ASX RELEASE

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2021 ANNUAL GENERAL MEETING
CHAIRMAN'S ADDRESS

Dear Shareholders

Firstly, can I take this opportunity to once again thank every employee for the truly remarkable level of commitment, dedication and teamwork that they have displayed during these challenging times. A special thank you must go out to all those staff members who have been affected by interstate border and travel restrictions and who have had to spend extended periods away from their families.

The health and wellbeing of Mitchell Services' employees, their families, our clients and the broader community remains our highest priority and we are committed to doing all we can to assist in reducing the spread of the COVID-19 virus. We are working closely with government, various specialist organisations, clients and all other stakeholders to ensure that we can continue to offer a high-quality service to our clients with as little disruption as possible.

Can I also take this opportunity to thank all shareholders for their ongoing support. Whilst the past 12 months have certainly had its fair share of challenges, it is important to reflect on the significant level of growth that the business has delivered since our re-entry into the Australian market in late 2013 , and I am extremely encouraged by the longer-term outlook as the business embarks on a significant organic growth strategy.

The Group generated revenue in FY21 of $191.4m, representing a 9% increase when compared to FY20 revenue of $175.6m. It also represents a compound annual growth rate of 44% when compared to FY14 revenue

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levels of circa $15m.

At an underlying level the Group generated FY21 EBITDA of $35.7m ($35.0m in FY20) and an underlying profit after tax of $7.1m ($11.0m in FY20). In arriving at these underlying figures, we have not made any adjustment in relation to COVID-19 but estimate that the financial impact of COVID-19 (at an EBITDA level) was approximately $1.0m to $2.0m.

As we look past FY21 and ahead towards FY22, the business is extremely well placed to take advantage of buoyant market conditions and execute on its material organic growth strategy.

On the demand side, the outlook for drilling services demand is the strongest we have seen since 2008. Global government stimulus and subsequent investment into infrastructure projects is expected to continue to drive demand for resources and (in a world where reserves and grades of certain commodities are decreasing) Australia is seen as a high quality, low risk jurisdiction in which to operate. We are also seeing increased numbers of new projects and exploration programs off the back of increased activity levels within capital markets.

On the supply side, the barriers to entry remain high. There has been a significant level of industry consolidation and access to funding for new mining services providers is challenging given the limited lender appetite within the sector. A tightening labour market and increased lead times in relation to the supply of rigs and related equipment means that access to key drilling services resources is limited.

Recognising these supply side limitations, the business placed a significant forward order for up to 12, latest generation, drill rigs towards the end of 2020 and I strongly believe that decision will yield dividends in the longer term. It was previously our intention to sell nominated rigs to partially fund this capital investment program but given the strength of the current market, we have opted to retain these rigs as the value to business through continued use will far outweigh the potential sale proceeds. The proposed timing also allows the business to take advantage of the cash flow benefit associated with the ATO's instant asset write off program.

The revenue opportunity pipeline remains at record levels and the number of rigs required to service the total revenue opportunity pipeline far exceeds the available rigs in the fleet even after the acquisition of 12 new rigs.

As a result of the organic growth strategy and associated capital investment program, the Group expects to generate FY22 revenue and EBITDA of $200m-$220m and $40m-$44m respectively. Based on the anticipated size of the fleet post implementation of the growth strategy, the business would have the capacity to potentially generate $50m-$60m EBITDA and to deliver material EPS growth.

In closing, I would once again like to thank all staff, customers, suppliers and shareholders for your continued support. Thank you, in particular, to all shareholders who have recently participated in the capital raising. The fact that the capital raising could be structured on the basis of an offer to existing shareholders only talks to the strength of shareholder support and I thank you for that support.

On behalf of the Board, thank you.

Nathan Andrew Mitchell

Executive Chairman

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