Canadian exploration expenses	143,093	21,406
Un-depreciated capital cost	1,206,650	1,209,014
Non-capital loss carry forwards	1,590,963	1,410,731
Un-deducted share issue costs carried forward	<u>695,827</u>	<u>695,827</u>

These pools are deductible from future income at rates prescribed by the Canadian Income Tax Act.

#### 15. FUTURE CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

CICA Handbook Sections 3862 "Financial Instruments - Disclosures" and 3863 "Financial Instruments - Presentation," are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. These Sections establish standards for presentation of financial instruments and non-financial derivatives and complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Handbook Section 3855 "Financial Instruments - Recognition and Measurement." The sections deal with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and liabilities are offset.

CICA Handbook Section 1535 "Capital Disclosures," is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The section requires the Company to disclose information that enables users of its financial statements to evaluate the Company's objectives, policies and processes for managing capital.

#### 16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to compare with the current year presentation.