

PRESS RELEASE
SHELF DRILLING
REPORTS SECOND QUARTER 2019 RESULTS

Dubai, UAE, August 7, 2019 – Shelf Drilling, Ltd. (“Shelf Drilling” and, together with its subsidiaries, the “Company”, OSE: SHLF) announces results for the second quarter of 2019 ending June 30. The results highlights will be presented by audio conference call on August 8, 2019 at 3:00 pm Dubai time/ 1:00 pm Oslo time. Dial-in details for the call are included in the press release posted on July 29, 2019.

David Mullen, Chief Executive Officer, commented: *“We delivered a very strong performance in Q2 with outstanding operating and safety results across our fleet. The successful closing of the transaction with China Merchants in May, adding four premium newbuild jack-ups to our fleet, further enhances our competitive position to meet growing market demand and customer requirements.”*

Mullen added: *“The jack-up rig market is well underway to steady recovery. For the first time since 2015, marketed utilization for jack-up rigs is above 80% with more than 370 rigs contracted. With this improving demand, Shelf Drilling has had continued contracting success across regions and asset classes. Since the beginning of April 2019, we have added \$343 million in contract backlog. These awards position us very well heading into 2020 as the market continues to recover from cyclical lows.”*

Second Quarter Highlights

- Q2 2019 Revenue of \$137.1 million and Adjusted EBITDA of \$40.4 million. Adjusted EBITDA margin was 29%.
- Q2 2019 Net loss of \$29.7 million.
- Q2 2019 Capital Expenditures and Deferred Costs totaled \$163.2 million, including \$137.5 million associated with rig acquisitions, \$121.8 million of which related to the acquisition of two premium newbuild jack-ups through issuance of common shares. Spending associated with existing operations was \$25.8 million.
- The Company’s cash and cash equivalents balance at June 30, 2019 was \$71.3 million.
- The Company’s total debt at June 30, 2019 was \$888.7 million.
- \$846 million in contract backlog at June 30, 2019 across 25 contracted rigs.
- On May 9, 2019, the Company closed the transaction entered with affiliates of China Merchants & Great Wall Ocean Strategy & Technology Fund and acquired two premium newbuild CJ46 jack-ups, the Shelf Drilling Achiever and Shelf Drilling Journey. Both rigs are currently under operations readiness project. The bareboat charters for the additional two premium CJ46 jack-ups, the Shelf Drilling Fortune and Shelf Drilling Victory, are expected to commence during the second half of 2019.
- In May 2019, the Company secured a three-year contract for the recently acquired premium jack-up rig Shelf Drilling Achiever for operations in the Arabian Gulf, with contract commencement expected in Q4 2019.
- Subsequent to June 30, 2019, the Company has added \$254 million in contract backlog
 - In July 2019, the Company executed a two-year extension for each of the Shelf Drilling Tenacious and the Shelf Drilling Mentor in continuation of their existing contracts for operations in the Arabian Gulf.
 - In July 2019, the Company secured a two-year contract for the Shelf Drilling Scepter jack-up rig for operations in the Gulf of Thailand. The contract is expected to commence in December 2019.
 - In July 2019, the Company secured a six-month contract extension on the High Island VII jack-up rig in direct continuation of its current contract for drilling operations in the Arabian Gulf.
 - In July 2019, the Company secured three-year contracts for the C.E. Thornton and F.G. McClintock jack-up rigs for operations in India. The contracts are expected to commence in Q4 2019.
 - In August 2019, the Company secured a six-month extension for the Shelf Drilling Resourceful for operations in Nigeria.

Second Quarter Results

Revenue was \$137.1 million in Q2 2019 compared to \$147.2 million in Q1 2019. The \$10.1 million decrease (6.9%) in revenue was largely due to the completion of five contracts during Q1 and Q2 2019 in India and the UAE, lower dayrates for the extended operation of one rig in the UAE and for one rig that started a new contract in Saudi Arabia, idle time on one rig in Nigeria starting mid-May and higher planned out of service time in Saudi Arabia. This was partly offset by the startup of new contracts in India and the UAE as well as by higher uptime and revenue efficiency across the fleet.

Total operating and maintenance expenses decreased by \$1.3 million (1.4%) in Q2 2019 to \$90.9 million compared to \$92.2 million in Q1 2019. The decrease was mainly due to the completion of the four contracts in India in Q1 and Q2 2019, partly offset by higher standby costs incurred in between contracts for one rig in Nigeria.

General and administrative expenses were \$12.0 million in Q2 2019 compared to \$11.6 million in Q1 2019, primarily due to an increase in share-based compensation expense.

Adjusted EBITDA for Q2 2019 was \$40.4 million compared to \$49.4 million for Q1 2019. The Adjusted EBITDA margin for Q2 2019 was 29% compared to 34% in Q1 2019.

Capital expenditures and deferred costs were \$163.2 million in Q2 2019 compared to \$26.9 million in Q1 2019. This included \$121.8 million in Q2 2019 for the non-cash acquisition of the Shelf Drilling Achiever and Shelf Drilling Journey as well as \$15.6 million relating to the reactivation and operations readiness projects on the acquired rigs, compared to \$4.9 million in Q1 2019 for the Shelf Drilling Scepter reactivation. Capital expenditures and deferred costs excluding rig acquisitions increased to \$25.8 million in Q2 2019 from \$22.0 million in Q1 2019 mainly due to a higher level of spending associated with a planned out of service project for a rig under contract in Saudi Arabia and higher contract preparation and activation costs in Q2 2019 in India and Tunisia.

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 Q2 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.

Financial Report For the Period Ended June 30, 2019

| | Three Months Ended June 30, | | Six Months Ended June 30, | | Twelve Months Ended June 30, |
|--|--------------------------------|---------|------------------------------|---------|---------------------------------|
| | 2018 | 2019 | 2018 | 2019 | 2019 |
| Operating revenues - dayrate | \$144.1 | \$131.4 | \$284.0 | \$272.4 | \$570.2 |
| Operating revenues - others | 4.9 | 2.6 | 9.7 | 4.4 | 12.0 |
| Other revenues | 3.5 | 3.1 | 6.3 | 7.5 | 15.4 |
| Total revenue (1) | \$152.5 | \$137.1 | \$300.0 | \$284.3 | \$597.6 |
| Rig operating expenses | \$78.8 | \$82.0 | \$160.5 | \$165.8 | \$328.9 |
| Shore-based expenses | 8.4 | 8.9 | 17.0 | 17.4 | 34.8 |
| Total operating and maintenance expenses (2) | \$87.2 | \$90.9 | \$177.5 | \$183.2 | \$363.7 |
| Corporate G&A (3) | \$10.8 | \$11.8 | \$22.0 | \$23.4 | \$45.0 |
| Provision / (reversal) for doubtful accounts | (0.1) | (0.1) | (0.1) | (0.1) | (0.4) |
| Sponsors' fee (4) | 1.1 | 0.0 | 2.3 | 0.0 | 0.0 |
| Share-based compensation expense, net of forfeitures (5) | 11.1 | 0.3 | 11.3 | 0.3 | 0.4 |
| One-time corporate transaction costs (6) | 3.9 | 0.0 | 3.9 | 0.0 | 0.2 |
| Total general & administrative expenses | \$26.8 | \$12.0 | \$39.4 | \$23.6 | \$45.2 |
| Other, net expense / (gain) (7) | 0.1 | 0.2 | (0.9) | 0.4 | 1.0 |
| EBITDA (8) | \$38.3 | \$34.0 | \$84.0 | \$77.1 | \$187.7 |
| Sponsors' fee | 1.1 | 0.0 | 2.3 | 0.0 | 0.0 |
| Share-based compensation expense, net of forfeitures | 11.1 | 0.0 | 11.3 | 0.0 | 0.0 |
| Acquired rig reactivation costs (9) | 0.1 | 6.4 | 2.1 | 12.6 | 15.6 |
| One-time corporate transaction costs | 3.9 | 0.0 | 3.9 | 0.1 | 0.2 |
| Other (10) | 0.4 | 0.0 | 0.4 | 0.0 | 0.0 |
| Total adjustments | 16.7 | 6.4 | 20.0 | 12.7 | 15.8 |
| Adjusted EBITDA (8) | \$55.0 | \$40.4 | \$104.0 | \$89.8 | \$203.5 |
| Adjusted EBITDA margin | 36% | 29% | 35% | 32% | 34% |
| Operating Data: | | | | | |
| Average marketable rigs (11) | 35.0 | 33.0 | 35.0 | 33.0 | 34.3 |
| Average dayrate (in thousands) (12) | \$67.5 | \$66.2 | \$68.8 | \$64.8 | \$65.5 |
| Effective utilization (13) | 67% | 66% | 65% | 70% | 70% |
| Capital expenditures and deferred costs : | | | | | |
| Regulatory and capital maintenance (14) | \$15.5 | \$13.7 | \$21.1 | \$28.0 | \$51.5 |
| Contract preparation (15) | 9.2 | 9.1 | 12.4 | 17.7 | 29.3 |
| Marketable rigs | \$24.7 | \$22.8 | \$33.5 | \$45.7 | \$80.8 |
| Fleet spares and others (16) | 2.4 | 3.0 | 4.0 | 2.1 | 10.0 |
| Sub-Total (excluding Acquisitions) | \$27.1 | \$25.8 | \$37.5 | \$47.8 | \$90.8 |
| Rig acquisitions (17) | 1.8 | 137.5 | 8.6 | 142.4 | 221.5 |
| Total capital expenditures and deferred costs | \$28.9 | \$163.3 | \$46.1 | \$190.2 | \$312.3 |

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 | \$4.8 | \$13.0 | \$14.1 | \$24.2 | \$109.1 |
| Net change in accrued but unpaid additions to property and equipment | 0.4 | 8.5 | (4.0) | 6.7 | 7.6 |
| | \$5.2 | \$21.5 | \$10.1 | \$30.9 | \$116.6 |
| Add: Asset additions related to share issuance | 0.0 | 121.8 | 0.0 | \$121.8 | 121.8 |
| Total Capital expenditures | \$5.2 | \$143.3 | \$10.1 | \$152.7 | \$238.4 |
| Changes in deferred costs, net | \$2.3 | \$0.8 | (\$4.4) | \$0.2 | (\$5.9) |
| Add: Amortization of deferred costs | 21.4 | 19.2 | 40.4 | 37.3 | 79.8 |
| Total deferred costs | \$23.7 | \$20.0 | \$36.0 | \$37.5 | \$73.9 |
| Total capital expenditures and deferred costs | \$28.9 | \$163.3 | \$46.1 | \$190.2 | \$312.3 |

(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) "Revenues" includes all revenues earned over the period including: (a) integrated drilling service contract dayrates, (b) other operating revenues 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 and readiness costs of newbuild premium jack-up rigs acquired in 2019.