PRESS RELEASE
SHELF DRILLING
REPORTS FIRST QUARTER 2021 RESULTS

Dubai, UAE, May 11, 2021 – Shelf Drilling, Ltd. ("Shelf Drilling" and, together with its subsidiaries, the "Company", OSE: SHLF) announces results for the first quarter of 2021 ending March 31. The results highlights will be presented by audio conference call on May 11, 2021 at 6:00 pm Dubai time / 4:00 pm Oslo time. Dial-in details for the call are included in the press release posted on May 5, 2021 and on page 3 of this release.

David Mullen, Chief Executive Officer, commented: "*We delivered good operational and financial performance in the first quarter of 2021 despite the very challenging environment imposed by the COVID-19 pandemic. The recent surge in infections has been particularly harmful in several of the geographies in which we work. The sequential increase in Revenue and EBITDA was primarily due to several rigs that returned to work or started new contracts at the end of 2020 or early 2021 combined with a further reduction in operating expenses.*"

Mullen added: "*We are observing encouraging signs of an improving jack-up market with the recent recovery and stabilization of the oil price. We have seen a number of recent contract awards and have built a solid pipeline of marketing opportunities. The $310 million issuance in March 2021 of new senior notes due in 2024 improves our balance sheet, simplifies our capital structure and significantly increases our liquidity position and financial flexibility. We remain focused on delivering safe and best-in-class services to our customers and believe Shelf Drilling is well positioned to capitalize on opportunities in our sector.*"

First Quarter Highlights

- Q1 2021 Revenues of $129.7 million, a 7% sequential increase compared to Q4 2020.
- Q1 2021 Adjusted EBITDA of $46.5 million, representing an Adjusted EBITDA Margin of 36%.
- Q1 2021 Net Loss of $16.4 million, including $10.1 million in loss on debt extinguishment in relation to our debt refinancing transactions.
- Q1 2021 Capital Expenditures and Deferred Costs totaled $16.6 million.
- The Company's cash and cash equivalents balance at March 31, 2021 was $287.3 million.
- The Company's total debt at March 31, 2021 was $1.2 billion.
- $1.3 billion in contract backlog at March 31, 2021 across 27 contracted rigs.
- In January 2021, the Company received a notification from customer on early termination of operations for the High Island VII and Compact Driller to August 2021 from February 2023 and June 2022, respectively.
- In February 2021, the Company completed the sale of the Shelf Drilling Journey for net proceeds of $76.6 million.
- In March 2021, the Company completed a private offering of $310.0 million aggregate principal amount of 8.875% senior secured notes due 2024, to repay and terminate the Company's revolving credit facility, due April 2023, cash collateralize bank guarantees issued under the revolving credit facility and to redeem and repurchase all of the outstanding 8.75% Senior Secured Notes, due November 15, 2024.
- In March 2021, the Company secured a two-year contract extension until February 2023 for the Trident 16 in direct continuation of its current contract for operations in Egypt.
- In April 2021, the Company received an award for a three-year contract for the J.T. Angel with planned start-up of operations in India in Q4 2021.
- In May 2021, the Company received an award for a three-year contract for the Trident XII with planned start-up of operations in India in Q4 2021 and secured a ten-year extension for the High Island IX in Saudi Arabia.
- In addition, the Company completed in April 2021 the sale of the Trident 15, Key Hawaii and Galveston Key, which were recorded as assets held for sale as of March 31, 2021.

First Quarter Results

Revenues were $129.7 million in Q1 2021 compared to $121.3 million in Q4 2020. The $8.4 million (6.9%) sequential increase in revenues was primarily due to higher effective utilization. Effective utilization increased to 77% in Q1 2021 from 69% in Q4 2020, primarily due to the startup of one new contract in Thailand, the full quarter of operations of two rigs which started contracts during Q4 2020, the return to operations of one rig each in Saudi Arabia and Nigeria which were previously suspended and completion of extended out of service time for one rig in Saudi Arabia. This was partly offset by the completion of two contracts in Tunisia and Nigeria, and the planned out of service of one rig in Saudi Arabia. The average dayrate increased to $56.3 thousand in Q1 2021 from $55.8 thousand in Q4 2020.

Total operating and maintenance expenses decreased by $4.3 million (5.4%) in Q1 2021 to $74.3 million compared to $78.6 million in Q4 2020. The sequential decrease was primarily due to lower operating costs on rigs which were not operating during Q1 2021 and lower maintenance and shipyard expenses, partly offset by operating costs for the Shelf Drilling Enterprise which started a new contract in Thailand.

General and administrative expenses of $9.6 million in Q1 2021 decreased by $1.5 million as compared to Q4 2020 of $11.1 million. General and administrative expenses in Q1 2021 included lower provision for doubtful accounts of $1.8 million due to the current year collection of aged receivables for which an allowance was recorded in 2020. General and administrative expenses in Q1 2021 and Q4 2020 included $0.9 million and $1.1 million of non-cash share-based compensation expense, respectively.

Adjusted EBITDA for Q1 2021 was $46.5 million compared to $31.8 million for Q4 2020. The Adjusted EBITDA margin of 36% for Q1 2021 increased from 26% in Q4 2020.

Capital expenditures and deferred costs of $16.6 million in Q1 2021 decreased by $12.3 million from $28.9 million in Q4 2020. This included a decrease in rig acquisitions to $1.2 million in Q1 2021 from $10.2 million in Q4 2020 largely related to the completion of the reactivation, upgrade and contract preparation project on the Shelf Drilling Enterprise. Capital expenditures and deferred costs, excluding rig acquisitions, decreased across the fleet to $15.4 million in Q1 2021 from $18.7 million in Q4 2020, primarily due to decreased shipyard activity in Saudi Arabia.

Q1 2021 ending cash and cash equivalents balance of $287.3 million increased by $213.9 million from $73.4 million at the end of Q4 2020. The increase in cash and cash equivalents was due to net cash proceeds of the private offering of $310.0 million 8.875% Senior Secured First Lien Notes, due November 2024 completed in March 2021 and the receipt of the remaining cash proceeds from the sale of the Shelf Drilling Journey, partially offset by the repayment of the $80.0 million 8.75% Senior Secured Notes, due 2024 and the $55.0 million outstanding balance under the Revolving Credit Facility.

The Quarterly Report, which includes the Condensed Consolidated Interim Financial Statements, and a corresponding slide presentation to address the results highlights for Q1 2021 are available on the Company's website.

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Dial in Details for the Audio Conference call:
Participants will receive conference access information only when they register for the conference via the link below:

Online Registration: http://emea.directeventreg.com/registration/6490408

Participants must register for the call using online registration. Upon registering, each participant will be provided with call details and a Registrant ID. Call reminder will also be sent to registered participants via email the day prior to the event.

Conference ID number: 6490408

About Shelf Drilling
Shelf Drilling is a leading international shallow water offshore drilling contractor with rig operations across the 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 its 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 may be 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, users of this information 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 March 31, 2021

	Three months ended March 31, 2021	Three months ended March 31, 2020	Twelve months ended March 31, 2021
Operating revenues – dayrate	$ 121.2	$ 171.9	$ 500.5
Operating revenues – others	6.1	4.0	21.3
Other revenues	2.4	5.5	11.7
Total revenues [1]	**$ 129.7**	**$ 181.4**	**$ 533.5**
Rig operating expenses	$ 65.5	$ 90.4	$ 281.1
Shore-based expenses	8.8	10.6	33.6
Total operating and maintenance expenses [2]	**$ 74.3**	**$ 101.0**	**$ 314.7**
Corporate G&A [3]	$ 9.9	$ 12.5	$ 34.2
(Reversal of) / provision for doubtful accounts, net	(1.8)	-	0.8
Share-based compensation expense, net of forfeitures [4]	0.9	0.8	4.3
Restructuring costs [5] in G&A	0.6	-	2.9
Total general & administrative expenses	**$ 9.6**	**$ 13.3**	**$ 42.2**
Other, net expense / (gain) [6]	(0.1)	(0.4)	1.2
EBITDA [7]	**$ 45.9**	**$ 67.5**	**$ 175.4**
Acquired rig reactivation costs [8]	-	0.1	0.7
Restructuring costs [5]	0.6	-	3.1
Total adjustments	0.6	0.1	3.8
Adjusted EBITDA [7]	**$ 46.5**	**$ 67.6**	**$ 179.2**
Adjusted EBITDA margin	**36%**	**37%**	**34%**
Operating Data:			
Average marketable rigs [9]	31.0	31.9	31.9
Average dayrate (in thousands) [10]	$ 56.3	$ 64.2	$ 56.6
Effective utilization [11]	77%	92%	76%
Capital expenditures and deferred costs:			
Regulatory and capital maintenance [12]	$ 7.6	$ 12.7	$ 39.7
Contract preparation [13]	3.6	1.4	17.0
Marketable rigs	$ 11.2	$ 14.1	$ 56.7
Fleet spares and others [14]	4.2	3.4	7.3
Sub-Total (excluding acquisitions)	$ 15.4	$ 17.5	$ 64.0
Rig acquisitions [15]	1.2	55.0	34.5
Total capital expenditures and deferred costs	**$ 16.6**	**$ 72.5**	**$ 98.5**

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, 2021	Three months ended March 31, 2020	Twelve months ended March 31, 2021
Cash payments for additions to property and equipment:	$ 14.1	$ 56.5	$ 69.4
Net change in accrued but unpaid additions to property and equipment	(6.6)	4.3	(10.1)
Total Capital expenditures	**$ 7.5**	**$ 60.8**	**$ 59.3**
Changes in deferred costs, net	$ (0.2)	$ (3.3)	$ (2.2)
Add: Amortization of deferred costs	9.3	15.0	41.4
Total deferred costs	**$ 9.1**	**$ 11.7**	**$ 39.2**
Total capital expenditures and deferred costs	**$ 16.6**	**$ 72.5**	**$ 98.5**

(In US$ millions, except rig numbers, average dayrate and effective utilization)
(percentages and figures may include rounding differences)

GAAP and Non-GAAP Financial Measures

The above Financial Report reflects certain US generally accepted accounting principles ("GAAP") and non-GAAP financial measures to evaluate the performance of our business. We believe the non-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 includes general & administrative expenses, excluding the (reversal of) / provision for doubtful accounts, share-based compensation expense and certain one-time expenses related to cost saving and restructuring measures.

(4) "Share-based compensation expense, net of forfeitures" is recognized as general and administrative expense in the consolidated statements of operations under GAAP.

(5) "Restructuring costs" represents certain one-time expenses related to cost saving and restructuring measures and third-party professional services.

(6) "Other, net expense / (gain)" as used herein is composed primarily of currency exchange loss / (gain), tax indemnities and certain vendor discounts.

(7) ''EBITDA'' as used herein represents revenue less: operating and maintenance expenses, Corporate G&A, (reversal of) / provision for doubtful accounts, share-based compensation expense, net of forfeitures and other, net, and excludes interest expense and financing charges, interest income, income taxes, depreciation, amortization, loss on impairment of assets and (gain) / loss on disposal of assets. ''Adjusted EBITDA'' as used herein represents EBITDA as adjusted for the exclusion of acquired rig reactivation costs and restructuring costs. 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 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 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 and financing charges, interest income, income tax expense (benefit), depreciation, 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.

(8) "Acquired rig reactivation costs" represent the expenditures accounted for as operating expenses in accordance with GAAP, which were incurred in connection with the reactivation of stacked or idle rigs acquired with the specific intention to reactivate and deploy.

(9) ''Marketable rigs'' are defined as the total number of rigs that are operating or are available to operate, which excludes rigs stacked and/or held for sale, rigs undergoing reactivation projects, rigs under non-drilling contracts and non-contracted newbuild rigs under construction.

(10) ''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, capital expenditure reimbursements, demobilization, recharges, bonuses and other revenues.

(11) ''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.

(12) "Regulatory and capital maintenance" includes major overhauls, regulatory costs, general upgrades and sustaining capital expenditures on rigs in operation.

(13) "Contract preparation" includes specific upgrade, mobilization and preparation costs associated with a customer contract.

(14) "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.

(15) "Rig acquisitions" include all capital expenditures and deferred costs associated with the acquisition and readiness projects for the Shelf Drilling Enterprise acquired in January 2020 and for two newbuild premium jack-up drilling rigs acquired in May 2019.