


ANNUAL GENERAL MEETING
22 NOVEMBER 2017

Chief Executive Officer Presentation

Mitchell
SERVICES

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MITCHELL SERVICES MARKET PROFILE

ASX Information

ASX Stock Symbol:	MSV
Shares Issued:	1,734,965,831
Share Price (at 21/11/2017):	A$0.042
Market Capitalisation:	A$72.9m

Board of Directors

- Executive Chairman – Nathan Mitchell
- Non-Executive Director – Peter Miller
- Non-Executive Director – Robert Douglas
- Non-Executive Director – Neal O'Connor

Major Shareholders

Mitchell Group	20.4%
Washington H Soul Pattinson	10.4%
CVC Limited	4.7%
Viburnum Funds	3.7%

Senior Management Team

- Chief Executive Officer – Andrew Elf
- CFO & Company Secretary – Greg Switala
- GM People and Risk – Josh Bryant
- GM Commercial – Todd Wild

SAFETY UPDATE

- Finishing each day without harm is a **core Mitchell Services value**
- Key initiatives implemented to **strengthen safety culture** and performance have primarily focused on key risks and field leadership
- **35.9% improvement** in Total Recordable Injury Frequency rate year on year to October 17
- Mitchell Services had **zero recordable injuries** across all underground operations during the reporting period

2017 BUSINESS OVERVIEW

8,357 shifts in FY2017

↑ 28%

from FY2016

Total recordable injury frequency rate improved by

7.8%

from FY2016

200+

experienced employees

Major project wins increase **geographical diversity** and materially **increase operating rig count**

330% increase

in EBITDA to

$2.2m with **$4.3m**

cash flow from operations

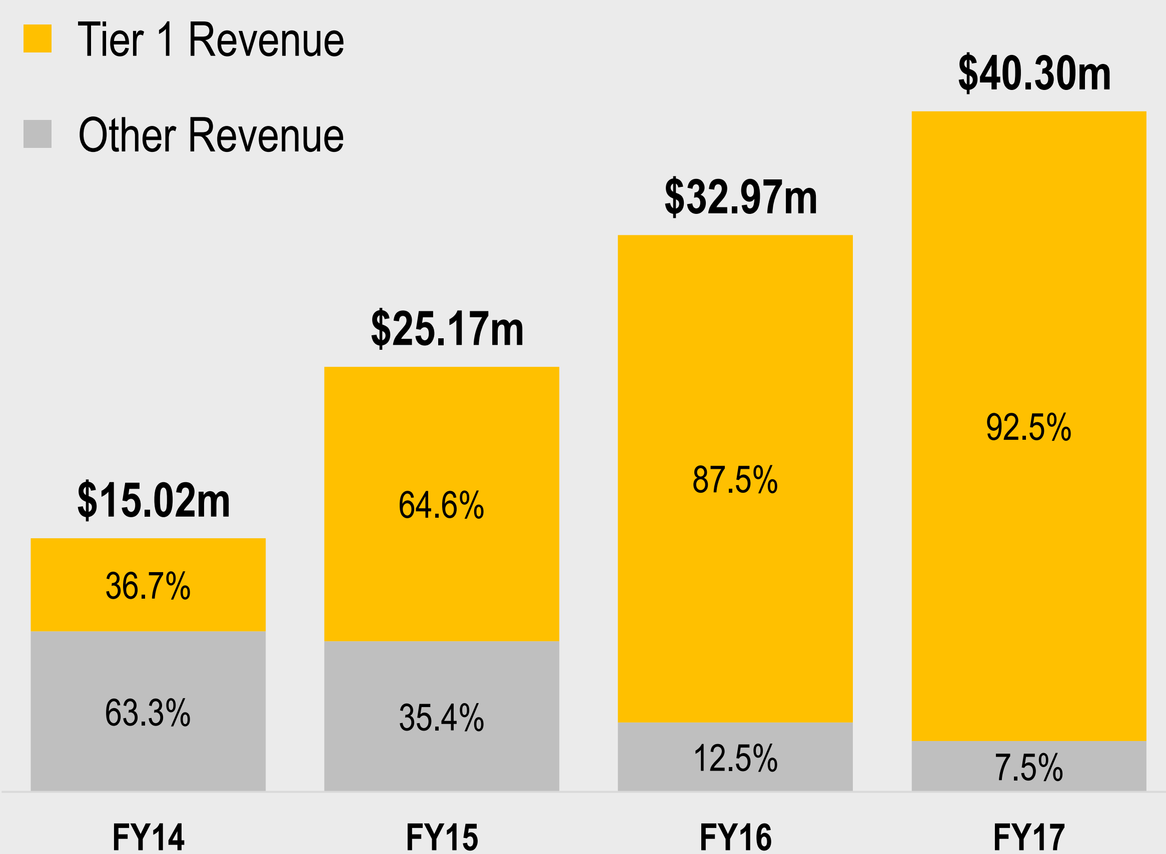
Total revenue of $40.30m

↑ 22%

from FY2016 driven by a 21% increase in operating rig count

OPERATING REVENUE BY CLIENT TYPE

Strong year on year revenue growth

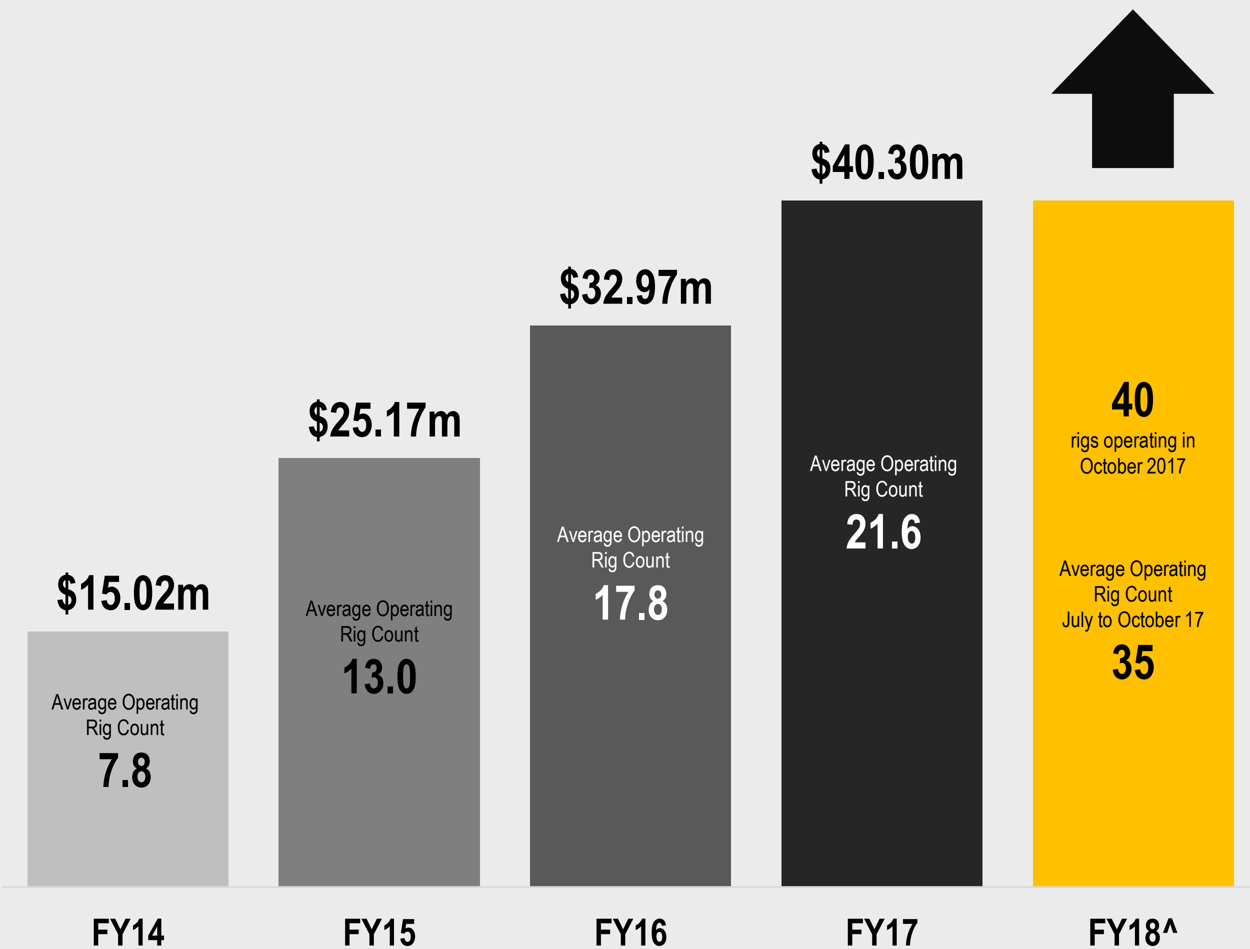


*large / multinational mining & energy companies

VALUE OF TIER 1

- Large / multinational mining and energy companies
- Very high safety and business system requirements
- Generally brownfield work for existing mining operators
- Longer term contracts

IMPACT OF INCREASED UTILISATION ON REVENUE



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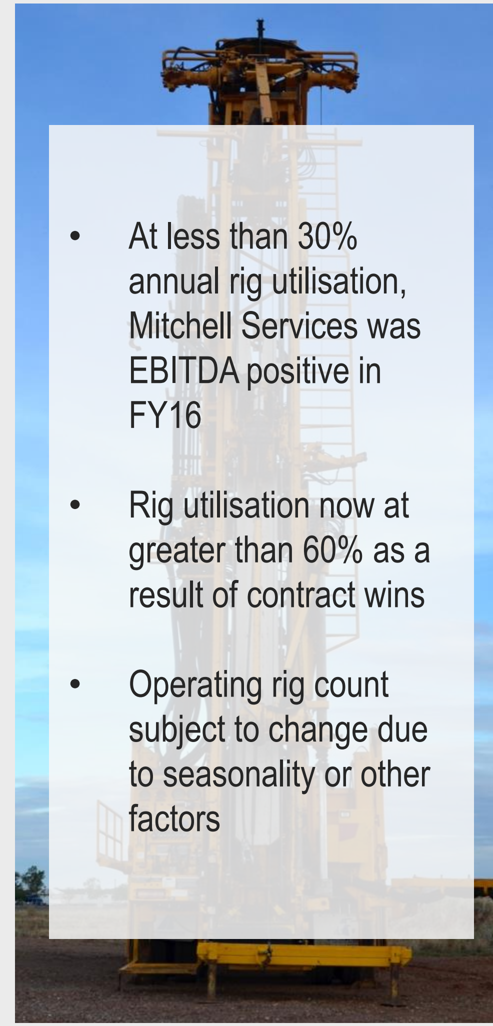
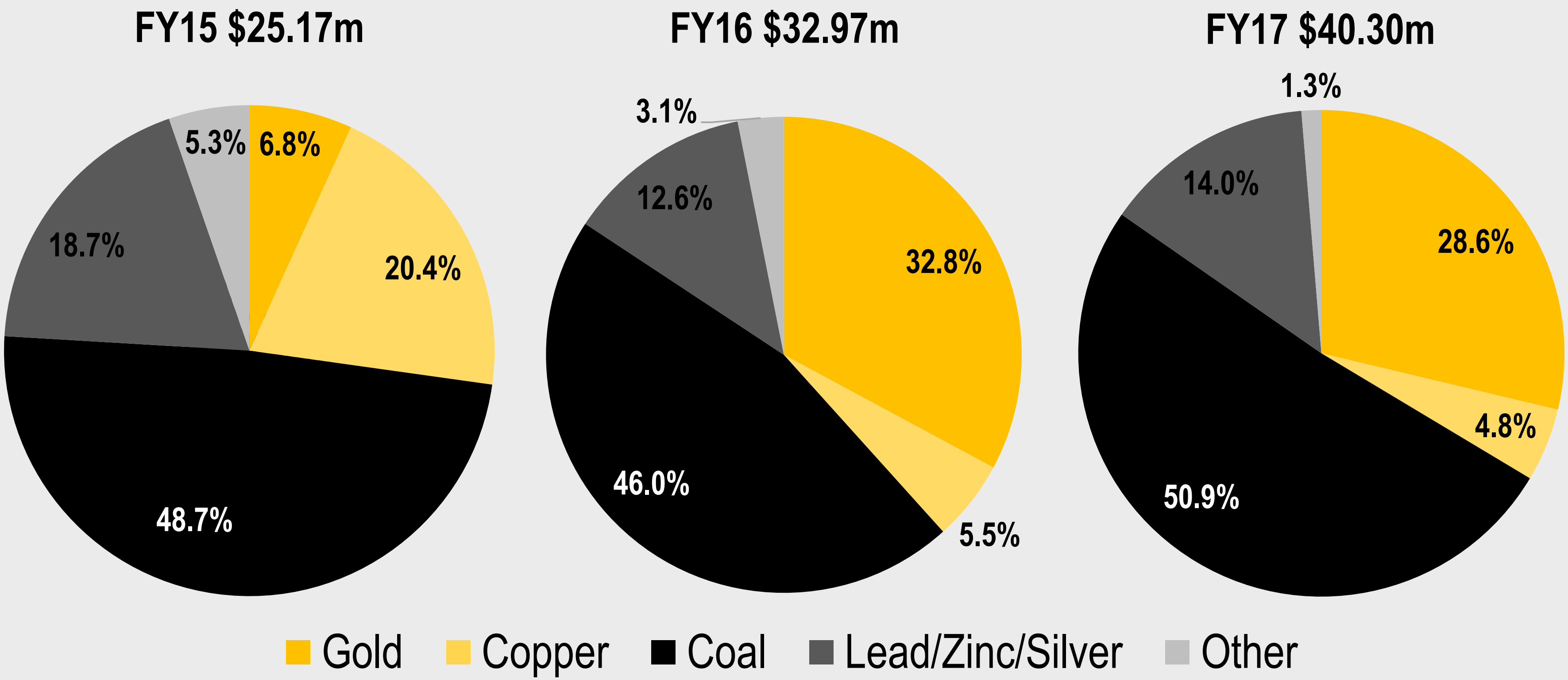


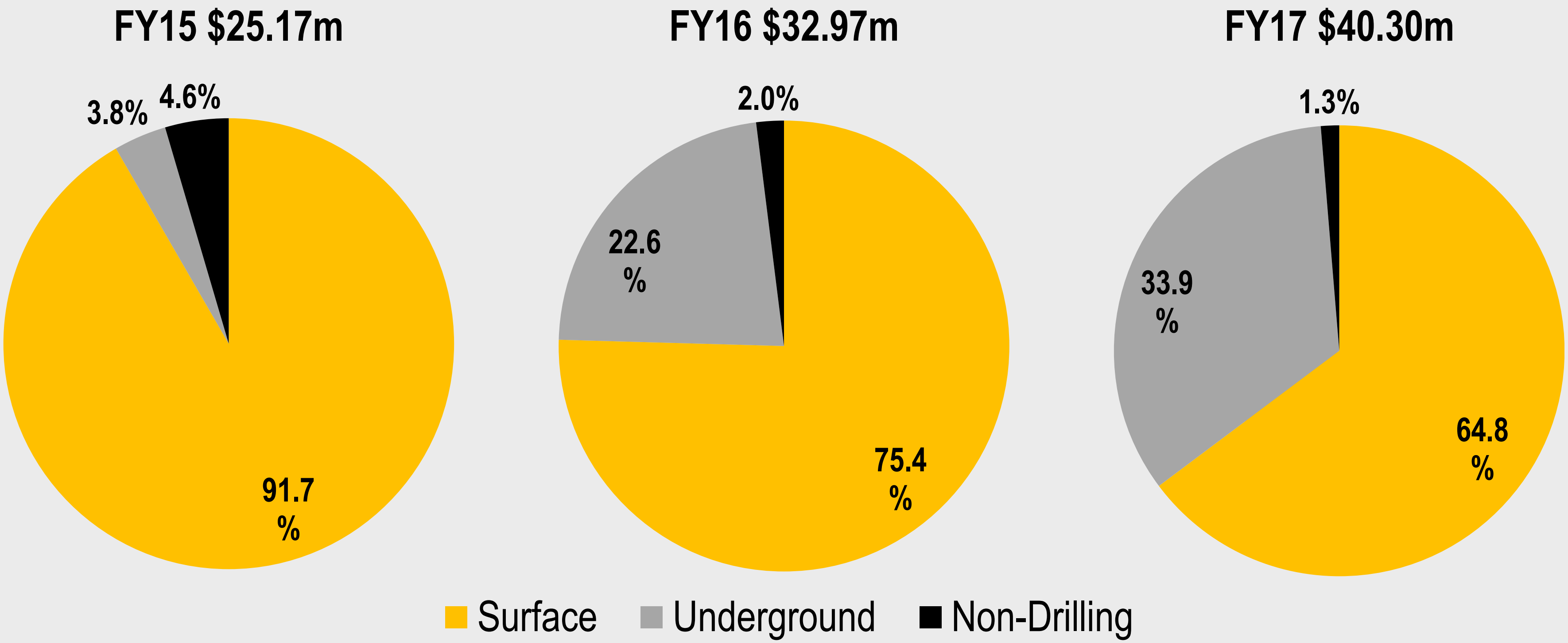
- At less than 30% annual rig utilisation, Mitchell Services was EBITDA positive in FY16
- Rig utilisation now at greater than 60% as a result of contract wins
- Operating rig count subject to change due to seasonality or other factors

FY17 OPERATING REVENUE BY COMMODITY



Management remains mindful of the importance of diversification in revenue streams including diversity in commodity mix. Our commodity mix remains well balanced with revenue from coal and revenue from minerals accounting for 51% and 48% of total operating revenue respectively.

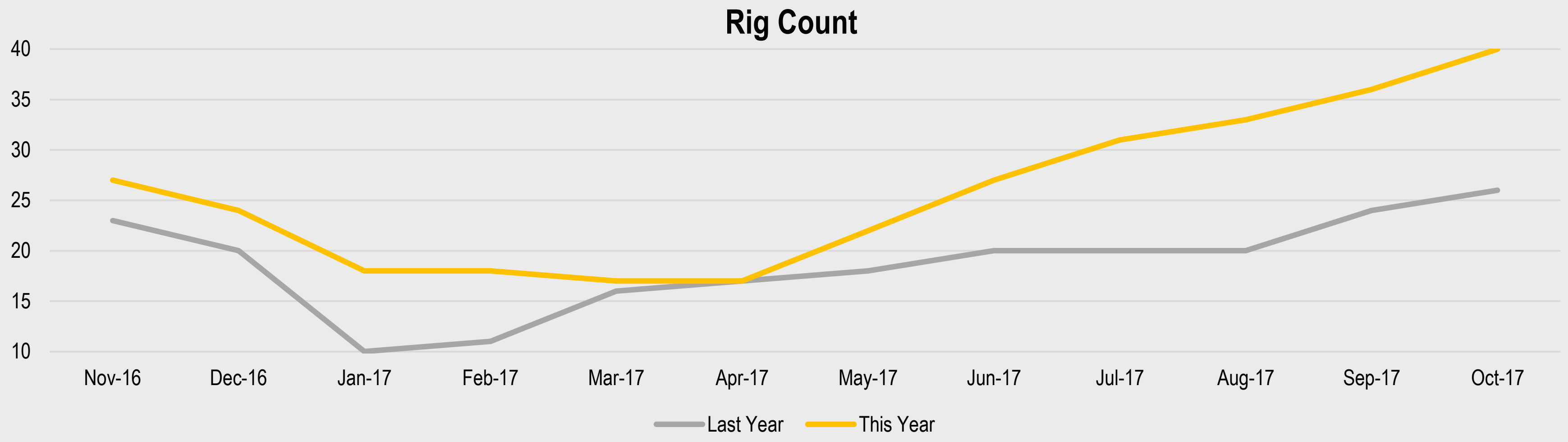
FY17 OPERATING REVENUE BY DRILLING TYPE

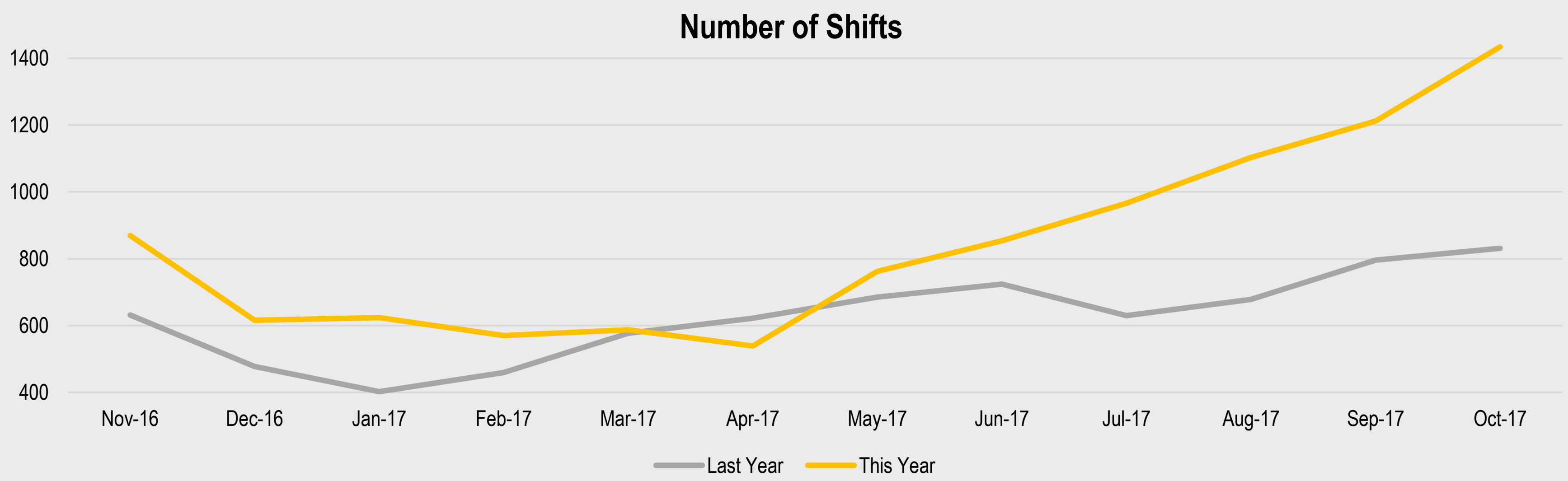


Increase in underground revenue strengthens overall revenue diversity

Management remains mindful of the importance of diversification in revenue streams including diversity in the mix between underground and surface drilling. Underground drilling is generally performed on a double shift basis and is generally not subjected to seasonal fluctuations. Revenue from underground drilling has grown by 84% compared to 2016 and now accounts for 34% of our total operating revenue.

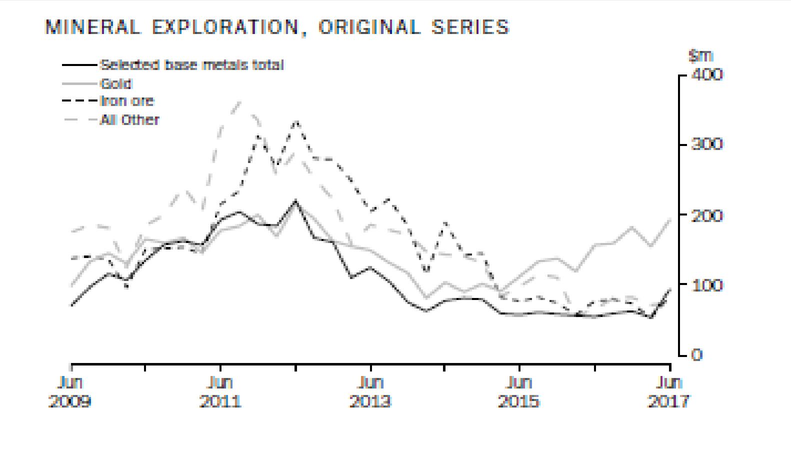
12 MONTH UTILISATION TO OCT 17

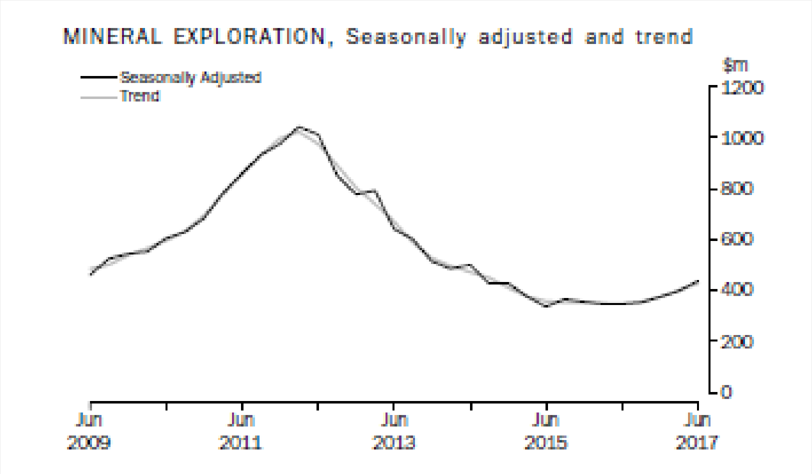


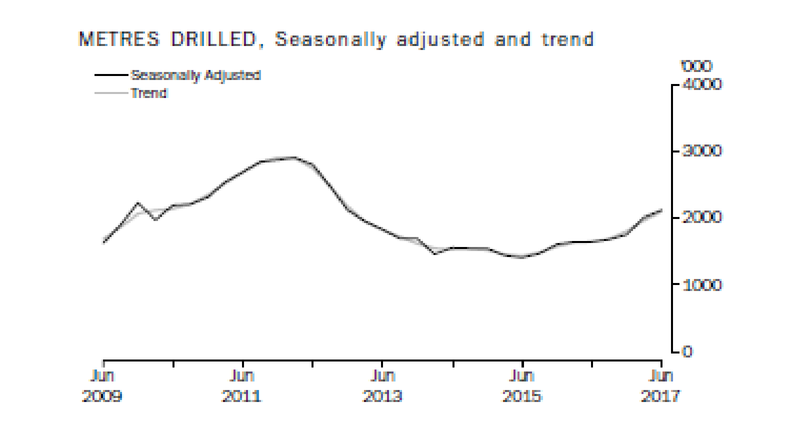


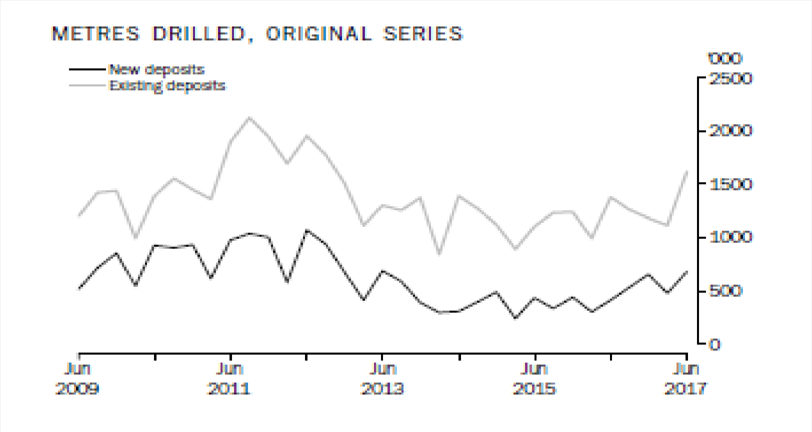
WHERE ARE WE IN THE CYCLE?

ABS 8412.0 Mineral and Petroleum Exploration, Australia. Released 4 September 2017 for June 2017 Quarter.









June quarter mineral exploration 2017 spend is 23.5% higher than June quarter 2016 spend

LEVERAGE IN AN IMPROVING MARKET

- **STAGE 1: UTILISATION INCREASES**
- More rigs start working (This is happening)

- **STAGE 2: PRODUCTIVITY IMPROVES AS UTILISED RIGS WORK MORE SHIFTS**
- Seasonality impact reduces as rigs work through the wet season (This is starting to happen in limited areas)
- More rigs work 24 hours a day 7 days a week versus 12 hours a day (Limited rigs in the Energy sector work 24 hours a day)

- **STAGE 3: PRICE INCREASES AS SUPPLY AND DEMAND CHANGES IN FAVOUR OF SERVICE PROVIDERS**
- On average across a range of different drilling types prices are still circa 20% - 40% below those of the highs in the last cycle (Large Diameter, Surface and Underground)
- HQ Core in the Energy sector is circa $110 per metre down from $150 per metre

- **STAGE 4: GENERAL CONTRACT TERMS & CONDITIONS IMPROVE**
- Larger up front mobilisation charges to manage ramp up costs
- Larger demobilisation charges
- Take or pay contracts
- More flexible pricing schedule of rates

EBITDA as a percentage of revenue will increase significantly if the market continues to improve

MARKET OUTLOOK

- **Competitive Profile** of the market has improved but has now stabilised.
- **New entrants** are still faced with **barriers** to entry such as high capital cost and inability to secure financing.
- **Copper** and **zinc** are strengthening in Queensland.
- **Gold** in Western Australia is “hot”**.**
- **Greenfield** exploration sector showing some **“green shoots”.**
- Established **mining clients** are **increasing spending** on drilling
- **Ability to leverage** to the upside as general market conditions **improve**. (Utilisation, price, productivity and general contract terms and conditions)

SUMMARY

- Mitchell Services vision is to be **Australia's leading provider of drilling services** to the global exploration, mining and energy industries

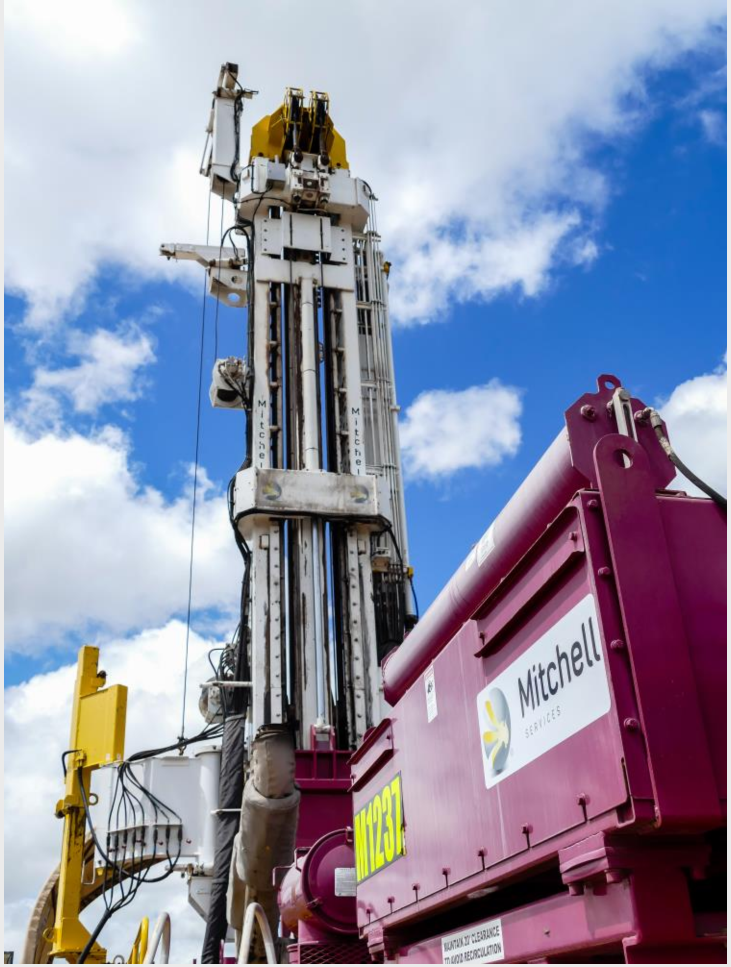
- Significant increase in **rig utilisation** to **40 rigs** as at the end of October 17.

- Successful **geographical expansion** to date and our first rig is operating in Western Australia.

- Increase in **underground** revenue strengthens overall **revenue diversity**

- Ability to **leverage increased returns** in an improving market

- Mitchell Services has an **experienced board** and management team who have **proven success** in business development and growth



CONCLUSION

Questions?