



NORDIC
OIL AND GAS LTD

**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

FOR THE NINE MONTHS ENDED

SEPTEMBER 30, 2007

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

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 nine months and quarter ended September 30, 2007. 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 November 29, 2007.

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 currently has an 85% interest in 4,480 gross acres of land in Joffre, Alberta, Canada, approximately 30 kilometres east of Red Deer. As at September 30, 2007, the Company had six wells on production on its Joffre lands – four Belly River wells, one Viking well and one CBM well. In addition, a seventh well, a new Belly River well, 15-12-38-25 W4 was brought on production subsequent to the end of the third quarter. In addition, the Company also has three CBM wells drilled and cased, and another Belly River well currently awaiting tie-in.

Furthermore, 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 for rights from the surface to the basement covering 10.5 sections of land, or an additional 6,720 gross acres.

During the third quarter, Nordic completed the acquisition of approximately 8,000 acres of Petroleum & Natural Gas leases in the Peace River Arch and Lloydminster regions of Alberta. These lands provide Nordic with new core areas for the Corporation and represent a strategic fit for its current production and impending drilling activity at Joffre, 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 change. Stock-based compensation is considered to be one of these estimates.

Selected Financial Information

Revenue from natural gas and Coal Bed Methane ("CBM") sales for the nine-month period (including liquids and transport revenue and interest revenue) totaled \$504,105, down slightly from the \$520,717 reported for same period in 2006. Revenue for the three-month period ended September 30, 2007 totaled \$139,538, up slightly from the \$133,500 recorded during Q3 2006, but down somewhat from the \$175,429 reported during Q2 2007. The marginal decline in quarter over quarter revenue totals was due to the continued softness in natural gas prices during the period under review, coupled with the fact that the Company's 15-12 well, which just came on stream in November, recorded no production during the period under review.

Cash, including term deposits and accounts receivable for the first nine months of the year totaled \$39,778 compared to \$269,540 for the same period in 2006. In addition, net cash flow from operating activities (cash received from operators minus cash paid to suppliers and for royalties) was down slightly for the first nine months of 2007 to \$252,144 as compared to \$265,846 for the same period in 2006; however, net cash flow from operating activities for the quarter ended September 30, 2007 was up to \$69,268 versus \$61,577 for the same period a year ago.

Total assets as at September 30, 2007 were \$4,428,198, up approximately \$650,000 from the \$3,777,225 at the end of Q3 2006, and up over \$118,000 from the \$4,309,480 reported at the end of 2006. General and administrative expenses for the first nine months of 2007 totaled \$117,101, virtually unchanged from the same period in 2006, while for the quarter, G & A expenses were down over the comparable period in 2006 - \$38,077 this year versus \$47,101 last year. Overall expenses for the first three quarters of 2007

were up approximately \$170,000 at \$774,062 compared to the same period in 2006 at \$606,064, while overall expenses for the third quarter under review were also up from those recorded for Q2 2006 at \$232,813 as compared to \$167,565. This was due primarily to the increase in depletion and amortization costs to \$164,233 for the quarter, compared to \$60,164 in Q3 2006 and the increase in professional fees: \$12,066 to \$29,445.

The Company recorded a net loss before income taxes of \$516,449 for the first nine months of 2007, up approximately \$190,000 over the same period a year ago. However, the loss is reduced to (\$367,067) when the future income tax recovery of \$149,382 is applied. For the quarter, the Company recorded a net loss before taxes of \$161,703 compared to the \$103,413 loss reported in Q3 2006, however this changes to a net loss of \$12,321 for the quarter when the future income tax recover of \$149,382 is applied. The increase in the net loss before taxes for both the quarter and the nine-month period can be attributed to the rise in total production costs and overall expenses and the slight decrease in revenue. The net loss per share in the first three quarters of 2007 was \$0.0249, compared to a net loss per share of \$0.0213 for the first nine months of 2006, and \$0.0191 for the three months under review, compared to \$0.0064 in 2006.

Liabilities at the end of Q3 2007 totaled \$1,607,567, down from the \$1,866,780 as at December 31, 2006.

The table below sets out the relevant variables in revenue for Nordic's oil and gas production on a six-month comparative basis:

REVENUE		
	9 Months Ended <u>Sept. 30, 2007</u>	9 Months Ended <u>Sept. 30, 2006</u>
Oil and gas revenue	\$474,686	\$484,009
Liquids revenue	\$ 7,287	\$ 12,067
Transport revenue	\$ 16,663	\$ 13,413
Interest revenue	\$ 5,469	\$ 11,228
Total revenue	\$504,105	\$520,717

The table below sets out the Company's Assets :

ASSETS		
Current Assets	<u>Sept. 30, 2007</u>	<u>Dec. 31, 2006</u>
	\$	\$
Cash & cash equivalents	(193,376)	433,423
Short term investments	200,000	211,672
Accounts receivable	33,154	122,808
Prepaid expenses	11,632	-
Deferred costs	-	114,901
Fixed Assets		
Property & equipment	4,361,693	3,412,668
Capital assets	<u>15,095</u>	<u>14,007</u>
Total Assets	4,428,198	4,309,480

Summary of Quarterly Results

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

Three Months Ended:	<u>09/30/07</u>	<u>06/30/07</u>	<u>3/31/07</u>	<u>12/31/06</u>
Cash & Short-term investments	\$ 6,624	\$ 9,876	\$ 130,297	\$ 645,095
Revenue	\$139,537	\$ 175,429	\$ 189,139	\$ 159,133
Net Income (Loss)	\$(12,321)	\$ (239,056)	\$ (115,690)	\$ (178,104)
Earnings (Loss) per share	\$ (0.0191)	\$ (0.015)	\$ (0.0073)	\$ (0.0088)

Three Months Ended:	<u>9/30/06</u>	<u>6/30/06</u>	<u>9/31/06</u>	<u>12/31/05</u>
Cash & Short-term Investments	\$ 269,540	\$ 731,000	\$1,108,073	\$1,457,601
Revenue	\$ 133,499	\$ 160,742	\$ 226,476	\$ 77,865
Net Income (Loss)	\$ (103,393)	\$ (84,798)	\$ (140,799)	\$ (230,485)
Earnings (Loss) per share	(\$ 0.0067)	(\$ 0.0055)	(\$ 0.0091)	\$ (0.0192)

An analysis of the quarterly results over the last eight quarters shows some slight variables in revenue totals, with the exception of the three month periods ended September 30, 2005, which has substantially lower than most others. Furthermore, cash and short-term investment totals have continued to decline since the three months ended December 31, 2005 due largely to increase expenses. Revenue declined throughout 2006, however it is virtually level in 2007 thanks to the addition of the Company's sixth well on production at Joffre. Revenue should show continued improvement in Q4 2007 with production being recorded from the Company's seventh well in Joffre, which came on

production in November, and the impending production from an eighth well (a new middle Belly River well), which is scheduled to come on stream in December.

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

Royalties & Production Expenses

Royalties paid during the first nine months 2007, net of Alberta royalty tax credits, were down somewhat to \$93,661 as opposed to \$118,063 for the first three quarters 2006. Total operating costs were higher during the period under review as opposed to the first nine months of 2006 - \$152,831 compared to \$125,580, due to the fact that there are more wells on production this year.

Product Prices and Production

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

	Nine Months Ended Sept. 30	
	<u>2007</u>	<u>2006</u>
Gas(103M ³)	1,630	1,461
BOEs/day	46.2	49.3
Prices (GJ)	6.2089	6.0102
	Three Months Ended Sept. 30	
	<u>2007</u>	<u>2006</u>
Gas(103M ³)	791	702
BOEs/day	42.61	46.4
Prices (GJ)	4.9107	5.2933

Analysis of Expenses

Overall expenses during the first nine months of 2007, including production costs, increased by \$170,847 on a comparative basis to \$1,020,554, compared to \$849,707 for the comparative 2006 period. The primary reason for the increase in total expenses during the first nine months of the year was the rise in depletion and amortization expense to \$385,130 from \$194,138 and the increase in professional fees to \$70,597 from \$20,404 and the interest of \$50,180 from the debenture.

General and Administrative expenses remained constant during the first nine months of 2007 to what was reported last year, at \$117,101 for 2007 compared to \$118,967 for 2006.

The following table outlines the changes in the major categories:

	EXPENSES	
	9 Months Ended Sept. 30, 2007	9 Months Ended Sept 30, 2006
Depletion & Amortization Expense	\$385,130	\$194,138
Operating	\$152,831	\$125,580
Royalties	\$ 93,661	\$118,063
General & Administration Expenses	\$117,101	\$118,967
Site reclamation		\$ 35,656
Geological Services	\$ 43,501	\$ 35,661
Management Fees	\$ 90,000	\$ 90,000
Professional Fees	\$ 70,597	\$ 20,404
Regulatory Fees	\$ 17,554	\$ 18,746
Stock Based Compensation	\$ --	\$ 94,492
Interest	\$ 50,180	\$ --
Total Expenses	\$1,020,554	\$849,707

(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 September 30, 2007 there were no stock option expenses recorded and no stock options were issued.

Liquidity and Capital Resources

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 future capital expenditure program using operating cash flow and equity funds raised in 2006 and 2007 to date. The Company utilizes equity issues from time to time to finance an expansion of its capital program. In 2006, the Company closed two private placement financings – a two-year, 8% Debenture Financing at a price of \$0.25 per share for gross proceeds in the amount of \$766,000; and, a non-brokered Private Placement of 406,665 Flow-Through Shares (plus warrants) at a price of \$0.30 per share, for gross proceeds of \$122,000.

During the quarter under review, the Company closed a Private Placement offering of 1 million Units of Nordic Oil and Gas at a price of \$0.20 per Unit for gross proceeds of \$200,000 to certain funds in the EnergyFields Group. 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 a Class A common share purchase warrant. Each Warrant entitles the holder thereof to purchase one regular Class A common share of the Corporation at a price of \$0.30 per share for a period of two years from the date of issuance. In September, the Company announced the closing of another private placement offering, this one totaling 752,500 units at a price of \$0.20 per Unit for gross proceeds of \$150,500 to various subscribers.

Furthermore, subsequent to the end of the quarter under review, the Company announced the closing of three Private Placement financings, two in October and the other one during November. On October 1, 2007, Nordic closed a private placement offering of Units of the Corporation at a price of \$0.17 per Unit. The Corporation issued 600,000 Units to a member of the FrontierAlt Group for aggregate gross proceeds of \$102,000.

And, on October 24, the Company issued 1,375,000 units at a price of \$0.20 per Unit for gross proceeds of \$275,000 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.

Finally, on November 20, the Company announced the second closing of its previously announced private placement offering of units of the Corporation at a price of \$0.20 per Unit by issuing 3,600,000 Units for aggregate gross proceeds of \$720,000 to various subscribers. Each Unit consisted of one Class A common share of the Corporation and one half of one Class A common share purchase warrant. MAK Allen & Day Capital Partners was paid a finder's fee of \$30,000 and was issued 200,000 Warrants as partial compensation for their services.

Gross Profit from Operating Activities and Net Earnings (Loss)

Gross profit from operating activities (production revenue minus production costs, not including royalties paid) totaled \$257,613 for the nine months ended September 30, 2007, compared to \$277,074 for the same period in 2006.

Net loss for the nine months ended September 30, 2007 was \$367,067, compared to a net loss of \$328,990 for the same period in 2006.

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 ventures and sub-participants. As at September 30, 2007, 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 September 30, 2007, substantially all of the Company's trade accounts receivable are from working interest partners and joint venture 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.

At present, a substantial portion of the Company's activities are conducted with others.

Related Party Transactions

Substantially all of the Company's activities are undertaken jointly with related parties by Joint Venture agreements.

The Company has a Services Agreement with Nordic Management Ltd., a company controlled by certain of Nordic Oil and Gas Ltd.'s Directors and officers, for various services. During the first nine months of 2007, Nordic Management Ltd. received \$10,000 per month for management services, \$7,650 per month for accounting and administrative services, \$4,800 per month for landman services and \$2,000 per month for Investor Relations services.

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties).

Changes in Accounting Policies

During 2007, the Company adopted the new or revised Canadian accounting standards for accounting changes, comprehensive income, financial instruments—recognition and measurement and financial instruments—presentation and disclosures. The impact of the

adoption of the new standards is disclosed in note 2 to the September 30, 2007 unaudited interim consolidated financial statements. Additional disclosure requirements for financial instruments have been approved by the Canadian Institute of Chartered Accountants and will be required disclosure beginning January 1, 2008.

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. Management has evaluated the effectiveness of the Company's disclosure controls and procedures, as at the date of this MD&A, and as a result of that review, the Company's President and its Chief Financial Officer believe them to be effective in providing such reasonable assurance, as per Multilateral Instrument 52-109 Certification of Disclosure.

Oil and Gas Interests

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.

The Company had six wells on production in Joffre as of September 30, 2007 – four Belly River, one Viking and one CBM well. A seventh well, a new belly River well, came on production subsequent to the end of Q3 2007.

Equity Instruments

During the quarter under review, the Company closed a Private Placement offering of 1 million Units of Nordic Oil and Gas at a price of \$0.20 per Unit for gross proceeds of \$200,000 to certain funds in the EnergyFields Group. In September, the Company announced the closing of another private placement offering, this one totaling 752,500 units at a price of \$0.20 per Unit for gross proceeds of \$150,500 to various subscribers. Certain finders assisted the Corporation by introducing potential subscribers for the Offering and each finder received fees equal to 6% of the purchase price of the Units sold to subscribers for the Offering introduced by such finder as well as warrants equal to 8% of the number of Units sold to subscribers for the Offering introduced by such finder. Each Finder's Warrant entitles the holder thereof to purchase one regular Class A common share of the Corporation at a price of \$0.30 for a period of 24 months from the date of issuance.

The Company commenced the year with a total of 15,994,207 common shares and increased the total to 19,246,707 as at September 30, 2007. Subsequent to September 30, 2007 an additional 5,575,000 common shares have been issued increasing the total shares as of the date of this MD&A to 24,821,707.

At the beginning of the year, there were 2,249,355 warrants outstanding. A total of 427,500 warrants were expiring in June 2007, however the expiry date has been extended to June 2008. During the nine months ended September 30, 2007, an additional 876,250 warrants were granted increasing the total outstanding at September 30, 2007 to

3,125,605. Subsequently, 2,987,500 were granted which increases the total to 6,113,105 as of the date of this MD&A.

Stock Option Plan

As at December 31, 2006 and September 30, 2007 - there were 1,510,000 options outstanding.

Issued	Option Price		Number of Options Currently Exercisable	Weighted Avg. Exercise Price of Options Currently Exercisable
650,000	\$0.40		650,000	\$0.40
160,000	\$0.40		160,000	\$0.40
210,000	\$0.45		210,000	\$0.45
300,000	\$0.40		300,000	\$0.40
190,000	\$0.25		190,000	\$0.25
1,510,000	\$0.41		1,510,000	\$0.41

No stock options were issued during the third quarter of 2007, no options expired or were terminated during the quarter, and no options were exercised during the quarter.

Highlights of Operations for the nine months ended September 30, 2007:

JANUARY

- New well drilled at 01-03-58-07 W4

MARCH

- Company received approval from shareholders at Annual and Special Meeting for issuance of new class of Preferred Shares
- Two new wells licensed – 6-24-38-25 W4 (Viking well) and 5-18-38-24 W4 (Belly River well) in Joffre
- 16-20-38-24 W4 Belly River well placed on production

APRIL

- Company received 2006 Engineering Report - total proved reserves up significantly; number of new drillable locations total 56

MAY

- The Company announced its intention to merge with two of its Joint Venture partners, Desoto Resources Limited (“Desoto”) and Western Warner Oils Ltd. (“Western Warner”), creating a larger, stronger and more efficient Company
- The Company’s 15-12-38-25 W4 Belly River well is placed on production, bringing the total number of wells Nordic has on production in Joffre to seven

JUNE

- Company enters into an agreement to acquire approximately 8,000 acres of Petroleum & Natural Gas leases in the Peace River Arch and Lloydminster regions of Alberta. Nordic will acquire these assets for cash considerations of \$200,000, plus 1.5 million Class A Common Shares of the Corporation at a price of \$0.30 per share, for a total acquisition price of \$650,000

JULY

- Company drills its 11th well, and it believes the second to encounter gas, in the Basal Belly River zone in Joffre, Alberta, Canada. Both the gas detector and the open hole well logs indicate the presence of gas in the Edmonton Group (Coal Bed Methane), the middle to upper Belly River zone and, most importantly, in the Basal Belly River zone
- The Company announces an offering of up to 1 million Units of Nordic at a price of \$0.20 per Unit, with each Unit consisting 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 a Class A common share purchase warrant. Each Warrant will entitle the holder thereof to purchase one regular Class A common share of the Corporation at a price of \$0.30 per share for a period of two years from the date of issuance.

AUGUST

- The Company announces the closing of its previously announced private placement offering with the issuance of 1,000,000 units at a price of \$0.20 per Unit for gross proceeds of \$200,000 to certain funds in the EnergyFields Group.
- The Company perforates its new well in Joffre. Field measurement results from the two-day flow test showed that the middle Belly River zone had gas rates of 18.5 10^3m^3 during a one hour flow test. The Belly River formation where the measurement was taken was perforated at between 649.5 metres and 651 metres, while the gas rate level at the 699.5-metre to 702-metre interval tested at 3.5 10^3M^3 .
- The Company announces a further offering of up to 1 million Units of Nordic at a price of \$0.20 per Unit, with each Unit consisting 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 a Class A common share purchase warrant. Each Warrant will entitle the holder thereof to purchase one regular Class A common share of the Corporation at a price of \$0.30 per share for a period of two years from the date of issuance.

SEPTEMBER

- The Company closes its previously announced private placement offering of units by issuing 752,500 units at a price of \$0.20 per Unit for gross proceeds of \$150,500 to various subscribers.

- The Company closes its previously announced acquisition of approximately 8,000 acres of Petroleum & Natural Gas leases in the Lloydminster and Peace River Arch regions of Alberta for cash considerations of \$200,000, plus 1.5 million Class A Common Shares of the Corporation at a price of \$0.30 per share, for a total acquisition price of \$650,000.

Events Subsequent to the End of the Third Quarter

Several major announcements occurred subsequent to the end of the third quarter. The most notable came in early November when the Company announced it had discovered a series of oil seeps in its most northerly permit in Township 40, Ranges 4 and 5 W2 Preeceville, Saskatchewan. Various samples were sent to a laboratory in Calgary, and the analysis revealed the presence of oil. All together, evidence of 29 seeps was found on the property, of which three were very extensive. The oil seeps were discovered as a result of hydrocarbon soil gas surveys undertaken by Petro-Find Geochem Ltd.

In addition, the Company announced the closing of three Private Placement financings, two in October and the other one during November. On October 1, 2007, Nordic closed a private placement offering of Units of the Corporation at a price of \$0.17 per Unit. The Corporation issued 600,000 Units to a member of the FrontierAlt Group for aggregate gross proceeds of \$102,000. Each Unit consists of one Class A common share of the Corporation plus one-half of one Class A common share purchase warrant. Each whole Warrant entitles the holder thereof to purchase one Class A common share of the Corporation at a price of \$0.30 per share for a period of two years from the date of issuance. The securities issued pursuant to the Offering are subject to a four-month holding period, ending February 2, 2008.

On October 24, the Company issued 1,375,000 units at a price of \$0.20 per Unit for gross proceeds of \$275,000 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 \$0.30 for a period of two years from the date of issuance.

Finally, on November 20, the Company announced the second closing of its previously announced private placement offering of units of the Corporation at a price of \$0.20 per Unit by issuing 3,600,000 Units for aggregate gross proceeds of \$720,000 to various subscribers. Each Unit consisted of one Class A common share of the Corporation and one half of one Class A common share purchase warrant. MAK Allen & Day Capital Partners was paid a finder's fee of \$30,000 and was issued 200,000 Warrants as partial compensation for their services.

Outlook

It is anticipated that the Company's 2007 financings, combined with cash flow from higher revenue, will allow it to continue with exploration initiatives in both Alberta and Saskatchewan. Also, with the new Belly River well placed on production in 2007, plus the three previously drilled CBM wells and the other Belly River well expected to come

on production shortly, the Company is well-positioned to see a major improvement in its revenue totals by year-end. When all are on production, Nordic will have 11 producing wells in Joffre.

Regarding its recently acquired lands in Alberta, the Company plans on moving into the Lloydminster area as soon as possible, where it is seeing heavy oil being produced at a depth of 600 metres. The play in the Peace River Arch will initially be that of Blue Sky gas at a depth of 525 metres. Both of these plays are in actively producing areas, not unlike where Nordic currently has production in Joffre.

Furthermore, the Company intends on continuing to pursue Private Placement Offerings in the coming weeks, which will allow it to proceed with new drilling initiatives in Joffre, Lloydminster and the Talbot Lake region of the Peace River Arch.

However, the Company is most excited about its findings in Preeceville. In early November, the Company announced it had discovered a series of oil seeps in its most northerly permit in Township 40, Ranges 4 and 5 W2 Preeceville, Saskatchewan. Various samples were sent to a laboratory in Calgary, and the analysis revealed the presence of oil. All together, evidence of 29 seeps was found on the property, of which three were very extensive. The oil seeps were discovered as a result of hydrocarbon soil gas surveys undertaken by Petro-Find Geochem Ltd.

The Company intends to move forward with applications for multiple well licenses and start drilling as soon as possible. With its large land base in Preeceville, the proprietary seismic that has already been undertaken, the Geo-Chem samples and the current oil seeps analysis, the Company is confident that the possibility exists for one or more pools to be identified on its property.

Business Risks & Uncertainties

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	Toronto Venture Exchange
Trading Symbol	NOG
Management Team	Donald P. Benson, President & CEO; Chairman Keith Peterson, Secretary-Treasurer & Director
Independent Directors	Michael Mann Barry Palka Brahm Silverstone
Auditors	BDO Dunwoody LLP, Winnipeg, Manitoba
Transfer Agent	CIBC Mellon Trust Company, Calgary, Alberta
Head Office	4727 Roblin Boulevard Winnipeg, Manitoba R3R 0G2 Tel. 204-956-5042 Fax: 204-897-7154 Web site: www.nordicoilandgas.com