PRESS RELEASE
SHELF DRILLING
REPORTS SECOND QUARTER 2022 RESULTS

Dubai, UAE, August 11, 2022 – Shelf Drilling, Ltd. ("Shelf Drilling" and, together with its subsidiaries, the "Company", OSE: SHLF) announces results for the second quarter of 2022 ending June 30. The results highlights will be presented by audio conference call on August 11, 2022 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 August 5, 2022 and on page 3 of this release.

David Mullen, Chief Executive Officer, commented: "*Since the beginning of the year, Shelf Drilling has continued to deliver safe, reliable, and efficient operations to our customers, with a year-to-date uptime performance of 99.5%. During the second quarter of 2022, our revenue and EBITDA were impacted as anticipated by a lower effective utilization in Southeast Asia where three of our rigs were under contract preparation for most of the quarter.*"

Mullen added: *"The outlook for our industry remains very constructive with the backdrop of strong oil and gas prices as supply and energy security concerns persist. We continue to see an improving market with a notable increase in tendering and marketing activity across all our geographic regions. We signed new long-term contracts in recent months in the Middle East and India at higher dayrate levels, which helped contribute to growth in our backlog, and we expect to see further pricing momentum in the quarters ahead. In the last quarter, we signed agreements to acquire six high specification jack-ups. The first rig, the Shelf Drilling Victory, was acquired in July 2022, and the completion for the remaining five rigs is expected to take place in October 2022. We believe that these transformational and strategic fleet additions will position Shelf Drilling well to capitalize on the improving outlook in our sector."*

Second Quarter Highlights

- Q2 2022 Revenues of $150.7 million, a 3.4% sequential decrease compared to Q1 2022.
- Q2 2022 Adjusted EBITDA of $49.0 million, representing an Adjusted EBITDA Margin of 33%.
- Q2 2022 Net loss of $16.7 million.
- Q2 2022 Capital Expenditures and Deferred Costs totaled $33.1 million.
- The Company's cash and cash equivalents balance at June 30, 2022 was $219.9 million.
- The Company's total debt at June 30, 2022 was $1.2 billion.
- Contract backlog was $1.8 billion at June 30, 2022 across 28 contracted rigs, up from $1.7 billion at March 31, 2022.
- In June 2022, the Company announced the acquisition of one premium jack-up drilling rig, the Shelf Drilling Victory, from a third party for $30.0 million and completed the acquisition in July 2022.
- In June 2022, the Company announced the acquisition of five premium jack-up drilling rigs from Noble Corporation for $375.0 million (the "Acquisition") with completion expected in October 2022.

Second Quarter Results

Revenues were $150.7 million in Q2 2022 compared to $156.0 million in Q1 2022. The $5.3 million (3.4%) sequential decrease in revenues was primarily due to lower effective utilization. Effective utilization decreased to 78% in Q2 2022 from 85% in Q1 2022, mostly due to the contract preparation projects for two rigs in Thailand and one rig in Vietnam and a planned shipyard for one rig in Saudi Arabia. Average earned dayrate increased modestly to $62.6 thousand in Q2 2022 from $61.8 thousand in Q1 2022.

Total operating and maintenance expenses increased by $3.6 million (4.2%) in Q2 2022 to $89.1 million compared to $85.5 million in Q1 2022. The sequential increase primarily included higher operating costs for one rig in Angola that was fully operating in Q2 2022 and higher maintenance and shipyard expenses for one rig which was preparing for a new contract in Thailand.

General and administrative expenses of $14.3 million in Q2 2022 increased by $1.8 million as compared to $12.5 million in Q1 2022, primarily due to certain one-time costs incurred during the current period related to the Acquisition.

Adjusted EBITDA for Q2 2022 was $49.0 million compared to $58.2 million for Q1 2022. The Adjusted EBITDA margin of 33% for Q2 2022 decreased from 37% in Q1 2022.

Capital expenditures and deferred costs of $33.1 million in Q2 2022 increased by $10.2 million from $22.9 million in Q1 2022. This increase was primarily due to higher spending for two rigs in Thailand which commenced new contracts in July 2022 and one rig in India which started operations in late June 2022, higher planned maintenance and shipyard costs for two rigs in Saudi Arabia and higher spending on fleet spares in Q2 2022, partly offset by the lower spending for one rig in Angola that started operations in Q1 2022.

Q2 2022 ending cash and cash equivalents balance of $219.9 million increased by $5.5 million from $214.4 million at the end of Q1 2022 primarily due to the $48.5 million net cash proceeds from the issuance of common shares, mostly offset by the $43.5 million deposits paid related to the Acquisition and the Shelf Drilling Victory, which was delivered in July 2022.

The Form 10-Q Equivalent, which includes the Consolidated Interim Financial Statements, and a corresponding slide presentation to address the results highlights for Q2 2022 are available on the Company's website.

For further queries, please contact:

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Dial in Details for the Audio Conference call:

To join the conference call, please use one of the following numbers.

• USA: +1 (0) 760 294 16 74

• UK: +44 (0) 203 059 58 69

• Norway: +47 21984292

• UAE: 800 0178 796 (accessible via landline only)

Additional international numbers are available here.

About Shelf Drilling

Shelf Drilling is a leading international shallow water offshore 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.

Financial Report for the Period Ended June 30, 2022

	Three months ended		Six months ended		Twelve months ended
	June 30, 2022	March 31, 2022	June 30, 2022	June 30, 2021	June 30, 2022
Operating revenues – dayrate	$ 133,529	$ 141,368	$ 274,897	$ 242,259	$ 523,646
Operating revenues – others	12,640	9,180	21,820	13,087	32,794
Other revenues	4,505	5,472	9,977	4,901	16,573
Total revenues (1)	**$ 150,674**	**$ 156,020**	**$ 306,694**	**$ 260,247**	**$ 573,013**
Rig operating expenses	80,136	76,501	156,637	138,889	308,242
Shore-based expenses	8,916	8,980	17,896	17,135	34,261
Total operating and maintenance expenses (2)	**$ 89,052**	**$ 85,481**	**$ 174,533**	**$ 156,024**	**$ 342,503**
Corporate G&A (3)	$ 12,158	$ 11,847	$ 24,005	$ 20,967	$ 44,840
Provision for credit losses, net	32	33	65	661	79
Share-based compensation expense, net of forfeitures (4)	631	624	1,255	1,991	2,609
One-time corporate transaction costs (5) in G&A	1,474	—	1,474	585	1,474
Total general & administrative expenses	**$ 14,295**	**$ 12,504**	**$ 26,799**	**$ 24,204**	**$ 49,002**
Other, net expense (6)	209	138	347	285	1,610
EBITDA (7)	**$ 47,536**	**$ 58,173**	**$ 105,709**	**$ 80,304**	**$ 183,118**
One-time corporate transaction costs (5)	1,474	—	1,474	585	1,474
Adjusted EBITDA (7)	**$ 49,010**	**$ 58,173**	**$ 107,183**	**$ 80,889**	**$ 184,592**
Adjusted EBITDA margin	**33%**	**37%**	**35%**	**31%**	**32%**
Operating Data:					
Average marketable rigs (8)	30.0	30.0	30.0	31.0	30.1
Average dayrate (in thousands) (9)	$ 62.6	$ 61.8	$ 62.2	$ 58.2	$ 62.6
Effective utilization (10)	78%	85%	81%	74%	76%
Capital expenditures and deferred costs:					
Regulatory and capital maintenance (11)	$ 17,280	$ 16,074	$ 33,354	$ 24,797	$ 75,878
Contract preparation (12)	12,649	6,659	19,308	10,763	37,255
Marketable rigs	$ 29,929	$ 22,733	$ 52,662	$ 35,560	$ 113,133
Fleet spares and others (13)	3,138	186	3,324	6,165	12,787
Sub-Total (excluding acquisitions)	$ 33,067	$ 22,919	$ 55,986	$ 41,725	$ 125,920
Rig acquisitions (14)	30	—	30	1,380	112
Total capital expenditures and deferred costs	**$ 33,097**	**$ 22,919**	**$ 56,016**	**$ 43,105**	**$ 126,032**

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:	$ 9,605	$ 8,032	$ 17,637	$ 21,822	$ 41,667
Net change in accrued but unpaid additions to property and equipment	(394)	(582)	(976)	(9,500)	2,772
Total Capital expenditures	**$ 9,211**	**$ 7,450**	**$ 16,661**	**$ 12,322**	**$ 44,439**
Changes in deferred costs, net	$ 10,204	$ 192	$ 10,396	$ 11,805	$ 32,682
Add: Amortization of deferred costs	13,682	15,277	28,959	18,978	48,911
Total deferred costs	**$ 23,886**	**$ 15,469**	**$ 39,355**	**$ 30,783**	**$ 81,593**
Total capital expenditures and deferred costs	**$ 33,097**	**$ 22,919**	**$ 56,016**	**$ 43,105**	**$ 126,032**

(In US$ thousands, 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 provision for / (reversal of provision for) credit losses, net, share-based compensation expense and restructuring costs.

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

(5) "One-time corporate transaction costs" represents certain one-time third-party professional services.

(6) "Other, net expense" 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, provision for / (reversal of provision for) credit losses, net, share-based compensation expense, net of forfeitures and other, net expense, and excludes interest expense and financing charges, interest income, income taxes, depreciation, amortization and (gain) / loss on disposal of assets. ''Adjusted EBITDA'' as used herein represents EBITDA as adjusted for the exclusion of 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) ''Marketable rigs'' consist of all of our rigs that are operating or are available to operate, but excluding stacked rigs, rigs under contract for activities other than drilling, plug and abandonment or associated services, as applicable.

(9) ''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.

(10) ''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.

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

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

(13) "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.

(14) "Rig acquisitions" includes transaction costs for the acquisition of the Shelf Drilling Victory delivered in July 2022 and capital expenditures and deferred costs associated with the acquisition and readiness projects and the Shelf Drilling Enterprise acquired in January 2020.