PRESS RELEASE
SHELF DRILLING
REPORTS FOURTH QUARTER 2018 RESULTS

Dubai, UAE, March 4, 2019 – Shelf Drilling, Ltd. ("Shelf Drilling" and, together with its subsidiaries, the "Company", OSE: SHLF) announces results for the fourth quarter of 2018 ending December 31. The results highlights will be presented by audio conference call on March 4, 2019 at 6:00 pm Dubai time/ 3:00 pm Oslo time. Dial-in details for the call are included in the press release posted on February 25, 2019.

David Mullen, Chief Executive Officer, commented: "2018 was a transformational year for Shelf Drilling with the successful completion of the IPO in June on the Oslo Bors and the comprehensive refinancing of all our prior debt obligations into a single $900 million bond due in 2025. Despite the persistent pressure on dayrates across the industry, we continued to deliver in 2018 a strong financial and operational performance, generating a positive free cash flow and an Adjusted EBITDA margin in line with historical results. At the end of 2018, 85% of our 33 marketable rigs were contracted, which is significantly higher than the industry average."

Mullen added: "We continued to expand our premium jack-up fleet in 2018 with the acquisition of the Shelf Drilling Scepter. We also announced in February 2019 the signing of agreements to add four premium newbuild jack-ups to our fleet. As demonstrated by the recent awards in multiple geographic regions, we are confident that our strong customer relationships, proven operating track record and leading position in key markets will allow us to secure the right opportunities as the industry continues to recover."

Fourth Quarter Highlights

- Q4 2018 Revenue of $153.1 million and Adjusted EBITDA of $49.5 million. Adjusted EBITDA margin was 32%.
- Full Year 2018 Revenue of $613.3 million and Adjusted EBITDA of $217.7 million. Adjusted EBITDA margin was 35%.
- Q4 2018 Net loss of $50.0 million. Full Year 2018 Net loss of $136.2 million.
- Q4 2018 Capital Expenditures and Deferred Costs totaled $29.6 million. Full Year 2018 Capital Expenditures and Deferred Costs were $168.3 million, including $87.7 million associated with rig acquisitions.
- The Company's cash and cash equivalents balance at December 31, 2018 was $91.2 million.
- The Company's total debt at December 31, 2018 was $887.8 million.
- $935 million in contract backlog at December 31, 2018 across 28 contracted rigs.
- The Company reported an additional 3 rigs as stacked by the end of Q4 2018. As of December 31, 2018, the Company had 33 marketable rigs.
- In October 2018, the Company secured a two-year contract on the Key Singapore for operations in the Adriatic Sea offshore. The Company also secured an extension on the Key Manhattan in Italy until July 2021.
- In October 2018, the Company also secured a contract on the Adriatic I in Nigeria for 135 days plus options.
- In November 2018, the Company secured a one-year contract extension for the Trident XIV with ExxonMobil in direct continuation of its current contract for operations offshore Nigeria.
- In December 2018, the Company secured a three-year contract for the Compact Driller with ADNOC Drilling for operations in the United Arab Emirates (UAE).

Subsequent Events

- In January 2019, the Company received an award for a three-year contract for the Ron Tappmeyer with Oil and Natural Gas Corporation (ONGC) for operations offshore India.
- In January 2019, the Company also received an award for a one-year contract for the Trident 16 with Belayim Petroleum Company (Petrobel) for operations in offshore Egypt.

- In February 2019, the Company secured a six-month contract extension on the Shelf Drilling Resourceful in direct continuation of its current contract for drilling operations offshore Nigeria.
- In February 2019, Shelf Drilling entered into agreements with affiliates of China Merchants & Great Wall Ocean Strategy & Technology Fund to acquire two premium newbuild CJ46 jack-ups for $87 million each. The transaction will be funded through the issuance of Company common shares at $6.50 per share. The two newbuild acquisitions and issuance of shares are expected to be completed during the second quarter of 2019. At the same time, the Company signed agreements to bareboat charter two additional premium newbuild CJ46 jack-ups, including options to purchase the rigs.

Fourth Quarter Results

Revenue was $153.1 million in Q4 2018 compared to $160.2 million in Q3 2018. The $7.1 million decrease (4%) in revenue was largely due to lower dayrates for the extended operations of three rigs in India and UAE as well as lower mobilization revenue amortization for rigs in Saudi Arabia, UAE and Nigeria following the completion of their original firm contract periods. Effective utilization decreased to 68% in Q4 2018 from 70% in Q3 2018.

The Company reported 36 marketable rigs on average during Q4 2018. At December 31, 2018, the marketable rig count dropped to 33 as a result of stacking the Adriatic X, Trident 15 and Comet.

Total operating and maintenance expenses increased by $8.4 million (9.8%) in Q4 2018 to $94.5 million compared to $86.1 million in Q3 2018. The increase was mainly due to the timing of operating maintenance, higher contract preparation expenses in Q4 2018 for rigs in India and the reactivation expenses for the Shelf Drilling Scepter and Compact Driller.

General and administrative expenses were $10.5 million in Q4 2018 compared to $11.1 million in Q3 2018.

Adjusted EBITDA for Q4 2018 was $49.5 million compared to $64.2 million for Q3 2018, a decrease of $14.7 million, or 22.9%. The Adjusted EBITDA margin for Q4 2018 was 32% compared to 40% in Q3 2018.

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.

Capital expenditures and deferred costs were $29.6 million in Q4 2018 compared to $92.5 million in Q3 2018.
This included in Q4 2018 $4.6 million primarily relating to the reactivation of the Shelf Drilling Scepter, compared to $74.5 million in Q3 2018 for the acquisition and mobilization of the Shelf Drilling Scepter. Capital expenditures and deferred costs excluding acquisitions increased to $25.0 million in Q4 2018 from $18.0 million in Q3 2018 mainly due to rigs undergoing preparation for contracts in Nigeria, India and UAE, notably the upgrade and mobilization of the Trident VIII and reactivation of the Compact Driller.

The Consolidated Financial Statements and the Form 10-K equivalent are available on our website. We are scheduled to publish our Annual Report on March 18, 2019. A corresponding slide presentation to address the results highlights for Q4 2018 is also available on the Company website.

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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 December 31, 2018

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2018	2017	2018
Operating revenue - dayrate	$138.2	$146.1	$534.4	$581.8
Operating revenue - others	4.0	3.0	21.7	17.2
Other revenue	2.9	4.0	15.9	14.3
Total revenue (1)	$145.1	$153.1	$572.0	$613.3
Personnel expenses	$46.5	$44.3	$162.4	$182.6
Maintenance expenses	46.7	31.1	99.0	98.6
Other operating expenses	1.6	10.1	25.4	42.3
Rig operating expenses	$94.8	$85.5	$286.8	$323.6
Shore-based expenses	9.1	9.0	33.2	34.4
Total operating and maintenance expenses (2)	$103.9	$94.5	$320.0	$358.0
Corporate G&A (3)	$11.8	$10.5	$43.8	$43.8
Provision / (reversal) for doubtful accounts	(0.6)	0.0	(5.4)	(0.3)
Sponsors' fee (4)	1.1	0.0	4.5	2.3
Share-based compensation expense, net of forfeitures (5)	0.2	0.0	0.8	11.3
One-time corporate transaction costs (6)	0.0	0.0	0.0	4.0
Total general & administrative expenses	$12.5	$10.5	$43.7	$61.1
Other, net expense / (gain) (7)	1.0	0.4	3.0	(0.4)
EBITDA (8)	$27.7	$47.7	$205.3	$194.6
Sponsors' fee	1.1	0.0	4.5	2.3
Share-based compensation expense, net of forfeitures	0.2	0.0	0.8	11.3
Acquired rig reactivation costs (9)	15.7	1.8	17.8	5.1
One-time corporate transaction costs	0.0	0.0	0.0	4.0
Other (10)	0.0	0.0	0.0	0.4
Total adjustments	17.0	1.8	23.1	23.1
Adjusted EBITDA (8)	$44.7	$49.5	$228.4	$217.7
Adjusted EBITDA margin	31%	32%	40%	35%
Operating Data:				
Average marketable rigs (11)	35.0	36.0	33.2	35.3
Average dayrate (in thousands) (12)	$73.3	$64.9	$70.4	$67.4
Effective utilization (13)	57%	68%	62%	67%
Capital expenditures and deferred costs :				
Regulatory and capital maintenance (14)	$14.8	$12.3	$35.0	$44.6
Contract preparation (15)	4.1	8.7	13.7	24.0
Marketable rigs	$18.9	$21.0	$48.7	$68.6
Fleet spares and others (16)	3.0	4.0	3.0	12.0
Sub-Total (excluding Newbuilds & Acquisitions)	$21.9	$25.0	$51.7	$80.6
Newbuilds construction (17)	0.0	0.0	92.2	0.0
Rig acquisitions (18)	24.3	4.6	253.2	87.7
Total capital expenditures and deferred costs	$46.2	$29.6	$397.1	$168.3

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:

Cash payments for additions to property and equipment	$5.3	$8.4	$253.8	$99.0
Net change in accrued but unpaid additions to property and equipment	6.3	(0.8)	4.6	(3.1)
	$11.6	$7.7	$258.4	$95.9
Add: Asset addition related to sale and leaseback transactions	0.0	0.0	76.3	0.0
Total Capital expenditures	$11.6	$7.7	$334.7	$95.9
Changes in deferred costs, net	$18.7	$3.1	($2.2)	($10.5)
Add: Amortization of deferred costs	15.9	18.9	64.6	82.9
Total deferred costs	$34.6	$22.0	$62.4	$72.4
Total capital expenditures and deferred costs	$46.2	$29.6	$397.1	$168.3

(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 construction" 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) "Rig acquisitions" include all capital expenditures and deferred costs associated with the acquisition and reactivation of premium jack-up rigs in 2017 and 2018.