Shelf Drilling Q4 2018 Results Highlights

March 2019

Disclaimer

This presentation (the "Presentation") has been prepared by Shelf Drilling, Ltd. ("Shelf Drilling" or the "Company") exclusively for information purposes and may not be reproduced or redistributed, in whole or in part, to any other person.

The Presentation is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated (’relevant persons’). Any person who is not a relevant person should not act or rely on the Presentation or any of its contents.

The Presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in the Company. The release, publication or distribution of the Presentation in certain jurisdictions may be restricted by law, and therefore persons in such jurisdictions into which this Presentation is released, published or distributed should inform themselves about, and observe, such restrictions.

The Presentation contains certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, expects”, "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in the Presentation, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of the Company or any of its shareholders or subsidiary undertakings or any such person's officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in the Presentation or the actual occurrence of the forecasted developments. The Company assumes no obligation, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to its actual results.

The Company uses certain financial information calculated on a basis other than in accordance with accounting principles generally accepted in the United States (“GAAP”), including EBITDA, Adjusted EBITDA and Adjusted EBITDA margin, as supplemental financial measures in this presentation. These non-GAAP financial measures are provided as additional insight into the Company’s ongoing financial performance and to enhance the user’s overall understanding of the Company’s financial results and the potential impact of any corporate development activities.

The Presentation contains information obtained from third parties. You are advised that such third party information has not been prepared specifically for inclusion in the Presentation and the Company has not undertaken any independent investigation to confirm the accuracy or completeness of such information.

An investment in the Company involves risk, and several factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by statements and information in the Presentation, including, among others, the risk factors described in the Company’s Form 10-k equivalent for the period ended 31 December 2018 and the Company's prospectus dated 12 June 2018. Should any risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the Presentation.

No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, none of the Company or any of its shareholders or subsidiary undertakings or any such person’s officers or employees accepts any liability whatsoever arising directly or indirectly from the use of the Presentation.

By attending or receiving the Presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company’s business.

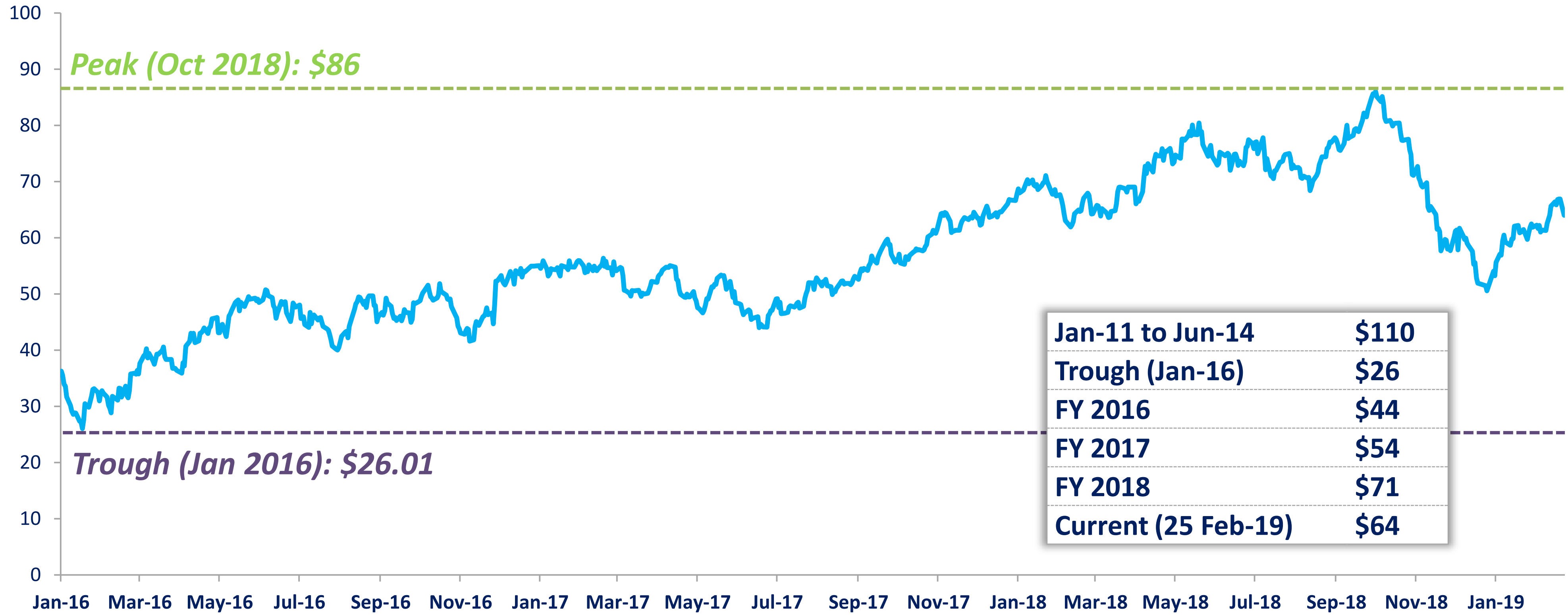
The Presentation speaks as of March 4, 2019. Neither the delivery of this Presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date.

Jack-up Market Update

Shelf Drilling Q4 2018 Results Highlights

Oil Price Development

Brent Oil Price ($/bbl)



Jan-11 to Jun-14	$110
Trough (Jan-16)	$26
FY 2016	$44
FY 2017	$54
FY 2018	$71
Current (25 Feb-19)	$64

Despite significant correction in Q4 2018, recent Brent price stabilization in the $65/bbl range provides constructive backdrop for balance of 2019

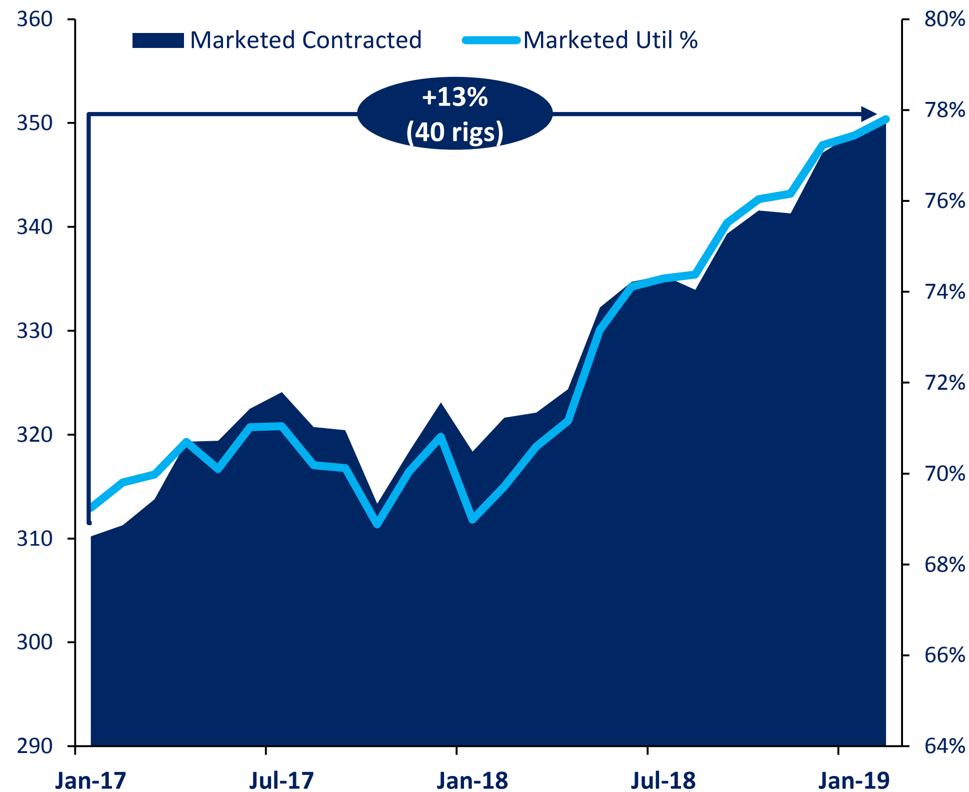
Source: Bloomberg, IHS Petrodata, as of 25 February 2019

Cycle Turning Off of Historic Lows…*Gradually*

- Oil price improvement over the last three years to current range of $60-70/bbl (Brent)
- Gradual recovery in jack-up supply and demand dynamics
  - Global demand has increased 13% 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 78% 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 recently announced 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

Peak (April 2014)	*457 jack-ups*
Average since 2006	*368 jack-ups*
Minimum since 2006 (Jan 2017)	*310 jack-ups*
Current (Feb 2019)	*350 jack-ups*



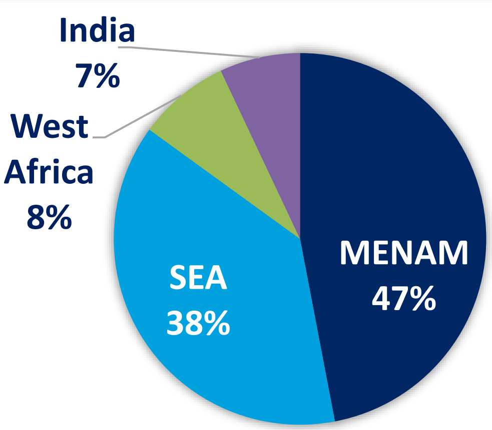
Source: Bloomberg, IHS Petrodata, as of 28 February 2019

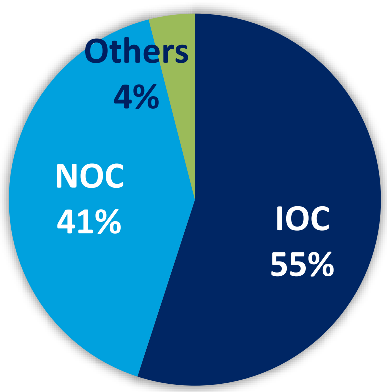
Recent Contracts & Fleet Status Summary

Fleet Status Summary

	Contracted	Available	Total[1]	% Cont.
MENAM	14	3	17	82%
India	7	1	8	88%
West Africa	5	-	5	100%
SE Asia	2	-	2	100%
Other	-	1	1	0%
Total	28	5	33	85%

Total Backlog[2] – $935 million *(As of 31 December 2018)*





Recent Contracts

More than 10 rig-years of backlog added since Q3 call (Nov-18)

- Compact Driller: 3 + 2 year contract with ADNOC Drilling in Abu Dhabi, UAE expected to begin in May 2019
- Trident 16: One-year contract (plus options) with Petrobel in Egypt commenced in February 2019
- Ron Tappmeyer: Three-year contract with ONGC in India with expected commencement in April 2019
- Shelf Drilling Resourceful: Six-month extension with Chevron in Nigeria, now committed until October 2019
- Trident XIV: One-year extension with ExxonMobil in Nigeria. The rig is committed until February 2020 with a further option of one year.

Note (1): Total excludes 6 stacked rigs (5 jack-ups and 1 swamp barge).
Note (2): Total backlog as of December 31, 2018, consistent with the reporting period.

Shelf Drilling CJ46 Acquisition Transaction

- 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

Note: Transaction details included in the Investor Presentation published on Oslo Børs Newsweb and Company website on February 21, 2019.

Q4 2018 Results

Shelf Drilling Q4 2018 Results Highlights

Results of Operations

(In thousands USD)	Q3 2018	Q4 2018
Revenues	**$160,241**	**$153,053**
Operating costs & expenses		
Operating and maintenance	86,069	94,460
Depreciation	21,598	21,521
Amortization of deferred costs	23,585	18,933
General and administrative	11,091	10,504
(Gain) / loss on impairment/disposal of assets [1]	(57)	40,432
Operating income / (loss)	**17,955**	**(32,797)**
Other expense, net		
Interest expense and financing charges, net of interest income	(20,122)	(19,792)
Other, net	(179)	(368)
Loss before income taxes	**(2,346)**	**(52,957)**
Income tax expense / (benefit) [2]	7,978	(2,938)
Net Loss	**$(10,324)**	**$(50,019)**

Note (1): The Company performed an impairment testing on all rigs in the Company's fleet at the end of Q4 2018. As a result, a $38.9 million loss on impairment of assets was recorded in December 2018. Five of the Company's rigs were impaired, of which three stacked rigs were impaired to salvage value and reported as held for sale.
Note (2): There was an income tax benefit recorded in Q4 2018 primarily due to tax benefits during the 2018 period related to an increase in the amount of income tax refunds the Company believes will be received in certain jurisdictions

Revenue Summary

- $7.2 million, or 4.5%, sequential decrease in total revenue
- Decrease in average dayrate from $67.5 to $64.9 mainly due to lower dayrates for the extended operations of three rigs in India and UAE following the completion of their original firm contract periods
- Lower mobilization revenue amortization for rigs in Saudi Arabia, UAE and Nigeria due to completion of their firm contract periods
- Decrease in effective utilization from 70% to 68% mainly due to:
  - Shelf Drilling Scepter and Randolph Yost included in marketable rigs count for full quarter in Q4 2018. Rigs were added to marketable rig fleet during Q3 2018
- 33 marketable rigs at the end of Q4 2018
  - Rigs Adriatic 10, Comet and Trident 15 were cold stacked at end of Q4 2018

	Q3 2018	Q4 2018
Operating Data		
Average marketable rigs[1]	35.1	36.0
Average dayrate[2] (in thousands USD)	$67.5	$64.9
Effective utilization[3]	70%	68%
Revenues (in thousands USD)		
Operating Revenue – Dayrate	$151,752	$146,077
Operating Revenue – Others	4,524	3,037
Other Revenue	3,965	3,939
	$160,241	**$153,053**

Note (1): ''Marketable rigs'' are defined as the total number of rigs excluding: (i) stacked rigs, (ii) stacked rigs under reactivation, (iii) rigs under non-drilling contract and (iv) newbuild rigs under construction.
Note (2): ''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.
Note (3): ''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.

Operating Expense Summary

- Operating and maintenance expenses of $94.5 million up by $8.4 million:
  - Personnel expenses, other operating expenses and shore-based costs, in aggregate, unchanged in Q4 2018 versus Q3 2018
  - $4.8 million increase in maintenance expenses across three rigs undergoing reactivation projects (Ron Tappmeyer, Compact Driller and Shelf Drilling Scepter)
  - Remaining $3.6 million sequential increase in Q4 2018 operating expenses due to timing of maintenance projects across rest of fleet
- General and administrative expenses of $10.5 million down by $0.6 million

(In thousands USD)	Q3 2018	Q4 2018
Personnel expenses	$44,809	$44,258
Maintenance expenses	22,840	31,099
Other operating expenses	10,008	10,137
Rig Operating Costs	**$77,657**	**$85,494**
Shore-Based Costs	8,412	8,966
Operating and maintenance	**$86,069**	**$94,460**
Corporate G&A	11,301	10,473
Provision / (reversal) for doubtful accounts	(276)	20
Share-based compensation expense, net of forfeitures	-	11
One-time corporate transaction costs	66	-
General and administrative	**$11,091**	**$10,504**

Adjusted EBITDA Reconciliation

SHELF DRILLING

(In thousands USD)	Q3 2018	Q4 2018
Net Loss	$(10,324)	$(50,019)
Add back:		
Interest expense and financing charges, net of interest income	20,122	19,792
Income tax expense / (benefit)	7,978	(2,938)
Depreciation	21,598	21,521
Amortization of deferred costs	23,585	18,933
(Gain) / loss on impairment/disposal of assets, net	(57)	40,432
EBITDA	**$62,902**	**$47,721**
Share-based compensation expense, net of forfeitures	-	11
Acquired rig reactivation costs	1,244	1,779
One-time corporate transaction costs	66	-
Adjusted EBITDA	**$64,212**	**$49,511**
Adjusted EBITDA margin	**40.1%**	**32.3%**

NOTE: ''EBITDA'' as used herein represents revenue less: operating expenses, selling, general and administrative expenses, provision for doubtful accounts, sponsors' fee, share-based compensation expense, net of forfeitures, and other, net, and excludes interest, income taxes, depreciation and amortization. ''Adjusted EBITDA'' as used herein represents EBITDA as adjusted for the exclusion of sponsor's fee, share-based compensation expense, net of forfeitures, 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.

Capital Expenditures and Deferred Costs Summary

- Capital Expenditures and Deferred Costs excluding rig acquisitions totaled $25.0 million in Q4 2018, up $7.0 million versus Q3 2018 primarily as a result of:
  - Contract preparation costs for Ron Tappmeyer in India, Trident VIII in Nigeria and Key Singapore in UAE as well as the reactivation of Compact Driller
  - This was partly offset by lower level of spending associated with planned out of service projects in Saudi
  - Full Year 2018 total of $80.6 million
- Rig acquisitions totaled $4.6 million in Q4 2018 mainly for the ongoing reactivation of the Shelf Drilling Scepter

(In thousands USD)	Q3 2018	Q4 2018
Capital Expenditures and Deferred Costs :		
Regulatory and capital maintenance [1]	$11,184	$12,296
Contract preparation [2]	2,913	8,706
Fleet spares and other [3]	3,931	4,032
	$18,028	$25,034
Rig acquisitions [4]	74,498	4,601
Total capital expenditures and deferred costs	**$92,526**	**$29,635**
Reconciliation to Statements of Cash Flow		
Cash payments for additions to PP&E	$76,426	$8,417
Net change in accrued but unpaid additions to PP&E	1,672	(767)
Total Capital expenditures	$78,098	$7,650
Changes in deferred costs, net	(9,157)	3,052
Add: Amortization of deferred costs	23,585	18,933
Total deferred costs	$14,428	$21,985
Total capital expenditures and deferred costs	**$92,526**	**$29,635**

NOTE: (1) "Regulatory and capital maintenance" includes major overhauls, regulatory costs, general upgrades and sustaining capital expenditures on rigs in operation.
NOTE: (2) "Contract preparation" includes specific upgrade, mobilization and preparation costs associated with a customer contract.
NOTE: (3) "Fleet Spares and Others" includes: (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.
NOTE: (4) "Rig Acquisitions" include all capital expenditures and deferred costs associated with the acquisition and reactivation of premium jack-up rigs in 2017 and 2018.

Capital Structure Summary

- Obligations under sale and leaseback fully repaid and terminated on July 9, 2018
- Total liquidity, including availability under RCF, of approximately $308 million
- LTM Adjusted EBITDA of $217.7 million
  - Net Leverage of 3.7x (Dec-18)

(In millions USD)	YE 2017	Sep-18	Dec-18
Cash	$84.6	$66.6	$91.2
Total Long-lived Assets	$1,405.9	$1,410.9	$1,354.8
Total Assets	1,683.0	1,660.3	1,645.9
Short term debt	-	0.9	-
Senior secured notes due 2018/2020	526.7	-	-
Senior unsecured notes due 2025 [1]	-	887.3	887.8
Obligations under sale and leaseback	313.9	-	-
Total Debt	$840.6	$888.2	$887.8
Mezzanine Equity	166.0	-	-
Total Equity	$509.2	$640.4	$591.3

Note (1) Reflects carrying value. Principal value is $900.0 million

Free Cash Flow Summary

- Q4 2018 Adjusted EBITDA and margin of $49.5 million and 32%, respectively
- Cash build of $24.6 million during Q4 2018 for closing Dec-18 balance of $91.2 million
  - Only $0.9 million of cash interest payments in Q4 2018 versus $38.8 million in Q3 2018. Interest on $900 million senior unsecured notes due 2025 paid biannually in August and February. Interest expense, net of approximately $20 million per quarter.
  - Impacted by $6.4 million investment in acquisitions (reactivation costs for Shelf Drilling Scepter)
  - Discretionary cash flow (prior to growth investments) of $31.0 million

Quarterly Cash Flow Summary ($MM)	Q3 2018	Q4 2018
Adjusted EBITDA	**$64.2**	**$49.5**
Interest expense, net of interest income	(20.1)	(19.8)
Income tax (expense) / benefit	(8.0)	2.9
Capital expenditures and deferred costs	(18.0)	(25.0)
Sub-Total	$18.1	$7.6
Working Capital Impact		
Interest payments	($18.7)	$19.0
Other	16.1	4.4
Sub-Total	$(2.6)	$23.4
Discretionary Cash Flow	**$15.5**	**$31.0**
Growth		
Acquired Rig Reactivation Expenses	($1.3)	$(1.8)
Acquisition-related Capex/Deferred Cost	(6.0)	(4.6)
Sub-Total	($7.3)	$(6.4)
Net Change in Cash	**$8.2**	**$24.6**
Beginning Cash [1]	58.4	66.6
Ending Cash	**$66.6**	**$91.2**

1) Jun-18 Pro Forma cash balance of $58.4 million, after adjusting for $68.5 million rig acquisition and $16.5 million termination of sale and leaseback facility in Jul-18

SHELF
DRILLING