PRESS RELEASE

SHELF DRILLING

REPORTS FOURTH QUARTER 2022 RESULTS

Dubai, UAE, March 20, 2023 – Shelf Drilling, Ltd. ("Shelf Drilling" and, together with its subsidiaries, the "Company", OSE: SHLF) announces results for the fourth quarter and full year of 2022 ending December 31. The results highlights will be presented by audio conference call on March 20, 2023 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 March 13, 2023 and on page 3 of this release.

David Mullen, Chief Executive Officer, commented: "*During the fourth quarter of 2022, our EBITDA increased 14% sequentially to $75 million, mainly due to the integration of the five premium harsh environment jack-ups acquired in October 2022. This acquisition, combined with continued strong operational performance across the fleet, allowed us to conclude a very positive year for the Company, and I would like to thank the entire Shelf Drilling team for their contributions.*"

Mullen added: "*Our tendering and marketing activity continued to build positive momentum in the fourth quarter with long-term contracts and contract extensions in the Arabian Gulf, Angola, Italy and India. Our backlog was $2.7 billion with 35 of our 36 rigs under contract as of December 31, 2022. The recent awards in West Africa will drive further growth in our backlog in the first quarter of 2023. After several challenging years, the industry has reached an inflection point. With a constructive backdrop for oil and gas and a shortage of rig capacity, I expect to see a multi-year upcycle in the jack-up market. The actions taken in 2022 to transform our fleet have positioned us well to take full advantage of the improving fundamentals. Our strong customer relations and unique operating platform, combined with the dedication and commitment of our people, are key factors that will enable us to deliver outstanding value to all of our stakeholders.*"

Fourth Quarter Highlights

- Q4 2022 adjusted revenues of $214.6 million, a 29% sequential increase compared to Q3 2022, including $41.2 million adjusted revenues from Shelf Drilling (North Sea), Ltd. ("SDNS").
- Q4 2022 adjusted EBITDA of $75.5 million, representing an adjusted EBITDA margin of 35%, including $17.0 million adjusted EBITDA from SDNS.
- Full year 2022 adjusted revenues of $687.6 million and adjusted EBITDA of $248.6 million. Adjusted EBITDA margin was 36%.
- Q4 2022 net loss attributable to controlling interest of $1.4 million.
- Capital expenditures and deferred costs totaled $471.3 million during Q4 2022, including $419.7 million at SDNS, which mainly consisted of the recorded acquisition cost of $417.7 million for five premium, harsh environment jack-up rigs in October 2022. The remaining balance of $51.6 million in Q4 2022 included $23.8 million associated with rig acquisitions.
- The Company's cash and cash equivalents balance at December 31, 2022 was $140.8 million.
- The Company's total debt at December 31, 2022 was $1.4 billion.
- Contract backlog was $2.7 billion at December 31, 2022 across 35 contracted rigs.

Subsequent Events Highlights

- In February 2023, the Company completed the issuance of 17.6 million common shares resulting in net proceeds of $43.8 million. The net proceeds will be used for general corporate purposes, including capex requirements associated with multiple recent long-term contract awards.
- Subsequent to December 31, 2022, the Company secured the following new awards:
  - Five total rig years added across three standard jack-up rigs in India and Egypt (Trident II, Trident 16 and Rig 141) for a total backlog addition of $111 million.
  - Shelf Drilling Scepter awarded a two-year contract in Nigeria expected to commence in May 2023 for total contract value of $118 million including mobilization revenue.

Fourth Quarter Results

Adjusted revenues were $214.6 million in Q4 2022 compared to $166.3 million in Q3 2022. The $48.3 million (29%) sequential increase in adjusted revenues was due to the SDNS acquired rigs, higher effective utilization and strengthening dayrates.

Effective utilization increased to 86% in Q4 2022 from 85% in Q3 2022, mainly due to the SDNS acquired rigs in the North Sea and Qatar and the return to operations for two rigs (one in Thailand and one in West Africa) in the latter part of 2022, partly offset by contract preparation for two rigs in India which started new three-year contracts in Q1 2023.

Average earned dayrate increased to $66.7 thousand in Q4 2022 from $62.0 thousand in Q3 2022.

Operating and maintenance expenses increased by $33.5 million (38%) in Q4 2022 to $122.3 million compared to $88.8 million in Q3 2022. The sequential increase primarily included higher operating and maintenance expenses of $19.7 million for the recently SDNS acquired rigs. The remaining increase of $13.7 million is mainly due to higher operating expenses for one rig in Ghana that started a new contract in October 2022, higher expenses for a rig expected to commence its new five year contract in April 2023 in the Arabian Gulf and higher maintenance and mobilization expenses across the fleet, including contract preparation expenses for two rigs in India and one rig mobilizing to Italy expected to commence a new contract in June 2023 .

General and administrative expenses of $17.5 million in Q4 2022 increased by $4.5 million as compared to $12.9 million in Q3 2022, primarily due to higher personnel costs and certain one-time costs incurred for the SDNS acquired rigs in Q4 2022 compared to Q3 2022.

Adjusted EBITDA for Q4 2022 was $75.5 million compared to $65.8 million for Q3 2022, including $17.0 million from SDNS. The Adjusted EBITDA margin of 35% for Q4 2022 decreased from 40% in Q3 2022.

Capital expenditures and deferred costs of $471.3 million in Q4 2022 increased by $411.5 million from $59.9 million in Q3 2022. This increase was primarily explained by $417.7 million for the acquisition of five jack-ups by SDNS, $4.4 million higher spending across the rest of the fleet mainly related to the commencement of a new contract preparation project for the Harvey H. Ward, partially offset by $10.4 million lower rig readiness expenditures for the Shelf Drilling Victory acquired in Q3 2022. Both Harvey H. Ward and Shelf Drilling Victory are expected to start new long-term contracts in the Arabian Gulf in April 2023.

Q4 2022 ending cash and cash equivalents balance of $140.8 million decreased by $16.1 million from $156.9 million at the end of Q3 2022 mainly due to the completion of the acquisition of the five high-specification jack-up rigs from Noble.

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

Participants will receive conference access information only when they register for the conference via the link below:

Online Registration: https://register.vevent.com/register/BI5df08307e8384c8490919022747e7af2

Participants must register for the call using online registration. Upon registering, each participant will be provided with call details.

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, Mediterranean and North Sea. 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 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 December 31, 2022

	Three months ended		Twelve months ended	
	December 31, 2022	September 30, 2022	December 31, 2022	December 31, 2021
Operating revenues – dayrate	$ 177,538	$ 145,943	$ 598,378	$ 491,008
Operating revenues – others	18,625	15,696	56,141	24,061
Other revenues	18,466	4,659	33,102	11,497
Adjusted revenues (1)	**$ 214,629**	**$ 166,298**	**$ 687,621**	**$ 526,566**
Amortization of intangible liability (2)	7,600	—	7,600	—
Revenues (3)	**$ 222,229**	**$ 166,298**	**$ 695,221**	**$ 526,566**
Rig operating expenses	$ 110,039	$ 79,793	$ 346,469	$ 290,494
Shore-based expenses	12,258	9,052	39,206	33,500
Operating and maintenance expenses (4)	**$ 122,297**	**$ 88,845**	**$ 385,675**	**$ 323,994**
Corporate G&A (5)	$ 15,477	$ 12,161	$ 51,643	$ 41,802
Provision for credit losses, net	582	95	742	675
Share-based compensation expense, net of forfeitures (6)	674	637	2,566	3,345
One-time corporate transaction costs (7)	754	52	2,280	585
General & administrative expenses	**$ 17,487**	**$ 12,945**	**$ 57,231**	**$ 46,407**
Other, net (income) expense (8)	(69)	1,287	1,565	1,548
EBITDA (9)	**$ 74,776**	**$ 65,795**	**$ 246,280**	**$ 157,713**
One-time corporate transaction costs (7)	754	52	2,280	585
Adjusted EBITDA (9)	**$ 75,530**	**$ 65,847**	**$ 248,560**	**$ 158,298**
Adjusted EBITDA margin (9)	**35%**	**40%**	**36%**	**30%**
Operating Data:				
Average marketable rigs (10)	33.8	30.0	31.0	30.6
Average dayrate (in thousands) (11)	$ 66.7	$ 62.0	$ 63.4	$ 60.5
Effective utilization (12)	86%	85%	83%	73%
Capital expenditures and deferred costs:				
Regulatory and capital maintenance (13)	$ 20,117	$ 12,613	$ 66,084	$ 67,321
Contract preparation (14)	7,635	5,756	32,699	28,710
Marketable rigs	$ 27,752	$ 18,369	$ 98,783	$ 96,031
Fleet spares, transition costs and others (15)	2,049	6,679	12,052	15,628
Sub-Total (excluding acquisitions)	$ 29,801	$ 25,048	$ 110,835	$ 111,659
Rig acquisitions (16)	441,529	34,817	476,376	1,462
Capital expenditures and deferred costs	**$ 471,330**	**$ 59,865**	**$ 587,211**	**$ 113,121**

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:	$ 391,939	$ 44,083	$ 453,659	$ 45,852
Non-cash increase to fair value of rigs in the acquisition	42,678	—	42,678	—
Net change in accrued but unpaid additions to property and equipment	16,309	(101)	15,232	(5,752)
Capital expenditures	**$ 450,926**	**$ 43,982**	**$ 511,569**	**$ 40,100**
Changes in deferred costs, net	3,028	(2,087)	11,337	34,091
Add: Amortization of deferred costs	17,376	17,970	64,305	38,930
Deferred costs	**$ 20,404**	**$ 15,883**	**$ 75,642**	**$ 73,021**
Capital expenditures and deferred costs	**$ 471,330**	**$ 59,865**	**$ 587,211**	**$ 113,121**

(In US$ thousands, except rig numbers, average dayrate and effective utilization)

(percentages and figures may include rounding differences)

SHELF DRILLING

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) "Adjusted Revenues" as used herein is defined as revenues less the amortization of intangible liability. Adjusted revenues provide investors with a financial measure used in our industry to better evaluate our results without regard to non-cash amortization of intangible liability.

(2) "Amortization of intangible liability" is defined as the amortization of the intangible liability related to existing drilling contracts for future contract drilling services in connection with the acquisition of five jack-up rigs from Noble. The terms of these contracts included fixed dayrates that were below the market dayrates that were estimated to be available for similar contracts as of the date of the acquisition of five jack-up rigs from Noble. This amortization is recorded in the operating revenues line item in the consolidated statements of operations.

(3) ''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 and (d) amortization of intangible liability.

(4) "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.

(5) "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, third-party professional services and certain costs related to acquisitions..

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

(7) "One-time corporate transaction costs" represents certain one-time expenses related to cost saving and restructuring measures, third-party professional services and certain costs related to acquisitions.

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

(9) ''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 amortization of intangible liability, 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 amortization of acquired rig reactivation costs and one-time corporate transaction costs. "Adjusted EBITDA margin" as used herein represents Adjusted EBITDA divided by adjusted revenues. 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 Adjusted Revenues, 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 Adjusted Revenues, 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.

(10) ''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.

(11) ''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.

(12) ''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.

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

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

(15) "Fleet Spares, transition costs 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, (ii) costs related to recently acquired rigs and (ii) office and infrastructure expenditures.

(16) "Rig acquisitions" primarily includes capital expenditures and deferred costs associated with the acquisition of five jack-up rigs from Noble and the Shelf Drilling Victory acquisition and readiness projects.