

ISSUER DETAILS

NAME OF ISSUER	FOR PERIOD ENDED	DATE OF REPORT
NORDIC OIL AND GAS LTD.	September 30, 2010	November 27, 2010

ISSUER ADDRESS

4727 ROBLIN BOULEVARD

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DONALD P. BENSON	PRESIDENT	(204) 956-5042

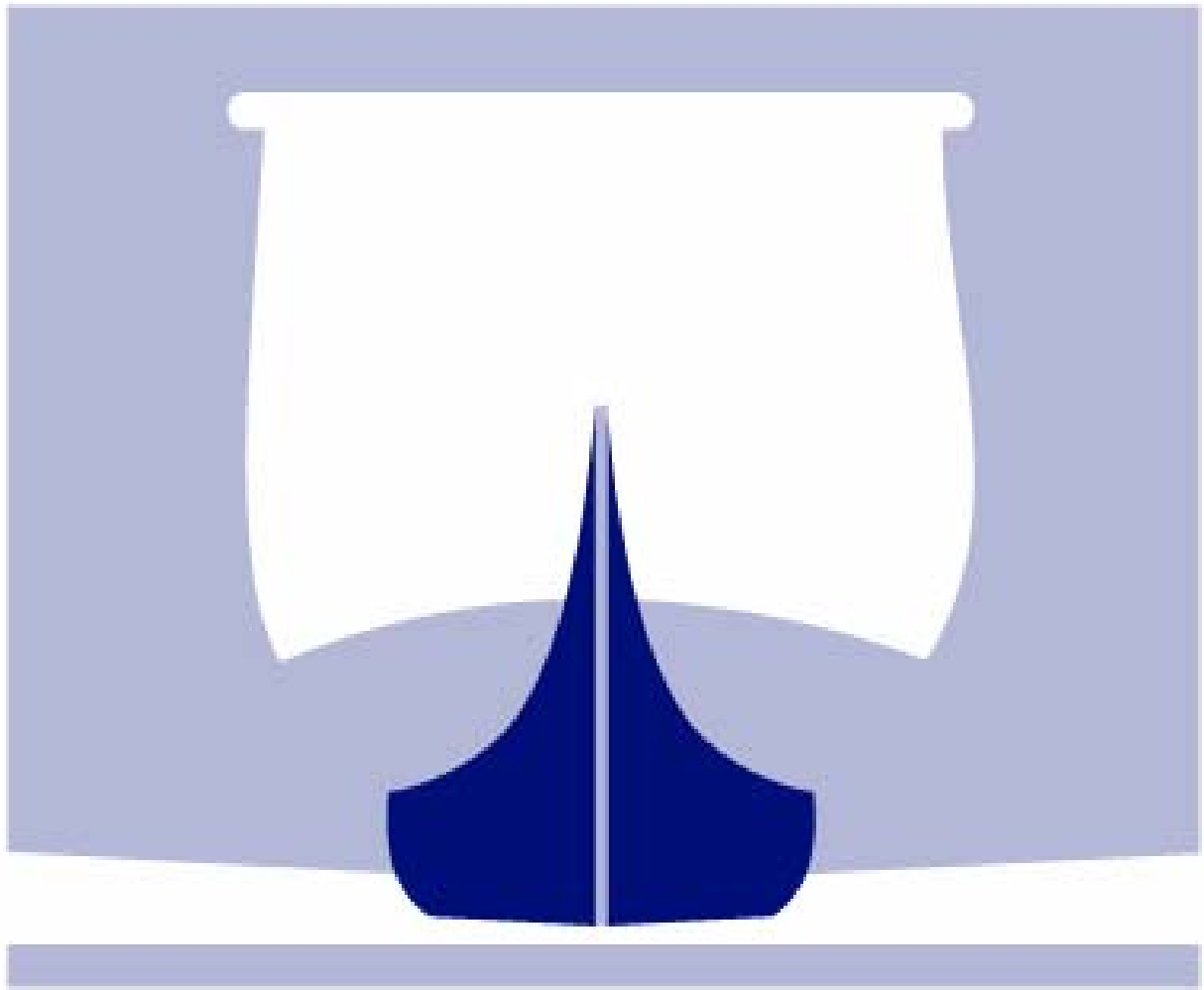
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CERTIFICATE

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.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED
"Donald Benson"	DONALD P. BENSON	11/27/2010

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED
"Barry Palka"	BARRY PALKA	11/27/2010



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 September 30, 2010

(Unaudited)

ASSETS	Sept. 30, 2010	December 31, 2009
Current Assets		
Cash	\$ 186,548	162,216
Short-Term Investments (note 3)	72,025	242,332
Accounts Receivable	375,408	684,121
Deposits	362,529	100,093
Deferred Costs	43,992	-
	<u>1,040,502</u>	<u>1,188,762</u>
Capital Assets		
Property and Equipment (note 4)	12,486,624	16,168,787
Total Assets	<u>\$ 13,527,126</u>	<u>\$ 17,357,549</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	2,186,568	4,834,870
Long-Term Liabilities		
Convertible Debenture (note 6)	275,726	231,734
Asset Retirement Obligations (note 5)	570,380	1,064,855
Future Tax Liability	399,990	1,771,652
Total Liabilities	<u>3,432,664</u>	<u>7,903,111</u>
Shareholders' Equity		
Equity Instruments (note 7)	12,725,251	11,226,700
Equity portion of convertible debenture (note 7)	204,270	204,270
Contributed Surplus (note 8)	2,875,041	2,805,301
Deficit	(5,710,100)	(4,781,833)
Total Shareholders' Equity	<u>10,094,462</u>	<u>9,454,438</u>
Total Liabilities & Equity	<u>\$ 13,527,126</u>	<u>\$ 17,357,549</u>

Nordic Oil and Gas Ltd.
Statement of Operations and Loss
For the period ended September 30, 2010
(Unaudited)

REVENUE	Three months ended		Nine months ended	
	Sept. 30,		Sept. 30,	
	2010	2009	2010	2009
Oil and Gas Revenue	182,225	383,463	520,110	1,000,258
Interest Revenue	490	2,418	3,630	12,845
Total Revenue	182,715	385,881	523,740	1,013,103
PRODUCTION COSTS				
Operating Costs	149,296	363,313	508,158	919,350
Royalties Costs	22,344	14,950	43,426	68,164
Total Production Costs	171,640	378,263	551,585	987,514
EXPENSES				
Depletion and Amortization Expense	107,543	125,409	341,573	339,449
General and Administration Expenses	124,563	97,906	408,184	405,498
Management Fees	40,000	40,000	120,000	118,333
Interest Expense	19,288	34	46,844	32,424
Taxes and Government Fees	17,579	86	43,477	1,501
Stock Option Expense	-	85,337	69,739	133,389
Total Expenses	308,973	348,772	1,029,817	1,030,594
Total Product Costs and Expenses	480,613	727,035	1,581,402	2,018,109
Gain(Loss) on Sale of Asset	(106,363)	-	(156,155)	-
Net loss before taxes	(404,262)	(341,154)	(1,213,817)	(1,005,006)
Future income tax (recovery)	(128,202)	(64,043)	(285,550)	(217,603)
Net loss for the period	(276,060)	(277,111)	(928,267)	(787,403)
Deficit, beginning	(5,019,359)	(4,062,764)	(4,781,834)	(3,552,575)
Deficit, ending	(5,295,419)	(4,339,875)	(5,710,100)	(4,339,978)
Loss per share for the period	\$ (0.004)	\$ (0.005)	\$ (0.013)	\$ (0.014)

Nordic Oil and Gas Ltd.**Statement of Cash Flow**

For the period ended September 30, 2010

(Unaudited)

Cash Flow from	Three months ended		Nine months ended	
	Sept. 30,		Sept. 30,	
Operating Activities	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net Loss for the period	(276,060)	(277,111)	(928,267)	(787,403)
Adjustments for				
Depletion and Amortization	107,543	137,536	341,573	371,213
Stock Based Compensation	-	85,337	69,739	133,389
Interest and Financing Charges	19,288	-	46,844	
Future income tax recovery	(128,202)	64,043	(285,550)	217,603
Loss on Sale of Asset	(106,363)	-	(156,155)	
Changes in non-cash working capital	618,678	250,674	(2,581,289)	(634,465)
Total cash from (used in) operations	<u>234,885</u>	<u>260,479</u>	<u>(3,493,104)</u>	<u>(699,663)</u>
Investing Activities				
Property and equipment acquisitions	(822,053)	(859,478)	(819,652)	(1,723,935)
Sale of Assets (net)	-		3,441,734	
Total	<u>(822,053)</u>	<u>(859,478)</u>	<u>2,622,082</u>	<u>(1,723,935)</u>
Financing Activities				
Shares issued net of issue costs	442,916	912,289	442,916	912,289
Convertible debentures issued (net)		-		
Repayment of convertible debentures		(131,427)		(370,175)
Total	<u>442,916</u>	<u>780,862</u>	<u>442,916</u>	<u>542,114</u>
Increase (Decrease) in cash and equivalents, during the year	<u>(144,252)</u>	<u>181,863</u>	<u>(428,106)</u>	<u>(1,881,483)</u>
Cash and cash equivalents, beginning	<u>330,800</u>	<u>432,791</u>	<u>614,654</u>	<u>2,496,137</u>
Cash and cash equivalents, ending	<u>186,548</u>	<u>614,654</u>	<u>186,548</u>	<u>614,654</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, Saskatchewan and Manitoba.

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 September 30, 2010 the Company had an operating loss before income tax of 404,262 and a working capital deficit of \$1,146,066. 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 an 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.

Computer equipment is amortized at a 45% declining balance basis. Prior to 2008, computers were amortized on a 30% 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.

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.

Upon adoption of these new standards, the Company has designated its financial instruments, as follows: rate method. Held-for-trading financial assets and liabilities are measured at fair value with changes in fair value recognized in earnings. Loans and receivable financial assets and other financial liabilities are measured at cost or amortized cost if interest-bearing. Available-for-sale financial assets are measured at fair value with changes in fair value recognized in comprehensive income and reclassified to earnings when derecognized or impaired. Changes to the measurement of existing financial assets and liabilities at the date of adoption were adjusted to either opening deficit or opening accumulated other comprehensive income as noted above.

c) Comprehensive income

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources and includes unrealized gains and losses on financial assets classified as held available-for-sale. When related amounts are recorded in accordance with this new standard, the Company will report a consolidated statement of comprehensive income combined with the consolidated statement of operations and a new category, accumulated other comprehensive income, in the shareholders' equity section of the consolidated balance sheet.

d) Derivative instruments

The Company may use various types of derivative financial instruments to manage risks associated with crude oil and natural gas price fluctuations. These instruments are not used for trading or speculative purposes. Proceeds and costs realized from holding the related contracts are recognized in petroleum and natural gas revenues at the time that each transaction under a contract is settled. For the unrealized portion of such contracts, the Company utilizes the fair value method of accounting.

The fair value is based on an estimate of the amounts that would have been paid to or received from counterparts to settle these instruments given future market prices and other relevant factors. The method requires the fair value of the derivative financial instruments to be recorded at each balance sheet date with the unrealized gains or losses on these contracts recorded through the consolidated statement of operations.

The Company has elected to account for its commodity sales and other non-financial contracts, which were entered into and continue to be held for the purpose of receipt or delivery of non-financial items in accordance with its expected purchase, sale or usage requirements as executory contracts on an accrual basis rather than as non-financial derivatives. Prior to adoption of the new standards, physical receipt and delivery contracts did not fall within the scope of the definition of a financial instrument and were also accounted for as executory contracts.

e) Transaction costs

Transaction costs attributable to financial instruments classified as other than held-for-trading are expensed in the consolidated statement of loss as incurred. Prior to January 1, 2007, transaction costs were recorded as deferred costs and recognized in the consolidated statement of operations on a straight-line basis over the term of the financial instrument. On adoption, previously deferred transaction costs were recognized

as if they had been expensed in the year incurred through an adjustment to the Company's opening retained earnings (deficit).

f) Effective interest rate method

Financing fees and transaction costs attributable to financial instruments classified as other than held-for-trading such as convertible debentures are included in the recognized amount of the related financial instrument and recognized over the term of the financial instrument. Prior to January 1, 2007, financing fees and transaction costs were recorded as a deferred charge and recognized in the consolidated statement of operations on a straight-line basis over the life of the financial instrument. On adoption, financing fees and transaction costs are recognized as if the effective interest rate method had always been applied whereby the amount recognized varies over the life of the financial instrument based on the principal outstanding.

Financial Statement Item	Classification	Measurement
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 Lia.	Amortized cost
Convertible debentures (debt component)	Other financial Lia.	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.

3. SHORT -TERM INVESTMENTS

	9/30/2010	12/31/2009
Short term investments	72,025	242,332

Short-term investments are comprised of guaranteed investment certificates from a chartered bank with effective interest rates of 1.85% (2009 - 1.85%) maturing June 9, 2011. 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 \$26,095. There was no significant impairment as at September 30, 2010.

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%.

4. PROPERTY AND EQUIPMENT

September 30, 2010	Cost	Accumulated Depletion & Amortization	Net Book Value
Oil and Gas Property and Equipment	14,555,454	3,264,302	11,291,151
Coal Gasification Leases	49,555	-	49,555
Computers and Equipment	25,906	15,976	9,929
Compressor and Metering Stations	1,135,989		1,135,989
			<u>12,486,624</u>

December 31, 2009	Cost	Accumulated Depletion & Amortization	Net Book Value
Oil and Gas Property and Equipment	18,322,346	3,340,943	14,981,403
Coal Gasification Leases	49,555	-	49,555
Computers and Equipment	43,637	20,196	23,441
Compressor and Metering Stations	1,114,388		1,114,388
			<u>16,168,787</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 quarter end, costs amounting to \$6,346,889 (2009 - \$5,298,720) 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, 2009, and all previous year ends, determining 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, 2009:

Year	AECO Natural Gas CDN\$/mmbtu	WTI Crushing Oil US\$/STB	Exchange rate US\$/CDN\$
2010	5.5	80	0.95
2011	6.2	83	0.95
2012	6.5	86	0.95
2013	7	90	0.95
2014	7.2	94	0.95
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.

Based on a proven and probable reserves valuation by an independent consulting firm, the Oil and Gas Properties have an estimated reserves valuation of \$16,177,000. The calculation assumes the net present values of future net revenue, discounted at 10% per year in after tax dollars (see filing NI51-101 for 2009). The 2009 price per share valuation was \$.24/share.

The company has an analysis of its' coal properties that shows a valuation which is significant relative to its' book value. An independent consulting firm is analyzing the property and will be providing a discount net present value of the reserves during this fiscal year.

In May 2010, the company sold a royalty interest on its' Llyodminster property. Whereby, the

holders will receive an aggregate of 3%. The gross proceeds of the sale were \$600,000.

In August 2010, the company sold a two thirds interest in its' Lloydminster properties for \$2,933,333. The sale date was April 10, 2010. The purchaser became the operator upon closing.

In September 2010, the company sold a piece of field equipment to a director for approximately \$500 above book value.

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.

	30-Sep-10	31-Dec-09
Asset Retirement Obligation, beginning of year	1,064,855	524,539
Liabilities Incurred	106,543	520,749
Liability Decrease (on Sale)	(639,905)	
Accretion Expense	38,888	41,097
Revisions in estimated cash flows		(21,530)
Asset Retirement Obligation, end of year	570,380	1,064,855

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 \$2,085,588. 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.

In August 2010, the company sold a two thirds interest in its' Lloydminster properties. The asset retirement obligation was adjusted based on the new projected liability.

6. CONVERTIBLE DEBENTURES

On November 6, 2009, the Company issued convertible debentures in the amount of \$497,000 maturing on November 6, 2012 and bearing interest at an annual rate of 10%, payable annually on yearly 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 a conversion price of \$0.15. After one year, the debentures are redeemable at the option of the company at an amount equal to 105% of the face value of the debenture, plus any accrued interest to that point. The maximum aggregate principal amount of convertible debentures authorized under the Company's Trust Indenture is \$3,000,000.

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 equity component reflects the equity value of the conversion option embedded in the convertible debentures. The conversion option was valued using the Black Scholes pricing model with the following assumptions: exercise price of \$.15; expected volatility of 1.22; risk free rate of 1.3% and life of 3 years. The difference between the proceeds of the issued convertible debentures and the fair value of the equity component is assigned to the liability.

Total proceeds of convertible debenture

497,000

Value of equity component	(230,547)
Financing costs of liability component	(45,714)
Value of liability component	220,739

Total accretion expense related to the liability component of the convertible debenture was 9,273 in 2009. The carrying value of the debenture will be accreted up to its face value over the term to maturity. Amortization of deferred debenture costs amounted to \$1,722 in 2009 leaving an unamortized balance of \$43,992 in 2009. The 2010 amortization cost will be recorded on the interest payment dates.

	9/30/2010	12/31/2009
Balance, beginning of year	231,734	354,500
Repayment of principal		(354,500)
Issuance of convertible debenture		220,739
Accretion expense	43,992	9,273
Amortization of deferred costs		1,722
Balance, end of year	275,726	231,734

During early 2009, a convertible debentures with a face value of \$354,500, together with accrued interest of \$16,317 as at December 31, 2008 and additional interest of \$2,856, were repaid. The debentures had matured during November of 2008.

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	
	September 30 2010		December 31 2009	
	Shares	Amount	Shares	Amount
Common shares				
Balance, beginning of year	65,391,626	9,101,999	48,140,126	9,277,763
Issued as flow-through units	2,525,000	227,808	17,251,500	1,524,587
Issued as non flow-through units	1,825,000	203,081		
Share issue costs		(59,060)		(191,658)
Tax effect of flow-through shares				(1,508,693)
Tax effect of non cash items		1,167,333		
Balance, end of year	69,741,626	10,641,161	65,391,626	9,101,999
Warrants				
	Warrants	Amount	Warrants	Amount
Balance, beginning of year	15,661,917	2,124,701	15,097,863	2,368,247
Issued as flow-through units	1,262,500	21,286	8,625,750	404,226
Issued as non flow-through units	912,500	15,919	-	-

Issued as agent warrants	202,000	3,406	895,480	43,952
Warrants expired	(10,798,618)	(81,223)	(8,957,176)	(691,724)
Balance, end of year	7,240,299	2,084,089	15,661,917	2,124,701
<hr/>				
Total equity instruments		12,725,250		11,226,700

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 \$1,928,313 to subscribers of the flow through common shares in the current year private placement, for which the Company will had to of incurred eligible expenditures by December 31 2010.

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

Period ended	9/30/2010	12/31/2009
Risk free interest rate	.49% - .69%	.51% - .69%
Expected life (years)	1.5	2
Expected volatility	72%	95% - 101%
Expected dividend	0%	0%

c) Private placements

On February 4, 2010, the Company issued on a private placment basis, 1,825,000 units of the Company at \$.12 per share for gross proceeds of \$219,000. Each unit consists of on Class A flow-through common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase on regular Class A common share of the Company at \$.14. The purchase warrants expire in August 2011.

On March 15, 2010, the Company issued on a private placment basis, 2,525,000 units of the Company at \$.1 per share for gross proceeds of \$252,000. Each unit consists of on Class A flow-through common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase on regular Class A common share of the Company at \$.11. The purchase warrants expire in September 2011.

(d) 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 September 30, 2010 the Company has the following stock options outstanding:

	Number of options	Option Price Range per share	Weighted Average exercise price
Options outstanding, Dec. 31, 2009	5,626,400	\$0.10-0.60	\$0.31
Granted	1,425,000		

Options expired	(453,900)	\$0.10-0.45	\$0.22
Options exercised			
Options outstanding, September 30, 2010	6,597,500	\$0.10-0.60	

Options granted during the year vested immediately.

The following table summarizes the stock options outstanding at September 30, 2010:

Options Outstanding	Option Price	Weighed Average Exercise Price	Remaining Life	Options Exercisable	Weighted Average Exercise Price of Options Exercisable
230,000	0.40	0.40	0.40	230,000	0.40
85,000	0.25	0.25	1.20	85,000	0.25
1,525,000	0.60	0.60	2.25	1,525,000	0.60
657,500	0.32	0.32	2.32	657,500	0.32
1,035,000	0.20	0.20	2.98	1,035,000	0.20
1,055,000	0.10	0.10	3.47	1,055,000	0.10
585,000	0.125	0.125	4.07	585,000	0.125
1,425,000	0.10	0.10	4.42	1,425,000	0.10
6,597,500		0.27		6,597,500	0.27

As at December 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	3,922,500	\$0.20-0.60	\$0.41
Granted	1,863,900	\$0.10-.013	\$0.11
Options expired	(160,000)	\$0.10-.040	\$0.34
Options outstanding, December 31, 2009	5,626,400	\$0.10-0.60	\$0.31

Options granted during the year vested immediately.

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

Options Outstanding	Option Price	Weighed Average Excursive Price	Weighted Average Remaining Life	Options Exercisable	Weighted Average Exercise Price of Options Exercisable
180,000	0.45	0.45	0.08	180,000	0.45
280,000	0.40	0.40	1.06	280,000	0.40
115,000	0.25	0.25	1.95	115,000	0.25
1,495,000	0.60	0.60	3.00	1,495,000	0.60
657,500	0.32	0.32	3.07	657,500	0.32
1,035,000	0.20	0.20	3.64	1,035,000	0.20
1,078,900	0.20	0.20	4.24	1,078,900	0.20
785,000	0.20	0.20	4.73	785,000	0.20
5,626,400	0.31	0.31	-	5,626,400	0.31

During the year, under the fair-value-based method, 69,739 (2009 - \$48,052) 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	9/30/2010	12/31/2009
Risk Free interest rate	1.30%	1.8% - 2.6%
Expected life (years)	5	5
Expected volatility	100.000%	95% - 101%
Expected dividend yield	0%	0%

(e) 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 September 30, 2010 the Company was not in arrears regarding the payment of interest on the convertible debentures.

(f) Per share amounts

Per share calculations are based on the weighted average number of Class A common shares outstanding during the quarter of 69,741,626 (2008 - 51,157,248). For 2010 and 2009, diluted loss per share is consistent with basic loss per share as the effects of the debenture conversions and option exercises are anti-dilutive.

(g) Escrow Shares

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

(h) Equity portion of convertible debenture

Balance, beginning of year	204,270
Amount repaid during first quarter	-
Balance, end	204,270

8. CONTRIBUTED SURPLUS

	Sept. 30 2010	Dec. 31 2009
Balance, beginning of year	2,805,301	1,978,390
Stock based compensation	69,739	115,245
Expiration of conversion option of convertible debt		19,942
Warrants expired, recorded		691,724
Balance, end of quarter/year	2,875,040	2,805,301

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 Sept. 30, 2010, the three wells representing a cost of \$1,449,721 (2009 - 1,449,721) had 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 Sept. 30, 2010 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, and \$7,500 per month for investor relations and corporate secretary 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:

	Sept. 30 2010	Dec 31 2009
Amounts included in accounts receivable	397,163	196,491
Amounts included in accounts payable and accrued liabilities	(4,501)	28,358

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 \$1,928,313 on qualified expenditures by December 31, 2010. At the financial statement date the company had spent \$657,315.

(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 RISK MANAGEMENT

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 September 30, 2010, 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 September 30, 2010 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. Under the fair value hierarchy the cash and marketable securities, qualify as Level 1 assets for disclosure purposes. The Company has not items which qualify as Level 2, or Level 3 for disclosure purposes.

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.

d) Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to

ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal stressed conditions, without incurring unacceptable losses.

As at September 30, 2010 the company had a working capital deficit of \$1,146,066 (2009 working capital deficit \$3,746,201).

The company manages its liquidity risk by continuously monitoring forecasted cash flows and assessing prospect for raising additional equity.

e) Commodity Price Risk Management

While the company is exposed to business risk associated with fluctuations in the price of crude oil and natural gas, the Company does not hold financial instruments whose fair values are susceptible to variability resulting from changes in the price of crude or natural gas.

13. CAPITAL MANAGEMENT

The company's objective is to maintain access to sources of capital with which to finance its operations. The Company maintains a capital structure of equity and convertible debentures.

The Company manages its capital structure and makes changes to it in light of changes in economic conditions and the risk of the underlying investments. The Company will balance its overall capital structure through new share and convertible debt issues or by undertaking other activities as deemed appropriate in the specific circumstances.

Under the terms of the convertible debenture agreement the Company will not make any capital distributions with respect to 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 September 30, 2010, the Company was not in arrears in payment of any principal or interest on convertible debentures.

The total capital as at the latest reporting dates was calculated as follows:

	9/30/2010		12/31/2009	
	Carrying Amount	As a % of capital	Carrying Amount	As a % of capital
Convertible debentures	231,734	2.3%	231,734	2.4%
Shareholders' equity	10,094,462	97.8%	9,454,438	97.6%
Total Capital	10,326,196	100%	9,686,172	100%

14. 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.

15. INCOME TAXES

(a) Income tax expense differs from that which would be expected from applying the statutory Canadian federal and provincial 2010 income tax rates of 30.18% to loss before income taxes as follows:

	2010	2009
Loss before income taxes	(1,213,817)	(1,880,193)
Combined federal and provincial tax rate	30.18%	30.18%
Expected income tax (recovery)	(366,330)	(567,373)
Increase(decrease) resulting from:		
Tax rate change		(126,766)
Non-deductible expenses	16,507	38,787
Other		5,377
Provision for income taxes (recovery)	(285,550)	(649,975)

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

	2010	2009
Cumulative Canadian oil and gas property expenses	742,270	720,669
Cumulative Canadian development expenses	2,935,965	2,440,247
Cumulative Canadian exploration expenses	169,204	7,607
Un-depreciated capital cost	1,574,652	1,613,540
Non-capital loss carry forwards	3,672,081	2,824,594
Un-deducted share issue costs carried forward	753,716	694,656

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

16. FUTURE CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

Nordic has examined its processes to meet the accounting regulatory changes in 2011. Over the year, the Company has adopted the new IFRS standards as required by the Canadian Securities Commission for January 1, 2010. The Company expects to have its 2010 filings meet the required standards for comparative purposes.

17. SUBSEQUENT EVENTS

In October 2010, the company entered into an agreement providing for an Equity Line Facility (ELF). Under the terms of the ELF the company can conditionally access \$10 million of capital during a 36-month period, through the issuance of common shares.

In the final week of November 2010, the company made a debenture payment of \$53,104. The debenture holders were paid all outstanding interest owed.

In addition, the company sold 7,009,997 flow through shares at 7.5 cents subsequent to the end of the quarter.

18. COMPARATIVE FIGURES

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

19. CORPORATE OFFICERS AND BOARD OF DIRECTORS

Donald P Benson (1)
Chairman & Chief Executive Officer

Keith Peterson
Treasurer & Director

Michael Mann, Geologist (1)
Director

Barry Palka (1)
CFO (Acting) & Director

Brahm Silverstone, Geophysicist
Director

Donald Bain
Corporate Secretary

(1) is a member of audit committee

20. CORPORATE INFORMATION

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Telephone: 204-956-5042
Fax: 204-897-7154

GENERAL INFORMATION:
Stock Exchange Listing: TSXV:NOG
Fiscal Year-End: December 31

Transfer Agent: CIBC Melon Trust, Winnipeg

Auditor: Meyers Norris Penny

Reporting Jurisdictions: Alberta; Manitoba; Saskatchewan; British Columbia