



31 October 2017

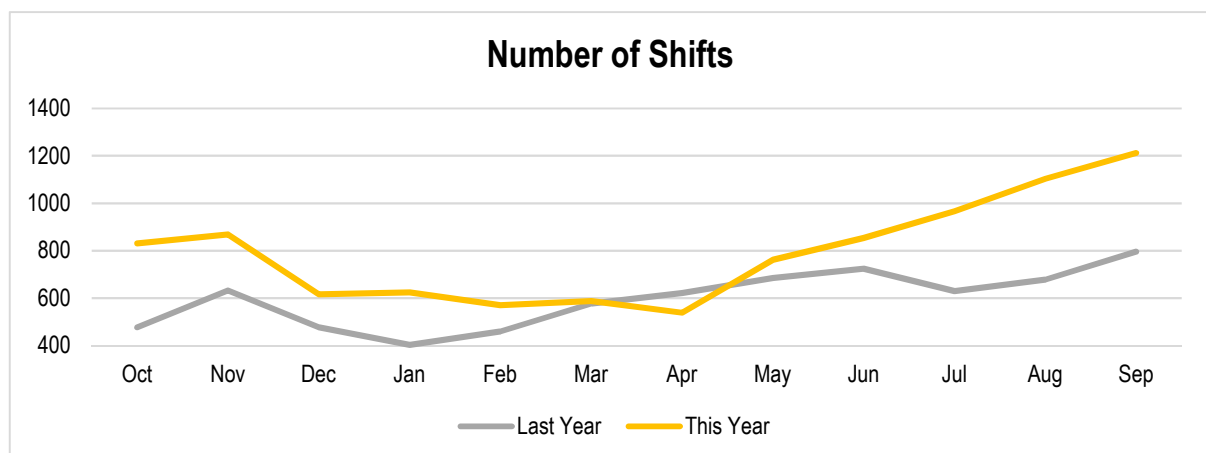
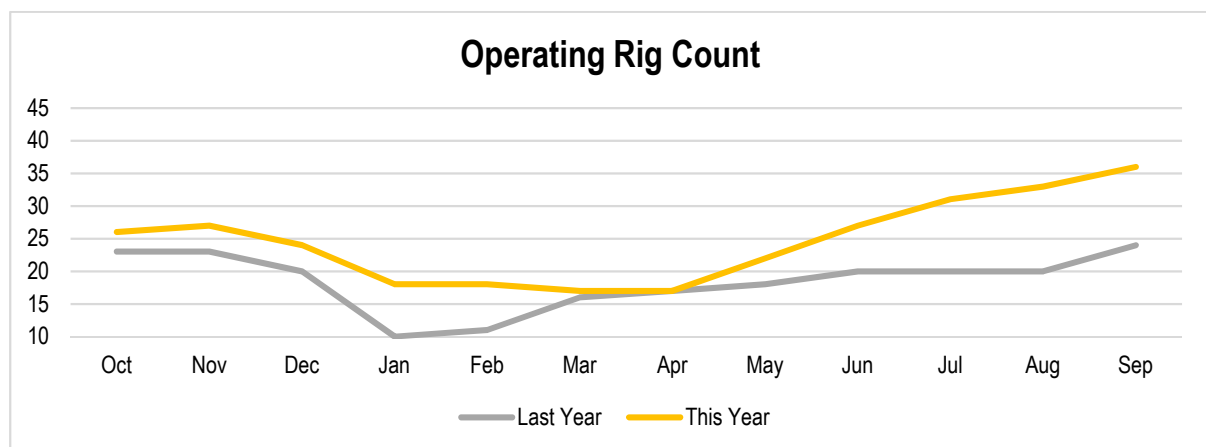
MITCHELL SERVICES LIMITED
(ASX: MSV)

Appendix 4C Quarterly Report and Investor Update

Dear Shareholder,

Mitchell Services Limited (**the Company**) is pleased to provide the following operational Investor Update for the quarter ended 30 September 2017.

As announced to the market in recent times, the Company has won multiple new contracts that have driven a material increase in operating rig count and shift numbers from 30 June 2017 to 30 September 2017 as the below charts demonstrate. This trend has continued post September as the Company continues to mobilise additional rigs with the operating rig count reaching 40 in October.



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Mitchell
SERVICES

The September 2017 quarter saw unprecedented growth for the Company with the average operating rig count increasing by 50% when compared to the average operating rig count for the quarter ended 30 June 2017. The mobilisations of new projects over the past three months were conducted in a safe and efficient manner.

From a cashflow perspective the net operating cash outflow was \$2.56 million for the quarter. This was reflective of the increase in operating rig count and associated mobilisation costs. As disclosed in the previous 4C Quarterly Report, the Company had secured a new \$2.6 million working capital facility to fund this operating cashflow requirement.

I would like to thank all shareholders who took part in the recent capital raising. Our tender opportunity pipeline remains strong amid general market conditions that are more favourable than those in more recent years and the capital raising will ensure that the Company is adequately funded to mobilise additional rigs.

Safety remains a key focus across the entire business and it is pleasing to note that our safety performance has continued to improve during a period of sustained growth. I am looking forward to another extremely busy quarter ahead where we will seek to replicate the mobilisation success of the September quarter.

Yours Faithfully

Andrew Elf
Chief Executive Officer

Mitchell Services Limited

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Mitchell Services Limited

ABN

31 149 206 333

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	11,486	11,486
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(5,447)	(5,447)
(c) advertising and marketing	(23)	(23)
(d) leased assets	-	-
(e) staff costs	(7,610)	(7,610)
(f) administration and corporate costs	(606)	(606)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(364)	(364)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,564)	(2,564)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1,323)	(1,323)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(1,323)	(1,323)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,516	2,516
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(144)	(144)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(527)	(527)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	1,845	1,845

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	282	282
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,564)	(2,564)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,323)	(1,323)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,845	1,845

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	(1,760)	(1,760)

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000	
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	169	817
5.2	Call deposits	674	-
5.3	Bank overdrafts	(2,603)	(535)
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(1,760)	282

6. Payments to directors of the entity and their associates	Current quarter \$A'000	
6.1	Aggregate amount of payments to these parties included in item 1.2	58
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
The transactions included in 6.1 above relate to director's fees and associated superannuation payments.		

7. Payments to related entities of the entity and their associates	Current quarter \$A'000	
7.1	Aggregate amount of payments to these parties included in item 1.2	135
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
The transactions included in 7.1 above relate to payments made to entities that are controlled by certain directors. The nature of these transactions has not changed from those outlined in note 21 of the Company's most recent published Annual Report and include equipment hire, repair and maintenance type services and office rental.		

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	8,500	8,500
8.2 Credit standby arrangements	5,100	2,603
8.3 Other (equipment finance facilities)	6,978	6,978
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
8.1		
Secured shareholder loan facility provided by major shareholders Washington H. Soul Pattinson & Company Limited and Mitchell Family Investments (Qld) Pty Ltd as trustee for the Mitchell Family Investment Trust. This loan was provided to partly fund the acquisition of all Nitro Drilling Pty Ltd assets in 2015. Interest is charged at a fixed rate of 10% pa on this facility.		
8.2		
<ul style="list-style-type: none"> • \$2.5m Secured overdraft facility with Suncorp at a variable lending rate (currently 5.55% pa). • \$2.6m working capital facility provided by National Australia Bank Limited on terms as described in the Company's 30 June 2017 Appendix 4C. 		
8.3 Secured equipment finance facilities through a range of lenders including Westpac, Commonwealth Bank, Suncorp, Toyota Equipment Finance, Atlas Copco Financial Solutions, National Australia Bank and MEH Equipment Hire, at fixed interest rates between 4.45% and 8.33% pa.		
Note – After quarter end the Company raised approximately \$6.27 million in equity funding through a 1 for 8 non-renounceable entitlement offer at an offer price of \$0.034 per share (Entitlement Offer). The new shares issued under the Entitlement Offer settled on 16 October 2017 and were readily available in cash on the same date.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	7,629
9.3 Advertising and marketing	25
9.4 Leased assets	-
9.5 Staff costs	7,832
9.6 Administration and corporate costs	600
9.7 Other (repayment of borrowings and capital expenditure)	3,659
9.8 Total estimated cash outflows	19,745

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration	N/A	N/A
10.3 Consideration for acquisition or disposal	N/A	N/A
10.4 Total net assets	N/A	N/A
10.5 Nature of business	N/A	N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Company secretary)

Date: 31 October 2017

Print name: Greg Switala

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.