PRESS RELEASE
SHELF DRILLING
REPORTS THIRD QUARTER 2022 RESULTS

Dubai, UAE, November 10, 2022 – Shelf Drilling, Ltd. ("Shelf Drilling" and, together with its subsidiaries, the "Company", OSE: SHLF) announces results for the third quarter of 2022 ending September 30. The results highlights will be presented by audio conference call on November 10, 2022 at 5:00 pm Dubai time / 2:00 pm Oslo time. Dial-in details for the call are included in the press release posted on November 7, 2022 and on page 3 of this release.

David Mullen, Chief Executive Officer, commented: *"Our results in the third quarter of 2022 reflected a significant sequential improvement in revenue and EBITDA following a quarter with a high concentration of out-of-service projects."*

Mullen added: *"The acquisitions of the Shelf Drilling Victory in July and the five premium, harsh environment jack-ups in October represent a transformational and strategic development for Shelf Drilling. We have enhanced our fleet composition through the addition of six highly capable rigs, strengthened our leading position in the Middle East and established a major presence in the North Sea. Oil and gas prices remain elevated over prior years and provide a very constructive backdrop for jack-up activity. The Middle East is driving demand in the jack-up sector, and I expect market fundamentals to remain strong and drive further dayrate momentum in 2023 and beyond. We remain focused on delivering efficient and incident free operations to our customers and believe we are very well positioned to maximize future earnings and cash generation."*

Third Quarter Highlights

- Q3 2022 Revenues of $166.3 million, a 10.4% sequential increase compared to Q2 2022.
- Q3 2022 Adjusted EBITDA of $65.8 million, representing an adjusted EBITDA margin of 40%.
- Q3 2022 Net loss of $6.0 million.
- Q3 2022 Capital expenditures and deferred costs totaled $59.9 million, including $34.7 million associated with rig acquisitions, primarily relating to the purchase of the Shelf Drilling Victory in July 2022.
- The Company's cash and cash equivalents balance at September 30, 2022 was $156.9 million.
- The Company's total debt at September 30, 2022 was $1.4 billion.
- Contract backlog was $1.7 billion at September 30, 2022 across 28 contracted rigs.
- On October 5, 2022, Shelf Drilling (North Sea), Ltd ("SDNS") completed the acquisition of five premium, harsh environment jack-up rigs, related contracts, support and infrastructure from Noble Corporation for $375.0 million (the "Acquisition").
- Subsequent to September 30, 2022, the Company has secured the following awards:
  - Two-year contract extension for Noble Sam Turner (to be renamed Shelf Drilling Winner) jack-up rig in direct continuation of its current contract in Denmark.
  - Five-year contract for the recently acquired premium jack-up rig Shelf Drilling Victory for operations in Arabian Gulf, which is expected to commence in late-March 2023.

Third Quarter Results

Revenues were $166.3 million in Q3 2022 compared to $150.7 million in Q2 2022. The $15.6 million (10.4%) sequential increase in revenues was primarily due to higher effective utilization. Effective utilization increased to 85% in Q3 2022 from 78% in Q2 2022 as one rig in India, one rig in Saudi Arabia and two rigs in Thailand started contracts in late June 2022 and July 2022. Average earned dayrate decreased modestly to $62.0 thousand in Q3 2022 from $62.6 thousand in Q2 2022.

Total operating and maintenance expenses of $88.8 million in Q3 2022 were substantially similar to $89.1 million in Q2 2022. Lower operating costs for the Shelf Drilling Scepter following completion of its contract in Vietnam, and lower shipyard and maintenance expenses primarily for the Shelf Drilling Chaophraya in Thailand and High Island V in Saudi Arabia following completion of out-of-service projects, were offset by increases across the rest of the fleet.

General and administrative expenses of $12.9 million in Q3 2022 decreased by $1.4 million as compared to $14.3 million in Q2 2022, primarily due to certain one-time costs incurred for the Acquisition in the prior period.

Adjusted EBITDA for Q3 2022 was $65.8 million compared to $49.0 million for Q2 2022. The adjusted EBITDA margin of 40% for Q3 2022 increased from 33% in Q2 2022.

Capital expenditures and deferred costs of $59.9 million in Q3 2022 increased by $26.8 million from $33.1 million in Q2 2022. This increase was related to rig acquisitions, primarily the purchase of the Shelf Drilling Victory in July 2022 and commencement of the reactivation project for the rig, and higher spending in fleet spares. This was partially offset by lower spending for one rig in India, which commenced a new contract in late June 2022, and two rigs in Saudi Arabia.

Q3 2022 ending cash and cash equivalents balance of $156.9 million decreased by $62.9 million from $219.9 million at the end of Q2 2022 primarily due to the acquisition of the premium jack-up rig Shelf Drilling Victory, higher interest payments and increase in working capital in Q3 2022 as compared to Q2 2022.

The Form 10-Q Equivalent, which includes the Condensed Consolidated Interim Financial Statements, and a corresponding slide presentation to address the results highlights for Q3 2022 are available on the Company's website.

For further queries, please contact:

Greg O'Brien, Executive Vice President and Chief Financial Officer
Shelf Drilling, Ltd.
Tel.: +971 4567 3616
Email : greg.obrien@shelfdrilling.com

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/BI39b5d54b15ab4fdab5fc3342588fe6eb

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

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 September 30, 2022

	Three months ended		Nine months ended		Twelve months ended
	September 30, 2022	June 30, 2022	September 30, 2022	September 30, 2021	September 30, 2022
Operating revenues – dayrate	$ 145,943	$ 133,529	$ 420,840	$ 362,064	$ 549,784
Operating revenues – others	15,696	12,640	37,516	20,115	41,462
Other revenues	4,659	4,505	14,636	8,329	17,804
Total revenues [1]	**$ 166,298**	**$ 150,674**	**$ 472,992**	**$ 390,508**	**$ 609,050**
Rig operating expenses	79,793	80,136	236,430	214,843	312,081
Shore-based expenses	9,052	8,916	26,948	25,659	34,789
Total operating and maintenance expenses [2]	**$ 88,845**	**$ 89,052**	**$ 263,378**	**$ 240,502**	**$ 346,870**
Corporate G&A [3]	$ 12,161	$ 12,158	$ 36,166	$ 32,107	$ 45,861
Provision for credit losses, net	95	32	160	781	54
Share-based compensation expense, net of forfeitures [4]	637	631	1,892	2,743	2,494
One-time corporate transaction costs [5] in G&A	52	1,474	1,526	585	1,526
Total general & administrative expenses	**$ 12,945**	**$ 14,295**	**$ 39,744**	**$ 36,216**	**$ 49,935**
Other, net expense [6]	1,287	209	1,634	421	2,761
EBITDA [7]	**$ 65,795**	**$ 47,536**	**$ 171,504**	**$ 114,211**	**$ 215,006**
One-time corporate transaction costs [5]	52	1,474	1,526	585	1,526
Adjusted EBITDA [7]	**$ 65,847**	**$ 49,010**	**$ 173,030**	**$ 114,796**	**$ 216,532**
Adjusted EBITDA margin	**40%**	**33%**	**37%**	**29%**	**36%**
Operating Data:					
Average marketable rigs [8]	30.0	30.0	30.0	30.8	30.0
Average dayrate (in thousands) [9]	$ 62.0	$ 62.6	$ 62.1	$ 59.7	$ 62.4
Effective utilization [10]	85%	78%	83%	72%	81%
Capital expenditures and deferred costs:					
Regulatory and capital maintenance [11]	$ 12,613	$ 17,280	$ 45,967	$ 45,085	$ 68,203
Contract preparation [12]	5,756	12,649	25,064	21,559	32,215
Marketable rigs	$ 18,369	$ 29,929	$ 71,031	$ 66,644	$ 100,418
Fleet spares and others [13]	6,839	3,138	10,163	11,287	14,504
Sub-Total (excluding acquisitions)	$ 25,208	$ 33,067	$ 81,194	$ 77,931	$ 114,922
Rig acquisitions [14]	34,657	30	34,687	1,419	34,730
Total capital expenditures and deferred costs	**$ 59,865**	**$ 33,097**	**$ 115,881**	**$ 79,350**	**$ 149,652**

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:	$ 44,083	$ 9,605	$ 61,720	$ 29,457	$ 78,115
Net change in accrued but unpaid additions to property and equipment	(101)	(394)	(1,077)	(4,403)	(2,426)
Total capital expenditures	**$ 43,982**	**$ 9,211**	**$ 60,643**	**$ 25,054**	**$ 75,689**
Changes in deferred costs, net	$ (2,087)	$ 10,204	$ 8,309	$ 26,706	$ 15,694
Add: Amortization of deferred costs	17,970	13,682	46,929	27,590	58,269
Total deferred costs	**$ 15,883**	**$ 23,886**	**$ 55,238**	**$ 54,296**	**$ 73,963**
Total capital expenditures and deferred costs	**$ 59,865**	**$ 33,097**	**$ 115,881**	**$ 79,350**	**$ 149,652**

(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 primarily capital expenditures associated with the acquisition and readiness projects for the Shelf Drilling Victory acquired in July 2022 and the Shelf Drilling Enterprise acquired in January 2020.