SHELF DRILLING

Shelf Drilling Q2 2019 Results Highlights

August 2019

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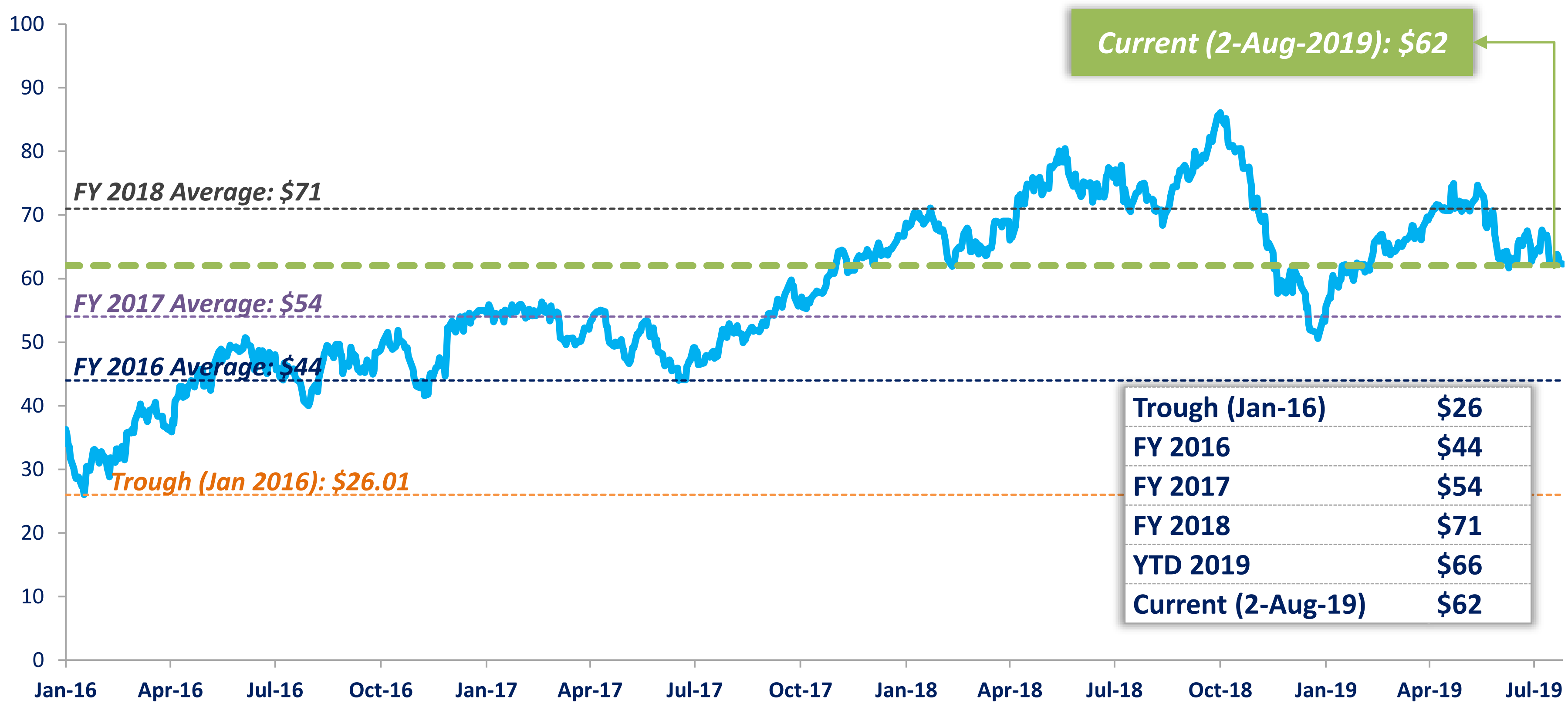
Oil Price Development

Brent Oil Price ($/bbl)



Despite volatility over the last three quarters, Brent price level in the $60-70/bbl range provides constructive backdrop for balance of 2019

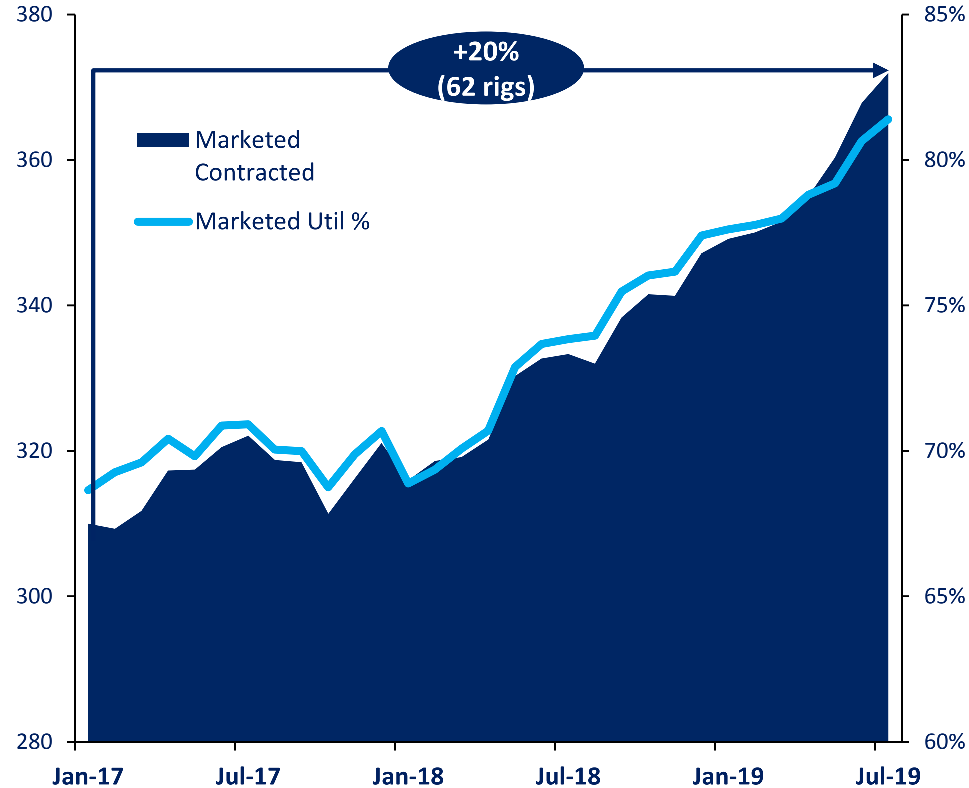
Source: Bloomberg, IHS Petrodata, as of 31 July 2019

Cycle Turning Off of Historic Lows

- Oil price improvement over the last three years to current range of $60-70/bbl (Brent)
- Steady recovery in jack-up supply and demand dynamics
  - Global demand has increased 20% since Q1 2017
  - Total of 66 jack-ups retired in same time period
  - Marketed utilization up from <70% to 82% today
- Expect increase in global E&P spending in 2019 driven primarily by offshore/international markets
- Despite commodity price volatility over the last three quarters, we expect further increase in global jack-up activity in 2019
- Continued contracting success in recent months for SHLF across regions and asset classes
  - Recent awards for SD Achiever and SD Scepter in Saudi Arabia and Thailand, respectively
  - Significant uplift in activity and dayrates in India
  - SD Journey well-positioned for several near-term opportunities in existing geographic footprint

of Contracted Jack-ups

Peak (April 2014)	*457 jack-ups*
Average since 2006	*367 jack-ups*
Minimum since 2006 (Jan 2017)	*311 jack-ups*
Current (Aug 2019)	*373 jack-ups*



Source: Bloomberg, IHS Petrodata, as of 4 August 2019

Global Jack-up Fleet Summary

Regions	Contracted Jack-ups			% of Peak	Change since Trough
	Apr-14	Jan-17	Aug-19		
Middle East	129	118	133	103%	15
India	34	38	29	85%	-9
West Africa	20	7	17	85%	10
SE Asia	68	27	41	60%	14
North Sea	47	29	36	77%	7
China	30	27	48	159%	21
US GOM	33	7	9	27%	2
Mexico	53	28	27	51%	-1
Sub-Total	**414**	**281**	**340**	82%	59
Total	**457**	**311**	**373**	82%	62
% of Total	**91%**	**90%**	**91%**		**95%**

Rig Status	Total
Under Contract	373
Available	84
Active Jack-ups	457
% Marketed Utilization	*82%*
Under Construction	64
Sub-total	521
Cold Stacked	62
Total Fleet	583

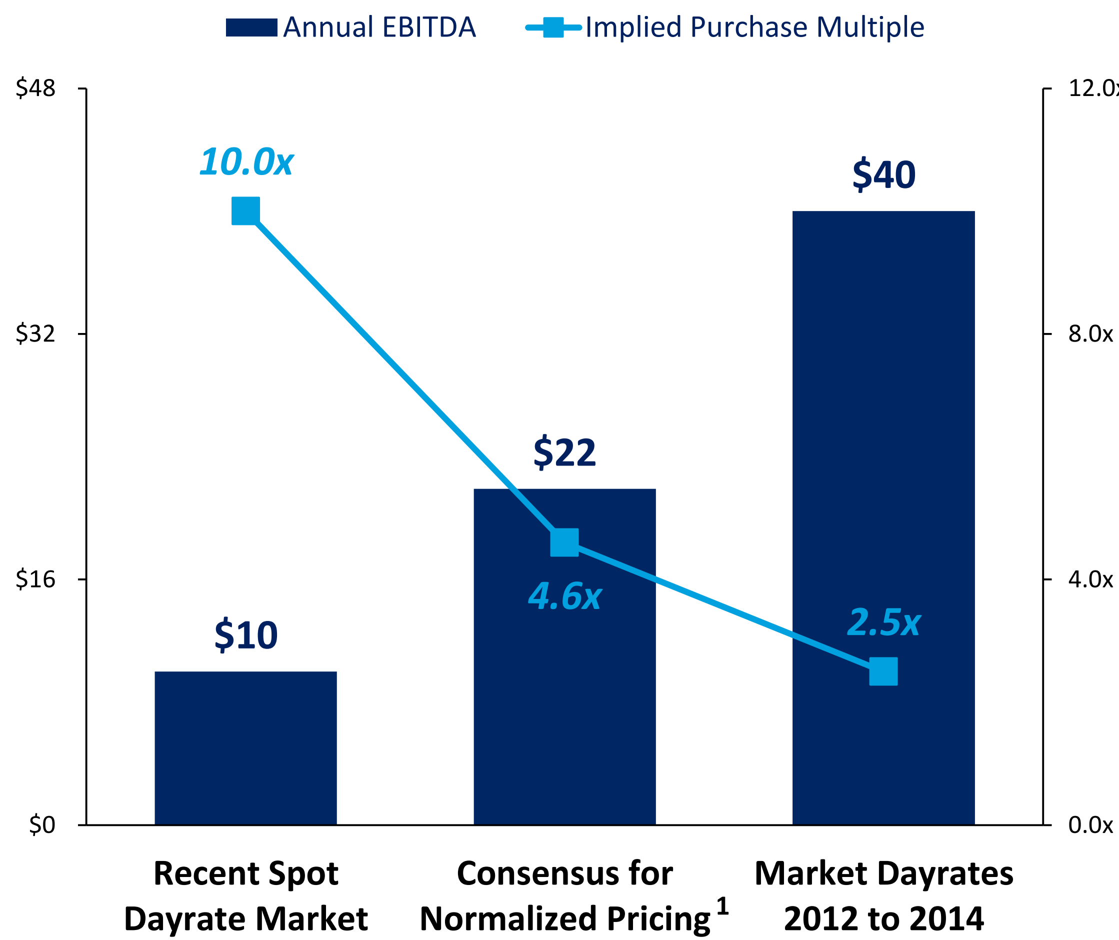
- Activity levels in 7 of 8 largest jack-up regions have increased over the last year
- Middle East & China rig count at all-time high with further awards expected in Middle East in 2019
- Increase in Mexico since Jan-2019 from 17 to 27 contracted units with additional awards expected by Pemex and other customers
- ONGC recently awarded 8 long-term contracts with further 2-rig tender underway
- Chinese market continues to absorb new rig capacity from domestic shipyards

Source: ODS-Petrodata, Inc. as of 4 August 2019

Capitalizing on Opportunities in the Downturn

- ***Since the beginning of 2017, Shelf Drilling has acquired 6 modern, premium jack-up rigs at historically low prices***
  - All-in investment of ~$100 million per rig
  - ~50% of replacement cost (~$1.2 billion of assets added for ~$600 million)
  - Average age of 6 years
  - Proven, reputable rig designs preferred by customers
  - First 5 contracted with top-tier NOCs and IOCs – in advanced discussions on SDJ
- Options secured for two additional units (newbuild CJ-46 jack-ups constructed by China Merchants) at similar price point until H2 2022
- Reasonable estimated cash on cash return at trough of the cycle
- Significant upside potential in improving dayrate environment

Illustrative Acquisition Economics ($100MM Per Rig Investment)



Note (1): Assumes $60k/d of EBITDA margin

Q2 2019 Operating Performance

Q2 2019 – Near Perfect Quarter

ZERO	99.6%	100% uptime	ZERO
TRIR[1]	Uptime	Saudi Division	Environment Spill

Harvey H. Ward receives award of appreciation from ONGC

Shelf Drilling Krathong

SD Krathong and SD Chaophraya continue to set new records in drilling efficiency with Chevron Thailand

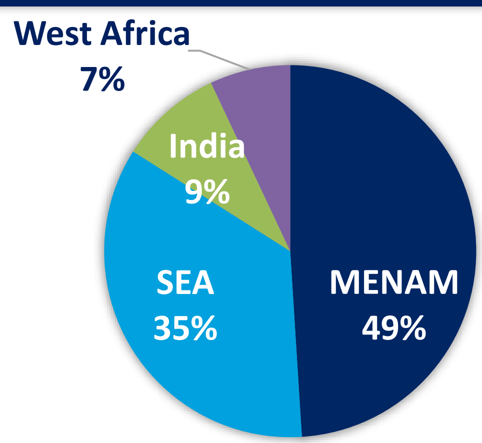
Note (1): Total recordable incident rate (incidents per 200,000 man-hours)

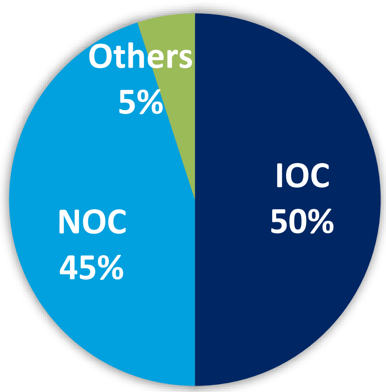
Recent Contracts & Fleet Status Summary

Fleet Status Summary

	Contracted	Available	Total[1]	% Cont.
MENAM	**15**	3	**18**	83%
India	**6**	2	**8**	75%
West Africa	**4**	1	**5**	80%
SE Asia	**3**	-	**3**	100%
Total	**28**	**6**	**34**	**82%**

Total Backlog[2] – $846 million *(As of 30 June 2019)*





Recent Developments

$343 million of backlog added since beginning of April 2019

- Shelf Drilling Achiever: 3-year award with Saudi Aramco
- Shelf Drilling Mentor and Tenacious: 2-year extension each with Dubai Petroleum
- Shelf Drilling Scepter: 30-month contract with Chevron Thailand
- High Island VII: 6-month extension with ADNOC Drilling
- F.G. McClintock and C.E. Thornton: 3-year contract each with ONGC
- Shelf Drilling Resourceful: 6-month extension with Chevron Nigeria
- Adriatic I: 300-day contract with an undisclosed customer in Nigeria, expected to commence in September 2019
  - Previously announced Sirius Petroleum contract has been temporarily suspended

Note (1): Total excludes 5 stacked rigs (4 jack-ups and 1 swamp barge).
Note (2): Total backlog as of June 30, 2019, consistent with the reporting period.

Q2 2019 Results

Shelf Drilling Q2 2019 Results Highlights

Results of Operations

(In thousands USD)	Q1 2019	Q2 2019
Revenue	**$147,237**	**$137,077**
Operating costs & expenses		
Operating and maintenance	92,244	90,931
Depreciation	20,352	20,324
Amortization of deferred costs	18,149	19,101
General and administrative	11,587	11,989
(Gain) / loss on impairment/disposal of assets	(2,867)	965
Operating income / (loss)	**7,772**	**(6,233)**
Other expense, net		
Interest expense and financing charges, net of interest income	(19,840)	(19,668)
Other, net	(276)	(196)
Loss before income taxes	**(12,344)**	**(26,097)**
Income tax expense / (benefit)	1,256	3,575
Net Loss	**$(13,600)**	**$(29,672)**

Revenue & Operating Expense Summary

- $10.1 million, or 6.9%, sequential decrease in revenue
  - Decrease in effective utilization mainly due to the completion of four contracts in India (C.E. Thornton, F.G. McClintock, Parameswara and Trident II) and one contract in UAE (Key Singapore) partly offset by start of new contract in India (Ron Tappmeyer) and in UAE (Compact Driller)
  - Idle time on Adriatic I in Nigeria starting mid-May
  - Planned out of service in Saudi Arabia for High Island V in Q2
- Operating and maintenance of $90.9 million down sequentially by $1.3 million:
  - $3.9 million reduction across four rigs in India that completed contracts in H1 2019
  - $(2.3) million higher standby costs for one rig in Nigeria awaiting contract
- General and administrative expenses of $12.0 million up by $0.4 million, primarily due to an increase in share-based compensation expense.

	Q1 2019	Q2 2019
Operating Data		
Average marketable rigs[1]	33.0	33.0
Average dayrate[2] (in thousands USD)	$63.5	$66.2
Effective utilization[3]	75%	66%
Revenue (in thousands USD)		
Operating revenues – dayrate	$140,960	$131,404
Operating revenues – others	1,950	2,538
Other revenues	4,327	3,135
	$147,237	**$137,077**
Operating Expenses (in thousands USD)		
Rig operating costs	$83,714	$82,057
Shore-based costs	8,530	8,874
Operating and maintenance	**$92,244**	**$90,931**
General and administrative	**$11,587**	**$11,989**

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.

Adjusted EBITDA Reconciliation

(In thousands USD)	Q1 2019	Q2 2019
Net Loss	$(13,600)	$(29,672)
Add back:		
Interest expense and financing charges, net of interest income	19,840	19,668
Income tax expense / (benefit)	1,256	3,575
Depreciation	20,352	20,324
Amortization of deferred costs	18,149	19,101
(Gain) / loss on impairment/disposal of assets, net	(2,867)	965
EBITDA	**$43,130**	**$33,961**
Acquired rig reactivation costs	6,163	6,403
One-time corporate transaction costs	99	19
Adjusted EBITDA	**$49,392**	**$40,383**
Adjusted EBITDA margin	**33.5%**	**29.5%**

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

- Capital Expenditures and Deferred Costs excluding rig acquisitions totaled $25.8 million in Q2 2019, up $3.7 million versus Q1 2019 primarily as a result of:
  - Higher contract preparation costs in Q2 compared to Q1 for Key Singapore (Tunisia) and F.G. McClintock (India)
  - Higher level of spending in Q2 compared to Q1 associated with planned out of service project that started in June for High Island V in Saudi Arabia
  - Lower level of spending in Q2 compared to Q1 associated with the contract preparation of the Compact Driller (UAE) and Ron Tappmeyer (India)
- Rig acquisitions of $137.5 million in Q2 2019 include $121.8 million for the acquisition of Shelf Drilling Achiever and Shelf Drilling Journey newbuild rigs through issuance of common shares. Remaining $15.7 million is mainly for the initial rig readiness costs for Achiever and Journey

(In thousands USD)	Q1 2019	Q2 2019
Capital Expenditures and Deferred Costs :		
Regulatory and capital maintenance [1]	$14,305	$13,720
Contract preparation [2]	8,630	9,087
Fleet spares and other [3]	(897)	2,972
	$22,038	$25,779
Rig acquisitions [4]	4,887	137,465
Total capital expenditures and deferred costs	**$26,925**	**$163,244**
Reconciliation to Statements of Cash Flow		
Cash payments for additions to PP&E	$11,182	$13,042
Net change in accrued but unpaid additions to PP&E	(1,796)	8,471
	$9,386	$21,513
Asset additions related to share issuance	-	121,772
Total Capital expenditures	$9,386	$143,285
Changes in deferred costs, net	(610)	858
Add: Amortization of deferred costs	18,149	19,101
Total deferred costs	$17,539	$19,959
Total capital expenditures and deferred costs	**$26,925**	**$163,244**

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	Jun-19
Cash	$84.6	$91.2	$69.9	$71.3
Total Long-lived Assets	$1,405.9	$1,354.8	$1,343.1	$1,465.9
Total Assets	1,683.0	1,645.9	1,604.6	1,740.2
Senior secured notes due 2018/2020	526.7	-	-	-
Senior unsecured notes due 2025 [1]	-	887.8	888.2	888.7
Obligations under sale and leaseback	313.9	-	-	-
Total Debt	$840.6	$887.8	$888.2	$888.7
Net Debt	$756.0	$796.6	$818.3	$817.4
Mezzanine Equity	166.0	-	-	-
Total Equity	$509.2	$591.3	$577.7	$669.4

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 $287.3 million as of June 30, 2019
- LTM Adjusted EBITDA of $203.5 million (Jun-19). Net Leverage of 4.0x (Jun-19)
- $121.8 million increase in equity for the acquisition of Shelf Drilling Achiever and Shelf Drilling Journey through issuance of common shares

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

Free Cash Flow Summary

- Q2 2019 Adjusted EBITDA and margin of $40.4 million and 29%, respectively
- Slight cash build-up of $1.4 million during Q2 2019 for closing Jun-19 balance of $71.3 million
  - $0.9 million of cash interest payments in Q2 2019 versus $38.9 million in Q1 2019. 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 $22.1 million investment in acquisitions

Quarterly Cash Flow Summary ($MM)	Q1 2019	Q2 2019
Adjusted EBITDA	**$49.4**	**$40.4**
Interest expense, net of interest income	(19.8)	(19.7)
Income tax (expense) / benefit	(1.3)	(3.6)
Capital expenditures and deferred costs [1]	(22.0)	(25.8)
Sub-Total	$6.3	$(8.7)
Working Capital Impact		
Interest payments	$(18.6)	$18.6
Other	2.1	13.6
Sub-Total	$(16.5)	$32.2
Discretionary Cash Flow	**$(10.2)**	**$23.5**
Growth Projects		
Acquired Rig Reactivation Expenses	$(6.2)	$(6.4)
Capex/Deferred Costs: Rig Acquisitions	(4.9)	(15.7)
Sub-Total	$(11.1)	$(22.1)
Net Change in Cash	**$(21.3)**	**$1.4**
Beginning Cash	91.2	69.9
Ending Cash	**$69.9**	**$71.3**

Note (1) Excluding rig acquisitions

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