Shelf Drilling Q1 2019 Results Highlights

May 2019

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Jack-up Market Update

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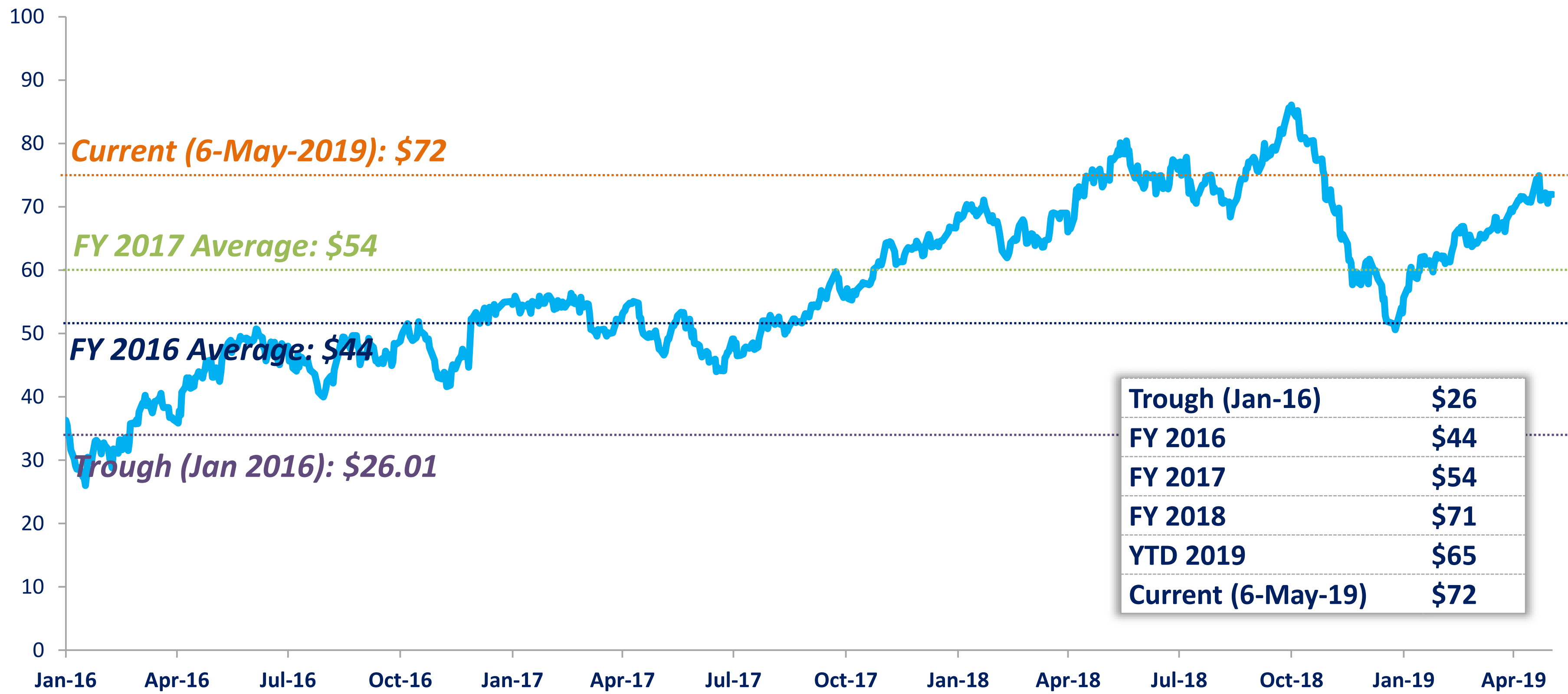
Oil Price Development

Brent Oil Price ($/bbl)



Trough (Jan-16)	$26
FY 2016	$44
FY 2017	$54
FY 2018	$71
YTD 2019	$65
Current (6-May-19)	$72

Despite significant correction in Q4 2018, recent Brent price stabilization in the $60-70/bbl range provides constructive backdrop for balance of 2019

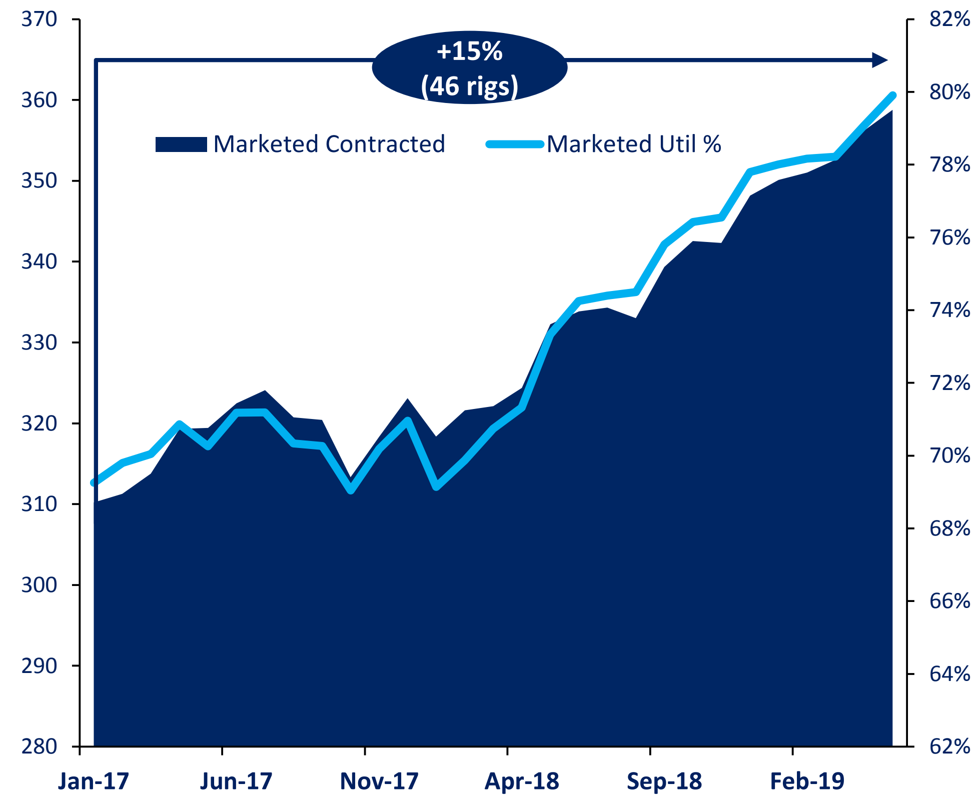
Source: Bloomberg, IHS Petrodata, as of 6 May 2019

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 15% since Q1 2017 but still well below long-term averages
  - Acceleration of activity since April 2018 (33 of 46 rig increase)
  - Total of 63 jack-ups retired in same time period
  - Marketed utilization up from <70% to 79% today
- Expect increase in global E&P spending in 2019 driven primarily by offshore/international markets
- Despite commodity price volatility in Q4 2018, we anticipate further increase in global jack-up activity in 2019
- Continued contracting success in recent months for SHLF across regions and asset classes
  - Recently acquired premium CJ-46 jack-ups 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 2006-2015	*381 jack-ups*
Minimum since 2006 (Jan 2017)	*311 jack-ups*
Current (May 2019)	*357 jack-ups*



Source: Bloomberg, IHS Petrodata, as of 7 May 2019

Global Jack-up Fleet Summary

Regions	Contracted Jack-ups			% of Peak	Change since Trough
	Apr-14	Jan-17	May-19		
Middle East	129	118	130	101%	12
India	34	38	29	85%	-9
West Africa	20	7	17	85%	10
SE Asia	68	27	37	54%	10
North Sea	47	29	35	74%	6
China	30	27	43	142%	16
US GOM	33	7	11	33%	4
Mexico	53	28	22	42%	-6
Sub-Total	**414**	**281**	**324**	78%	43
Total	**457**	**310**	**357**	78%	47
% of Total	**91%**	**91%**	**91%**		**91%**

Rig Status	Total
Under Contract	357
Available	94
Active Jack-ups	451
% Marketed Utilization	*79%*
Under Construction	70
Sub-total	521
Cold Stacked	65
Total Fleet	586

- Activity levels in 7 of 8 largest jack-up regions have increased over the last year
- Middle East rig count at all-time high with further awards from NOCs expected in 2019
- Increase in Mexico since the beginning on 2019 from 17 to 22 contracted units with additional 8-rig tender ongoing in Q2
- ONGC expected to award at least 10 long-term contracts between now and year-end
- Chinese market continues to absorb new rig capacity from domestic shipyards

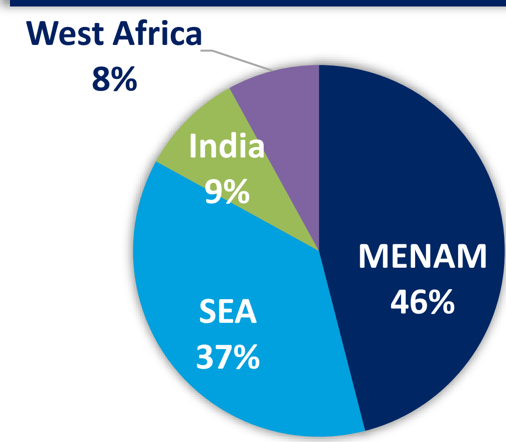
Source: ODS-Petrodata, Inc. as of May 7, 2019

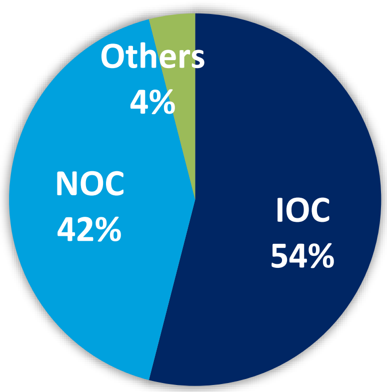
Recent Contracts & Fleet Status Summary

Fleet Status Summary

	Contracted	Available	Total[1]	% Cont.
MENAM	**14**	3	**17**	82%
India	**5**	3	**8**	63%
West Africa	**5**	-	**5**	100%
SE Asia	**2**	-	**2**	100%
Other	**-**	1	**1**	0%
Total	**26**	**7**	**33**	**79%**

Total Backlog[2] – $876 million *(As of 31 March 2019)*





Recent Contracts

~8 rig-years of backlog added in Q1 2019

- High Island V: Three-year contract with Saudi Aramco commenced in April 2019
- Ron Tappmeyer: Three-year contract with ONGC in India with expected commencement in June 2019
- Trident 16: One-year contract (plus options) with Petrobel in Egypt commenced in February 2019
- Shelf Drilling Resourceful: Six-month extension with Chevron in Nigeria, now committed until October 2019
- Adriatic I: 105-day extension with Sirius Petroleum, rig now committed until year-end
- Trident VIII: Short-term extension with AMNI
- India: 1 of 5 contracts in place Mar-19 expired in early May. Multi-rig tender expected to be launched in Q2 2019 by ONGC presents opportunity for available rigs in India
- ***Advanced contract discussions with multiple customers regarding the Shelf Drilling Scepter, Shelf Drilling Achiever and Shelf Drilling Journey***

Note (1): Total excludes 4 stacked rigs (3 jack-ups and 1 swamp barge).
Note (2): Total backlog as of March 31, 2019, consistent with the reporting period.

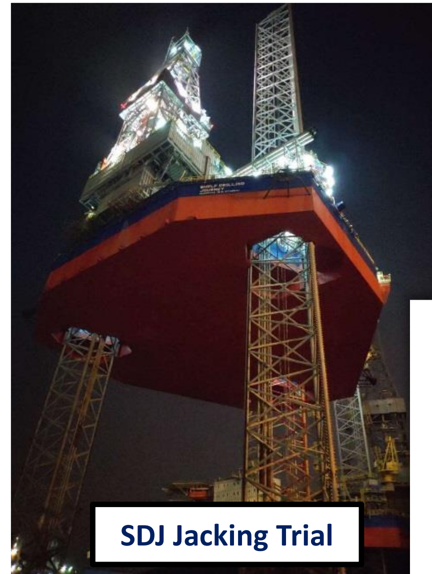
CJ-46 Newbuild Premium Jack-ups – Transaction Closed

- On February 21, 2019, Shelf Drilling (SHLF) entered into agreements with affiliates of China Merchants and Great Wall Ocean Strategy & Technology Fund (CM 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

- **Transaction closed on May 9, 2019**
  - ~26.8 million shares issued to China Merchants (~19.4% ownership)
  - Shelf Drilling takes delivery and ownership of two CJ-46 jack-ups

- Rigs renamed **Shelf Drilling Achiever (SDA)** and **Shelf Drilling Journey (SDJ)**



SDJ Jacking Trial

SDA Jacking Trial

Transaction brings new strategic partner and long-term shareholder
SHLF expands fleet at historically low acquisition cost

Q1 2019 Results

Shelf Drilling Q1 2019 Results Highlights

Results of Operations

(In thousands USD)	Q4 2018	Q1 2019
Revenues	**$153,053**	**$147,237**
Operating costs & expenses		
Operating and maintenance	94,460	92,244
Depreciation	21,521	20,352
Amortization of deferred costs	18,933	18,149
General and administrative	10,504	11,587
(Gain) / loss on impairment/disposal of assets [1]	40,432	(2,867)
Operating income / (loss)	**(32,797)**	**7,772**
Other expense, net		
Interest expense and financing charges, net of interest income	(19,792)	(19,840)
Other, net	(368)	(276)
Loss before income taxes	**(52,957)**	**(12,344)**
Income tax expense / (benefit) [2]	(2,938)	1,256
Net Loss	**$(50,019)**	**$(13,600)**

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 & Operating Expense Summary

- $5.8 million, or 3.8%, sequential decrease in revenue
  - Decrease in average dayrate from $64.9 to $63.5 due to lower dayrates for extended operations of six rigs in India, Saudi Arabia and UAE following the completion of original firm contract periods
  - Increase in effective utilization mainly due to decrease in average marketable rigs count[4] (stacking of three rigs at end of Q4 2018)
  - Nigeria: Full quarter of operations for Adriatic I; Trident VIII commenced contract in February 2019
  - Four rigs ended contracts in Q1 2019: C.E. Thornton, F.G. McClintock and Parameswara in India and Key Singapore in UAE
- Operating and maintenance of $92.2 million down sequentially by $2.2 million:
  - $5.0 million increase for rigs undergoing reactivations (mainly Scepter and Compact Driller)
  - $7.2 million decrease due to timing of maintenance and other costs across rest of fleet
- General and administrative expenses of $11.6 million

	Q4 2018	Q1 2019
Operating Data		
Average marketable rigs[1]	36.0	33.0
Average dayrate[2] (in thousands USD)	$64.9	$63.5
Effective utilization[3]	68%	75%
Revenues (in thousands USD)		
Operating revenues – dayrate	$146,077	$140,960
Operating revenues – others	3,037	1,950
Other revenues	3,939	4,327
	$153,053	**$147,237**
Operating Expenses (in thousands USD)		
Rig operating costs	$85,494	$83,714
Shore-based costs	8,966	8,530
Operating and maintenance	**$94,460**	**$92,244**
General and administrative	**$10,504**	**$11,587**

Note (1): "Marketable rigs" are defined as the total number of rigs excluding: (i) stacked rigs, (ii) rigs under non-drilling contract and (iii) 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.
Note (4): Key Gibraltar and Adriatic X sold in Q1 2019. Four rigs remain stacked as of March 31, 2019 (Rig 124, Comet, Trident 15, Hibiscus)

Adjusted EBITDA Reconciliation

(In thousands USD)	**Q4 2018**	**Q1 2019**
Net Loss	$(50,019)	$(13,600)
Add back:		
Interest expense and financing charges, net of interest income	19,792	19,840
Income tax expense / (benefit)	(2,938)	1,256
Depreciation	21,521	20,352
Amortization of deferred costs	18,933	18,149
(Gain) / loss on impairment/disposal of assets, net	40,432	(2,867)
EBITDA	**$47,721**	**$43,130**
Share-based compensation expense, net of forfeitures	11	-
Acquired rig reactivation costs	1,779	6,163
One-time corporate transaction costs	-	99
Adjusted EBITDA	**$49,511**	**$49,392**
Adjusted EBITDA margin	**32.3%**	**33.5%**

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

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- Capital Expenditures and Deferred Costs excluding rig acquisitions totaled $22.0 million in Q1 2019, down $3.0 million versus Q4 2018 primarily as a result of:
  - Lower level of spending associated with planned out of service project for High Island IX in Saudi Arabia
  - Lower level of spending associated with the contract preparation and mobilization of the Trident VIII in Nigeria
  - Higher contract preparation costs for Key Singapore (Italy) and Compact Driller (UAE)
- Rig acquisitions totaled $4.9 million in Q1 2019 mainly for the ongoing reactivation of the Shelf Drilling Scepter

(In thousands USD)	Q4 2018	Q1 2019
Capital Expenditures and Deferred Costs :		
Regulatory and capital maintenance [1]	$12,296	$14,305
Contract preparation [2]	8,706	8,630
Fleet spares and other [3]	4,032	(897)
	$25,034	$22,038
Rig acquisitions [4]	4,601	4,887
Total capital expenditures and deferred costs	**$29,635**	**$26,925**
Reconciliation to Statements of Cash Flow		
Cash payments for additions to PP&E	$8,417	$11,182
Net change in accrued but unpaid additions to PP&E	(767)	(1,796)
Total Capital expenditures	$7,650	$9,386
Changes in deferred costs, net	3,052	(610)
Add: Amortization of deferred costs	18,933	18,149
Total deferred costs	$21,985	$17,539
Total capital expenditures and deferred costs	**$29,635**	**$26,925**

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, and with the acquisition of newbuild premium jack-up rigs in 2019.

Capital Structure Summary

(In millions USD)	YE 2017	YE 2018	Mar-19
Cash	$84.6	$91.2	$69.9
Total Long-lived Assets	$1,405.9	$1,354.8	$1,343.1
Total Assets	1,683.0	1,645.9	1,604.6
Senior secured notes due 2018/2020	526.7	-	-
Senior unsecured notes due 2025 [1]	-	887.8	888.2
Obligations under sale and leaseback	313.9	-	-
Total Debt	$840.6	$887.8	$888.2
Net Debt	$756.0	$796.6	$818.3
Mezzanine Equity	166.0	-	-
Total Equity	$509.2	$591.3	$577.7

Ownership Structure		
Shareholder	Shares Outstanding (MM)	Ownership %
Free Float	56.3	40.8%
Lime Rock	17.2	12.5%
Castle Harlan	17.2	12.5%
CHAMP	17.2	12.5%
Sub-Total	51.6	37.4%
China Merchants	26.8	19.4%
Management	3.4	2.5%
Total	138.0	100.0%

- Total liquidity, including availability under RCF, of approximately $288 million
- LTM Adjusted EBITDA of $218.1 million (Mar-19)
  - Net Leverage of 3.8x (Mar-19)

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

Free Cash Flow Summary

- Q1 2019 Adjusted EBITDA and margin of $49.4 million and 34%, respectively
- Cash use of $21.3 million during Q1 2019 for closing Mar-19 balance of $69.9 million
  - $38.9 million of cash interest payments in Q1 2019 versus $0.9 million in Q4 2018. Interest on $900 million senior unsecured notes due 2025 paid biannually in February and August (interest expense, net of approximately $20 million per quarter)
  - Impacted by $11.1 million investment in acquisitions

Quarterly Cash Flow Summary ($MM)	Q4 2018	Q1 2019
Adjusted EBITDA	**$49.5**	**$49.4**
Interest expense, net of interest income	(19.8)	(19.8)
Income tax (expense) / benefit	2.9	(1.3)
Capital expenditures and deferred costs	(25.0)	(22.0)
Sub-Total	$7.6	$6.3
Working Capital Impact		
Interest payments	$19.0	$(18.6)
Other	4.4	2.1
Sub-Total	$23.4	$(16.5)
Discretionary Cash Flow	**$31.0**	**$(10.2)**
Growth		
Acquired Rig Reactivation Expenses	$(1.8)	$(6.2)
Capex/Deferred Costs: Rig Acquisitions	(4.6)	(4.9)
Sub-Total	$(6.4)	$(11.1)
Net Change in Cash	**$24.6**	**$(21.3)**
Beginning Cash	66.6	91.2
Ending Cash	**$91.2**	**$69.9**

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