PRESS RELEASE

SHELF DRILLING

REPORTS FOURTH QUARTER 2021 RESULTS

Dubai, UAE, February 28, 2022 – Shelf Drilling, Ltd. ("Shelf Drilling" and, together with its subsidiaries, the "Company", OSE: SHLF) announces results for the fourth quarter and full year of 2021 ending December 31. The results highlights will be presented by audio conference call on February 28, 2022 at 6:00 pm Dubai time / 3:00 pm Oslo time. Dial-in details for the call are included in the press release posted on February 18, 2022 and on page 3 of this release.

David Mullen, Chief Executive Officer, commented: *"During the fourth quarter of 2021, our EBITDA increased sequentially by 28% to $43.5 million, primarily due to a rise in revenue. We have successfully completed a period with a high concentration of out-of-service projects, and three additional rigs commenced new contracts in January, which we expect to drive further improvements in EBITDA in 2022."*

Mullen added: *"Our marketing momentum continued in the fourth quarter with long-term contract extensions in India, Italy and Thailand. As of December 31, 2021, our contract backlog was $1.7 billion with 28 of our 30 rigs under contract, representing a marketed utilization of 93%. We firmly believe that the worst of the pandemic's impacts are now behind us and anticipate that the current oil and gas price environment and improving rig supply and demand balance will lead dayrates higher in the months ahead. Shelf Drilling's unique platform, customer relationships and track record of outstanding operational performance will position us strongly as the jack-up market continues to recover."*

Fourth Quarter Highlights

- Q4 2021 Revenues of $136.1 million, a 4.5% sequential increase compared to Q3 2021.
- Q4 2021 Adjusted EBITDA of $43.5 million, representing an Adjusted EBITDA Margin of 32%.
- Full Year 2021 Revenue of $526.6 million and Adjusted EBITDA of $158.3 million. Adjusted EBITDA Margin was 30%.
- Q4 2021 Net Loss of $17.2 million. Full Year Net loss of $78.6 million.
- Q4 2021 Capital Expenditures and Deferred Costs totaled $33.7 million, primarily impacted by the contract preparation project on the Shelf Drilling Tenacious. Full Year 2021 Capital Expenditures and Deferred Costs were $113.1 million.
- The Company's cash and cash equivalents balance at December 31, 2021 was $232.3 million.
- The Company's total debt at December 31, 2021 was $1.2 billion.
- Contract backlog was $1.7 billion at December 31, 2021 across 28 contracted rigs.

Fourth Quarter Results

Revenues were $136.1 million in Q4 2021 compared to $130.3 million in Q3 2021. The $5.8 million (4.5%) sequential increase in revenues was primarily due to higher effective utilization. Effective utilization increased to 74% in Q4 2021 from 68% in Q3 2021, mostly due to the start-up of new three-year contracts for two rigs in India and the return to operations for the full quarter of two rigs in Saudi Arabia, partially offset by contract preparation for one rig in India. Average earned dayrate decreased marginally to $62.9 thousand in Q4 2021 from $63.0 thousand in Q3 2021.

Total operating and maintenance expenses decreased by $1.0 million (1.2%) in Q4 2021 to $83.5 million compared to $84.5 million in Q3 2021. The sequential decrease primarily included lower contract preparation expenses for two rigs in India that started new three-year contracts in Q3 or Q4 2021 and for one rig in Angola which commenced operations in Q1 2022 and lower expenses for one rig that was divested during Q3 2021, partially offset by higher contract preparation expenses for one rig which started a new contract in Congo in Q1 2022.

General and administrative expenses of $10.2 million in Q4 2021 decreased by $1.8 million as compared to $12.0 million in Q3 2021, primarily due to lower personnel costs in Q4 2021 as compared to Q3 2021. General and administrative expenses in Q4 2021 and Q3 2021 included $0.6 million and $0.7 million of non-cash share-based compensation expense, respectively.

Adjusted EBITDA for Q4 2021 was $43.5 million compared to $33.9 million for Q3 2021. The Adjusted EBITDA margin of 32% for Q4 2021 increased from 26% in Q3 2021.

Capital expenditures and deferred costs of $33.7 million in Q4 2021 decreased by $2.6 million from $36.3 million in Q3 2021. This decrease was primarily due to the completion of planned out-of-service projects for two rigs in Saudi Arabia prior to their return to operation and for one rig in Angola which commenced operations in Q1 2022, partly offset by higher contract preparation expenditures for two rigs in India which started operations in November 2021 and January 2022.

Q4 2021 ending cash and cash equivalents balance of $232.3 million decreased by $19.0 million from $251.3 million at the end of Q3 2021 primarily due to the funding of capital expenditures.

The Form 10-K Equivalent, which includes the Consolidated Interim Financial Statements, and a corresponding slide presentation to address the results highlights for Q4 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/5979601

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: 5979601

About Shelf Drilling
Shelf Drilling is a leading international shallow water offshore drilling contractor providing services and equipment for the drilling, completion, maintenance and decommissioning of oil and natural gas wells and with rig operations across the Middle East, North Africa and the Mediterranean, Southeast Asia, India and West Africa. 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

SHELF DRILLING

Financial Report for the Period Ended December 31, 2021

	Three months ended December 31, 2021	Three months ended December 31, 2020	Twelve months ended December 31, 2021	Twelve months ended December 31, 2020
Operating revenues – dayrate	$ 128.9	$ 113.1	$ 491.0	$ 551.2
Operating revenues – others	4.0	4.6	24.1	19.2
Other revenues	3.2	3.6	11.5	14.8
Total revenues (1)	**$ 136.1**	**$ 121.3**	**$ 526.6**	**$ 585.2**
Rig operating expenses	$ 75.7	$ 70.1	$ 290.5	$ 306.0
Shore-based expenses	7.8	8.5	33.5	35.4
Total operating and maintenance expenses (2)	**$ 83.5**	**$ 78.6**	**$ 324.0**	**$ 341.4**
Corporate G&A (3)	$ 9.7	$ 9.4	$ 41.8	$ 36.8
Provision for / (reversal of provision for) credit losses, net	(0.1)	-	0.7	2.6
Share-based compensation expense, net of forfeitures (4)	0.6	1.1	3.3	4.2
Restructuring costs (5) in G&A	-	0.6	0.6	2.3
Total general & administrative expenses	**$ 10.2**	**$ 11.1**	**$ 46.4**	**$ 45.9**
Other, net (gain) / expense (6)	(1.1)	0.8	(1.5)	0.9
EBITDA (7)	**$ 43.5**	**$ 30.8**	**$ 157.7**	**$ 197.0**
Acquired rig reactivation costs (8)	-	0.4	-	0.8
Restructuring costs (5)	-	0.6	0.6	2.5
Total adjustments	-	1.0	0.6	3.3
Adjusted EBITDA (7)	**$ 43.5**	**$ 31.8**	**$ 158.3**	**$ 200.3**
Adjusted EBITDA margin	**32%**	**26%**	**30%**	**34%**
Operating Data:				
Average marketable rigs (9)	30.0	31.9	30.6	32.1
Average dayrate (in thousands) (10)	$ 62.9	$ 55.8	$ 60.5	$ 58.9
Effective utilization (11)	74%	69%	73%	80%
Capital expenditures and deferred costs:				
Regulatory and capital maintenance (12)	$ 22.2	$ 9.3	$ 67.3	$ 44.8
Contract preparation (13)	7.1	6.8	28.7	14.8
Marketable rigs	$ 29.3	$ 16.1	$ 96.0	$ 59.6
Fleet spares and others (14)	4.3	2.6	15.6	6.5
Sub-Total (excluding acquisitions)	$ 33.6	$ 18.7	$ 111.6	$ 66.1
Rig acquisitions (15)	0.1	10.2	1.5	88.3
Total capital expenditures and deferred costs	**$ 33.7**	**$ 28.9**	**$ 113.1**	**$ 154.4**

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 2021	Three months 2020	Twelve months 2021	Twelve months 2020
Cash payments for additions to property and equipment:	$ 16.4	$ 16.8	$ 45.9	$ 111.8
Net change in accrued but unpaid additions to property and	(1.4)	(0.6)	(5.8)	0.8
Total Capital expenditures	**$ 15.0**	**$ 16.2**	**$ 40.1**	**$ 112.6**
Changes in deferred costs, net	$ 7.4	$ (0.2)	$ 34.1	$ (5.3)
Add: Amortization of deferred costs	11.3	12.9	38.9	47.1
Total deferred costs	**$ 18.7**	**$ 12.7**	**$ 73.0**	**$ 41.8**
Total capital expenditures and deferred costs	**$ 33.7**	**$ 28.9**	**$ 113.1**	**$ 154.4**

(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) / provision for credit losses, net, 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 credit losses, 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, but excluding stacked rigs and rigs under contract for activities other than drilling or plug and abandonment services, as applicable.

(10) ''Average dayrate'' is defined as the average contract dayrate earned by marketable rigs over the reporting period excluding 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 rigs could have generated dayrate revenues.

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

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

(14) "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 expenditures.

(15) "Rig acquisitions" includes 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 rigs acquired in May 2019.