



NORDIC
OIL AND GAS LTD

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE MONTHS ENDED

MARCH 31, 2008

May 30, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2008

General

The following discussion of performance, financial condition and future prospects should be read in conjunction with the Company's financial statements and notes attached thereto for the three months ended March 31, 2008. The Company's financial statements are prepared in accordance with Canadian General Accepted Accounting Principles (GAAP). All figures are in Canadian dollars, unless otherwise noted. Additional information on the Company is available on the SEDAR website at www.sedar.com.

This Management Discussion & Analysis was prepared on May 30, 2008.

Forward Looking Statements

Certain statements contained in this Management Discussion & Analysis document constitute forward-looking statements. These forward-looking statements can generally be identified as such because of the context of the statements, including such words as "believes", "anticipates", "expects", "plans", "may", "estimates", or words of a similar nature. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from anticipated future results and/or achievements expressed or implied by such forward-looking statements, which speak only as of the date the statements were made. Readers are therefore advised to consider the risks associated with any such forward-looking statements.

In certain parts of this document, the term BOE is used. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Corporate Overview

Nordic Oil and Gas Ltd. ("Nordic", or "the Company") is an, oil, natural gas and Coal Bed Methane (CBM) exploration and development company headquartered in Winnipeg, Manitoba, Canada. The Company is listed on the TSX Venture Exchange under the symbol: NOG.

Nordic Properties

As at March 31, 2008, Nordic had an 85% interest in 4,480 gross acres of land in Joffre, Alberta, Canada, approximately 30 kilometres east of Red Deer. As of this date, the Company had six wells on production on its Joffre lands – four Belly River wells, one Viking well and one CBM well. Furthermore, the Company also has three CBM wells drilled and cased, and another Belly River well awaiting tie-in.

The Company also has an 80% interest in 101,760 gross acres of exploration permits located in the Preeceville area of east-central Saskatchewan. In 2006, the Company's first special exploratory permit, issued in 2001, was converted into two five-year Petroleum and Natural Gas leases with rights from the surface to the basement covering 10.5 sections of land, or an additional 6,720 gross acres.

Further, Nordic also has a 100% ownership position in approximately 8,000 acres of Petroleum & Natural Gas leases in the Talbot Lake region of the Peace River Arch and the Lloydminster region of Alberta.

Critical Accounting Estimates & Changes in Accounting Policies

The preparation of financial statements in conformity with Canadian generally accepted accounting principles (“Canadian GAAP”) requires the Company to select from possible alternative accounting policies and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date, and reported costs and expenditures during the reporting period. Management believes that the estimates and assumptions upon which the Company relies are reasonable based on information available at the time those estimates and assumptions were made. Estimates and assumptions may be revised as new information is acquired, and are therefore subject to change.

Financial Instruments & Changes in Accounting Policies

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.

Recognition & Measurement

Internal Controls Over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer of Nordic Oil and Gas Ltd. are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision in order to provide reasonable assurance regarding their reliability and the preparation of financial statements for external purposes in accordance with GAAP.

Selected Annual Financial Information

Revenue from oil and natural gas sales (including liquids, transport revenue and interest earned) during the first quarter of 2008 totaled \$149,102 compared to \$189,139 in Q1 2007. The decrease in total revenue was a largely due to a reduction in well production due to maintenance work on some of the wells. In addition, revenue from operating activities (cash received from operators minus royalty expense) totaled \$121,091 for the quarter ended March 31, 2008, compared to the \$157,707 reported in prior year.

The table below sets out the Company's relevant variables in revenue for the three months ended March 31, 2008 and 2007:

REVENUE		
	3 Months Ended <u>March 31, 2008</u>	3 Months Ended <u>March 31, 2007</u>
	\$	\$
Oil and gas revenue	138,101	181,102
Liquids revenue	4,092	2,590
Transport revenue	3,661	3,644
Total revenue	145,854	187,336
Interest revenue	3,248	1,803

Current assets, including cash, term deposits and accounts receivable at the end of the first quarter were \$5,847,257, up significantly from the \$3,169,248 at the end of Q1 2007. This was due largely to the successful financing completed during the first quarter of the year. Total assets as at March 31, 2008 were \$10,882,995, up significantly from the 2007 year-end total of \$7,713,059. This was due primarily to the substantial increase in short term investments which increased to \$3,907,439 from \$204,191.

The table below sets out the Company's Assets for the three months ended March 31, 2008 and 2007:

ASSETS		
Current Assets	3 Months Ended <u>March 31, 2008</u>	Year Ended <u>December 31, 2007</u>
	\$	\$
Cash & cash equivalents	409,290	2,044,388
Short term investments	3,907,439	204,191
Accounts receivable	1,313,358	920,669
Fixed Assets		
Property & equipment	5,035,648	4,543,811
Deferred costs	35,015	--
Total Assets	10,882,995	7,713,059

Liabilities and shareholders' equity at the end of March 2008 totaled \$10,882,995 compared to \$7,713,059 as at December 31, 2007. The increase is due to the increase in accounts payable and total shareholders' equity recorded during the first quarter.

The net loss for the period was also higher than that recorded during Q1 in 2007 - \$124,445 versus \$115,690. The increase in the 2007 loss can partially be attributed to the rise in the Company's stock based compensation and the General & Administrative (G & A) expenses. Net loss per share in Q1 was \$0.003 compared to a net loss per share of \$0.0073 in Q1 2007.

Summary of Quarterly Results

The table below sets out selected quarterly financial results for the past eight quarters:

Three Months Ended:	<u>3/31/2008</u>	<u>12/31/07</u>	<u>09/30/07</u>	<u>06/30/07</u>
Cash & Short-term investments	\$4,316,729	\$2,248,579	\$ 6,624	\$ 9,876
Revenue	\$ 149,101	\$ 91,870	\$139,537	\$ 175,429
Net Income (Loss)	\$ (124,445)	\$ (761,984)	\$(12,321)	\$ (239,056)
Earnings (Loss) per share	\$ (0.0034)	\$ (0.0177)	\$(0.0191)	\$ (0.015)

Three Months Ended:	<u>3/31/07</u>	<u>12/31/06</u>	<u>9/30/06</u>	<u>6/30/06</u>
Cash & Short-term Investments	\$ 130,297	\$ 645,095	\$ 269,540	\$ 731,000
Revenue	\$ 189,139	\$ 156,541	\$ 133,499	\$ 160,742
Net Income (Loss)	\$ (115,690)	\$(178,104)	\$(103,393)	\$ (84,798)
Earnings (Loss) per share	\$ (0.0073)	\$(0.0111)	\$(0.0067)	\$(0.0055)

An analysis of the quarterly results over the last eight quarters shows some variability in revenue totals. Revenue for the first quarter of 2008 is up from Q4 and Q3 2007, due largely to the increase in natural gas prices. Revenue declined throughout 2007, although both Q1 and Q2 2007 were relatively strong in comparison to the previous three quarters. The addition of the Company's sixth well on production at Joffre helped slow the decrease somewhat, during the second half of the year. In addition, the Company's cash position has increased substantially over the past two quarters to the various successful financings completed.

From time to time, net income is negatively impacted due to the costs related to stock options, Asset Retirement Obligation (ARO), or Site Reclamation, and higher depletion and amortization costs are recorded as expenses on the income statement.

Royalties & Production Expenses

Royalties paid in Q1 2008 totaled \$24,763 down slightly from the \$29,629 recorded in Q1 2007. Total well expenses (operating costs) were somewhat higher during the period under review at \$57,498 compared to \$41,409 in prior year. As has been the case in recent quarters, the majority of the overall production costs in Q1 2008 were attributable to the operating costs.

Oil and Gas Interests

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:

	2008		2007	
	Cost	Ac. Depletion	Cost	Ac. Depletion
Oil and gas	\$7,321,519	\$2,299,215	\$5,419,726	\$2,102,637

Net book value for 2008 was \$5,022,304, compared to \$3,317,089 in 2007.

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 drilling three new wells in the Joffre area of Alberta. Drilling in the Preeceville, Saskatchewan region was completed during the previous year and is yet to be realized.

Product Prices and Production

Results from operations and the Company's overall financial condition are significantly affected by natural gas commodity prices, which can fluctuate dramatically. These commodity prices are beyond the control of the Company and are difficult to predict. Gas volumes and realization comparisons for the indicated periods are set forth below. It should be noted that the Company does not hedge any of its production:

The following data summarizes certain information with respect to production, product prices received, royalties paid, production costs and resulting netback for each quarter of Nordic's most recently completed financial period. It should also be noted that approximately 13% of the Company's production in Q1 2008 came from its Coal Bed Methane well, with the remaining 87% coming from conventional natural gas wells.

1. Average daily Natural Gas production volume (before deduction of royalties):
 - Q1 2008: 247.39GJ/Day versus Q1 2007: 287.3GJ/Day
2. Average per GJ of Natural Gas volume – prices received
 - Q1 2008 : \$7.16 /GJ versus Q1 2007: \$7.02/GJ
3. Average per unit of Natural Gas volume – royalties paid:
 - Q1 2008: \$1.10/unit versus Q1 2007: \$1.15/unit
4. Average per unit of Natural Gas volume – production costs:
 - Q1 2008: \$2.55/unit versus Q1 2007: \$2.28/unit
5. Average per unit of Natural Gas volume – resulting netback:
 - Q1 2008: \$3.50/unit versus Q1 2007: \$3.52/unit
6. Production volumes of Natural Gas for the quarter ended March 31, 2008
 - Average daily gas production volume GJ/Day: 247.39
 - Average daily gas production volume 103M3/Day: 8.53
 - Average BOE/day: 43.05
 - Weighted average price received per GJ: \$7.16

NOTE: To convert GigaJoules (GJ) to Mcf, divide the number of GJ by 1.05

Analysis of Expenses

Overall expenses, not including production costs for the quarter under review, increased to \$575,264 from \$233,791 for the year prior. The primary reason for the increase in total expenses was the sharp rise in stock option expenses to \$284,473 as opposed to nil in Q1 2007 and the increase in G & A expenses to \$99,888 from \$39,662.

The table on the following page outlines the changes in the major categories:

EXPENSES		
	3 months Ended <u>Mar. 31, 2008</u>	3 Months Ended <u>Mar 31, 2007</u>
Depletion & Amortization Expense	\$ 85,587	\$119,859
General & Administrative Expenses	\$ 99,888	\$ 39,662
Interest Expense	\$ 15,215	\$ 841
Geological Services	\$ 17,410	\$ 25,067
Management Fees	\$ 32,500	\$ 30,000
Professional Fees	\$ 21,795	\$ 7,499
Regulatory Fees	\$ 18,397	\$ 10,863
Stock Based Compensation	\$284,473	\$ --
Total Expenses	\$575,264	\$233,791

(1) Under accounting reporting requirements, Nordic Oil and Gas has to prepare an estimate of the cost related to stock options issued as an expense on its income statements. Options issued by the Company in 2004 and in subsequent years were accounted for in accordance with the fair value method of accounting for stock-based compensation, and as such, the cost of the options is charged to income with an offsetting amount recorded to contributed surplus, based on an estimate of the fair value. During the quarter ended March 31, 2008 stock options having an estimated value of \$284,473 were issued.

Liquidity and Capital Resources

The Company's financial statements are 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, 2008 the Company had an operating loss before income tax recovery of \$508,423, and used \$1,299,142 of cash in its first quarter operations. The Company has an unexpended flow through obligation of \$3,970,701 to be incurred by December 31, 2008 and an obligation of \$2,499,113 to be incurred by December 31, 2009. The Company's ability to continue as a going concern is dependent upon it 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.

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 2008 capital expenditure program using operating cash flow and equity funds raised in 2007, along with additional financings in 2008. The Company utilizes both equity and Flow-Through issues from time to time to finance its capital program.

During the quarter under review, the Company had three successful closings of a financing that resulted in the issuance of 5,880,267 Flow-Through Units at a price of \$0.425 per unit for gross proceeds of \$2,499,113, plus another 606,700 non-Flow-Through Units at a price of \$0.40 per unit for gross proceeds of \$242,700.

In conjunction with the share issuance during the quarter under review, 3,243,509 warrants were issued, along with 480,512 agent warrants. 265,666 Warrants were exercised in the first quarter of 2008, while none were exercised in the first quarter of 2007. The fair value of the warrants estimated using the Black-Scholes option pricing model with the following assumptions:

- *Risk-free interest rate 3.2%*
- *Expected life (years) 2*
- *Expected volatility 79.94%*
- *Expected dividend yield 0%*

Gross Profit From Operating Activities and Net Earnings (Loss)

Gross Profit from operating activities (production revenue minus production costs, not including royalties paid) totaled \$88,355 for the quarter ended March 31, 2008, compared to \$145,927 for the same period in 2007. This is due to the fact that revenue was down over last year (as previously noted) and operating costs were up.

Net loss for the quarter under review was \$124,445, compared to \$115,690 for the same period a year ago. The increase in the net loss for the quarter was due mainly to the increase on stock option expense during Q1 2008.

Financial Instruments

As discussed in the Significant Accounting Policies, the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to commodity price, credit and interest rate risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. The Company does not engage in hedging programs.

A) Commodity Price Risk

The Company will be subject to 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. As at March 31, 2008, the Company has not entered into any commodity contracts.

B) Credit Risk

A significant portion of the Company's cash is currently held with the same financial institution and, as such, the Company is exposed to concentration of credit risk. As at March 31, 2008, substantially all of the Company's trade accounts receivable are from working interest partners and joint operating partners in the oil and gas industry and are subject to all the risks associated with the industry.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Oil and Gas Interest and Depletion

The Company follows the full cost method of accounting for all oil and gas properties whereby all costs relating to acquisition, exploration and development of oil and gas reserves are

capitalized. Such costs include land acquisition 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 an impairment test (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, determined by independent engineers, based on third-party quoted forward prices adjusted for transportation and quality, less estimated operating and abandonment costs. Should it be determined that impairment has occurred, the amount of the impairment is measured and recorded as the amount by which the carrying amount of the property and equipment exceeds the fair value of proved and probable reserves plus the cost net of impairment of unproved properties. Fair value is determined based on the present value of future cash flows, after deducting 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.

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, 2008, 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 will be incurred 100% by the Company. As at March 31, 2008 only two 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 agreements.

The Company has a services agreement established with Nordic Management Ltd. for various services. Nordic Management Ltd. receives \$12,500 per month for management services, \$7,500 per month for accounting services, \$2,500 per months for landman services, and \$2,500 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 year, the amounts due from (to) related parties are as follows

	Dec. 31, 2007	Mar. 31, 2008
<i>Amounts included in accounts receivable</i>	\$ 6,210	\$ 28,462.18
<i>Amounts included in accounts payable and accrued liabilities</i>	\$ -	\$

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.

In the first quarter of 2008, the Company issued on a private placement basis, 5,880,267 Flow-Through units of the Company at a price of \$0.425 for gross proceeds of \$2,499,113 and 606,750 non-Flow-Through units of the Company at a price of \$0.40 for gross proceeds of \$242,700. 2,940 shares were issued to Officers and Directors.

Disclosure Controls and Procedures

Management has established and maintained disclosure controls and procedures for the Company in order to provide reasonable assurance that material information relating to the Company is made known to management in a timely manner and that information required to be disclosed by the Company is reported within time periods prescribed by applicable securities legislation.

Equity Instruments

The authorized capital of the Company is an unlimited number of Class A common shares and an unlimited number of convertible preferred shares. The issued capital is shown in the table on the following page:

	Year ended December 31, 2007		Three months ended March 31, 2008	
	Number of shares	Amount	Number of shares	Amount
Common shares				
Opening balance	15,993,874	\$ 2,691,778	34,723,276	\$6,306,336
Issued as flow-through units	16,718,464	3,626,640	5,880,267	2,499,113
Issued as non-flow-through units	606,750	99,803	606,750	242,700
Stock options exercised	-	-	255,000	92,384
Share issue costs	-	(340,676)	-	(171,484)
Tax effect of flow-through shares	-	(39,186)	-	(1,339,736)
Warrant valuation	-	-	-	(825,299)
Warrants exercised	-	-	265,666	115,978
Shares cancelled	(169,062)	-	-	-
Conversion of debentures	80,000	20,477	986,000	242,700
Balance, end of year	34,723,276	\$ 6,306,336	42,716,959	\$7,168,986
	Number of warrants	Amount	Number of warrants	Amount
Warrants				
Opening balance	2,249,355	\$ 289,052	10,026,843	\$ 855,188
Issued as flow-through units	8,359,233	716,453	2,940,134	658,717
Issued as non-flow-through units	300,000	1,894	303,375	72,659
Issued as agent warrants	1,164,277	107,329	480,512	93,923
Warrants exercised	-	-	(265,666)	34,412
Warrants expired	(2,046,022)	(259,540)	-	-
Balance, end of year	10,026,843	\$ 855,188	13,485,196	\$1,646,075
Total equity instruments		\$ 7,161,524	56,202,155	\$8,815,061

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 \$2,499,113 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.

Stock Option Plan

The Company has established a stock option plan for its directors, officers, key employees, agents, and consultants. The total number of authorized and un-issued 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. The fair value of the options was estimated using the Black Scholes option-pricing model with the following assumptions:

- ***Risk-free interest rate 3.20%***
- ***Expected life (years) 5***
- ***Expected volatility 79.94%***
- ***Expected dividend yield 0%***

The key provisions of the Plan are as follows:

1. On the recommendation of the Directors, options may be granted to Directors, Officers, Employees, Consultants and other key personnel of the Corporation and its subsidiaries. The Plan reserves for the issue of options, a rolling maximum of 10% of the issued shares of the Corporation at the time of a stock option grant.
2. Not more than 5% of the Common Shares outstanding at the time of the grant may be reserved for issuance to any one individual.
3. The minimum exercise price of an option cannot be less than the fair market value of the Common Shares at the time the Option is granted, less any discount permitted by the Policies of the Exchange.
4. Options may have a maximum exercise precise period of five years and the Directors may establish vesting provisions.
5. Options are non-assignable and non-transferable.

In addition, the Plan is subject to all the provisions of the TSX Venture Exchange Policy 4.4. A copy of the Corporation's Stock Option Plan is available upon request from the Corporation.

At the Balance Sheet date, there were 3,080,000 stock options outstanding as per the following table:

Issued	Option Price	Weighted Average Remaining Contractual Life – in years	Number of Options Currently Exercisable	Weighted Avg. Exercise Price of Options Currently Exercisable
650,000	\$0.40	0.13	650,000	\$0.40
160,000	\$0.40	1.07	160,000	\$0.40
210,000	\$0.45	2.08	210,000	\$0.45
300,000	\$0.40	3.06	300,000	\$0.40
190,000	\$0.25	3.95	190,000	\$0.25
1,570,000	\$0.60	5.00	1,570,000	\$0.60

3,080,000	\$0.51		—		3,080,000	\$0.50
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Further to the above, in January 2008, 650,000 stock options at a price of \$0.40 expired without any having been exercised. On January 25, the granting of 900,000 stock options, at a price of \$0.32 was approved by the Board of Directors to various officers, directors and consultants of the Company. These options, which will run for a period a five years from the date of issuance, were as follows:

- Donald Benson Chairman & CEO - 200,000
- Keith Peterson, Secretary-Treasurer - 130,000
- Michael Mann, Director - 130,000
- Barry Palka, Director - 130,000
- Brahm Silverstone, Director - 130,000
- Kevin Strong, Chief Financial Officer – 50,000
- Donald F. Benson, Consultant – 50,000
- Don Bain, Consultant – 50,000
- Earl French, Consultant – 30,000

Highlights of Operations for the Quarter Ended March 31, 2008

JANUARY

- Company selects two initial well locations to commence its drilling program in Preeceville, Saskatchewan, where it previously announced the discovery of numerous oil seeps
- Company hires Kevin Strong, CGA, CAE, CIM former Manager of the Winnipeg Office of the TSX Venture Exchange as a consultant, undertaking the duties of Chief Financial Officer of Nordic Oil and Gas Ltd

FEBRUARY

- Company acquires an 85% interest in a compressor station in Joffre, Alberta, Canada, owned by Desoto Resources Limited, a related company. In conjunction with this, Desoto, which is the operator in the area, has signed a contract with a major pipeline company to transport the Company's gas. This will result in a significant reduction in the costs of the Company's natural gas production in the region.
- Both an Environmental Report and Land Surveys for surface leases are completed in Preeceville, Saskatchewan on the land where the Company will be drilling its first two exploration wells
- Company announces the first closing of its previously announced private placement offering of flow-through units. 2,416,094 flow-through units are issued at a price of \$0.425 per Unit for gross proceeds of \$1,026,840 to various subscribers. Each Unit consisted of one Class A common share of the Corporation issued as a "flow-through share" within the meaning of the *Income Tax Act* (Canada) and one half of one Class A common share purchase warrant. Each whole Warrant entitles the holder thereof to purchase one regular Class A common share of the Corporation at a price of \$0.65 for a period of two years from the date of issuance.

MARCH

- Company acquires four well bores located on leases on its lands in Lloydminster, Alberta. The well bores were about to be abandoned as the vendor had lost the mineral rights to the properties. The Company plans to install pumps and tanks at each well bore location and will do everything in its power to have these wells on production over the next 30 to 60 days.
- Company announces subsequent closings of its previously announced private placement offering of flow-through units, by issuing 2,131,055 flow-through units at \$0.425 for gross proceeds of \$905,698 to various subscribers, and 340,000 non flow-through units at a price of \$0.40 per Unit for gross proceeds of \$136,000 to various subscribers, and by issuing a further 1,333,118 flow-through units at a price of \$0.425 per Flow-Through Unit for gross proceeds of \$566,575.15 to various subscribers, plus 266,750 non flow-through units at a price of \$0.40 per Unit for gross proceeds of \$106,700, also to various subscribers.
- Company adopts a Shareholder Rights Plan designed to ensure the fair treatment of shareholders in any transaction involving a change of control of Nordic and will provide the board of directors and shareholders with more time to evaluate any unsolicited take-over bid and, if appropriate, to seek out other alternatives to maximize shareholder value
- Company receives its 2007 Reserves and Engineering Report; one of the highlights of the Report is that the Company has been credited with 540,000 barrels of Proved plus Probable heavy oil in Lloydminster, including 125,000 barrels of Proved and 25,000 barrels of Probable in five locations. Thirteen other locations have also been identified with 390,000 barrels of Probable.

APRIL

- Company receives its second well license with regard to its upcoming drilling program at Preeceville, Saskatchewan

MAY

- Company receives approval from the Saskatchewan Ministry of Environment on its Environmental Report submitted earlier this year with respect to Nordic's proposed drilling program at Preeceville, Saskatchewan, Canada. This approval now paves the way for Nordic to commence drilling its initial two wells in Preeceville, where the Company previously announced the discovery of numerous oil seeps.
- Company begins clearing two well sites at Preeceville in anticipation of the start of drilling.

Operational Outlook for 2008

The Company has targeted a Capital Expenditure budget of \$5,250,000 for 2008 as follows:

PREECEVILLE:

- | | |
|-------------------------------|-------------|
| • Seismic | \$ 250,000 |
| • Geochem | \$ 50,000 |
| • 2 new wells @ \$750,000 ea. | \$1,500,000 |

LLOYDMINSTER

	• Seismic	\$ 50,000
	• 4 new wells @ \$450,000 ea.	\$1,800,000
	• 4 existing wells @ \$200,000 ea.	\$ 800,000
JOFFRE		
	• 2 new wells @ \$350,000 ea.	\$ 700,000
PEACE RIVER ARCH		
	• Seismic	\$ 50,000
MISCELLANEOUS (Mapping)		
		\$ 50,000

Furthermore, when these wells are drilled and placed on production (along with the aforementioned new Belly River well in Joffre and the three CBM wells, also in Joffre), the Company's production, by the end of the year, is anticipated to be as follows:

CURRENT PRODUCTION: Approx. 500 MCF/D

Wells Waiting to be Tied-in:

• 9-24-38-25 W4 - CBM	100 MCF/D
• 14-18-38-24 W4 - CBM	100 MCF/D
• 10-18-38-24 W4 - CBM	100 MCF/D
• 11-13-38-25 W4 - Belly River	600 MCF/D

ANTICIPATED PRODUCTION 1,400 MCF/D
= 233 BOE/D

Wells to be Drilled:

• Joffre - 2	400 MCF/D = 66 BOE/D
• Lloydminster - 8	240 BOE/D

TOTAL ANTICIPATED PRODUCTION FOR 2008 539 BOE/D**

** Does not include Preeceville Potential

In addition to the above, the Company also intends to have its recently acquired compressor station in Joffre operational by June of this year, whereby Desoto Resources, which is the operator in the area will transport the Company's gas via a major pipeline transporter. This will result in a significant reduction in the costs of the Company's natural gas production in the region.

In time, the Company believes that it will be able to bring other producers into its system and turn the compressor station into a net earner, as opposed to an expense."

As part of the transport deal, the pipeline company will also build a new metering station, approximately 3 kilometres south of the Nordic property. The station will be paid for jointly by the pipeline company, which will pay 73% of the costs, and Nordic and Desoto.

Business Risks & Uncertainties

The Company operates on a going concern basis that contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company's ability to continue as a going concern is dependent upon it 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.

The business of exploring, developing, acquiring and producing Oil and Natural Gas reserves is subject to a variety of operational, financial and regulatory risks, including:

- **Operational Risks** – Oil and Natural Gas operations are subject to all the risks and hazards typically associated with such operations, including fire, explosions, blowouts, formation damages and oil spills, all or any of which could have a negative impact on oil and gas wells, production facilities, related property, the environment, or in personal injury. Operational risks also include finding and developing Natural Gas reserves on an economically viable basis, reservoir production performance, marketing, and assessing contract services on a cost-effective basis.
- **Financial Risks** – Financial risks including commodity and market fluctuations, interest rates and any rates of applicable currency exchange. Nordic Oil and Gas's results of operations and financial considerations are dependent on the prices received for oil and Natural Gas production from reserves in which it has a working interest. Oil and Natural Gas prices have fluctuated widely in the past, with oil in particular subject to national and international supply and demand ratios, along with political development and instability in the Middle East. In addition, the marketability of the Company's products also will depend upon the availability and capacity of gathering systems and pipelines, the effect of federal and provincial legislation on such production, and the general economic conditions of the marketplace.
- **Price Volatility of Publicly Traded Securities** – In recent years, the Securities Markets in Canada and the United States have experienced a high level of price and volume volatility, with the market price of securities of many companies undergoing wide fluctuations in price, which have not necessarily been related to operating performance, underlying asset value or prospects.
- **Development of Additional Reserves** – The future success of Nordic Oil and Gas may also depend on the Company's ability to find or acquire additional oil and gas reserves that are economically recoverable.
- **Competition** – The Oil and Natural Gas industries are extremely competitive, and, as such, Nordic Oil and Gas will continue to seek out potential joint venture partners, capital, and undeveloped land with a variety of other companies.
- **Regulatory Risks** – Regulatory risks include environmental regulation, royalties and taxation, all of which are beyond the control of the Company.

Corporate Information

Stock Exchange	TSX Venture Exchange
Trading Symbol	NOG
Management Team	Donald P. Benson, President & CEO; Chairman Keith Peterson, Secretary-Treasurer & Director Kevin Strong, CGA, Chief Financial Officer
Independent Directors	Michael Mann

Barry Palka
Brahm Silverstone

Auditors	Meyers Norris Penny LLP, Winnipeg, Manitoba
Transfer Agent	CIBC Mellon Trust Company, Calgary, Alberta
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