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Introduction – Transaction Overview

- On February 21, 2019, Shelf Drilling (SHLF) entered into agreements with China Merchants and Great Wall Ocean Strategy & Technology Fund (CMG or China Merchants) for the following:

  1. Acquisition of two newbuild premium CJ46 jack-up rigs constructed by China Merchants Heavy Industries (CMHI) for $87 million per rig

  2. Affiliates of CMG to subscribe for $174 million of newly issued SHLF common shares, at a subscription price of $6.50 per share

  3. Bareboat charter agreements for two additional newbuild premium CJ46 jack-up rigs with option to purchase one or both rigs

- Closing and rig delivery for the two acquired rigs targeted for Q2 2019

- Transaction brings new strategic partner and long-term shareholder

Opportunity to add four newbuild premium jack-up rigs to SHLF fleet at historically low acquisition cost
High Quality Assets at Historically Low Prices

Lowest Levels for Newbuild Jack-ups Since 2004

Newbuild Order Cost by Delivery Date

Source: IHS Petrodata, DNB Markets
Key Transaction Terms

2 x CJ46 Rig Purchase and Equity Investment

- US$87 million per rig, or US$174 million in total
- Assuming completion of both rig acquisitions, affiliates of CMG will subscribe for $174 million of newly issued SHLF shares at a subscription price of $6.50/share which equals the aggregate purchase price for the two rigs
- Closing expected to be completed during Q2 2019, subject to successful completion of rig acceptance and certain other customary conditions
- The two rig purchases are not conditional upon, and may therefore be completed independently of, each other.
- SHLF responsible for costs incurred in preparing the rigs for operation including project supervision, procurement of inventory and owner furnished equipment, rig readiness and mobilization

Additional 2 x CJ46 Bareboat Charter (BBC)

- Same design, equipment and specifications to two rigs being purchased
- SHLF’s option to purchase one or both rigs at any time during the BBC period
- BBC rate and purchase option price over three year period:
  
<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBC Rate (US$000/rig/day)</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Purchase Option Price (US$ MM)</td>
<td>90</td>
<td>92</td>
</tr>
</tbody>
</table>

- Term can be extended for additional three years upon mutual agreement
- SHLF responsible for any additional costs required to operate the rigs including contract preparation and mobilization
- BBCs to commence six months after signing (Q3 2019 – three months after expected completion of the 2-rig purchase)
## Best in Class Equipment and High Build Quality

<table>
<thead>
<tr>
<th>Main Characteristics</th>
<th>Technical Summary</th>
<th>Advantages of Gusto MSC CJ46-X100-D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery Year</td>
<td>2019</td>
<td>• Rig design meets a majority of incoming premium jack-up tender requirements (Middle East, Southeast Asia, West Africa, Mexico, North Sea)</td>
</tr>
<tr>
<td>Design</td>
<td>Gusto MSC CJ46-X100-D</td>
<td>• XY cantilever – skids both longitudinally and transversely, increased operational flexibility</td>
</tr>
<tr>
<td>Build Yard</td>
<td>China Merchants Heavy Industry (Shenzhen)</td>
<td>• Larger drilling envelope with max hoisting capacity in any position</td>
</tr>
<tr>
<td>Water Depth</td>
<td>350 ft.</td>
<td>• Increased free main deck area</td>
</tr>
<tr>
<td>Drilling Depth</td>
<td>30,000 ft.</td>
<td>• 15k well control equipment</td>
</tr>
<tr>
<td>Accommodation</td>
<td>120 persons (1 &amp; 2 person rooms)</td>
<td>• High variable deck load capacity</td>
</tr>
</tbody>
</table>

### Equipment

- **Drilling Package**: NOV
- **Hook Load**: 1,500,000 lbs. (with NOV TDS-8SA topdrive)
- **Cantilever Reach**: 70x40ft.
- **BOP**: NOV Shaffer 15K
- **Draw Works**: NOV ADS-10T – Max line pull (14 lines), 1,501,000 lbs.
- **Cranes**: 3 Favelle Favco diesel-hydraulic 50t / 32.8ft. 1 NOV knuckle boom pipe handling crane
- **Mud Pumps**: 3 x NOV 14-P-220 Triplex pumps – 2,200 hp
- **Power**: 5 x Caterpillar 3516C KW + 1 x Caterpillar C32 994 KW

**CJ46 design has a proven track record with tier 1 operators**

**Highly Reputable OEMs and Service Providers**

[Images of logos from various reputable companies]
Shipyard Overview and Rig Delivery & Acceptance Process

**Shipyard Overview**

- CMHI is one of the most prominent and reputed offshore rig construction companies in China
- CMHI is the world’s largest CJ jack-up drilling rig manufacturer
- CMHI yards have built 25 rigs to date

<table>
<thead>
<tr>
<th>19</th>
<th>4</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gusto CJ46</strong></td>
<td><strong>Gusto CJ50</strong></td>
<td><strong>F&amp;G JU2000E</strong></td>
</tr>
</tbody>
</table>

- 14 of these rigs have been delivered for operations (in the Middle East, Southeast Asia, Mexico and China)
- Yards are very well laid out, with very good infrastructure for rig construction

**Rig Delivery & Acceptance**

- Multiple inspections to date by the Shelf Drilling team and third-party inspectors revealed high build quality
- CMHI signed a maintenance contract with various OEMS (including NOV, Gusto, COSL) to ensure that all the major equipment is maintained in good condition during the time the rigs have been available
- CMHI has agreed to Shelf Drilling’s rig acceptance requirements
- Shelf Drilling project team delivered our two earlier newbuilds (Shelf Drilling Chaophraya and Shelf Drilling Krathong) on time and budget
- Targeting simultaneous delivery of both rigs in April or May 2019
- Rigs could commence drilling contracts by Q3 2019 following:
  - **Procurement**: owner-furnished equipment and inventory required for any operation
  - **Mobilization**: from CMHI yard in Shenzhen to future operating location in SHLF’s geographic footprint
  - **RTO**: ‘Ready To Operate’ process for taking the rigs into operation, which include crew familiarization and competency training, as well as outfitting of workshops, warehouses, etc.
**Pro Forma Ownership and Board Composition**

- Purchase price to be fully funded with proceeds from the share subscriptions
- Sufficient existing liquidity to fund other transaction-related expenses through cash on hand and availability under Revolving Credit Facility
- ~26.8 million shares to be issued to CMG (19.4% post money ownership)
  - Will result in increase in number of common shares outstanding from 111.2 million to 138.0 million
  - Implied pro forma market capitalization of $897 million (at subscription price of $6.50 per share)
  - SHLF has undertaken to list the new common shares on the OSE
  - Completion of share issuance expected in Q2 2019, subject to: 1) completion of rig acquisitions, 2) approval of a prospectus for the listing of the new common shares by the NFSA, and 3) certain other customary conditions
  - AGM scheduled for Q2 2019 to include, among other things, a shareholder vote on changes to SHLF board composition as illustrated in the table on right
- Transaction brings new strategic partner and long-term shareholder
  - CMG is one of the largest and oldest state-owned enterprises in China with total assets in excess of US$1 trillion
  - China Merchants & Great Wall Ocean Strategy & Technology Fund: US$1 billion fund sponsored by CMG primarily focused on investments in the marine industry

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**Impact on Shareholder Structure**

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Current Ownership %</th>
<th>Pro Forma Ownership %</th>
<th>Shares Outstanding (MM)</th>
<th>Current</th>
<th>Pro Forma</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Float</td>
<td>50.6%</td>
<td>40.8%</td>
<td>56.3</td>
<td>56.3</td>
<td></td>
</tr>
<tr>
<td>Lime Rock</td>
<td>15.5%</td>
<td>12.5%</td>
<td>17.2</td>
<td>17.2</td>
<td></td>
</tr>
<tr>
<td>Castle Harlan</td>
<td>15.5%</td>
<td>12.5%</td>
<td>17.2</td>
<td>17.2</td>
<td></td>
</tr>
<tr>
<td>CHAMP</td>
<td>15.5%</td>
<td>12.5%</td>
<td>17.2</td>
<td>17.2</td>
<td></td>
</tr>
<tr>
<td>Sub-Total</td>
<td>46.4%</td>
<td>37.4%</td>
<td>51.6</td>
<td>51.6</td>
<td></td>
</tr>
<tr>
<td>China Merchants</td>
<td>0.0%</td>
<td>19.4%</td>
<td>0</td>
<td>26.8</td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>3.1%</td>
<td>2.5%</td>
<td>3.4</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>111.2</td>
<td>138.0</td>
<td></td>
</tr>
</tbody>
</table>

**Pro Forma Board Composition**

- Independent: 4
- Castle Harlan: 2
- CHAMP: 2
- Lime Rock: 2
- CMG: 2
- SHLF Mgt.: 1

1 Subject to shareholder vote at AGM in Q2 2019.
Focused Execution of Growth Strategy

Equity Raise on N-OTC and 3-Rig Purchase
- April 2017

Long-Term Refinancing of HY Notes
- January 2018

Listing on Oslo Børs and Redemption of Preferred Equity
- June 2018

Announced Purchase of 2 Newbuild CJ46 Jack-ups (+ 2 options)
- February 2019

Debt Reduction and Initial Maturity Extension

Contracts Secured for 3 Acquired Jack-ups
- September 2017

RCF Extension and Long-Term Refinancing of Remaining Debt
- June 2018

Purchase of Shelf Drilling Scepter
- July 2018

Positioned the company for success ahead of market recovery

- Simplification of our capital structure
- Further liquidity and credit profile improvement
- Wider access to capital markets
- Enhancing our fleet composition
Simple Capital Structure with Strong Credit Profile and Liquidity Runway

Pro Forma Capital Structure (Illustrative)

Net Debt / LTM EBITDA

Note (1): Peers include ESV, NE, RDC, RIG, DO and BDRILL; fully invested net debt figures include reported newbuilding capex; max 20.0x for average calculation as of 30 September 2018

Debt Maturity Profile

Source: Company filings

Feb 2019 | 10
Strategic Evolution and Positioning of Jack-Up Fleet

**13 x Premium Jack-ups**
- **Demonstrated ability to invest and deploy**
- Newbuilds: 2
- Acquired Rigs: 4
- Major Upgrades: 3
- Newbuild CJ46: 4

**6 x Shallow Draft**
- **Uniquely positioned to meet niche demand**
- Arabian Gulf: 5
- Nigeria: 1

**18 x Standard**
- **Cost efficient and well suited for brownfield activity**
- India & Egypt: 10
- Other Areas: 8

NEW

**2012**
- Total Active = 30
- Standard: 26
- Shallow Draft: 4

**2019**
- Total Active = 37
- Premium: 13
- Standard: 18
- Shallow Draft: 6

“Right Assets in Right Locations”
- Blend of premium & standard jack-ups provides ideal match to customer requirements across our regions
Cycle Turning Off of Historic Lows…Gradually

- Oil price improvement over the last three years to current range of $60-65/bbl (Brent)
- Gradual recovery in jack-up supply and demand dynamics
  - Global demand has increased 12% since Q1 2017 but still well below long-term averages
  - Total of 58 jack-ups retired in same time period
  - Marketed utilization up from <70% to 76% today
- Despite commodity price volatility in Q4 2018, we expect further increase in global jack-up activity in 2019
- Continued contracting success in recent months for SHLF across regions and asset classes
  - Jack-ups contemplated in this transaction well-suited for a number of near-term contract opportunities scheduled for start-up in H2 2019 or H1 2020 (Middle East, Southeast Asia, West Africa, Mexico)

### # of Contracted Jack-ups

<table>
<thead>
<tr>
<th></th>
<th># of Jack-ups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peak (April 2014)</td>
<td>457 jack-ups</td>
</tr>
<tr>
<td>Average since 2006</td>
<td>368 jack-ups</td>
</tr>
<tr>
<td>Minimum since 2006 (Jan 2017)</td>
<td>310 jack-ups</td>
</tr>
<tr>
<td>Current (Feb 2019)</td>
<td>348 jack-ups</td>
</tr>
</tbody>
</table>

Source: Bloomberg, IHS Petrodata
Opportunity to add four newbuild premium jack-up rigs to SHLF fleet at historically low acquisition cost

Consistent with SHLF’s rig acquisition strategy

- Significantly enhances our fleet at an attractive price and funding structure

Improves SHLF’s ability to access an increasing number of contracting opportunities

- Rigs well suited to a majority of incoming premium jack-up tender requirements
- Will enable SHLF to further grow its business and future earnings capacity

Compelling value proposition for all our stakeholders

- Shelf Drilling’s unique operating platform, low cost structure and customer relationships
- China Merchants’ demonstrated rig construction capabilities