PRESS RELEASE

SHELF DRILLING
REPORTS SECOND QUARTER 2018 RESULTS

Dubai, UAE, August 14, 2018 – Shelf Drilling, Ltd. ("Shelf Drilling" and, together with its subsidiaries, the "Company", OSE: SHLF) announces results for the second quarter of 2018 ending June 30. The results highlights will be presented by audio conference call on August 15, 2018 at 6:00 pm Dubai time/ 4:00 pm Oslo time. Dial-in details for the call are included in the press release posted on July 26, 2018.

David Mullen, Chief Executive Officer, commented, "Our focus on delivering safe and reliable services to our customers exclusively in the shallow water market remains a differentiating factor in Shelf Drilling delivering continued strong results and securing new contracts. The series of transformational steps over the last 18 months, culminating with our Norway IPO in the second quarter, has further enhanced our financial position and fleet composition. The dayrate environment remains challenging, but marketed utilization for the global jack-up fleet has gradually increased since the beginning of 2017. With a significantly improved commodity price backdrop, we expect further growth in jack-up demand in our core regions into 2019."

Highlights

- Q2 2018 Revenue of $152.5 million and Adjusted EBITDA of $55.0 million. Adjusted EBITDA margin was 36%.
- Q2 2018 Net loss of $37.4 million. Adjusted net loss of $15.5 million, after removing effects of one-time general and administrative charges ($14.8 million) and impact of refinancing transactions announced in June 2018 ($7.1 million).
- Q2 2018 Capital Expenditures and Deferred Costs totaled $28.9 million.
- In June 2018, the Company amended its revolving credit facility by increasing it from $160 million to $225 million and extending its maturity from April 2020 to April 2023.
- In June 2018, the Company completed the issuance of an additional $300 million of new 8.25% Senior Unsecured Notes due 2025 in order to refinance the Company's obligations under the sale and leaseback transactions.
- In June 2018, the Company completed an Initial Public Offering (IPO) on the Oslo Stock Exchange, raising $225 million at a price of approximately $8 per share. The IPO proceeds were used to fully redeem the preferred equity for $166.7 million in June 2018 and to assist in the acquisition of a premium jack-up rig, the Shelf Drilling Scepter, for $68.5 million in July 2018. The rig is expected to be mobilized from the US Gulf of Mexico to the Middle East in Q3 2018 and is being marketed for contract opportunities in 2019.
- $1.05 billion in contract backlog at June 30, 2018 across 28 contracted rigs.
- The Company's cash and cash equivalents balance at June 30, 2018 was $143.4 million.
- The Company's total debt at June 30, 2018 was $1,185.3 million, including $296.5 million obligations under sale and leaseback for the two newbuilds. On July 9, 2018, the Company terminated and repaid in full the sale and leaseback facility.

Second Quarter Results

Revenue was $152.5 million in Q2 2018 compared to $147.5 million in Q1 2018. The increase in revenue was largely due to the full quarter of operations in Q2 2018 for rigs that commenced new contracts during Q1 2018 (3 rigs in India and 2 rigs in Nigeria). This was partly offset by planned out of service projects for 2 rigs in Saudi Arabia during Q2 2018.

Total operating and maintenance expenses decreased by $3.1 million (3.4%) in Q2 2018 to $87.2 million compared to $90.3 million in Q1 2018. The decrease was mainly due to higher rig mobilization costs in Q1 2018 associated with the rig relocations for future contracts.

General and administrative expenses were $26.8 million in Q2 2018 compared to $12.6 million in Q1 2018. The $14.2 million increase in general and administrative expenses primarily resulted from $10.9 million of higher share-based compensation expense, due to the accelerated vesting of all unvested shares as a result of the successful initial public offering in June 2018 and $3.9 million of one-off corporate transaction costs recognized during Q2 2018.

Adjusted EBITDA for Q2 2018 was $55.0 million compared to $49.0 million for Q1 2018, an increase of $6.0 million, or 12.2%. The Adjusted EBITDA margin for Q2 2018 was 36% compared to 33% in Q1 2018.

Capital expenditures and deferred costs were $28.9 million in Q2 2018 compared to $17.2 million in Q1 2018. This included $1.8 million in Q2 2018 relating to the three premium jack-up rigs acquired in 2017 compared to $6.8 million in Q1 2018. Capital expenditures and deferred costs excluding acquisitions increased from $10.4 million in Q1 2018 to $27.1 million in Q2 2018 mainly due to planned out of service projects for 3 rigs under contract in Saudi Arabia (2 completed during Q2 2018 and 1 scheduled for Q3 2018) and 1 rig under contract in Nigeria.

The Condensed Consolidated Interim Financial Statements and the Board of Directors report are available in the interim report on our website. A corresponding slide presentation to address the results highlights is also available on the Company website.

For further queries, please contact:

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About Shelf Drilling

Shelf Drilling is a leading international shallow water offshore drilling contractor with rig operations across Middle East, Southeast Asia, India, West Africa and the Mediterranean. Shelf Drilling was founded in 2012 and has established itself as a leader within its industry through its fit-for-purpose strategy and close working relationship with industry leading clients. The company is incorporated under the laws of the Cayman Islands with corporate headquarters in Dubai, United Arab Emirates. The company is listed on the Oslo Stock Exchange under the ticker "SHLF".

Special Note Regarding Forward-Looking Statements

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "strategy", "intends", "estimate", "will", "may", "continue", "should" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. Given these factors, you should not place undue reliance on the forward-looking statements.

Additional information about Shelf Drilling can be found at www.shelfdrilling.com.
This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.

SHELF DRILLING

Financial Report For the Period Ended June 30, 2018

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2018	Six Months Ended June 30, 2017	Six Months Ended June 30, 2018	Twelve Months Ended June 30, 2018
Operating revenue - dayrate	$129.0	$144.1	$266.9	$284.0	$551.5
Operating revenue - others	8.5	4.9	13.0	9.7	18.3
Other revenue	5.3	3.5	9.2	6.3	13.1
Total revenue (1)	$142.8	$152.5	$289.1	$300.0	$582.9
Personnel expenses	$39.7	$46.1	$78.6	$93.6	$177.3
Maintenance expenses	17.7	23.0	30.9	44.7	112.8
Other operating expenses	7.6	9.7	15.8	22.2	31.8
Rig operating expenses	$65.0	$78.8	$125.3	$160.5	$321.9
Shore-based expenses	8.1	8.4	16.3	17.0	34.0
Total operating and maintenance expenses (2)	$73.1	$87.2	$141.6	$177.5	$355.9
Corporate G&A (3)	$10.7	$10.8	$20.7	$22.0	$45.2
Provision / (reversal) for doubtful accounts	2.1	(0.1)	(0.2)	(0.1)	(5.3)
Sponsors' fee (4)	1.1	1.1	2.3	2.3	4.5
Share-based compensation expense, net of forfeitures (5)	0.2	11.1	0.4	11.3	11.7
One-time corporate transaction costs (6)	0.0	3.9	0.0	3.9	3.9
Total general & administrative expenses	$14.1	$26.8	$23.2	$39.4	$60.0
Other, net expense / (gain) (7)	0.5	0.1	0.8	(0.9)	1.3
EBITDA (8)	$55.2	$38.3	$123.5	$84.0	$165.7
Sponsors' fee	1.1	1.1	2.3	2.3	4.5
Share-based compensation expense, net of forfeitures	0.2	11.1	0.4	11.3	11.7
Acquired rig reactivation costs (9)	0.0	0.1	0.0	2.1	19.9
One-time corporate transaction costs	0.0	3.9	0.0	3.9	3.9
Other (10)	0.0	0.4	0.0	0.4	0.4
Total adjustments	1.3	16.7	2.7	20.0	40.4
Adjusted EBITDA (8)	$56.5	$55.0	$126.2	$104.0	$206.1
Adjusted EBITDA margin	40%	36%	44%	35%	35%
Operating Data:					
Average marketable rigs (11)	32.3	35.0	32.1	35.0	34.7
Average dayrate (in thousands) (12)	$68.5	$67.5	$68.5	$68.8	$70.7
Effective utilization (13)	64%	67%	67%	65%	62%
Capital expenditures and deferred costs :					
Regulatory and capital maintenance (14)	$6.2	$15.5	$11.2	$21.1	$45.0
Contract preparation (15)	2.8	9.2	4.7	12.4	21.3
Marketable rigs	$9.0	$24.7	$15.9	$33.5	$66.3
Fleet spares and others (16)	1.2	2.4	0.5	4.0	6.5
Sub-Total (excluding Newbuilds & Acquisitions)	$10.2	$27.1	$16.4	$37.5	$72.8
Newbuilds (17)	82.1	0.0	91.9	0.0	0.3
Acquisitions (18)	150.8	1.8	150.8	8.6	111.0
Total capital expenditures and deferred costs	$243.1	$28.9	$259.1	$46.1	$184.1

The following table reconciles the cash payment for additions to property and equipment and changes in deferred costs, net to total capital expenditures and deferred costs:

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2018	Six Months Ended June 30, 2017	Six Months Ended June 30, 2018	Twelve Months Ended June 30, 2018
Cash payments for additions to property and equipment	$162.4	$4.8	$169.8	$14.1	$98.2
Net change in accrued but unpaid additions to property and equipment	(3.3)	0.4	(1.0)	(4.0)	1.6
	$159.0	$5.2	$168.8	$10.1	$99.7
Add: Asset addition related to sale and leaseback transactions	75.3	0.0	76.3	0.0	0.0
Total Capital expenditures	$234.4	$5.2	$245.0	$10.1	$99.7
Changes in deferred costs, net	($7.7)	$2.3	($19.2)	($4.4)	$12.6
Add: Amortization of deferred costs	16.5	21.4	33.3	40.4	71.8
Total deferred costs	$8.8	$23.7	$14.1	$36.0	$84.4
Total capital expenditures and deferred costs	$243.1	$28.9	$259.1	$46.1	$184.1

(In US$ millions, except rig numbers, average dayrate and marketed utilization)
(percentages and figures may include rounding differences)

Non-GAAP Financial Measures

The above Financial Report reflects certain US generally accepted accounting principles ("GAAP") and non-US GAAP financial measures to evaluate the performance of our business. We believe the non-US GAAP financial measures we use are useful in assessing our historical and future performance throughout the commodity price cycles that have characterized our industry since our inception.

(1) ''Revenue'' includes all revenues earned over the period including: (a) integrated drilling service contract dayrates, (b) other operating revenue such as mobilization and contract preparation fees amortized over the firm contract term, demobilization, contract termination fees, contractual operational incentive bonus and revenue provisions and (c) others which mainly include recharge revenue for client requested services and materials.

(2) "Operating and maintenance expenses" consist of Rig "Personnel expenses", "Maintenance expenses", "Other operating expenses" and shore-based offices expenses. "Personnel expenses" include compensation, transportation, training and catering costs for rig crews. Such expenses vary from country to country reflecting the combination of expatriates and nationals, local market rates, unionized trade arrangements, local law requirements regarding social security, payroll charges and end of service benefit payments. "Maintenance expenses" relate to maintaining our rigs in operation, including the associated freight and customs duties, which are not capitalized nor deferred. Such expenses do not directly extend the rig life or increase the functionality of the rig. "Other operating expenses" include all remaining operating expenses such as insurance, professional services, equipment rental and other miscellaneous costs.

(3) "Corporate G&A" as used herein include corporate general & administrative expenses, excluding the share-based compensation expense, the Sponsors' fee, one-time corporate transaction costs and provision/(release) for doubtful accounts.

(4) "Sponsors' fee" represents the fixed annual fees payable to the Sponsors under a Management Agreement as a privately held company for providing business, organizational, strategic, financial and other advisory services.

(5) "Share-based compensation expense, net of forfeitures" is recognized as general and administrative expense in the consolidated statements of operations under US GAAP.

(6) "One-time corporate transaction costs" represent certain one-off corporate transaction costs

(7) "Other, net expense / (gain)" as used herein is composed of currency exchange loss / (gain), tax indemnities and vendor discounts.

(8) ''EBITDA'' as used herein represents revenue less: operating and maintenance expenses, Corporate G&A, provision for doubtful accounts, sponsors' fee, share-based compensation expense, net of forfeitures, and other, net expense/(gain), and excludes interest, income taxes, depreciation and amortization. ''Adjusted EBITDA'' as used herein represents EBITDA as adjusted for the exclusion of transaction costs, share-based compensation expense, net of forfeitures, sponsor's fee, acquired rig reactivation costs and, in certain periods, other specific items. These terms, as we define them, may not be comparable to similarly titled measures employed by other companies and are not a measure of performance calculated in accordance with US GAAP. EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for operating income, net income or other income or cash flow statement data prepared in accordance with US GAAP.

We believe that EBITDA and Adjusted EBITDA are useful because they are widely used by investors in our industry to measure a company's operating performance without regard to items such as interest expense, income tax expense (benefit), depreciation and amortization and non-recurring expenses (benefits), which can vary substantially from company to company. EBITDA and Adjusted EBITDA have significant limitations, such as not reflecting our cash requirements for capital expenditures and deferred costs, contractual commitments, working capital, taxes or debt service.

Our management uses EBITDA and Adjusted EBITDA for the reasons stated above. In addition, our management uses Adjusted EBITDA in presentations to our Board of Directors to provide a consistent basis to measure operating performance of management; as a measure for planning and forecasting overall expectations; for evaluation of actual results against such expectations; and in communications with equity holders, lenders, note holders, rating agencies and others concerning our financial performance.

(9) "Acquired rig reactivation costs" represent the expenditures accounted for as operating expenses in accordance with US GAAP, which were incurred in connection with the reactivation of stacked or idle rigs acquired with the specific intention to reactivate and deploy.

(10) "Other" are defined as any other extraordinary, non-recurring or unusual gains or losses.

(11) ''Marketable rigs'' are defined as the total number of rigs that are operating or are available to operate, which excludes stacked rigs, rigs undergoing reactivation projects, rigs under non-drilling contracts and newbuild rigs under construction.

(12) ''Average dayrate'' is defined as the average contract dayrate earned by marketable rigs over the reporting period excluding amortization of lump sum mobilization fees, contract preparation and capital expenditure reimbursements, recharges, bonuses and other revenue.

(13) ''Effective utilization'' is defined as the actual number of calendar days during which marketable rigs generate dayrate revenues divided by the maximum number of calendar days during which those same rigs could have generated dayrate revenues.

(14) "Regulatory and capital maintenance" includes major overhauls, regulatory costs, general upgrades and sustaining capital expenditures on rigs in operation.

(15) "Contract preparation" includes specific upgrade, mobilization and preparation costs associated with a customer contract. It excludes contract preparation costs associated with reactivation projects (such amounts are included under "Reactivation projects").

(16) "Fleet Spares and Others" include: (i) acquisition and certification costs for the rig fleet spares pool which is allocated to specific rig expenditure as and when required by that rig which will result in an expenditure charge to that rig and a credit to Fleet spares and (ii) office and infrastructure expenditure.

(17) "Newbuilds" include all payments made under the construction contracts for the two newbuild jack-up rigs, internal costs associated with project management, machinery and equipment provided to the project by the Company and capitalized interest.

(18) "Acquisitions" include all capital expenditures and deferred costs associated with the acquisition in 2017 and reactivation of three premium jack-up rigs.