SHELF DRILLING

Shelf Drilling Presentation

Investor Presentation

January 2023

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Transaction overview

Transaction rationale

Equity raise to primarily upgrade and prepare multiple rigs for new contracts

- Shelf Drilling executed two material acquisitions in 2022 that transformed the Company's fleet composition at very attractive prices
- These acquisitions were partially financed with cash on hand resulting in a pro forma liquidity position below $75MM *(see page 18)*
- In November and December 2022, Shelf Drilling secured 3 additional long-term contracts with key customers in the Middle East and India *(see pages 13 and 14)*

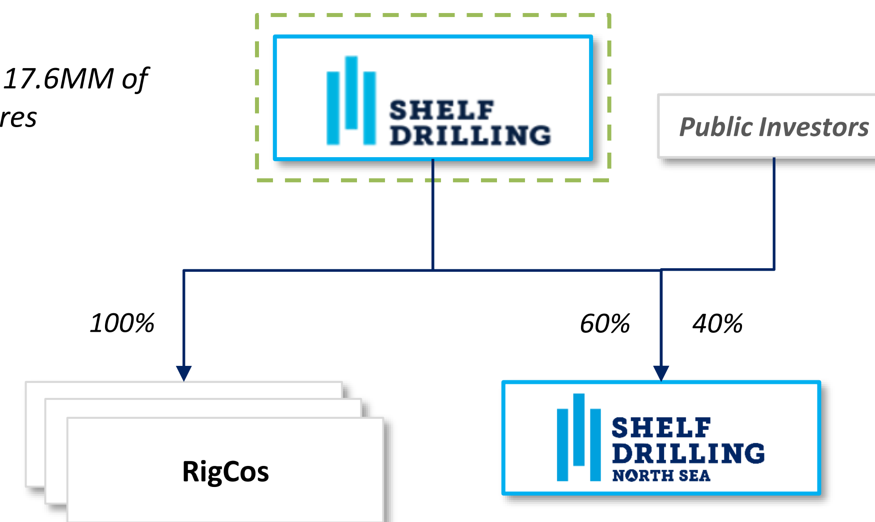
*New awards add 11 rig years and **$360MM** in total contract value*	*Estimated total spending of ~$75MM related to reactivation and upgrades to meet certain contract requirements for 3 rigs*	*Total backlog for Shelf Drilling of **$2.7B** as of December 31, 2022*

- To partially fund the required capex amount, Shelf Drilling is now contemplating a private placement of up to 17.6MM of new shares in the Company

Increased earnings capacity and visibility from necessary fleet preparation capex

- Following the investments, Shelf Drilling's fleet of 9 rigs in Saudi Arabia will grow to become the largest fleet among international contractors
- On the back of recent contract awards and improving dayrates and market outlook, the Company anticipates a significant increase in EBITDA in H2 2023
- In addition to the rig capex, net proceeds from the offering will be used for general corporate purposes

Simplified organizational structure



Information	Shelf Drilling	Shelf Drilling North Sea
Rig fleet (premium / standard)	14 / 22	
	9 / 22	5 / -
Listing venue	Oslo Børs	Euronext Growth Oslo
Market cap	NOK 5.3B / $530MM [1]	NOK 2.6B / $261MM [1]
Shares outstanding	176,368,767	100,000,000

Note (1): As of close 30 January 2023

Introducing Shelf Drilling

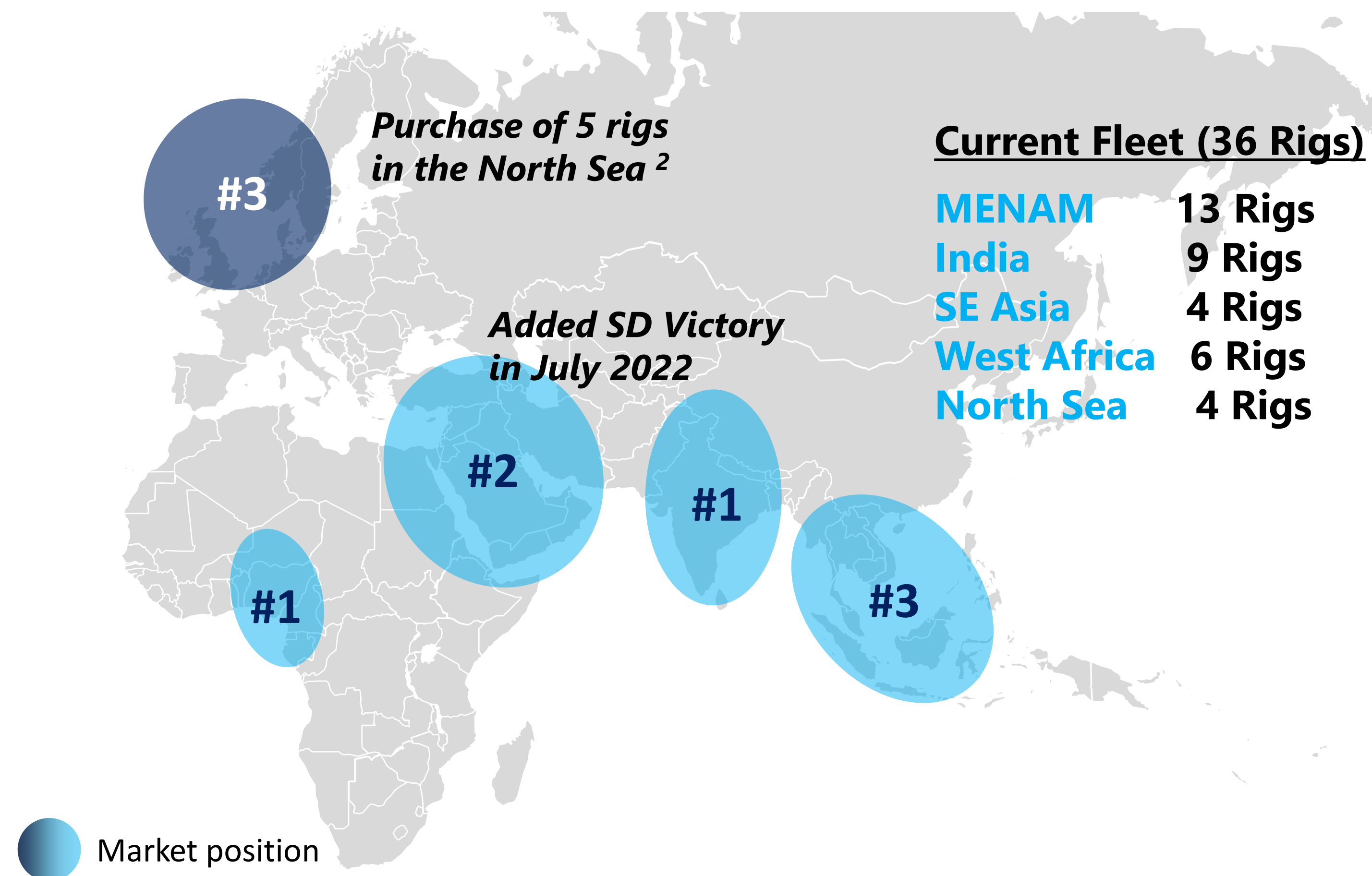
Market Leader in Core Jack-up Regions

SHELF DRILLING

Company Overview

- Largest international "pure-play" jack-up drilling company with 36 ILC jack-up rigs
- Fit-for-purpose operations with headquarters centrally located in Dubai
- Top tier safety and operational performance
- Industry leading low-cost structure
- Attractive exposure to a tightening market
- Robust full cycle financial results
- Strategy underpins our commitment to sustainability

Operating With Scale In The Most Attractive Shallow Water Markets [1]



Note (1): Number (#) represents Shelf Drilling's operating position – based on number of active jack-up drilling rigs excluding those of state-owned companies, source: IHS Petrodata as of 30 January 2023.
Note (2): Acquired by Shelf Drilling North Sea Entity. Houston Colbert / SD Odyssey recently mobilized to the Middle East

Operating Platform Creates Differentiation

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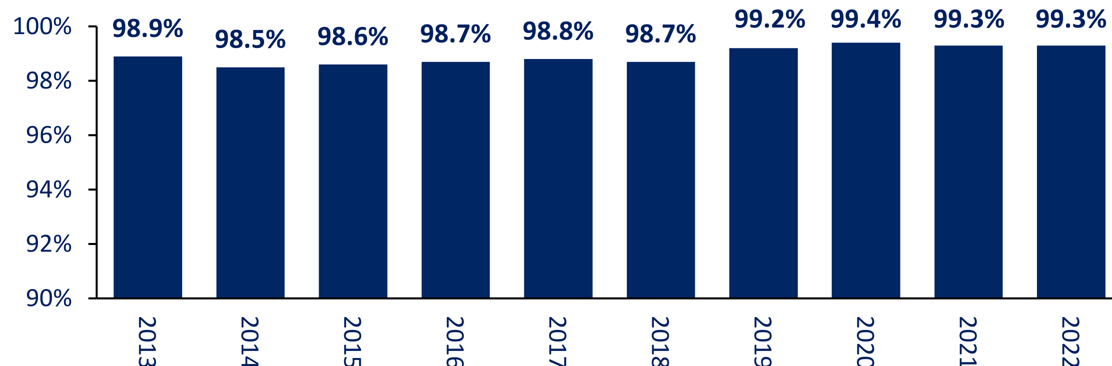
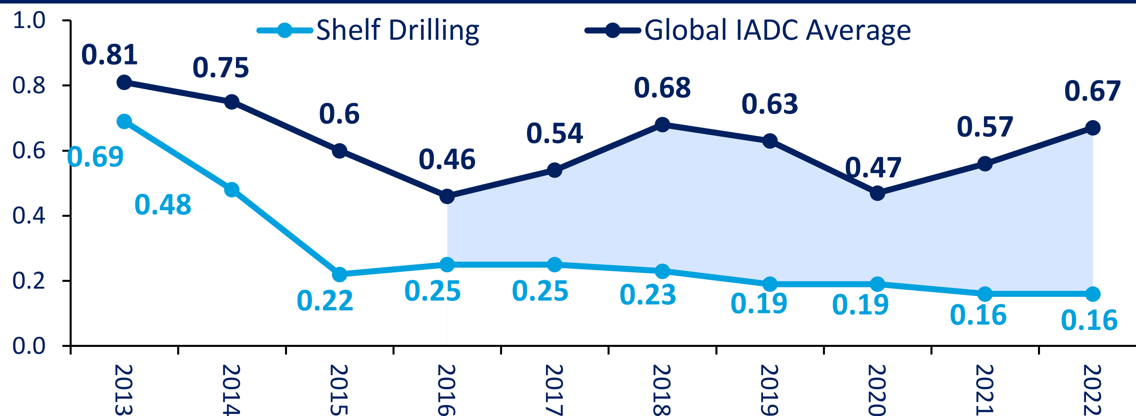
Average Fleet Uptime Track Record



Safety Track Record (TRIR [1])

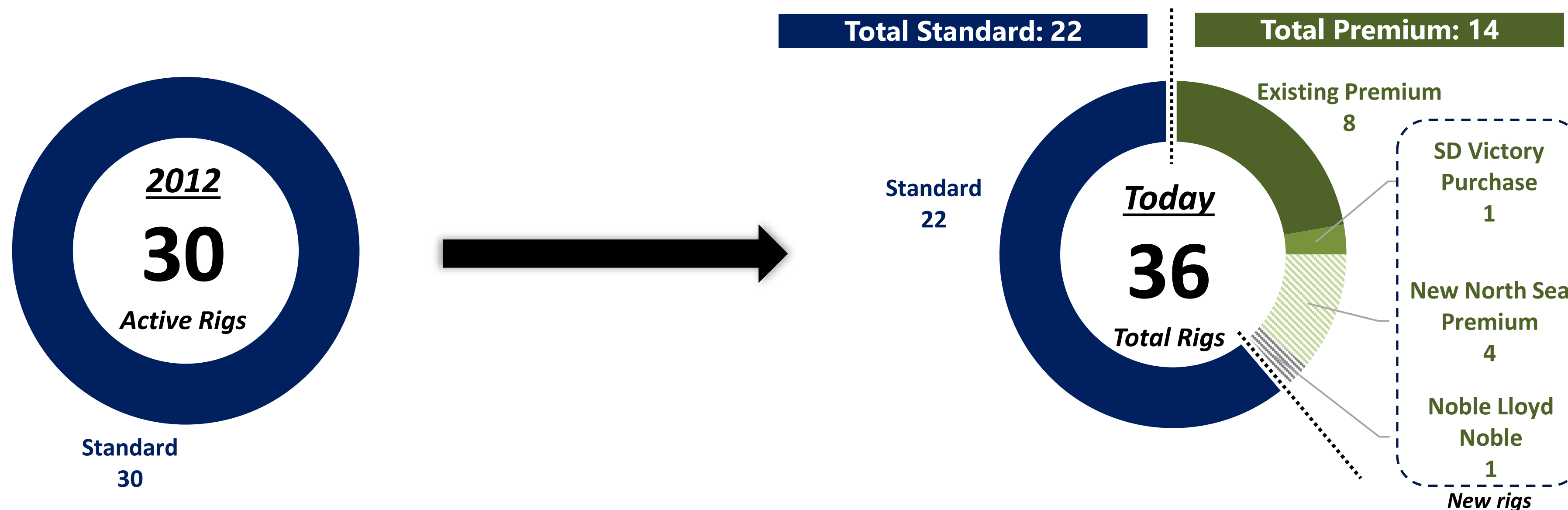


Operational excellence made possible through

1. High national content – 88% [2] across fleet
2. Centralized organization and oversight
3. Fit-for-purpose processes and systems
4. Lean and flat management structure

Note (1): Total recordable incident rate (incidents per 200,000 man-hours)
Note (2): For offshore employees, as of 31 December 2021. Excludes rigs working in Italy
Source: International Association of Drilling Contractors (IADC) data as of 30 September 2022 and Shelf Drilling data as of 31 December 2022

Strategic Evolution and Transformation of Jack-up Fleet



"Right Assets in Right Locations"

Blend of premium & standard jack-ups provides ideal match to customer requirements

97% Contracted Utilization Across 36 Jack-ups[1]

13 x Premium	22 x Standard	Lloyd Noble / SD Barsk
92% Utilization	***100% Utilization***	***World's Largest Jack-up Rig***
Demonstrated ability to invest and deploy	***Cost efficient and well suited for brownfield activity***	***Uniquely suited for Norwegian operating environment***
• Existing premium rig fleet: 8 • Purchase of SD Victory: 1 • Acquisition of F&G jack-ups from Noble [2]: 4	• Middle East, Med. & West Africa: 11 • India & Egypt: 11	• Size enables deeper water depths and deeper well drilling than other rigs

Note (1): As of 10 January 2023, includes recent contract awards for Shelf Drilling Victory and Harvey H Ward in the Middle East and Trident VIII in West Africa.

Despite Recent Volatility, Oil and Natural Gas Prices Remain Supportive for Improved Activity

Brent Oil Price ($/bbl)

- Brent price up from $71/bbl in 2021 to $99/bbl in 2022
- Lack of upstream investment in the past and sanctions against Russia severely constraining the supply of oil and natural gas
- Natural gas prices well above historical ranges in Europe
- OPEC+ to scale back production by 2 million bpd offsetting concerns of softer oil demand due to an economic recession
- Overall demand for offshore drilling services expected to maintain steady and positive trend in 2023

Source: Bloomberg, as of 29 January 2023

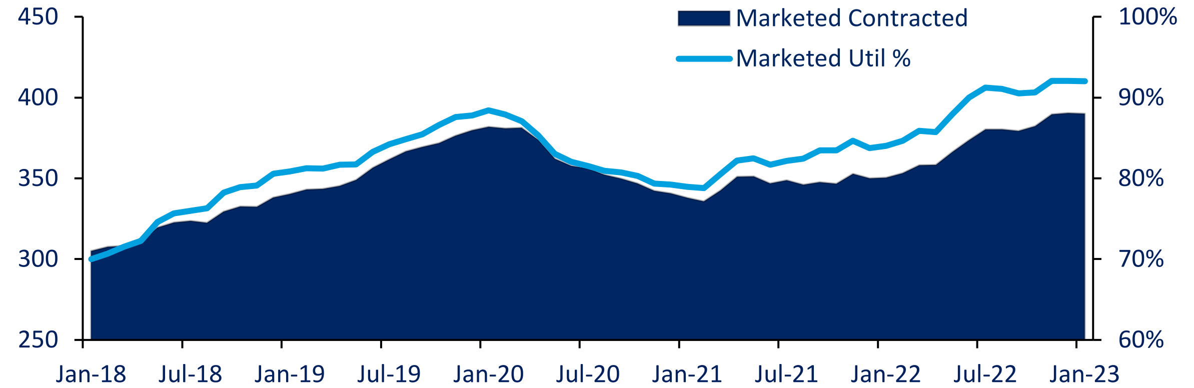
Middle East Has Transformed the Global Jack-up Market

Substantial Increase in Middle East Jack-up Demand

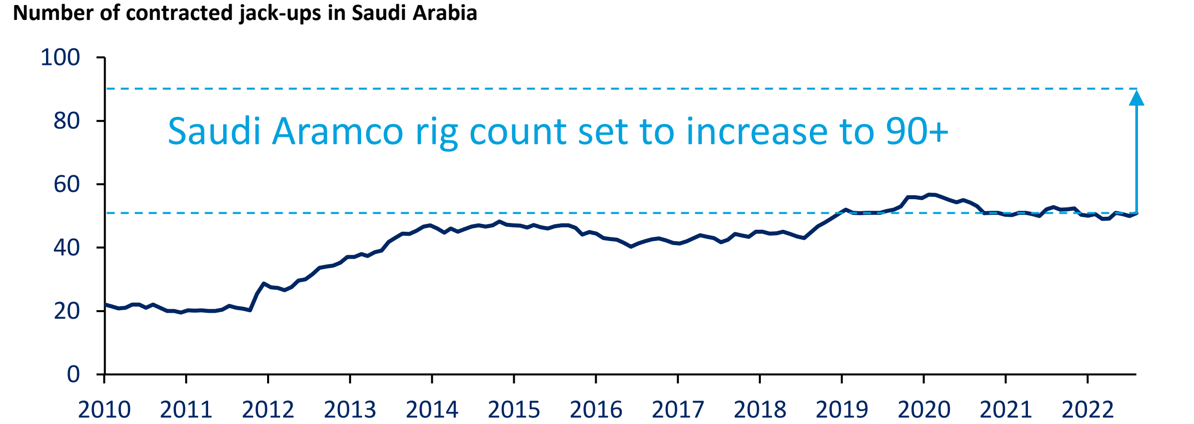
Global jack-up demand	Global number of contracted jack-ups increased from 350 in January 2022 to 390 in January 2023 with utilization moving higher - beginning to see strong upward dayrate momentum on new contracts
Shallow water production	Increased production targets across Middle Eastern countries on the back of global energy security need, driven by wells in offshore shallow waters
Incremental activity	Saudi Aramco has recently contracted ~40 incremental rigs and has two ongoing tenders for additional rigs
Shadow supply removal	Incremental rigs contracted are mostly rigs that were stacked, removing the sidelined capacity in the jack-up market

SHELF DRILLING **Key provider of jack-ups in the Middle East and elsewhere with strong client relationships**

Recovery In Jack-up Demand Accelerating



Considerable Fleet Increase from Saudi Aramco



Source: Saudi Aramco, Joint Organizations Data Initiative, IHS Petrodata

Excess Jack-Up Supply Has Disappeared

Middle East rig count has reached new highs

- Significant further increases expected in years ahead

Other markets (West Africa, SE Asia, North Sea and Mexico) still well below prior peaks

- Demand likely to accelerate with current energy backdrop

Material reduction in supply over last 8 years

Regions	Contracted Jack-ups		Change Since Prior Peak
	Apr-14	Jan-23	
Middle East	127	158	31
India	32	32	0
West Africa	20	12	-8
SE Asia	67	40	-27
North Sea	46	30	-16
Mexico	50	33	-17
US GOM	15	4	-11
China	30	60	30
Sub-Total	387	369	-19
Total Under Contract	429	390	-39
Available	24	34	10
Total Active Supply	453	424	-29
% Marketed Utilization	95%	92%	0
Under Construction	141	20	-121

Source: IHS Petrodata as of 29 January 2023. Excludes Cold Stacked Rigs (50 today that are mostly considered non-competitive)

Shelf Drilling Victory Acquisition & Contract Award

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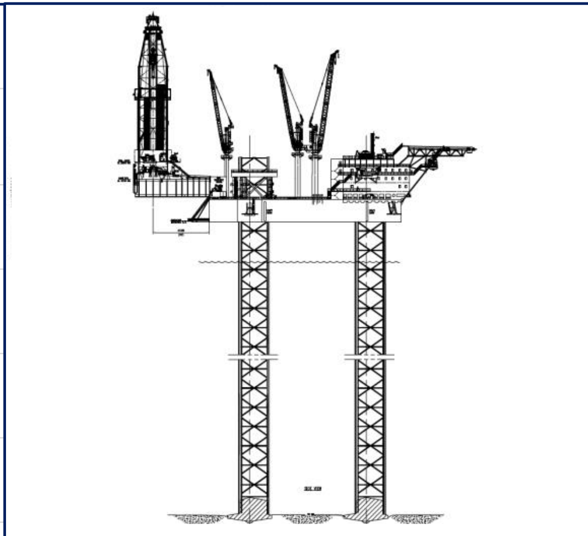
Shelf Drilling Victory is a Premium High-spec Jack-up Rig

Build Year	2008
Rig Design	Baker Marine Pacific Class 375
Yard	PPL Shipyard
Current Location	UAE
Water Depth	375 ft
Variable Deck Load	3,318 tons
Drilling Depth	30,000 ft
Hook Load	1,600 kips
Cantilever Length	70 ft
BOP Rating	10k psi
Quarters Capacity	120



$80MM
Total Rig Cost

- $30MM purchase closed in July 2022
- $50MM estimated all-in incremental investment for reactivation and contract specific requirements

$236MM
Contract Value

- 5-year contract award in Middle East
- Expected commencement late March 2023
- Additional two-year option at higher pricing level

~2.8x
EBITDA Multiple

- Significant cash flow generation from current contract well in excess of total investment
- Focus on disciplined approach to capital spending and generating returns for investors

Middle East Expansion: Harvey H. Ward Award & Contract Preparation Project

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~$42MM
Total Investment

- Major overhaul of all drilling and well control equipment in line with customer requirements
- Power upgrade (additional engine) and upgrade of Emergency Generator
- Completion of UWILD / SPS
- Compliance to customer HSE requirements
- Full reactivation and Ready to Operate (RTO) Process

~$192MM
Contract Value

- 5-year contract award in Middle East
- Expected commencement March/April 2023
- Payback period of ~2 years
- Additional two-year option at higher pricing level

Rig #9
Saudi Fleet

- Growing leading position from 7 rigs to 9 during H1 2023
  - Largest among international contractors
- Existing rigs consistently receive top scores/ranking in customer's performance metrics
- Harvey H Ward rig – same design as 2 rigs with 15+ year track record with existing customer

Significant Dayrate Momentum for Standard Jack-ups in India

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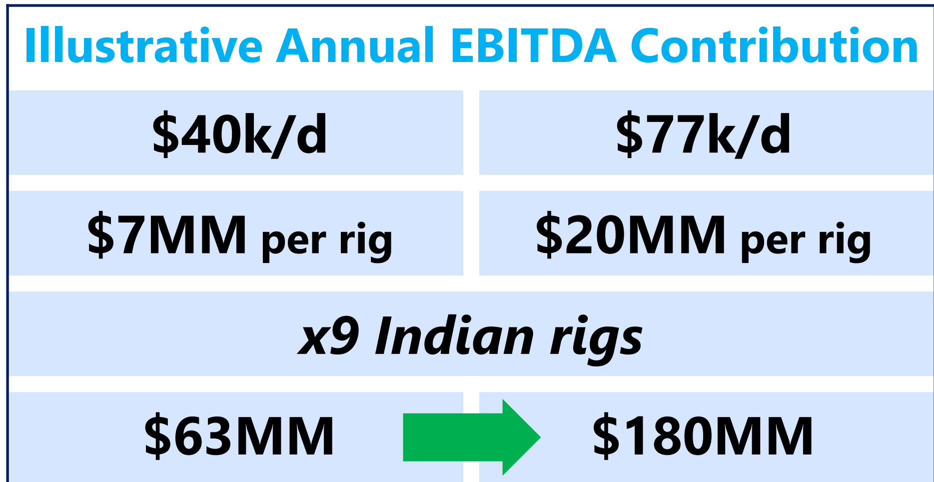
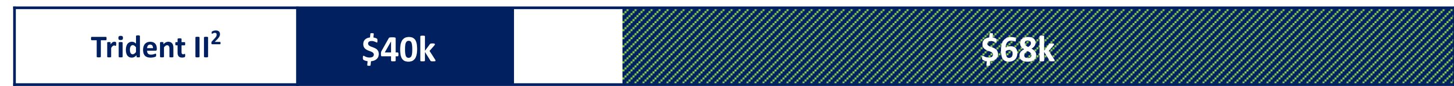
- Leading position in India (9 rigs) – stable market with resilient long-term demand fundamentals
- Dayrates remained in ~$40k/d range for several years
- 12-rig tender from ONGC in H2 2022
- Shelf Drilling awarded 3-year contracts in Dec-22 for 2 additional rigs with ONGC at **~$77k/d** for total backlog addition of $168 million



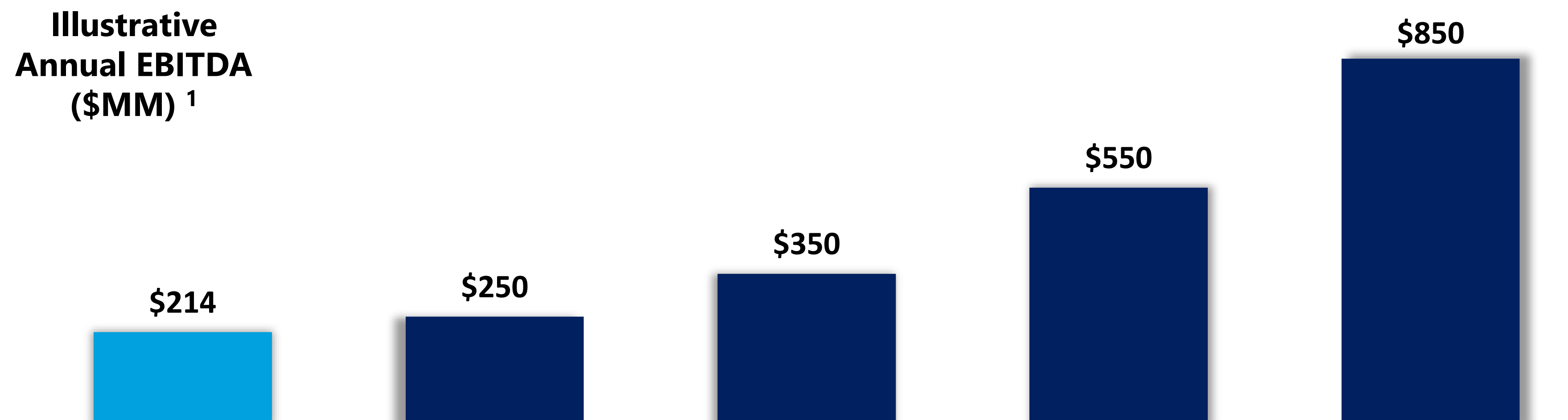
	2023				2024				2025				2026			
Rig Name	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Compact Driller[1]								$77k								
Key Singapore[1]								$77k								



Existing Contract   New Award

Note (1): Contract preparation projects to be completed in H1 2023 prior to estimated commencement dates in May-23 and Jul-23, respectively
Note (2): Awarded new contract in January 2023

Shelf Drilling Provides Attractive Exposure to a Tightening Market



Excluding SDNS		H1 2022 Run Rate	Illustrative Higher Dayrate Scenarios			
Marketable Rigs		30	31	31	31	31
Effective Utilization		81%	85%	85%	85%	85%
Average Dayrate (US$k/day)		$62	$70	$80	$100	$130
Approximate Rates (US$k/d)	**# of Rigs**					
Premium	9	~$85	~$95	~$105	~$135	~$175
Standard (ME/Med/WAF)	11	~$70	~$75	~$90	~$105	~$140
Standard (India/Egypt)	11	~$40	~$45	~$50	~$65	~$85

Current Leading Edge Dayrates

Note (1): Other revenue 10% of Total Revenue in H1 2022; assumed to be 5% in other scenarios. O&M expenses assume 10% increase relative to H2 2021 run-rate as per disclosure on prior earnings calls, plus further 5% increase assumed for inflation and addition of two rigs in 2023 (SDV & HHW inactive during 2022). G&A expenses of $50MM annually in all scenarios. Excludes impact of SDNS

Shelf Drilling North Sea: Five High-specification Harsh Environment Rigs in Excellent Condition

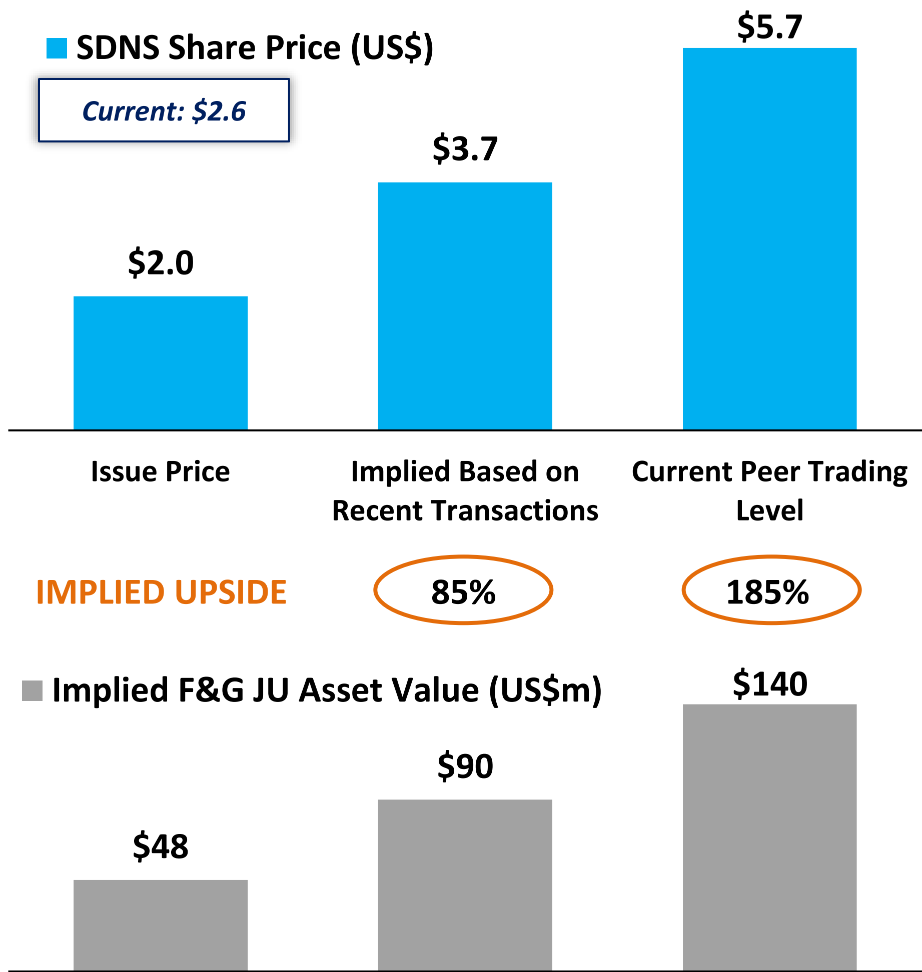
	Tier 1 in Norway	Tier 1 in the North Sea and Middle East			Workhorse and attractive North Sea / Middle East Rig

	Lloyd Noble	Houston Colbert	Sam Turner	Sam Hartley	Hans Deul
Will be renamed[1]	Shelf Drilling Barsk	Shelf Drilling Odyssey	Shelf Drilling Winner	Shelf Drilling Fortress	Shelf Drilling Perseverance
Build year	2016	2014	2014	2014	2008
Rig design	GustoMSC CJ70	F&G JU3000N	F&G JU3000N	F&G JU3000N	F&G JU2000E
Build cost	US$ 770m	US$ 235m	US$ 235m	US$ 245m	US$ 153m
Water depth	500 ft	400 ft	400 ft	400 ft	400 ft
Variable deck load	8,800 tons	7,150 tons	7,150 tons	7,150 tons	5,500 tons
Hook load	2,000 kips	2,500 kips	2,500 kips	2,500 kips	1,500 kips
Cantilever envelope	110 ft x 74 ft	75 ft x 30 ft	75 ft x 30 ft	75 ft x 30 ft	75 ft x 30 ft
Quarters capacity	140	150	150	150	118

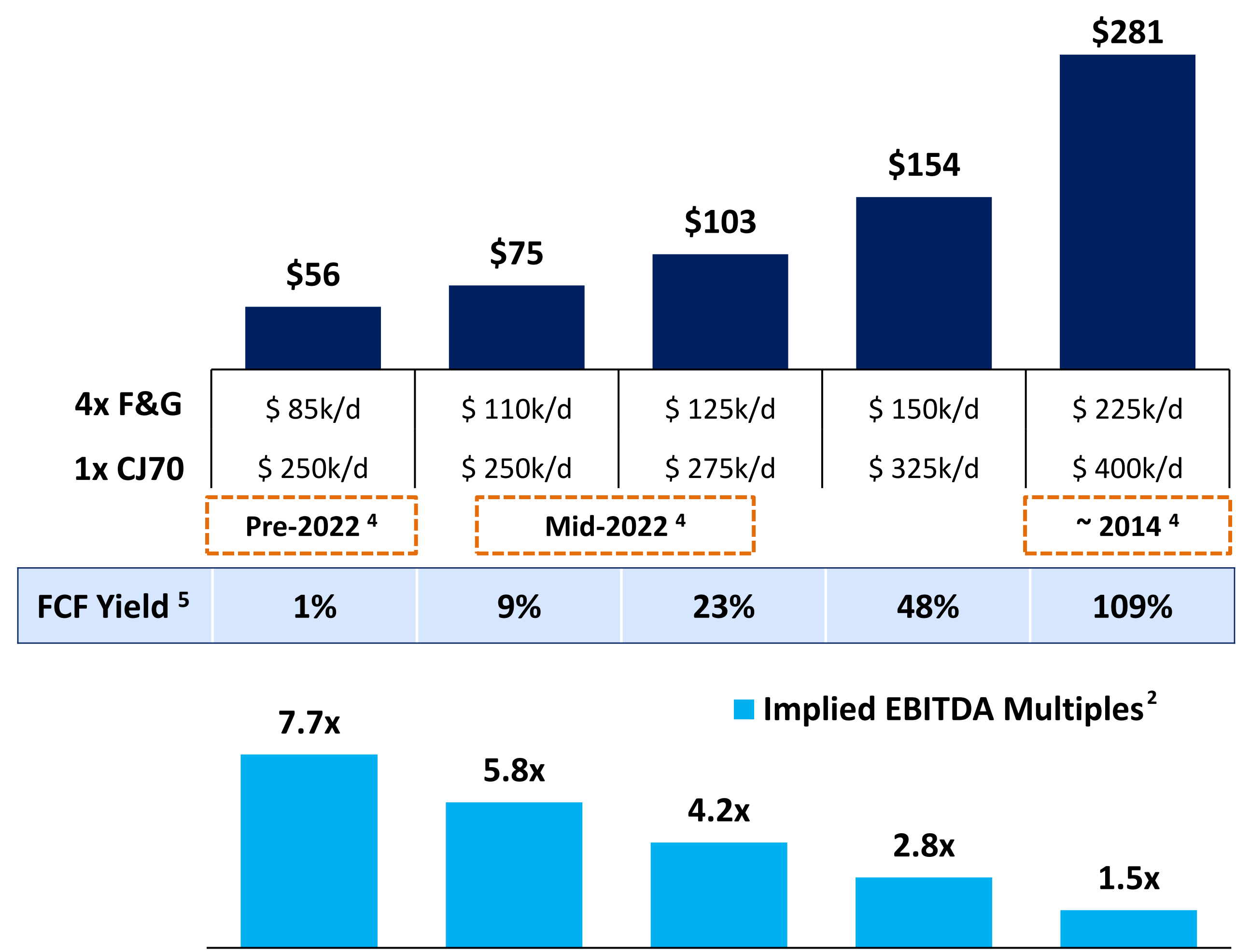
Source: Noble Corp., IHS Petrodata
Note (1): Rig renaming process underway
Note: All rigs have maximum drilling depth capability of 30,000+ ft and are equipped with 15k psi well control equipment
Note: All rigs constructed at Jurong Shipyard, except NHD at DSIC

Shelf Drilling North Sea: Upside Potential from Asset Values and Earnings Capacity

Implied Share Price at Different Asset Values [1 2]



Annual EBITDA Sensitivity (US$MM) [3]



4x F&G	$ 85k/d	$ 110k/d	$ 125k/d	$ 150k/d	$ 225k/d
1x CJ70	$ 250k/d	$ 250k/d	$ 275k/d	$ 325k/d	$ 400k/d
	Pre-2022 [4]	Mid-2022 [4]			~ 2014 [4]
FCF Yield [5]	1%	9%	23%	48%	109%

Note (1): Assumes US$ 240mm for Noble Lloyd Noble based on third party broker valuation from early 2022
Note (2): Reflects US$ 230mm net debt and 100mm shares outstanding
Note (3): Illustrative EBITDA based on an estimated average Opex ex. G&A of US$ 155k/day for CJ70 and US$ 60k/day for the 4x F&G jack-ups. Assumes 3% other revenue. G&A estimated at $15MM/year.
Note (4): Observed market rates at different points in time based on management estimates. Does not reflect actual contract rates for SDNS rigs
Note (5): Illustrative based on assumed US$ 22mm of average maintenance capex annually, income tax expense at 3.5% of revenue and cash interest of US$26mm per year. No assumption made for working capital

Improving Financial Position and Enhanced Flexibility for Shelf Drilling

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- Increasing dayrates expected to drive meaningful improvement in EBITDA in 2023 and 2024
- Further margin uplift from addition of SD Victory starting Q2 2023
- Anticipate declines in net leverage as a result
- Addition of Shelf Drilling North Sea business creates significant flexibility

Jun-22 Cash[1]	$220
Balance Payment for SDNS (Oct-22)[1]	($83)
Balance Payment for SDV (Jul-22)[1]	(24)
SDV Reactivation (Aug-22 to Mar-23)	(50)
Sub-Total	($157)
Illustrative PF Cash	$64
Gross Debt	$1,210
Illustrative PF Net Debt	$1,147
Target 2024 EBITDA (31 Rigs Only)	**$350+**
Implied Leverage[2]	**~3.0x**

Note (1): Deposits totaling $43.5 million paid in June 2022 ($6.0 million for SD Victory and $37.5 million for transaction with Noble)
Note (2): Excluding positive impact of free cash flow generation prior to 2024 and excludes consolidated impact of Shelf Drilling North Sea business

Key Investment Highlights

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- Fit for Purpose Strategy Underpins Commitment to Sustainability
- First Class And Leading Operational Platform
- Strong Customer Relationships and Industry Leading Backlog
- Attractive Exposure to Short Cycle, Low Cost, Low Carbon Activity
- Full Cycle Financial Resilience and Balance Sheet Management
- Well-Positioned to Benefit from Higher Commodity Prices

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Appendix

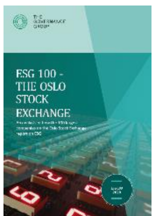
Our Strategy Underpins Our Commitment to Sustainability

At Shelf Drilling, we define sustainability as achieving commercial profitability in a way that is consistent with our fundamental ethical values and with respect for individuals, the environment and society.

TRIR: 0.16 for 2021 *Best safety performance in Company's history*	**~3,100 employees** 44 Nationalities	**25% females** (shore-based and corporate employees)	**88%** National Content[1]	Zero Tolerance for Corruption
New Sustainability Webpage *Enhanced ESG Reporting*	**Grade A-** ESG100 Rating[2]	**Grade B-** CDP Climate Change Rating[3]	Leading position in low CO_2 intensity regions	Well placed to grow asset retirement business

Shelf positioned to manage the risks and opportunities associated with climate change

- Combination of shallow water drilling and being located in the Middle East → low CO_2 intensity[4]
- Increasing focus of operators on well decommissioning → Shelf well placed to grow asset retirement business



Note (1): For offshore employees, as of 31 December 2021. Excludes rigs working in UAE and Italy.
Note (2): Annual review of the sustainability reporting of the 100 largest companies by market value listed on the Oslo Stock Exchange. Based on publicly available information from websites, annual reports and sustainability reports. Companies assessed on transparency of 13 ESG factors .
Note (3): The Carbon Disclosure Project ("CDP") rated Shelf Drilling B- on climate change for calendar year 2021, a half grade improvement over C rating in 2020.
Note (4): Source: Rystad Energy

Sustainability Journey: 2020 – 2022

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2020

- Completed **TCFD[1] review**
- **Increased** scope of **emissions data capture** (updated Scope 1 and included Scope 2 and Scope 3 data)
- Launched **Sustainability Report 2019 & Webpage**
- Submitted disclosure to **Carbon Disclosure Project (CDP)**

2021

- Integrated TCFD[1] risks into **Enterprise Risk Management System** (ERM)
- **2021 Sustainability Goals**
  - Employee Awareness & Engagement
  - Reliable Data & Metrics
  - Power Management Plan & Fuel Consumption
  - Waste Management
- **Setting science-based emissions reduction targets for 2022+**

2022

- **Ambition of reducing 2021 average daily per rig Scope 1 emissions by 20% over the next 5 years**
- Target to reduce the average daily per rig Scope 1 emissions by 4% in the Q4 2022 compared to the 2021 average
- **Other 2022 Sustainability Goals**
  - Scope 3 Data Capture
  - Human Rights Assessment
  - Launch CSR Program

ESG100 Rating 2022 (Position Green[2])

Grade "A-" / Score 3.03

Shelf Drilling's total ESG score ranks within the top 30 of the 100 largest companies[3] on the Oslo Stock Exchange

Carbon Disclosure Project (CDP)

Grade "B-"

Shelf Drilling's Climate Change rating for 2022

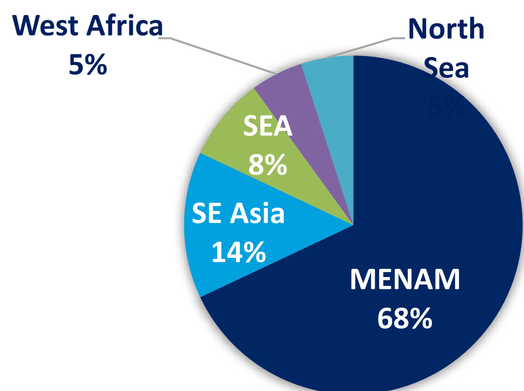
Note (1): Climate risk review to map the Company's climate risk management in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
Note (2): Annual review of the sustainability reporting of the 100 largest companies by market value listed on the Oslo Stock Exchange by Position Green
Note (3): By Market Cap
Note (4) The Carbon Disclosure Project ("CDP") rated Shelf Drilling B- on climate change for calendar year 2022

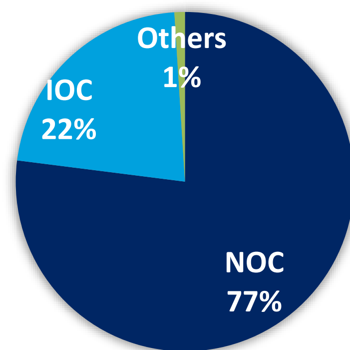
High Fleet Utilization and Strong Backlog

Fleet Status Summary *(As of 10 Jan 2023)*

Regions[1]	Contracted	Available	Total	% Contracted	Contract Expirations			
					Q1 2023	Q2 2023	H2 2023	2024+
MENAM	**14**	**0**	**14**	**100%**	**1**	**-**	**-**	**13**
Arabian Gulf[2]	10	0	10	100%	-	-	-	10
NAF/Med[3]	4	0	4	100%	1	-	-	3
India[3]	**9**	**0**	**9**	**100%**	**-**	**-**	**-**	**9**
West Africa	**5**	**0**	**5**	**100%**	**3**	**-**	**-**	**2**
SE Asia	**3**	**1**	**4**	**75%**	**-**	**-**	**-**	**3**
North Sea	**4**	**0**	**4**	**100%**	**1**	**-**	**2**	**1**
Total	**35**	**1**	**36**	**97%**	**5**	**-**	**2**	**28**

Total Backlog – $2.7 Billion *(As of 31 Dec 2022)*





Recent Developments

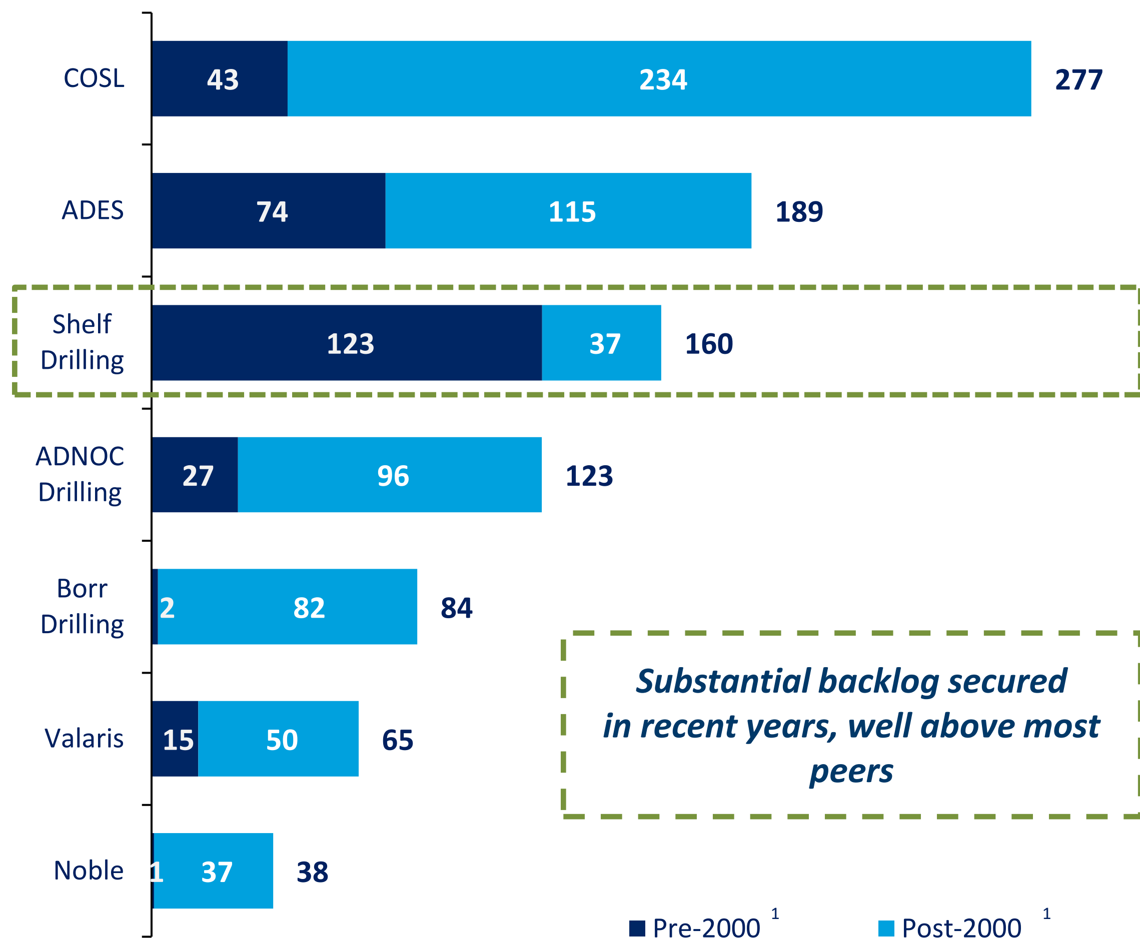
- Completed acquisition of 5 premium jack-ups from Noble on 5 Oct 2022[(4)]
- SD Victory & Harvey Ward secured 5-year firm plus 2-year option contract each in Arabian Gulf
- SD Tenacious options exercised in Angola – now firm until Nov 2024
- SD Resourceful & Key Manhattan secured 3-year and 2-year contract respectively (plus multiple additional options) with Eni Italy
- Compact Driller, Key Singapore and Trident II secured 3-year contracts with ONGC
- Trident VIII secured a one-year contract in Nigeria commencing Q2 2023
- Trident 16 secured one-year extension in Egypt with Petrobel

Note (1): Compact Driller moving from Oman to India for new contract in Q2 2023. SD Resourceful recently completed contract in Nigeria; scheduled to commence new contract in Italy in Q2 2023. Reflected in new locations in Fleet Status Summary
Note (2): Arabian Gulf includes Saudi Arabia, UAE, Qatar, Bahrain and Oman.
Note (3): North Africa & Mediterranean include Italy and Egypt operations.
Note (4): Official rig naming formalities underway. Rigs will be renamed: Noble Hans Deul – SD Perseverance, Noble Sam Hartley – SD Fortress, Noble Sam Turner – SD Winner, Noble Houston Colbert – SD Odyssey, and Noble Lloyd Noble – SD Barsk. Noble will continue to perform the current drilling program for SD Barsk under a bareboat charter arrangement until the end of current contract.

Contracting Outperformance Across Regions and Asset Classes

SHELF DRILLING

Jack-up Backlog Added 2019 – YTD 2023 (Rig-Years)



Recent Notable Awards

SD Enterprise: acquisition & concurrent contract award (2020)

- 1+ year contract with Chevron Thailand
- Leverages prior asset retirement experience
- Well-positioned for future work in the region
- Disciplined capital spending and returns-oriented approach

SD Tenacious: technical innovation saving project costs (2021)

- Fit-for-purpose upgrade on Shelf Drilling Tenacious to install platform offshore Angola leading to 1 + 2-year contract with CABGOC
- Duplicating the proven offline activity
- Higher technical specifications and more marketable post contract

60+ rig-year contracts / extensions for 9 rigs with Aramco (2019-2023)

- High Island II, High Island IV, Main Pass I, and High Island IX – 10 years each; Main Pass IV – 5 years; High Island V – 3 years; SD Achiever – 3 years, SD Victory – 5 years, Harvey Ward – 5 years
- Long term contract extensions awarded on a performance basis
- ~$1.8 billion backlog addition; floating dayrates consistent with prevalent rates and Brent prices at the time

8x 3-year contract awards with ONGC India (2021-2023)

- Strengthens our long-term anchor position in India

Note (1): Original delivery year
Source: IHS Petrodata as of January 30, 2023, DNB Markets (further calculations)

Building Momentum In 2022

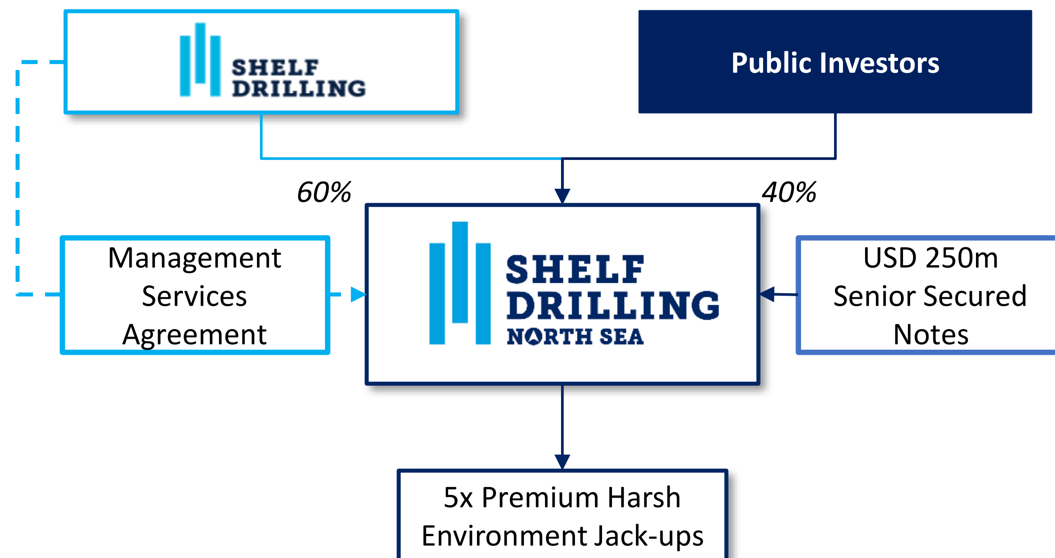
- Significant sequential increases in Revenues in Q3 2022 driven by India and Saudi Arabia
  - Effective util. up from 68% in Q3 2021 to 83% YTD 2022
  - Average dayrate YTD 2022 of $62k/d
  - Increase in mobilization and other revenue in 2022 driven primarily by Angola (SDT) and India (KSN)
- Q3 2022 EBITDA of $65.8 million (Margin of 40%)
  - Highest quarterly level since before the pandemic period
- O&M expenses flat in Q3 vs Q2 2022
  - Anticipate material sequential increases in operating costs in Q4 2022 and into 2023, due to: 1) inflationary pressures, and 2) further activity increase
- Capital expenditures and deferred costs of $60MM in Q3 2022 included $35MM for rig acquisitions (SDV)
- Increase in income tax expense in Q2 / Q3 2022 due to revaluation of certain income tax refund receivables and new reserves for uncertain tax positions

US$MM, except dayrate figures	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Operating Data					
Average marketable rigs[1]	30.5	30.0	30.0	30.0	30.0
Average dayrate[2] ($000s)	$63.0	$62.9	$61.8	$62.6	$62.0
Effective utilization[3]	68%	74%	85%	78%	85%
Results of Operations					
Total Revenues	$130.3	$136.1	$156.0	$150.7	$166.3
Operating and Maintenance	84.5	83.5	85.5	89.1	88.8
General and Administrative	12.0	10.2	12.5	14.3	12.9
Adjusted EBITDA	**$33.9**	**$43.5**	**$58.2**	**$47.5**	**$65.8**
Adjusted EBITDA Margin	26%	32%	37%	33%	40%
Other					
CapEx and Deferred Costs	$36.2	$33.8	$22.9	$33.1	$59.9
Rig Acquisitions	-	-	-	-	34.7
Rest of Business	36.2	33.8	22.9	33.1	25.2
Income Tax Expense	$4.3	$5.1	$6.7	$9.2	$9.4

Note (1): ''Marketable rigs'' are defined as the total number of rigs operating or available to operate, excluding: stacked rigs and rigs under contract for activities other than drilling or plug and abandonment services, as applicable
Note (2): ''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
Note (3): ''Effective utilization'' is defined as the 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
Please refer to the financial reports and presentations for a reconciliation to non-GAAP measures available at https://www.shelfdrilling.com/investor-relations/

Shelf Drilling North Sea: Company Overview

Overview



Shelf Drilling (North Sea) Ltd. ("Shelf Drilling North Sea" or "SDNS")

- SDNS listed on Euronext Growth Oslo following successful private placement & CMA approval
- Total of 538 personnel directly involved in operations[1]
- Key dates:
  - June 23, 2022: Asset Purchase Agreement signed and equity secured
  - Oct 5, 2022: completion of acquisition
  - Oct 12, 2022: listing and first day of trading
  - March 2023: first release of quarterly/annual financial results

Board of Directors and Management

- Management services agreement between Shelf Drilling and Shelf Drilling North Sea
  - Management services and personnel necessary for the Company to manage its business
  - Corporate and operational support provided from Shelf Drilling headquarters in Dubai

David Mullen
CEO & Chairperson
Shelf Drilling CEO

Ian Bagshaw
Independent Board Member

- Experience from White & Case, Linklaters, Clifford Chance and Eversheds
- Bachelor of Laws from the University of Sheffield

William Hoffman
Board Member
Shelf Drilling COO

Rita Granlund
Independent Board Member

- Experience from PWC, AIF Depository, Oslo Tingrett, BW Epic Kosan and Lumarine
- State Authorised Public Accountant, Norway

Greg O'Brien
CFO & Board Member
Shelf Drilling CFO

Note (1): Upon completion of the Acquisition, the group has 136 employees, of which 107 are offshore and 29 are onshore. Additionally, the Group employs 165 third-party contractors primarily to crew the rigs the Group currently operates. These figures do not include nine employees onshore in Norway and 140 employees and 51 contractors offshore on the Noble Lloyd Noble rig, who will remain employed by Noble until the end of its current contract. These figures also do not include 33 offshore and 4 onshore employees of Shelf Drilling or its subsidiaries who are seconded to the Group to support operations in Qatar.

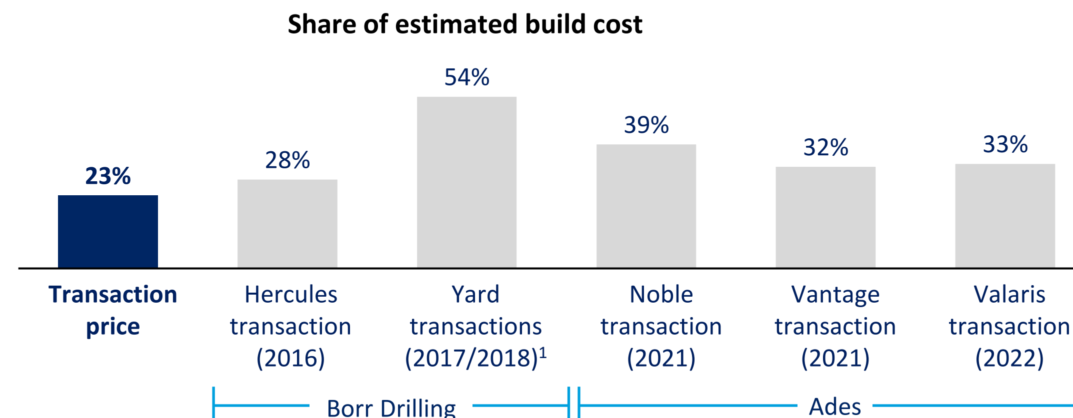
Shelf Drilling North Sea: Opportunistic Acquisition at Attractive Economics

SHELF DRILLING

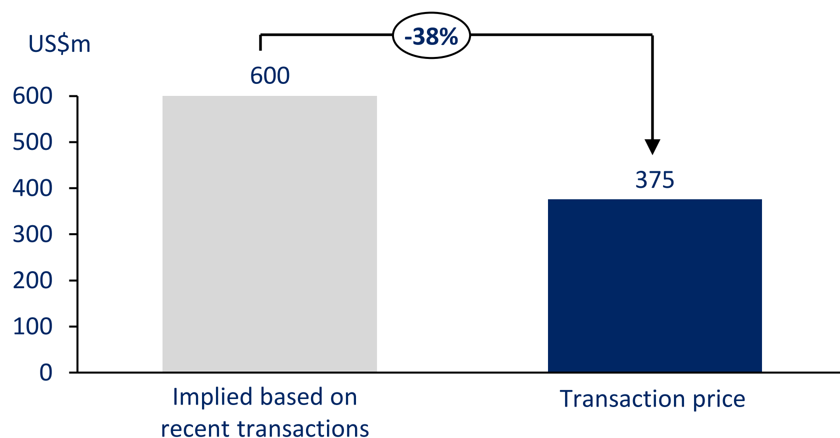
Securing High-quality Assets at an Attractive Price

1. Rapid sale of rigs warranted following CMA's decision
2. All rigs are warm and contracted, with no reactivation costs
3. Few recent deliveries of harsh jack-ups, and at significantly higher costs
4. Implied price significantly below build cost and estimated implied value

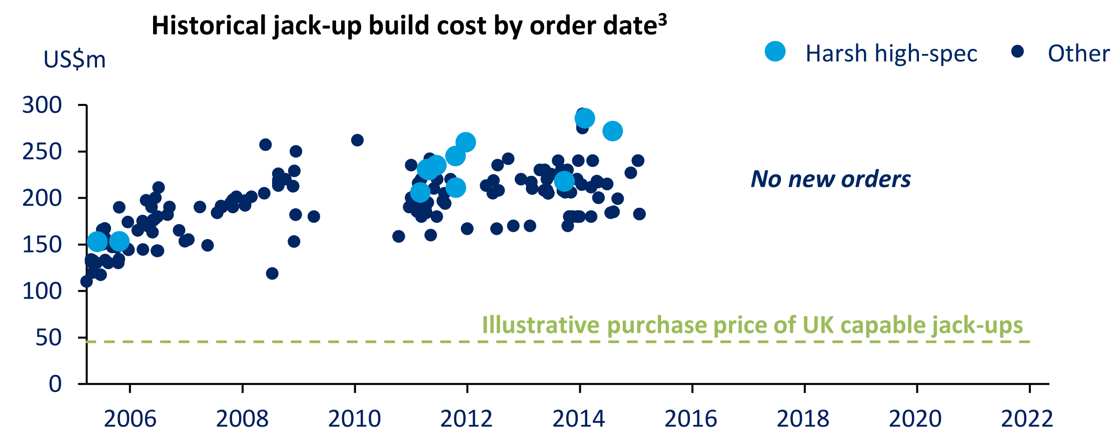
Higher Discount to Build Cost Than in Previous Deals



Significant Discount to Estimated Implied Value



No New Orders in Over 7 Years[2]



Note (1): Average of the Transocean, PPL and Keppel transactions
Note (2): Excludes CJ70 designs, N Class designs and non-competitive rigs
Source: Company, IHS Petrodata (underlying data), Rystad RigCube (underlying data), DNB Markets (further calculations)

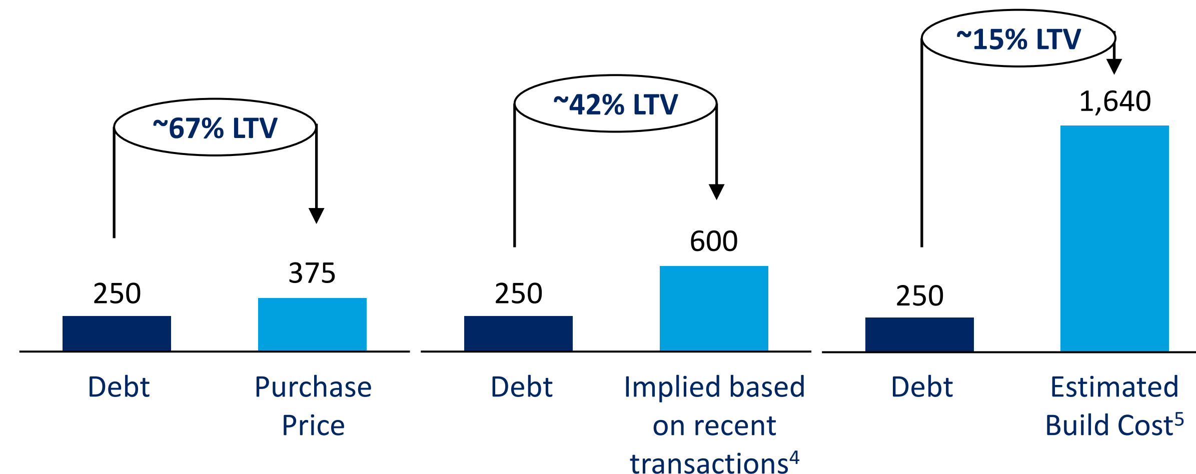
Shelf Drilling North Sea: Simple Financing Structure and Modest Leverage

Transaction Sources & Uses

Sources (US$MM)	
SHLF Equity Raise (60%)	$ 50
SHLF Cash on Hand (60%)	$ 70
SDNS Equity Raise (40%)	$ 80
Total Equity (100mm shares)	**$ 200**
Bond Issue	**$ 250**
Total Sources	**$ 450**

Uses (US$MM)	
5x Rig Purchase	**$ 375**
Transaction Costs[1]	$ 15
Start-up Related Capex[2]	$ 20
Working Capital[3]	$ 20
Cash on Hand	$ 20
Total Uses	**$ 450**

Low Loan-To-Value ("LTV") Ratio at Different Rig Values



- On September 26, 2022, Shelf Drilling North Sea completed the issuance of US$ 250 million of 10.25% Senior Secured Notes due October 31, 2025
- Notes benefit from material over-collateralization, meaningful equity cushion and low leverage relative to peer structures
- Excess cash raised for working capital needs and one-time start-up related capex, as well as ample liquidity for the SDNS balance sheet

Note (1): Includes 3% original issue discount on bond issue and other fees and expenses associated with equity and debt offerings at SDNS
Note (2): Includes costs associated with transition and rig intake/integration as well as planned purchase of spare capital equipment to support the rigs in operation. Some costs may not be incurred immediately and may be deferred by up to 12 months post closing
Note (3): Estimate for initial working capital build; transaction structured as acquisition of assets
Note (4): Assumes US$ 240m for Noble Lloyd Noble based on third party broker valuation and US$ 90m each for the four other jack-up based on a review of recent transactions (please refer to slide 38 for more details).
Note (5): Assumes estimated build cost of ~US$ 770m for the Noble Lloyd Noble and ~US$ 218mm average for the other four jack-up rigs, per Noble and IHS Petrodata.

Risk factors (1/7)

SHELF DRILLING

Risk Factors

An investment in Shelf Drilling, Ltd's (together with its subsidiaries, the "Group") common shares (the "Securities") involves inherent risk. Before making an investment decision with respect to the Securities, investors should carefully consider the risk factors and all information contained below, including the financial statements and related notes. The risks and uncertainties described below are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Securities. An investment in the Securities is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision in respect of the Securities. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material and adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value of the Company's shares and thus the value and trading price of the Securities, resulting in the loss of all or part of an investment in the same. The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, results of operations, cash flows, financial condition and/or prospects. The risks mentioned herein could materialise individually, simultaneously or cumulatively.

Risks related to the industry in which the Group operates

The Group's business depends on the level of activity in the shallow water offshore drilling industry.

The level of activity of the shallow water offshore drilling industry is cyclical, volatile and impacted by oil prices. Sustained periods of low oil prices typically result in reduced exploration, development and production activities because oil companies' capital expenditure budgets are dependent on cash flows from such activities and are therefore sensitive to changes in energy prices. The level of activity and spending in the oil and gas industry are highly affected by factors such as volatility in demand for and supply of oil, fluctuations in current and future oil prices, the number, size and locations of oil fields, the demand for and supply of alternative fuels or energy supply, especially renewable sources of energy, the prices of alternative fuels or energy supply, changes in capital expenditure by companies operating in the offshore oil and gas industry and general economic, social and political conditions. Because almost all of the Group's revenue is driven by the development and workover activities of the Group's customers, a future decline in the activity levels of the shallow water offshore oil industry could have a material adverse effect on the Group's business, financial condition and results of operations.

The shallow water drilling industry is highly competitive and has historically been cyclical and subject to price competition.

The shallow-water drilling industry in which the Group operates is extremely competitive with numerous industry participants, and contracts have traditionally been awarded on a competitive bid basis. Price competition is frequently a major factor in determining a contract award. Customers may also consider unit availability and location, operational and safety performance records and age, condition and suitability of equipment. In addition, if the Group's competitors enter into joint venture agreements with some of the Group's largest customers, this could make it more difficult for the Group to obtain additional contracts from these customers. Competition for offshore rigs is typically global, as drilling rigs are mobile and may be moved from areas of low utilization and dayrates to areas of greater activity and corresponding higher dayrates. Costs connected with relocating drilling rigs for these purposes are sometimes substantial and are generally borne by the contractor. The over-supply of marketed jack-up rigs, which can be increased by new rigs under construction or reactivation of stacked rigs, increases competition and can lead to lower dayrates. The inability to compete successfully with the Group's competitors could have a material adverse effect on the Group's revenues, results of operations and cash flows.

Further, the shallow water drilling industry has historically been cyclical with periods of high demand, limited supply and high dayrates alternating with periods of low demand, excess supply and low dayrates. Periods of low demand and excess supply intensify competition in the industry and may result in the Group's drilling rigs being stacked or earning substantially lower dayrates for long periods of time. The Group has previously idled and stacked rigs in response to market conditions and may idle and stack additional rigs in the future, and such rigs may not return to service in the near term or at all. In addition, the Group has in the past and may in the future enter into lower dayrate drilling contracts in response to market conditions which reduces the revenues the Group earns from such contracts. Prolonged periods of low utilization and dayrates, as well as extended periods when rigs are stacked, could reduce demand for the Group's services and materially adversely affect the Group's revenues, financial condition, results of operations or cash flows.

Public health issues, including epidemics and pandemics such as COVID-19 have had and may continue to have significant adverse consequences including significantly reduced demand for the Group's services.

The existence of the novel coronavirus (“COVID-19”) was confirmed in early 2020 and spread to countries worldwide, causing disruptions to businesses and economic activity globally. The collapse in the demand for oil caused by this unprecedented global health and economic crisis, coupled with oil oversupply, had a material adverse impact on the demand for the Group's services. These effects have included adverse effects on revenues and net income; disruptions to the Group's operations, including restrictions on crew change travel; customer shutdowns of oil and gas exploration, development and production; supply chain and vendor activity disruptions; employee impacts from illness, school closures and other community response measures, which may cause prolonged absences of personnel who may be difficult or impossible to replace; and temporary closures of the Group's facilities or the facilities of the Group's customers and suppliers. Several of the Group's contracts were early terminated, suspended, shortened or renegotiated which adversely impacted the Group's business.

Additionally, these market and industry conditions placed significant pressure on the liquidity and solvency of many offshore drilling contractors, leading them to pursue restructuring transactions or reorganizations under bankruptcy laws. These transactions could have a material impact on the capital structure and competitive dynamics among offshore drilling companies, which could negatively impact the Group's ability to compete in the industry.

The extent to which the Group's operating and financial results are affected by emerging or resurgent epidemic or pandemic diseases or viruses and continue to be affected by COVID-19 is dependent on various factors and consequences beyond the Group's control, such as the duration and scope of the health crisis and the related responses by businesses and governments, particularly within the geographic locations where the Group operates, as well as the speed and effectiveness of these responses, including the effectiveness and the timeliness of vaccinations and treatments. New versions of COVID-19, public health issues and the volatile global economic conditions stemming from such widespread health crisis, has aggravated and could continue to aggravate certain other risk factors affecting the Group's business.

The Russian invasion of Ukraine has affected, and may continue to affect, the oil and gas industry and, in turn, the Group's operations

Since Russia's invasion of Ukraine in the first quarter of 2022, the geopolitical situation in Eastern Europe has and is also expected to continue to have a significant impact on the oil and gas market in particular due to sanctions related to Russia and the export of Russian oil and gas. Oil and gas prices surged to an all-time high during the first half of 2022 and further increased the volatility in the energy sector, with oil and prices falling significantly during the second half of 2022... Additionally, the Russia-Ukraine conflict is generating further shortages of materials and parts used in oilfield equipment, with the consequence of deteriorating the delivery time of such equipment and parts, and potentially impacting the Group’s operations. At the same time, sourcing of available quality products and equipment has become more challenging and, when available, such products and equipment have become more expensive to acquire, which has adversely impacted the Group’s operating costs. The long term effects of the supply chain disruptions resulting from the Russia-Ukraine conflict are unpredictable and could have a material adverse effect on the Group's revenues, financial condition, results of operations or cash flows.

Risk factors (2/7)

Risks related to the business of the Group

The Group's future business performance depends on the Group's ability to renew contracts with existing customers and secure new contracts for the Group's fleet of rigs.

The Group's ability to secure contract renewals where the Group is the incumbent rig provider, and to win tenders for new contracts is affected by a number of factors both within and outside of the Group's control. Negotiations and tenders can be impacted by various factors including market conditions, rig specifications, safety record requirements, competition and governmental approvals required by customers. While the Group's preference is generally to renew contracts with its existing customers, if existing customers decide not to renew their contract, the Group must seek to secure a new customer contracts for its rigs. There can be no assurance that the Group will be able to renew or extend existing contracts or secure new arrangements before the original contracts lapse.

If the Group is unable to renew contracts or the Group is not selected for new contracts, or if the contracts entered into are delayed, workflow may be interrupted and the Group's business, financial condition and results of operations may be materially adversely affected.

If the Group is unable to renew its customer contracts, it could lead to a rig being stacked and/or having to enter into a new contract at lower dayrates, shorter terms or in other geographical areas and could materially adversely affect the Group's revenues, financial condition, results of operations and cash flows.

If customers reduce activity levels, terminate, suspend or seek to renegotiate contracts, or if market conditions dictate that the Group enters into contracts with unfavorable terms or increased risks, the Group may be materially adversely impacted.

During periods of unfavorable market conditions, including low oil and natural gas prices and over-supply of rigs, customers may seek to renegotiate, suspend or terminate their contracts. The Group is subject to an increased risk of its customers taking such actions. Certain of the Group's customers may have the right to suspend or terminate contracts without limitations. Additionally, certain contracts may contain clauses allowing for termination due to downtime or operational problems above the contractual limits, safety-related issues, if the drilling rig is not delivered to the customer within the specified time period or in other specified circumstances, which may include events beyond the Group's control. Some of these contracts may require the Group to pay penalties, which could be material. Certain of the Group's contracts provide for cancellation at the option of the customer upon payment of a penalty to the Group, which may not fully compensate the Group for the loss of the contract. Early termination of a contract may result in a drilling rig being idle for an extended period of time. Customers without favorable termination language may seek to renegotiate existing contracts, including for some of the termination reasons described above. During periods of unfavorable market conditions, a customer may no longer need a rig that is under contract or may be able to obtain a comparable rig at a lower dayrate. As a result, customers may seek to renegotiate the terms of their existing contracts to shorten the length of the contract or lower the dayrate or customers may seek to suspend, terminate or otherwise avoid their obligations under those contracts.

The Group's future contracted revenue, or contract backlog, for the Group's fleet of drilling rigs may not be ultimately realised

The contract backlog relating to the Group's rigs was approximately USD 2.7 billion as of 31 December 2022. The amount of contract backlog does not necessarily indicate future earnings, and the contract backlog may be adjusted up or down depending on various factors both within and outside of the Group's control. The contract drilling dayrate used in the calculation of contract backlog may be higher than the actual dayrate the Group ultimately receives. Actual dayrates earned may be lower than the standard operating dayrate, and may consist of alternative dayrates such as a waiting-on-weather rate, repair rate, standby rate, force majeure rate or moving rate. The contract drilling dayrate may also be higher than the actual dayrate earned because of factors resulting in lost dayrate revenue, including scheduled or unscheduled rig downtime or suspension of operations. Additionally, renegotiation of dayrates or contracts that provide for periodic adjustments of contract dayrates, including those linked to oil or natural gas prices, may cause a difference in actual revenues as compared to contract backlog.

Early cancellation of existing contracts (for which the Group may not be entitled to compensation or notice), failure by customers to complete existing contracts, unscheduled downtime, or the unavailability of rigs and equipment to fulfil a contract may result in a lower than expected number of contract days. Any changes in the dayrate and number of days used to calculate contract backlog could result in materially lower revenues than indicated by the contract backlog.

The Group relies on a relatively small number of customers for a substantial portion of future contracted revenue

The Group's customer base includes national oil companies ("NOCs") and international oil companies ("IOCs"), together with a small number of independent oil and gas companies. The Group's top three customers based on revenue accounted for 94% of contract backlog and 72% of revenues for the year ended 31 December 2021. The Group's business, financial condition, results of operations and cash flows could be materially and adversely affected if any of these customers were to reduce its contractual commitments to the Group, or suspend or withdraw its approval for the Group to provide services for them. The Group's growth is closely connected to the growth of its customers and the Group's results may be impacted if certain key customers were to significantly reduce their growth strategy. Furthermore, if any of the Group's major customers fails to compensate the Group for its services, terminates contracts, fails to renew existing contracts or refuses to enter into new contracts with the Group, or if a customer fails to perform due to liquidity, solvency or other reasons, and similar contracts with new customers are not forthcoming, the Group's business, financial condition, results of operations and cash flows would be materially and adversely affected.

The Group's purchase of existing jack-up rigs carries risks associated with the condition and quality of those rigs.

The Group has acquired, and may acquire in the future, existing jack-up rigs as a way of renewing and expanding the Group's fleet. Unlike newbuild rigs, existing rigs typically do not carry warranties with respect to their condition. While the Group generally inspects any existing rig prior to purchase, such an inspection would normally not provide the Group with as much knowledge of its condition as if the rig had been built for the Group and operated by the Group during its life. Repairs and maintenance costs for existing rigs are difficult to predict and may be more substantial than for rigs that the Group has operated since they were built. In addition, the Group may not be able to obtain indemnification and warranties from the sellers for any rigs that the Group acquires. These costs could adversely affect the Group's results of operations and cash flows.

Acquisition of rigs and reactivation of stacked rigs, as well as upgrade, refurbishment and repair projects are subject to various risks.

The Group could in the future further increase the size of its fleet through purchase, lease or construction of rigs. In addition, the Group may choose to reactivate rigs which may be stacked in the future. The Group incurs upgrade, refurbishment and repair expenditures for the Group's fleet from time to time, including when upgrades are required by industry standards and/or by law. Such expenditures are also necessary in response to requests by customers, inspections, regulatory or certifying authorities or when a rig is damaged. The Group also regularly makes certain upgrades or modifications to the Group's drilling rigs to meet customer or contract specific requirements. The construction or outfitting of purchased newbuild rigs or reactivation of stacked rigs and upgrade, refurbishment and repair projects are subject to project management execution risks of delay and cost overruns inherent in any large construction project from numerous factors.

Risk factors (3/7)

Delay or failure to complete a newbuild, acquisition, reactivation, upgrade, refurbishment or repair project on time may result in the delay, renegotiation or cancellation of an existing contract and could put at risk the planned arrangements to commence operations on schedule. Further, significant delays could have a negative impact on the Group's reputation and customer relationships. The Group could also be exposed to contract termination or penalties for failure to complete the project and commence operations in a timely manner. In addition, rigs undergoing upgrade, refurbishment or repair generally do not earn a dayrate during the period they are out of service. Significant cost overruns or delays, loss of reputation, penalties, and failure to minimize lost dayrates could all have a material adverse effect on the Group's revenues, financial condition, results of operations and cash flows. Further, the Group has in the past, and may in the future, choose to acquire a newbuild or existing rig, lease a rig or reactivate a stacked rig speculatively, without first obtaining a customer contract. Absent a firm customer contract, the Group may not be able to secure arrangements for these rigs in a timely manner on economically acceptable terms, if at all. Failure to obtain a customer contract could result in the impairment of certain long-lived assets or expensing of costs which would typically be deferred. Failure to contract such rigs on acceptable terms or in a timely manner could adversely affect the Group's business, financial position, results of operations and cash flows.

Climate change, the regulation of greenhouse gases and increasing development of renewable energy alternatives could have a negative impact on the Group's industry, business and/or reputation.
The scientific community has concluded that increasing concentrations of greenhouse gases in the Earth's atmosphere are producing climate changes that have significant physical effects, such as increased frequency and severity of storms, floods and other climatic events. Such events could have a materially adverse effect on the Group's operations, especially given that the Group's rigs may need to curtail operations or suffer damage during significant weather events. Current and future regulations relating to greenhouse gases and climate change may also result in increased compliance costs or additional operating restrictions on the Group's business. The negative impacts of greenhouse gases and climate change have resulted in adverse publicity for the oil and natural gas industry and could cause damage to the Group's reputation. In addition, because the Group's business depends on the level of activity in the offshore oil and natural gas industry, existing or future regulations or other agreements related to greenhouse gases and climate change, including carbon taxes or greenhouse gas fees or incentives to conserve energy or use renewable energy alternatives, could decrease the demand for oil and natural gas or decrease exploration activity. Any of the factors discussed above could materially adversely affect the Group's business, reputation, financial condition, results of operations and cash flows.

There may be limits to the Group's ability to mobilize drilling rigs between geographic areas, and the duration, risks and associated costs of such mobilizations may be material to the Group's business.
The offshore drilling market is generally a global market as drilling rigs may be moved from one area to another. However, the ability to mobilize drilling rigs can be impacted by several factors including, but not limited to, governmental regulation and customs practices, the significant costs and risk of damage related to moving a drilling rig, availability of suitable tow vessels to move the rigs, weather conditions, political instability, civil unrest, military actions and the technical capability of the drilling rigs to relocate and operate in various environments. Additionally, while a jack-up rig is being mobilized from one geographic market to another, the Group may not be paid for the time that the jack-up rig is out of service or be reimbursed for costs attributable to such relocation. Further, despite the ability to move rigs, not all of the Group's rigs are designed to work in all regions, in all water depths or over all types of seafloor conditions. The Group may relocate a rig to another geographic market without a customer contract, which could result in costs that are not reimbursable by future customers, which could have a material adverse effect on the Group's revenues, financial condition, results of operations and cash flows.
Supplier capacity constraints or shortages in parts or equipment, supplier production disruptions, supplier quality and sourcing issues or price increases could increase the Group's operating costs, decrease revenues and adversely impact the Group's operations.
The Group's reliance on third-party suppliers, manufacturers and service providers to secure equipment used in drilling operations exposes the Group to volatility in the quality, price and availability of such items. Certain specialized parts and equipment used in the Group's operations may be available only from a single or small number of suppliers. A disruption in the deliveries from such third-party suppliers, capacity constraints, production disruptions, price increases, defects or quality-control issues, recalls or other decreased availability or servicing of parts and equipment could adversely affect the Group's ability to meet its commitments to customers, resulting in uncompensated downtime, reduced dayrates or the cancellation or termination of contracts and could adversely impact operations and increase costs. Any of these impacts could have a material adverse effect on the Group's revenues, results of operations and cash flows.

The Group's labour costs and the operating restrictions that apply to the Group could increase as a result of collective bargaining negotiations and changes in labour laws and regulations.
Some of the Group's employees in Egypt and Nigeria are represented by unions and may, from time to time, work under collective bargaining agreements. Employees in other countries have in the past and may in the future be represented by labour unions. In addition, some of the Group's contracted labour works under collective bargaining agreements. As part of the legal obligations in some of these collective bargaining agreements, the Group is required to contribute certain amounts to retirement funds and is restricted in its ability to dismiss employees. In addition, where the Group's employees are represented by unions, the Group may be required to negotiate wages with union representatives. Efforts may be made from time to time to unionize additional portions of the Group's workforce. Negotiations with unions relating to collective bargaining agreements and other labour related matters could result in higher personnel costs, other increased costs or increased operating restrictions, or even labour stoppages, strikes or slowdowns. Labour cost changes due to unions and collective bargaining agreements and the costs of complying with labour laws and regulations could have a material adverse effect on the Company's financial condition, results of operations and cash flows

The Group's business involves numerous operating hazards, and the insurance and contractual indemnity rights may not be adequate to cover any losses resulting from accidents and other events and the Group's insurance may become more expensive or may become unavailable in the future.
The Group's operations are subject to the hazards inherent in the drilling, completion and operation of oil and natural gas wells. These hazards include, but are not limited to blowouts, punch through, loss of control of the well, abnormal drilling conditions, mechanical or technological failures, seabed cratering, fires and pollution and failure of the Group's employees to comply with internal HSE guidelines. Operations may be suspended because of machinery breakdowns, abnormal operating conditions, failure of subcontractors to perform and personnel shortages.
In addition, the Group's operations are subject to perils peculiar to marine operations including capsizing, grounding, collision, sinking and loss or damage from severe weather, including monsoons. Severe weather could have a material adverse effect on the Group's operations, damaging rigs from high winds, turbulent seas, or unstable sea bottom conditions. Damage to the environment could result from the Group's operations, particularly through blowouts, oil spillage or extensive uncontrolled fires.

The occurrence of any of these events may result in the suspension of operations, loss of dayrate revenues, lower utilization rates, severe damage or destruction of property and equipment, injury or death to personnel, environmental damage, increased insurance costs, fines or penalties, personal injury and other claims by personnel, and claims or investigations by the operator, regulatory bodies and others affected by such events. The Group may also be subject to fines or penalties (for which indemnification may not be available) resulting from property, environmental, natural resources and other damage claims by governments, environmental organizations, oil and natural gas companies and other businesses operating offshore and in coastal areas, including claims by individuals living in or around coastal areas. Damage or destruction of the Group's property and equipment could potentially cause the Group to curtail operations for significant periods of time while repairs are completed. Any of which could have a material adverse impact on the Group's revenues, financial condition, results of operations and cash flows.

As is customary in the offshore drilling industry, the Group has undertaken to mitigate the risks of the Group's operations through insurance and contractual indemnities from the Group's customers. However, insurance policies have limits and exclusions and may not provide full coverage for, and, most of the Group's customer contracts do not fully indemnify the Group from, all losses or liabilities resulting from the Group's operations. If a significant accident or other event occurs, including but not limited to severe weather, terrorist acts, war, civil disturbances, pollution or environmental damage, that results in a loss which is not fully covered by insurance or a recoverable indemnity from a customer, it could adversely affect the Group's business, financial condition, results of operations and cash flows.

Risk factors (4/7)

SHELF DRILLING

The Group's international operations in the shallow water drilling sector involve additional risks, which could adversely affect the Group's business.
The Group operates in various regions throughout the world and as a result the Group may be exposed to political and other uncertainties, including risks of corruption, terrorist acts, armed hostilities, geopolitical events, military actions, war and civil disturbances, including in the Middle East. Some governments favor or effectively require (i) the awarding of drilling contracts to local contractors or to rig owners that are majority-owned by their own citizens, (ii) the use of a local agent or (iii) foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Furthermore, the Group's business operations require authorizations from various national and local government agencies. Obtaining these authorizations can be a complex, time-consuming process, and the Group cannot guarantee that the Group will be able to obtain or renew the authorizations required to operate the Group's business in a timely manner or at all. This could result in the suspension or termination of operations or the imposition of material fines, penalties or other liabilities. These factors may adversely affect the Group's ability to compete in those regions. The Group is unable to predict future governmental regulations which could adversely affect the international drilling industry. The actions of governments may adversely affect the Group's ability to compete effectively. As such, the Group may be unable to effectively comply with applicable laws and regulations, including those relating to sanctions and import/export restrictions, which may result in a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

If the Group or the Group's customers are unable to acquire or renew permits and approvals required for drilling operations, the Group may be forced to suspend or cease the Group's operations, which may adversely affect the Group's profitability.
Oil and natural gas exploration and production operations require numerous permits and approvals for the Group and the Group's customers from governmental agencies in the areas in which the Group operates. In addition, many governmental agencies have increased regulatory oversight and permit requirements in recent years. Obtaining and maintaining compliance with all necessary permits and approvals may require substantial expenditures and time. If the Group's customers are not able to obtain necessary permits and approvals in a timely manner, the Group's operations will be adversely affected. In addition, future changes to, or an adverse change in the interpretation of, existing permit and approval requirements may delay or curtail the Group's operations, require the Group to make substantial expenditures to meet compliance requirements, or create a risk of expensive delays or loss of value if a project is unable to function as planned, any of which could have a material adverse impact on the Group's revenues, financial condition, results of operations and cash flows.

The imposition by customers and/or governments in certain countries related to minimum local content, or local content programs or quotas may subject the Group to additional requirements and risks.
In Saudi Arabia, Saudi Aramco's In-Kingdom Total Value Add program sets goals for suppliers to meet, among other things, specified national content percentage targets. In the UAE, the implementation of the In-Country Value program in Abu Dhabi is also expected to increase local content requirements for all companies contracting with ADNOC. Compliance with these, or other similar existing or future programs, could increase the cost of doing business in such jurisdictions or could subject the Group to fines and penalties or loss of contracts, which could materially adversely affect the Group's revenues, financial condition, results of operations and cash flows.

Several countries in which the Group operates require foreign entities to comply with certain laws and regulations concerning minimum local content requirements. As a result, the Group may be required to enter into legally binding arrangements with local entities in those jurisdictions in order to conduct operations. In Indonesia, Malaysia, India, Nigeria, Angola and the UAE, the Group maintains a series of contractual and legal agreements with local partners and/or agents which are an integral part of the successful operation of the Group's business in these markets. In the future, the Group may enter into similar arrangements in other countries, either due to changing laws or regulations or due to operational requirements in additional markets. If the Group was to lose the support of these local participants and was unable to find suitable replacements, local regulators may curtail or terminate the Group's operations in those jurisdictions. In addition, the success of these local relationships depends on the reputation, creditworthiness, stability and continuity of the local partners and/or agents that the Group works with. If any of these local partners and/or agents were to become subject to bankruptcy/insolvency proceedings or other adverse regulatory or judicial proceedings, or lose the ability to carry out operations for any other reason, then the Group's business, financial condition, results of operations and cash flows could be materially and adversely impacted.

The Group is dependent on its senior management team, other key employees, skilled workers and the Directors of the Group's Board, and the business could be negatively impacted if the Group is unable to attract and retain personnel necessary for the Group's success.
The Group's performance is, to a large extent, dependent on highly qualified personnel, including management, other key employees and Directors of the Group's Board ("Key Personnel"), and the Group's continued ability to compete effectively, implement the Group's strategy and further develop the Group's business depends on the Group's ability to attract new and qualified Key Personnel and to retain and motivate existing Key Personnel. Attracting qualified personnel has proved increasingly important as the Group's industry has developed and become more advanced. An important factor contributing to the Group's leading position and global footprint has been the Group's ability to retain qualified employees throughout the Group's organizational structure. Further, the Group requires highly skilled personnel to operate and provide technical services and support for the Group's operations. Many of the Group's customers require specific minimum levels of experience and technical qualification for certain positions on rigs which they contract. Any loss of the services of management, skilled workers, other key employees, or Directors of the Group's Board, particularly to competitors could have a material adverse impact on the Group's business, financial condition, results of operations and cash flows.

The Company owns a significant stake in Shelf Drilling (North Sea), Ltd., which recently acquired five jack-up rigs, and the business of the Group may be negatively impacted if the Company is not able to effectively run Shelf Drilling (North Sea), Ltd.
On 5 October 2022 the Company acquired five jack-up rigs (the "Rigs") from various subsidiaries of Noble Corporation (the "Acquisition) through the Company's subsidiary Shelf Drilling (North Sea), Ltd ("SDNS"). In connection with the Acquisition SDNS raised USD 80,000,000 from new investors, resulting in the Company holding 60% of the shares in SDNS, and SDNS was subsequently listed on Euronext Growth Oslo. SDNS' operations are dependent upon the Company, as its majority shareholder and key service provider of management services under a management agreement entered into between SDNS and the Company. Due to the recent completion of the Acquisition there can be no guarantee that SDNS' operations will be successful or that the Rigs will generate sufficient income to sustain SDNS contemplated operations. SDNS may require additional capital and resources in order to carry out the contemplated operations of SDNS

While the Rigs have previously operated in the North Sea, the Company as provider of management services, and hence the management of SDNS, has historically not operated in the North Sea. Disruptions or integrations issues as a result of operations in a new geographic market may therefore emerge, particularly due to reasons such as a harsher weather environment, higher operating costs relative to other geographic regions and different regulatory environment compared to Shelf Drilling's historical geographic markets

The Company may also be prevented from making decisions in SDNS that are in the best interest of the Company. Pursuant to the bye-laws of SDNS, certain matters will require support from at least 75% of the shareholders of SDNS. Although the Company holds 60% of the shares SDNS, the Company does not have control over all decisions. As the commercial goals of SDNS and the Company may not always be aligned, there is a risk that the Company will be prevented from making decisions that are in the best interest of the Company.

For specific risk factors relating to Shelf Drilling (North Sea), Ltd., please see the information document published by it on 12 October 2022.

Risk factors (5/7)

SHELF DRILLING

Risks related to financial matters

The Group's existing indebtedness imposes significant operating and/or financial restrictions that may prevent the Group from pursuing certain business opportunities and restrict the Group's ability to operate the Group's business.

The level of the Group's indebtedness and the terms of the agreements governing the Group's existing and future indebtedness may contain covenants that restrict the Group's ability to take various actions. The Group's ability to comply with these covenants may be affected by many factors, both within and beyond the Group's control, including but not limited to the Group's future performance, falling oil and natural gas prices, prolonged periods of low dayrates, the possible termination or loss of contracts and reduced values of the Group's rigs. The Group may not satisfy these or other covenants in the Group's existing and future indebtedness. The Group's failure to comply with the obligations under the agreements governing the Group's existing and future indebtedness could result in an event of default under such agreements, which could result in the acceleration of the Group's indebtedness, in whole or in part. In addition, the Company's existing debt agreements contain, and the Group's future debt agreement may contain, cross-default provisions whereby acceleration or payment default by the Group under one of the Group's debt agreements, could allow creditors to declare the Company or the relevant debtor under such debt agreement in default of the Group's other existing debt or financing agreements. This could lead to an acceleration and enforcement of such agreements by all or substantially all of the Group's creditors. These debt covenants and restrictions could also limit the Group's ability to plan for, or react to, market conditions, meet capital needs, make distributions or otherwise restrict the Group's activities or business plans and adversely affect the Group's ability to finance the Group's operations, enter into acquisitions or to engage in other business activities that would be in the Group's interest.

The Group is dependent upon cash flows from the Group's operating subsidiaries to meet the Group's obligations, including repayment of the Group's debt.

The Group conducts operations through, and most of the Group's assets are owned by, the Group's operating subsidiaries. The Group's operating income and cash flows are generated by these subsidiaries, and as a result, the cash generated from the Group's subsidiaries is the principal source of funds necessary to meet the Group's obligations, including the Group's debt obligations. Contract provisions or laws, as well as the Group's subsidiaries' financial condition, operating requirements and debt requirements may limit the Group's ability to access cash from subsidiaries needed to pay expenses or to meet the Group's current or future debt service obligations. Applicable tax laws may also subject such payments by subsidiaries to further taxation.

Fluctuations in exchange rates and non-convertibility of currencies could result in losses to the Group.

The Group may experience realized currency exchange losses when cash is received or expenses are paid in currencies other than the Group's U.S. dollar functional currency, when the Group does not hedge the Group's exposure to such foreign currency or when the result of a hedge is a loss. The Group may also incur losses as a result of an inability to collect revenues due to a shortage of convertible currency available to the country of operation, controls over currency exchange or controls over the repatriation of income or capital.

Risks related to laws and regulations

If any part of the Group's business is moved outside of its current operative jurisdiction the Group's overall tax exposure may change, which may affect the Group's alleged compliance with applicable tax laws.

The Company and most of the Group's subsidiaries are incorporated in the Cayman Islands. The Group also has subsidiaries in various other jurisdictions. The Group's consolidated effective tax rate is dependent on where profits are earned and taxed or losses are generated, as different countries have different tax systems and statutory tax rates. Different jurisdictions also have different tax laws and interpretations thereof. If the Group moves some of its operations into a new jurisdiction or acquire companies in jurisdictions in which the Group does not already operate, the Group's overall effective tax rate may be affected. Further, the Group may also become exposed to changes in tax policies and amendments to tax legislation, prospectively and/or retroactively, in such jurisdictions. There can be no assurance that the relevant tax authorities in the jurisdictions in which the Group operates will agree with the Group's tax calculations and judgements. If a relevant tax authority disputes the Group's assumptions, judgements or calculations, the Group may incur additional tax expense, interest and penalties. Any changes in the Group's tax exposure may affect the Group's alleged compliance with applicable tax law, and any non-compliance could have a material adverse impact on the Group's financial condition, results of operations and cash flows.

Changes in tax laws, regulations, or treaties, and interpretations thereof, for any country in which the Group operates, earns income, generates losses or is considered to be a tax resident, and/or the loss of any major tax dispute, or a successful challenge to the Group's intercompany pricing policies or operating structures could have an adverse impact.

The Group's business is incorporated in the Cayman Islands and operates through the Group's many subsidiaries in various countries throughout the world. The Group's income tax exposure is based upon the relevant tax laws, regulations and treaties that apply to the various countries in which the Group operates or earns income or is deemed to be a tax resident. Transactions taking place between a Group company and a related company must be carried out in accordance with arm's length principles in order to avoid adverse tax consequences. There can be no assurance that the tax authorities will conclude that the Group's transfer pricing policies are calculated using appropriate arm's length prices for intercompany transactions. Any changes in intercompany pricing could change the Group's taxable income or losses in various jurisdictions, which could change the Group's effective tax rate and tax expense. Any of the above factors could cause a significant change to the Group's local statutory tax rates and/or the Group's effective tax rate on worldwide earnings. In addition, if a local statutory tax rate changes, the Group may need to revalue the Group's deferred tax assets and liabilities or recalculate the Group's valuation allowances, liabilities for uncertain tax positions or other tax allowances and reserves relevant to that jurisdiction. Additionally, if the Group does not generate sufficient income in jurisdictions with tax loss carryforwards or other changes are made regarding their value or utilization, the Group may be required to reduce the value of these tax assets. Any of these changes could have a material adverse impact on the Group's financial position, results of operations and cash flows.

Any failure to comply with the complex laws and regulations governing international trade, including import, export, anti-corruption, economic sanctions and embargoes could adversely affect the Group's operations.

The shipment of equipment and materials required for shallow water drilling operations across international borders subjects the Group to extensive import and export laws and regulations governing the Group's assets, equipment and materials, including those enacted by the U.S. and/or countries in which the Group operates. Moreover, many countries control the export/import and re-export of certain goods, services and technology and may impose related export/import recordkeeping and reporting obligations. Governments also may impose economic sanctions and/or embargoes against certain countries, persons and other entities that may restrict or prohibit transactions involving such countries, persons and entities. Any failure to comply with applicable legal and regulatory international trade obligations could also result in criminal and civil penalties and sanctions, such as fines, imprisonment, debarment from government contracts, seizure of shipments and loss of import/export privileges, which may have a material adverse effect on the Group's business, financial condition, results of operations and cash flows. The Group operates drilling rigs in a number of countries, including in some developing economies, which can involve inherent risks associated with fraud, bribery and corruption and where strict compliance with anti-corruption laws may conflict with local customs and practices. As a result, the Group may be subject to risks under the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act 2010 and similar laws in other jurisdictions that generally prohibit companies and their intermediaries from making, offering or authorizing improper payments to government officials for the purpose of obtaining or retaining business. Any violation of these could result in substantial fines, sanctions, deferred settlement agreements, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and the seizure of the Group's rigs and other assets and might, as a result, materially adversely affect the Group's business, financial condition, results of operations and cash flows.

Risk factors (6/7)

The Group is subject to complex laws and regulations, including environmental laws and regulations that can adversely affect the cost, manner or feasibility of doing business.

The Group's operations are subject to numerous stringent HSE laws and regulations in the form of international conventions and treaties, national, state and local laws and regulations in force in the jurisdictions in which the Group's drilling rigs operate or are registered, which can, directly or indirectly, significantly affect the ownership and operation of the rigs. These requirements include, but are not limited to, MARPOL, CLC, BUNKER and various international, national and local laws and regulations that impose compliance obligations and liability related to the use, storage, treatment, disposal and release of petroleum products, asbestos, polychlorinated biphenyls and other hazardous substances that may be present at, or released or emitted from, the Group's operations. Furthermore, the IMO, at the international level, or national or regional legislatures in the jurisdictions in which the Group operates, including the EU, may pass or promulgate new environmental laws or regulations. Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful life of the Group's rigs. The Group is required to obtain HSE permits from governmental authorities for the Group's operations, and the Group may have difficulty in obtaining or maintaining such permits. Laws and regulations protecting the environment have generally become more stringent over time. In the event the Group was to incur additional costs to comply with existing or future laws or regulatory obligations, these costs could have a material adverse effect on the Group's business, financial condition, results of operations and cash flows. In addition, existing or future laws could increase costs for the Group's customers, the Group's vendors or the Group's service providers, which could result in lower demand for the Group's services, lower dayrates, or increasing costs. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of operations. Environmental laws often impose strict liability, which could subject the Group to liability without regard to negligence or fault. The Group's operations could cause the accidental release of oil or hazardous substances. Any releases may be large in quantity, above the permitted limits or occur in protected or sensitive areas where public interest groups or governmental authorities have special interests. Any releases of oil or hazardous substances could result in substantial fines and other costs and liabilities, such as costs to upgrade rigs, clean up the releases and comply with more stringent requirements in the Group's discharge permits, claims for natural resources, personal injury or other damages, and material adverse publicity. Although the Group's contracts generally provide for indemnification from the Group's customers for some of these costs, the inability or other failure of the Group's customers to fulfil any indemnification obligations they have, or the unenforceability of the Group's contractual protections could have a material adverse effect on the Group's financial condition, results of operation and cash flows. Moreover, these releases may result in customers or governmental authorities suspending or terminating the Group's operations in the affected area. If a major incident were to occur in the Group's industry, such as a catastrophic oil spill or other accident subject to international media attention, this could lead to an industry-wide regulatory response which may result in increased operating costs. Any changes to existing laws in the jurisdictions in which the Group operates prompted by such a future event could increase the Group's operating costs and future risk of liability. In addition, the Group may be required to post additional surety bonds to secure performance, tax, customs and other obligations relating to the Group's rigs in jurisdictions where bonding requirements are already in effect and in other jurisdictions where the Group may operate in the future. These requirements would increase the cost of operating in these countries. Any of the above could materially adversely affect the Group's business, reputation, financial condition, results of operations and cash flows.

Risks Related to the Company's Structure and Ownership of the Company's Common Stock

Certain of the Company's shareholders own a significant proportion of the Company's common shares, and their interests may conflict with those of the Company or other shareholders.

The Company's largest shareholders are affiliates of Castle Harlan, Inc., Lime Rock Partners. (together, the “Sponsors”) and China Merchants Industry Holdings Company Limited (“China Merchants”). These shareholders beneficially hold, collectively, a significant part of the Company's common shares. The Company’s Articles contain certain preferential governance rights for the Sponsors, including the right of the Sponsors to appoint and remove directors, subject to certain ownership thresholds being met. Additionally, as of 31 December 2021, China Merchants was the Company's largest shareholder and has representation on the Board of Directors. Accordingly, the Sponsors and China Merchants can exercise significant influence over the Company's affairs. If circumstances arise where the interests of the Sponsors or China Merchants conflict with the interests of other shareholders, the other shareholders could be disadvantaged by the ability of these large shareholders to influence actions contrary to the other shareholders' interests. Specifically, the level of voting influence of the Sponsors may impact other shareholders' ability as minority shareholders to have an influence on the result of special resolutions which shall be required for certain types of transactions, such as the increase or reduction of the Company's share capital, certain share transactions or the approval for a merger, or that involve an actual or potential change of control, including transactions in which shareholders might receive a premium for their shares over prevailing market prices.

The Company is exposed to regulatory and enforcement risks regarding taxes. U.S. tax authorities may treat the Company as a passive foreign investment company, causing potential adverse U.S. federal tax consequences to the Company's U.S. shareholders.

For U.S. federal income tax purposes, a foreign corporation will be treated as a Passive Foreign Investment Company (“PFIC”), if either (i) at least 75.0% of its gross income for any taxable year (including its proportionate share of the gross income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of such corporation’s stock) consists of certain types of “passive” income or (ii) at least 50.0% of the average value of the corporation’s assets (including its proportionate share of the assets of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of such corporation’s stock) either produce or are held for the production of those types of “passive” income. The Company believes that it will not be treated as a PFIC for any relevant period as any income the Company receives from offshore drilling service contracts should be treated as “services income” rather than as passive income under the PFIC rules. In addition, the assets the Company owns and utilizes to generate this “services income” should not be considered passive assets. Although there is significant legal authority supporting the Company's position, including relevant statutory provisions, legislative history, case law and various pronouncements from the U.S. Internal Revenue Service (“IRS”), there is a possibility that the IRS may still characterize this income as “passive” income in light of a recent case characterizing income from the time chartering of vessels as rental income rather than services income for other tax purposes. If the Company was to be treated as a PFIC for any relevant period, the Company's U.S. shareholders may face adverse U.S. tax consequences. Under the PFIC rules, a U.S. shareholder would be liable to pay U.S. federal income tax at the highest applicable rates on ordinary income upon the receipt of certain “excess” distributions and upon any gain from the disposition of the Company's shares, plus certain interest and penalties. Although shareholders can make certain elections to mitigate the application of the PFIC rules, these elections can themselves cause other adverse tax consequences to the electing shareholder.

Subsequent to the Company's initial public offering in 2018, the Company is subject to both Cayman Islands regulatory requirements and the requirements applicable for Companies listed on the Oslo Stock Exchange.

From the time of the Company's 25 June 2018 initial public offering, the Company is subject to both the Cayman Islands regulatory requirements and the requirements applicable for companies listed on the Oslo Stock Exchange. These requirements affect the Company's financial statements, corporate governance, communications with shareholders, transactions involving the Company's common stock, such as dividends and stock repurchases, and other items as per the relevant laws and regulations. Any of these documents or actions may be subject to review by the relevant authorities. Compliance with these requirements and any subsequent changes in the requirements or the interpretation of requirements by relevant authorities could have a material adverse impact on the Company's business, financial condition, results of operations and cash flows.

Shareholder rights and responsibilities will be governed by Cayman Islands law and will differ in some respects from the rights and responsibilities of shareholders under other jurisdictions, including Norway and the U.S.

The Company's corporate affairs are governed by the Company's Articles of Association (the “Articles”) and by the laws governing companies incorporated in the Cayman Islands. The rights of the Company's shareholders and the responsibilities of members of the Board of Directors under Cayman Islands law may not be as clearly established as under the laws of other jurisdictions. In addition, the rights of shareholders as they relate to, for example, the exercise of shareholder rights, are governed by Cayman Islands law and the Company's Articles and differ from the rights of shareholders under other jurisdictions, including Norway and the U.S. The holders of the Company's common shares may have more difficulty in protecting their interests in the face of actions by the Board of Directors than if the Company was incorporated in the U.S. or Norway. Additionally, it could be difficult for a common shareholder to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in jurisdictions other than the Cayman Islands.

Risk factors (7/7)

Future issuances of the Company's common shares or other securities could dilute the holdings of holders of the Company's common shares and could materially affect the price of the Company's common shares, and preemptive rights are not available to holders of the Company's common shares.
The Company may in the future decide to offer additional common shares or other securities in order, among other needs, to finance new capital-intensive projects, in connection with unanticipated liabilities, as currency in merger and acquisition transactions, for employee share-based awards, for regulatory requirements, to fund the Company's expenses or for any other corporate purposes.

There can be no assurance that the Company will not decide to conduct further offerings of securities in the future. Under Cayman Islands law and the Company's Articles, holders of the Company's common shares do not have preemptive rights that maintain their relative ownership percentages prior to the issuance of any new common shares. Without preemptive rights and depending on the structure of any future offering, certain common shareholders may not have the ability to purchase additional equity securities. Future issuances of common shares or other securities may result in substantial dilution in the ownership percentage of, and may have the effect of diluting the value of, holdings and voting interests of common shareholders. Additionally, such transactions could have an adverse effect on market value of the Company's common shares.

Future sales, or the possibility of future sales of a substantial number of the Company's common shares could affect the market price of the Company's common shares.
The Company cannot predict what effect, if any, future sales of the Company's common shares, or the availability of the Company's common shares for future sales, will have on the market price of the Company's common shares. Transaction volumes of the Company's common stock have historically been low, and therefore the Company's stock price may be significantly impacted by large transactions. Sales of substantial amounts of the Company's common shares in the public market, including by the Sponsors or China Merchants, who own a significant number of the Company's outstanding common stock, or the perception that such sales could occur, could adversely affect the market price of the Company's common shares, making it more difficult for the Company's common shareholders to sell their common shares or the Company to sell equity securities in the future at a time and price that they deem appropriate. Additionally, all common shares owned by the Sponsors are unrestricted and thus are eligible for sale or other transfer in the public market, subject to applicable securities laws restrictions.

Exchange rate fluctuations could adversely affect the value of the Company's common shares and dividends paid on the common shares, if any, for an investor whose principal currency is not U.S. dollars.
The Company's common shares are priced and traded in Norwegian Krone (“NOK”) on the Oslo Stock Exchange. Dividends declared by the Company's Board of Directors, if any, would likely be denominated in the Company's functional currency of U.S. dollars, and would be paid to the common shareholders through DNB Bank ASA (“DNB”), being the Company's VPS registrar (the “VPS Registrar”). Such payments would be transacted in the bank account currency of the relevant common shareholder’s account, as previously provided to the VPS Registrar. Common shareholders registered in the VPS who have not supplied their bank account details would not receive dividend payments unless and until they register their bank account details for their VPS account and inform the VPS Registrar. The exchange rate(s) applied when transacting payments of dividends to the relevant common shareholder's currency would be the VPS Registrar's exchange rate on the payment date. Exchange rate movements of U.S. dollars would therefore affect the value of these dividends and distributions for investors whose account currency is not U.S. dollars. Further, the market value of the commons shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange rate fluctuations. This could affect the value of the common shares and of any dividends paid on the common shares for an investor whose principal currency is not U.S. dollars.

The transfer of the Company's common shares and their underlying assets is subject to restrictions under the securities laws of the U.S. and other jurisdictions.
The Company's common shares or underlying assets have not been registered under the Securities Exchange Act of 1934 in the U.S. or any U.S. state securities laws or any other jurisdiction outside of Norway and the Cayman Islands, and may not be registered in the future. As such, the Company's common shares or underlying assets may not be offered or sold in the U.S. except pursuant to an exemption from the registration requirements of the Securities Exchange Act of 1934 in the U.S. and other applicable securities laws. In addition, common shareholders residing or domiciled in the U.S. and/or other jurisdictions may not be able to participate in future capital increases.

Investors could be unable to recover losses in civil proceedings in jurisdictions other than the Cayman Islands and Norway.
The Company is an exempted company, limited by shares and incorporated under the laws of the Cayman Islands. The Directors of the Board and members of the management reside in the U.S., Saudi Arabia, Australia, China, the U.K. and the UAE. As a result, it may be impossible for investors to effect service of process or to enforce judgments obtained in non-Cayman Islands or non- Norwegian courts against the Company, the Company's Board of Directors or the Company's management.

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