PRESS RELEASE
SHELF DRILLING
REPORTS SECOND QUARTER 2021 RESULTS

Dubai, UAE, August 12, 2021 – Shelf Drilling, Ltd. ("Shelf Drilling" and, together with its subsidiaries, the "Company", OSE: SHLF) announces results for the second quarter of 2021 ending June 30. The results highlights will be presented by audio conference call on August 12, 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 July 29, 2021 and on page 3 of this release.

David Mullen, Chief Executive Officer, commented: "*The series of steps taken since the beginning of the COVID-19 pandemic has ensured continuity of operations and improvement in our liquidity position. The recovery of oil prices since late 2020 is translating into improved demand for jack-up drilling services. In total, we have secured 13 new contracts or extensions on existing contracts adding 21 rig years of backlog thus far in 2021. We also continued our selective asset divestiture efforts to increase financial flexibility and reduce cost outlay for certain non-working rigs.*"

Mullen added: *"As we anticipated, EBITDA declined sequentially during the second quarter of 2021 following the completion of certain contracts in India and the Middle East. We also commenced projects to bring two rigs suspended in 2020 back into operation in the third quarter of 2021 and prepare four rigs for new contracts scheduled to commence in late 2021 or early 2022. With a stronger commodity price environment and our backlog position, we are very well positioned heading into 2022."*

Second Quarter Highlights

- Q2 2021 Revenues of $130.5 million, a 0.6% sequential increase compared to Q1 2021.
- Q2 2021 Adjusted EBITDA of $34.4 million, representing an Adjusted EBITDA Margin of 26%.
- Q2 2021 Net Loss of $22.6 million.
- Q2 2021 Capital Expenditures and Deferred Costs totaled $26.5 million.
- The Company's cash and cash equivalents balance at June 30, 2021 was $285.6 million.
- The Company's total debt at June 30, 2021 was $1.2 billion.
- Contract backlog of $1.6 billion at June 30, 2021 across 28 contracted rigs.
- In June 2021, the Company secured a one-year contract for the Shelf Drilling Tenacious in Angola with planned start-up of operations in January 2022. In June 2021, the Company secured a short-term contract for the Shelf Drilling Mentor in Congo also with planned start-up of operations in January 2022. Both rigs are expected to be mobilized to West Africa during the fourth quarter of 2021.
- In June 2021, the Company secured a contract for the Baltic for operations in Nigeria, which commenced in late June 2021 with an expected duration of approximately one year.
- In July 2021, the Company executed an agreement to sell the High Island VII for $4.2 million for non-drilling purposes.

Second Quarter Results

Revenues were $130.5 million in Q2 2021 compared to $129.7 million in Q1 2021. The $0.8 million (0.6%) sequential increase in revenues was primarily due to an increase in average earned dayrate, mainly due to increased activity for higher dayrate generating rigs. This increase was partially offset by a decrease in effective utilization to 71% in Q2 2021 from 77% in Q1 2021, primarily due to the completion of contracts for three rigs in India and one rig in Oman.

Total operating and maintenance expenses increased by $7.4 million (10%) in Q2 2021 to $81.7 million compared to $74.3 million in Q1 2021. The sequential increase was primarily due to higher maintenance and shipyard expenses for three rigs that are preparing for new contracts (India and Angola) and two rigs that were being prepared to return from suspension of operations (Italy and Saudi), partially offset by a reduction in expenses on idle rigs.

General and administrative expenses of $14.6 million in Q2 2021 increased by $5.0 million as compared to Q1 2021 of $9.6 million. General and administrative expenses in Q2 2021 included a $2.5 million provision for doubtful accounts compared to a $1.8 million reversal of provision recorded in Q1 2021. General and administrative expenses in Q2 2021 and Q1 2021 included $1.1 million and $0.9 million of non-cash share-based compensation expense, respectively.

Adjusted EBITDA for Q2 2021 was $34.4 million compared to $46.5 million for Q1 2021. The Adjusted EBITDA margin of 26% for Q2 2021 decreased from 36% in Q1 2021.

Capital expenditures and deferred costs of $26.5 million in Q2 2021 increased by $9.9 million from $16.6 million in Q1 2021. This increase was primarily due to increased shipyard activity in India and Saudi Arabia and the initial contract preparation work on the Shelf Drilling Tenacious.

Q2 2021 ending cash and cash equivalents balance of $285.6 million decreased by $1.7 million from $287.3 million at the end of Q1 2021.

The Quarterly Report, which includes the Condensed Consolidated Interim Financial Statements, and a corresponding slide presentation to address the results highlights for Q2 2021 are available on the Company's website.

For further queries, please contact:

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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/1198978

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: 1198978

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 June 30, 2021

	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020	Twelve months ended June 30, 2021
Operating revenues – dayrate	$ 121.1	$ 145.2	$ 242.3	$ 317.1	$ 476.3
Operating revenues – others	6.9	6.4	13.0	10.4	21.8
Other revenues	2.5	3.4	4.9	8.9	10.9
Total revenues (1)	**$ 130.5**	**$ 155.0**	**$ 260.2**	**$ 336.4**	**$ 509.0**
Rig operating expenses	$ 73.4	$ 74.6	$ 138.9	$ 165.0	$ 279.9
Shore-based expenses	8.3	8.3	17.1	18.9	33.6
Total operating and maintenance expenses (2)	**$ 81.7**	**$ 82.9**	**$ 156.0**	**$ 183.9**	**$ 313.5**
Corporate G&A (3)	$ 11.0	$ 7.2	$ 20.9	$ 19.6	$ 38.1
Provision for doubtful accounts, net	2.5	2.3	0.7	2.4	0.9
Share-based compensation expense, net of forfeitures (4)	1.1	1.1	2.0	1.9	4.2
Restructuring costs (5) in G&A	-	1.5	0.6	1.5	1.4
Total general & administrative expenses	**$ 14.6**	**$ 12.1**	**$ 24.2**	**$ 25.4**	**$ 44.6**
Other, net (gain) / expense (6)	(0.2)	0.3	(0.3)	(0.1)	0.8
EBITDA (7)	**$ 34.4**	**$ 59.7**	**$ 80.3**	**$ 127.2**	**$ 150.1**
Acquired rig reactivation costs (8)	-	0.1	-	0.2	0.5
Restructuring costs (5)	-	1.7	0.6	1.7	1.4
Total adjustments	-	1.8	0.6	1.9	1.9
Adjusted EBITDA (7)	**$ 34.4**	**$ 61.5**	**$ 80.9**	**$ 129.1**	**$ 152.0**
Adjusted EBITDA margin	**26%**	**40%**	**31%**	**38%**	30%
Operating Data:					
Average marketable rigs (9)	31.0	32.3	31.0	32.1	31.5
Average dayrate (in thousands) (10)	$ 60.1	$ 57.8	$ 58.2	$ 61.1	$ 57.2
Effective utilization (11)	71%	84%	74%	88%	72%
Capital expenditures and deferred costs:					
Regulatory and capital maintenance (12)	$ 17.2	$ 11.5	$ 24.8	$ 24.2	$ 45.5
Contract preparation (13)	7.1	1.9	10.7	3.3	22.2
Marketable rigs	$ 24.3	$ 13.4	$ 35.5	$ 27.5	$ 67.7
Fleet spares and others (14)	2.0	(0.2)	6.2	3.3	9.3
Sub-Total (excluding acquisitions)	$ 26.3	$ 13.2	$ 41.7	$ 30.8	$ 77.0
Rig acquisitions (15)	0.2	13.3	1.4	68.2	21.5
Total capital expenditures and deferred costs	**$ 26.5**	**$ 26.5**	**$ 43.1**	**$ 99.0**	**$ 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 June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020	Twelve months ended June 30, 2021
Cash payments for additions to property and	$ 7.7	$ 20.8	$ 21.8	$ 77.3	$ 56.3
Net change in accrued but unpaid additions to property	(2.9)	(0.6)	(9.5)	3.7	(12.4)
Total Capital expenditures	**$ 4.8**	**$ 20.2**	**$ 12.3**	**$ 81.0**	**$ 43.9**
Changes in deferred costs, net	$ 12.0	$ (3.4)	$ 11.8	$ (6.7)	$ 13.2
Add: Amortization of deferred costs	9.7	9.7	19.0	24.7	41.4
Total deferred costs	**$ 21.7**	**$ 6.3**	**$ 30.8**	**$ 18.0**	**$ 54.6**
Total capital expenditures and deferred costs	**$ 26.5**	**$ 26.5**	**$ 43.1**	**$ 99.0**	**$ 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.