**PRESS RELEASE**

**SHELF DRILLING**

**REPORTS FIRST QUARTER 2019 RESULTS**

Dubai, UAE, May 15, 2019 – Shelf Drilling, Ltd. ("Shelf Drilling" and, together with its subsidiaries, the "Company", OSE: SHLF) announces results for the first quarter of 2019 ending March 31. The results highlights will be presented by audio conference call on May 16, 2019 at 5:30 pm Dubai time/ 3:30 pm Oslo time. Dial-in details for the call are included in the press release posted on April 25, 2019.

David Mullen, Chief Executive Officer, commented: "The recent closing of our transaction with China Merchants in May 2019 to add four premium newbuild jack-ups to our fleet further strengthens our competitive position at a time we are seeing indications across our markets of significant improvement for jack-up drilling services. Since the beginning of 2019, we have also secured new contracts or extensions on existing contracts for 8 rig years. We are in advanced discussions on a number of opportunities for the newbuild rigs and are confident that our strong customer relationships, proven operating track record and leading position in key geographies position Shelf Drilling very well to secure further contracts as the offshore drilling industry recovers."

**First Quarter Highlights**

- Q1 2019 Revenue of $147.2 million and Adjusted EBITDA of $49.4 million. Adjusted EBITDA margin was 34%.
- Q1 2019 Net loss of $13.6 million.
- Q1 2019 Capital Expenditures and Deferred Costs totaled $26.9 million, including $4.9 million associated with rig acquisitions.
- The Company's cash and cash equivalents balance at March 31, 2019 was $69.9 million.
- The Company's total debt at March 31, 2019 was $888.2 million.
- $876 million in contract backlog at March 31, 2019 across 26 contracted rigs.
- 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 in 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 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 in Nigeria.
- In March 2019, the Company secured a three-year contract for the High Island V rig in direct continuation of its current contract with Saudi Arabian Oil Company (Saudi Aramco).
- The Company completed the sale of two stacked rigs in Q1 2019. As of March 31, 2019, the Company's fleet consisted of 33 marketable rigs and 4 stacked rigs.
- In February 2019, the Company entered into agreements with affiliates of China Merchants & Great Wall Ocean Strategy & Technology Fund to acquire two premium newbuild CJ46 jack-ups and to bareboat charter two additional premium newbuild CJ46 jack-ups, including options to purchase the rigs. The transaction closed on May 9, 2019 and the two acquired rigs, the Shelf Drilling Achiever and Shelf Drilling Journey, are under operations readiness projects.

**First Quarter Results**

Revenue was $147.2 million in Q1 2019 compared to $153.1 million in Q4 2018. The $5.8 million decrease (3.8%) in revenue was largely due to lower dayrates for the extended operations of six rigs in India, Saudi Arabia and UAE, lower number of days in Q1 2019 compared to Q4 2018 and the completion of four contracts in India and UAE. This was partly offset by an increase in effective utilization to 75% in Q1 2019 from 68% in Q4 2018 mainly due to new contracts in Nigeria and lower planned out of service time in Saudi Arabia.

Total operating and maintenance expenses decreased by $2.2 million (2.3%) in Q1 2019 to $92.2 million compared to $94.5 million in Q4 2018. The decrease was mainly due to lower operating maintenance and rig mobilization costs in Q1 2019. This was partly offset by higher contract preparation expenses in Q1 2019 for the Ron Tappmeyer in India and higher reactivation expenses for the Shelf Drilling Scepter and Compact Driller.

General and administrative expenses were $11.6 million in Q1 2019 compared to $10.5 million in Q4 2018.

Adjusted EBITDA for Q1 2019 was $49.4 million compared to $49.5 million for Q4 2018. The Adjusted EBITDA margin for Q1 2019 was 34% compared to 32% in Q4 2018.

The Company recorded a $2.9 million of gain on disposal of assets in Q1 2019 mainly resulting from the sale of two stacked rigs.

Capital expenditures and deferred costs were $26.9 million in Q1 2019 compared to $29.6 million in Q4 2018. This included in Q1 2019 $4.9 million relating to the reactivation of the Shelf Drilling Scepter and operations readiness for the Shelf Drilling Achiever and Shelf Drilling Journey, compared to $4.6 million in Q4 2018 for the Shelf Drilling Scepter. Capital expenditures and deferred costs excluding rig acquisitions decreased to $22.0 million in Q1 2019 from $25.0 million in Q4 2018 mainly due to a lower level of spending associated with a planned out of service project for a rig under contract in Saudi Arabia and for one rig that was undergoing preparation for a contract in Nigeria in Q4 2018, as well as lower fleet spares expenditures. This was partly offset by higher contract preparation and activation costs in Q1 2019 in India and UAE.

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 for Q1 2019 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 March 31, 2019

| | Three Months Ended March 31, 2018 | Three Months Ended March 31, 2019 | Twelve Months Ended March 31, 2019 |
|---|---|---|---|
| Operating revenue - dayrate | $139.9 | $141.0 | $582.9 |
| Operating revenue - others | 4.7 | 1.9 | 14.4 |
| Other revenue | 2.9 | 4.3 | 15.7 |
| Total revenue (1) | $147.5 | $147.2 | $613.0 |
| Personnel expenses | $47.5 | $47.4 | $182.5 |
| Maintenance expenses | 21.7 | 32.0 | 108.9 |
| Other operating expenses | 12.5 | 4.4 | 34.3 |
| Rig operating expenses | $81.7 | $83.7 | $325.7 |
| Shore-based expenses | 8.6 | 8.5 | 34.3 |
| Total operating and maintenance expenses (2) | $90.3 | $92.2 | $360.0 |
| Corporate G&A (3) | $11.2 | $11.5 | $44.0 |
| Provision / (reversal) for doubtful accounts | 0.1 | 0.0 | (0.4) |
| Sponsors' fee (4) | 1.1 | 0.0 | 1.1 |
| Share-based compensation expense, net of forfeitures (5) | 0.2 | 0.0 | 11.2 |
| One-time corporate transaction costs (6) | 0.0 | 0.1 | 4.1 |
| Total general & administrative expenses | $12.6 | $11.6 | $60.0 |
| Other, net expense / (gain) (7) | (1.0) | 0.3 | 1.0 |
| EBITDA (8) | $45.7 | $43.1 | $192.0 |
| Sponsors' fee | 1.1 | 0.0 | 1.1 |
| Share-based compensation expense, net of forfeitures | 0.2 | 0.0 | 11.2 |
| Acquired rig reactivation costs (9) | 2.0 | 6.2 | 9.3 |
| One-time corporate transaction costs | 0.0 | 0.1 | 4.1 |
| Other (10) | 0.0 | 0.0 | 0.4 |
| Total adjustments | 3.3 | 6.3 | 26.1 |
| Adjusted EBITDA (8) | $49.0 | $49.4 | $218.1 |
| Adjusted EBITDA margin | 33% | 34% | 36% |
| Operating Data: | | | |
| Average marketable rigs (11) | 35.0 | 33.0 | 34.8 |
| Average dayrate (in thousands) (12) | $70.3 | $63.5 | $65.8 |
| Effective utilization (13) | 63% | 75% | 70% |
| Capital expenditures and deferred costs : | | | |
| Regulatory and capital maintenance (14) | $5.7 | $14.3 | $53.3 |
| Contract preparation (15) | 3.1 | 8.6 | 29.5 |
| Marketable rigs | $8.8 | $22.9 | $82.8 |
| Fleet spares and others (16) | 1.6 | (0.9) | 9.5 |
| Sub-Total (excluding Acquisitions) | $10.4 | $22.0 | $92.3 |
| Rig acquisitions (17) | 6.8 | 4.9 | 85.8 |
| Total capital expenditures and deferred costs | $17.2 | $26.9 | $178.1 |

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 March 31, 2018 | Three Months Ended March 31, 2019 | Twelve Months Ended March 31, 2019 |
|---|---|---|---|
| Cash payments for additions to property and equipment | $9.3 | $11.2 | $100.8 |
| Net change in accrued but unpaid additions to property and equipment | (4.4) | (1.8) | (0.5) |
| Total Capital expenditures | $4.9 | $9.4 | $100.3 |
| Changes in deferred costs, net | ($6.7) | ($0.6) | ($4.4) |
| Add: Amortization of deferred costs | 19.0 | 18.1 | 82.1 |
| Total deferred costs | $12.3 | $17.5 | $77.7 |
| Total capital expenditures and deferred costs | $17.2 | $26.9 | $178.1 |

*( 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.

(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) “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.