HALF YEAR RESULTS PRESENTATION

December 2021

Mitchell SERVICES

MITCHELL 50 50 YEARS AND SPINNING

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MITCHELL SERVICES MARKET PROFILE

ASX Information

ASX Stock Symbol	MSV
Shares Issued	224,948,905
Share Price (at 23/02/2022)	A$0.38
Market Capitalisation	A$85.48m

Major Holders

Mitchell Group	18.4%
Dream Challenge Pty Ltd	7.2%
Washington H Soul Pattinson	6.0%

Board of Directors

Nathan Mitchell
Executive Chairman

Scott Tumbridge
Executive Director

Peter Miller
Non-Executive Director

Robert Douglas
Non-Executive Director

Neal O'Connor
Non-Executive Director

Peter Hudson
Non-Executive Director

Executive Management Team

Andrew Elf
Chief Executive Officer

Greg Switala
CFO & Company Secretary

1H22 FINANCIAL HIGHLIGHTS

Revenue of $103m

↑ 3%

from 1H21

EBITDA of $17.5m

↑ 41%

from 1H21

Net Debt of $22.2m

↓ 12%

reduction from June 21

Revenue guidance FY22

$200m-$220m

EBITDA guidance FY22

$40m-$44m

Based on the size of the fleet post implementation of the growth strategy (expected 30 June 22) the business will have capacity to generate $50m-$60m EBITDA

OPERATIONAL UPDATE

- Multiple contract wins and re-wins predominantly with Tier 1 global miners

- Whilst none of these contracts were material in their own right we expect operating rig count to be approximately 85 rigs by June 30

- COVID-19 and wet weather impacted the business in H1 and risks remain in H2. Our teams did a wonderful job managing these challenges

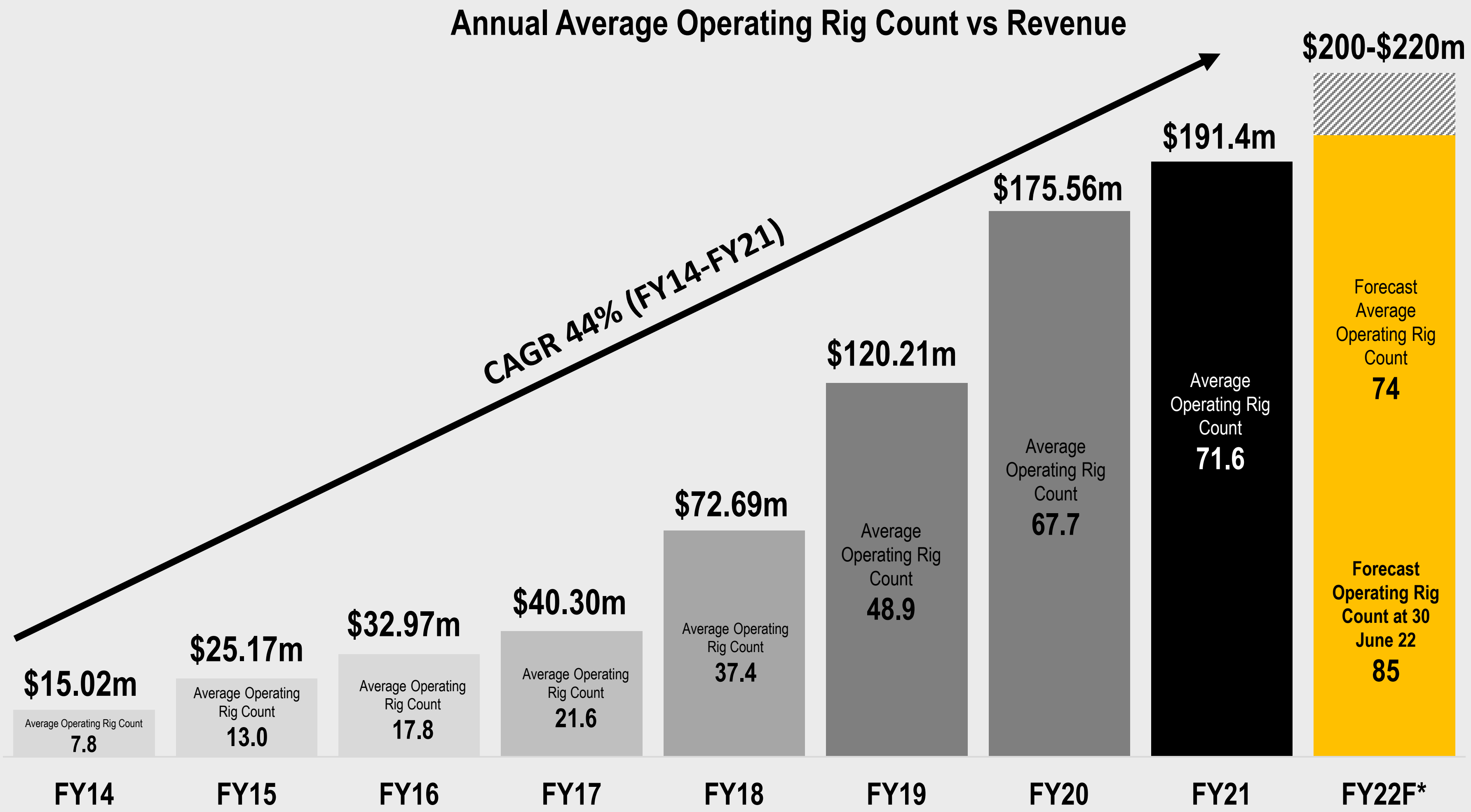
- As at the end of December the lag indicator safety statistics for the business were the best they have ever been

- Inventory has been increased to manage supply chain challenges. Subject to supply chain improvement it’s our intention to reduce inventory levels towards the end of June

ORGANIC GROWTH STRATEGY UPDATE

- Implementation now well underway
- Recently exercised option to acquire all 12 state of the art LF160 drill rigs (underpinned by increasing levels of demand for drilling services)
- 5 rigs delivered to date
- 9 of the 12 rigs already assigned to customer contracts with strong interest received from clients for the remaining 3 rigs
- The timing of this capital investment allows MSV to take advantage of cash benefit associated with the ATO's instant asset write off program
- Post delivery of the 12 rigs MSV would have the capacity (based on fleet size) to deliver EBITDA between $50m-$60m
- Once these capital commitments for 12 rigs are met, the business will limit further capex (where it makes sense) and focus on generating strong cashflows with a world class fleet

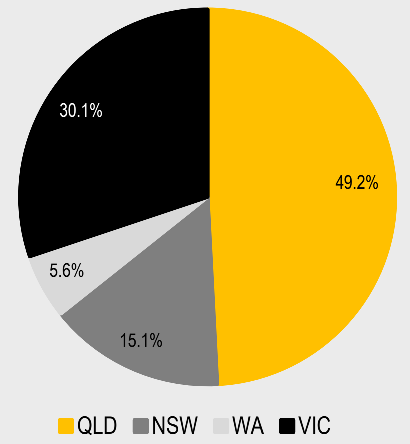
MSV'S DEMONSTRATED ABILITY TO DELIVER GROWTH

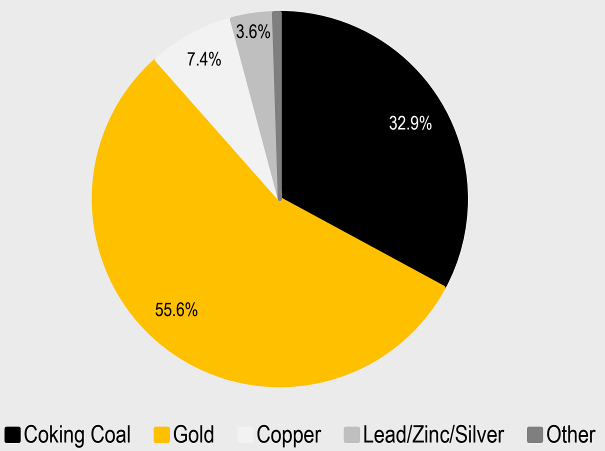


*FY22 guided revenue range.

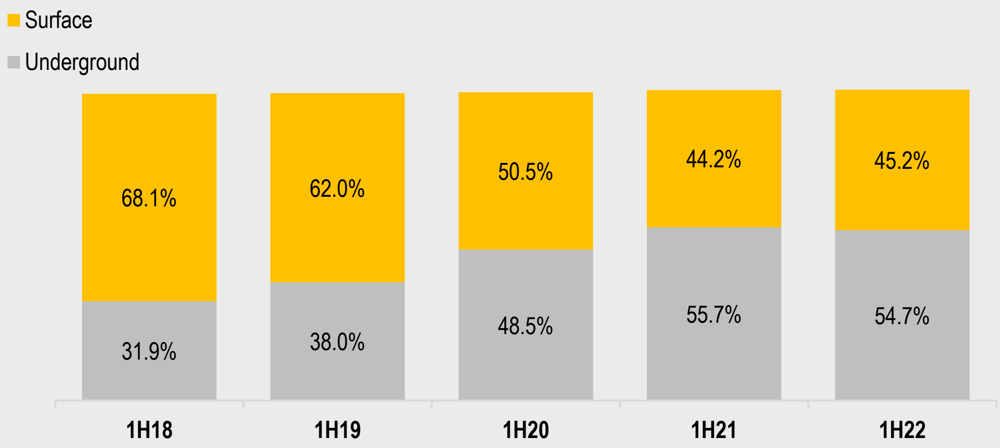
REVENUE QUALITY AND DIVERSITY

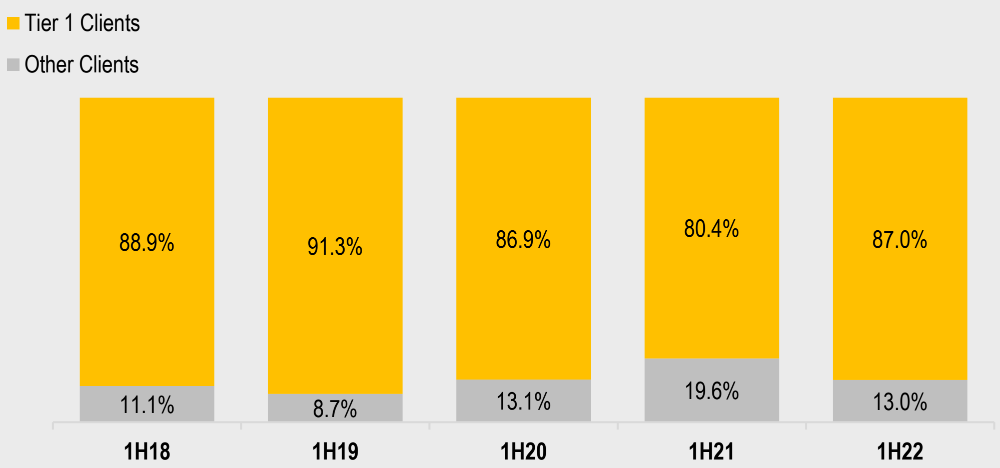
1H22 Revenue by State and Commodity





Revenue by Client and Drilling Type





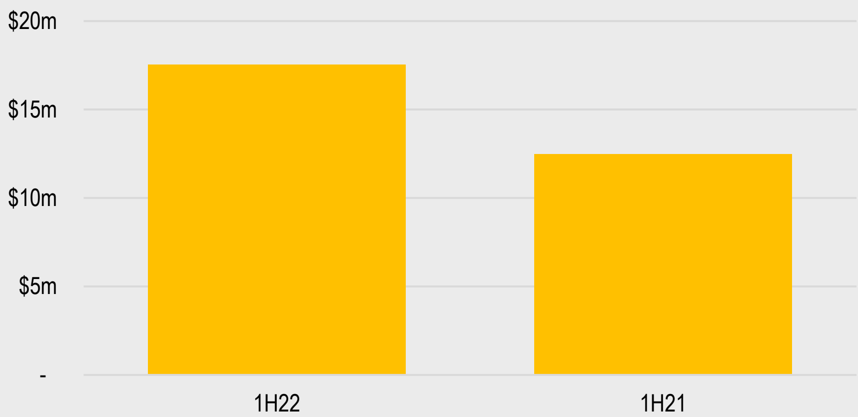
PROFIT AND LOSS

Improving EBITDA and NPAT performance

Profit & Loss

	1H22	1H21	Change
	$000's	$000's	%
Revenue	102,895	100,035	3%
EBITDA	**17,545**	**12,465**	**41%**
EBIT	2,338	(3,011)	178%
NPBT	1,480	(4,378)	134%
NPAT	**1,091**	**(3,131)**	**135%**

EBITDA



- EBITDA increased 41% on corresponding period benefiting from certain non-regular adjustments:
    - $2.0m reversal of the FY21 impairment loss on trade receivables
    - $2.0m reduction in the contingent consideration liability payable to Deepcore vendors
- Multiple contract wins (and associated ramp up costs), the continued impact of COVID-19 and excessive wet weather adversely affected EBITDA in 1H22
- With COVID-19 challenges and weather patterns set to normalise, the business is well positioned to benefit from numerous newly won contracts and increased demand levels post the usual mobilisation and ramp costs

BALANCE SHEET

Strengthened balance sheet to support execution of organic growth strategy

	31-Dec-21	30-Jun-21	Change
	$000's	$000's	%
Balance Sheet Summary			
Current assets	47,416	44,272	7%
Non-current assets	85,339	82,481	3%
Total assets	**132,755**	**126,753**	**5%**
Current liabilities	44,350	50,179	12%
Non-current liabilities	25,603	24,963	(3%)
Total liabilities	**69,953**	**75,142**	**7%**
Net assets	**62,802**	**51,611**	**22%**
Working Capital Summary			
Trade and other receivables	25,910	31,534	(18%)
Prepayments & other assets	2,360	1,559	51%
Inventories	7,114	5,272	35%
Trade & other payables	(18,447)	(24,400)	24%
Premium funding	(471)	(787)	40%
Net Working Capital	**16,466**	**13,178**	**25%**

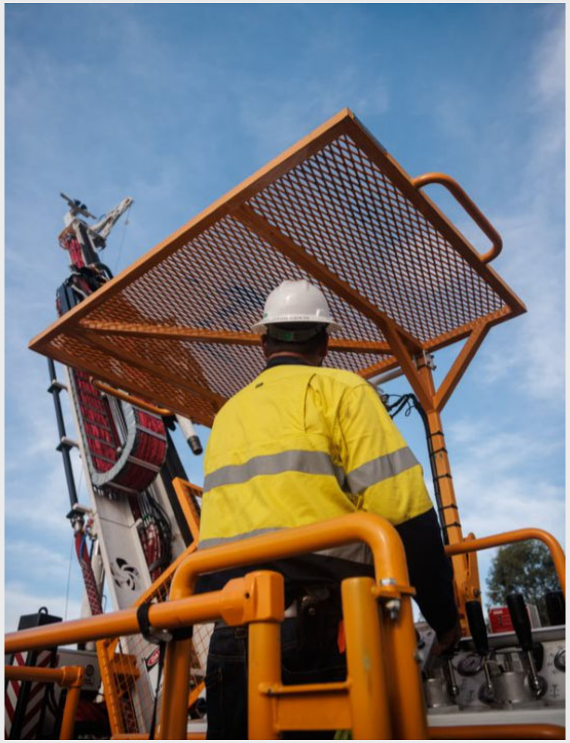
- Successful completion of $10.5m equity raise in September 21 has strengthened balance sheet compared to June 21
- MSV remains well funded to complete the implementation of the organic growth strategy
- Increased level of Net Working Capital investment relates largely to increased levels of inventory, purchased to mitigate supply chain impacts from increased demand levels, a prolonged wet season and COVID-19

CASH FLOW

Strong operating cash flows and Cash Conversion Ratio

Operating Cash Flow Summary

	1H22	1H21
	$000's	$000's
Receipts from customers	110,643	104,196
Payments to suppliers / employees	(97,112)	(85,333)
Cash generated from operations	**13,531**	**18,863**
Interest & other financing costs	(874)	(916)
Income tax paid	-	(2,201)
Cash flow from operating activities	**12,657**	**15,746**
EBITDA	17,545	12,465
Cash Conversion Ratio (CCR)	**72%**	**126%**



Mitchell Service has again delivered strong operating cashflows at a reasonable Cash Conversion Ratio (CCR). The year on year decrease (which is expected to be temporary) was due to increased working capital investment following numerous new contract wins and COVID related supply chain constraints

DEBT PROFILE OVERVIEW

Seek to significantly drop leverage post organic growth strategy

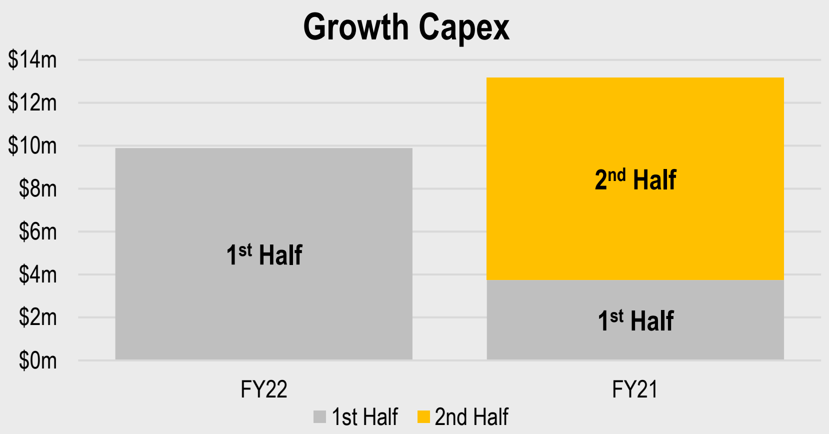
Facility	31 Dec 21	30 June 21	Movement
	$000's	**$000's**	**$000's**
Revolving equipment finance	17,100	11,248	(5,852)
Other equipment finance	6,159	7,429	1,270
Corporate/Acquisition loan	9,333	10,932	1,599
$10m overdraft/working capital	-	-	-
Gross Bank Debt	**32,592**	**29,609**	**(2,983)**
Cash on hand	10,363	4,236	6,127
Net Bank Debt	**22,229**	**25,373**	**3,144**

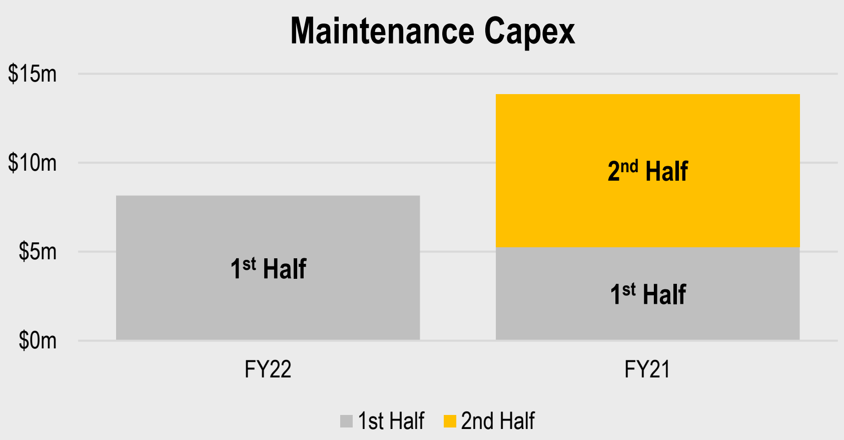
The revolving equipment finance facility limit was increased to $30m during the period, providing capacity to fund capital expenditure pursuant to the organic growth strategy

Peak debt at the end of FY22 is expected to be circa $40m-$45m, with a focus in FY23 on cash generation and debt reduction

CAPITAL EXPENDITURE

Organic growth strategy well underway and on track



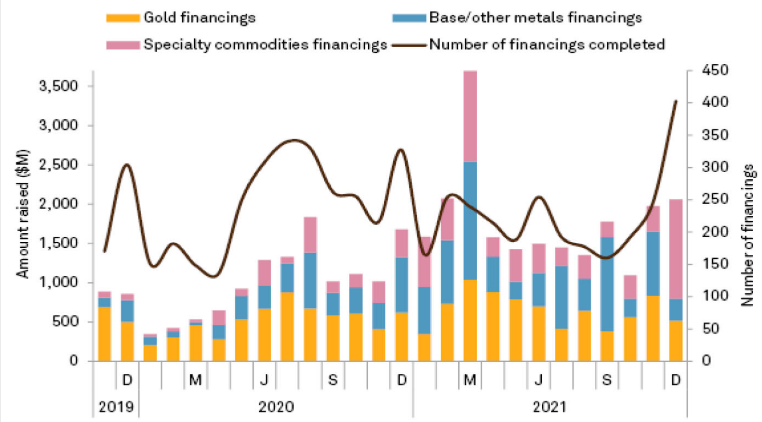


- Growth Capex mainly relates to acquisition of LF160 surface rigs and related support equipment pursuant to the organic growth strategy
- With 5 rigs delivered to date, a further 7 rigs are expected to be added in 2H22
- Maintenance Capex typically trends in line with P&L depreciation multiplied by utilisation rates
- 1H22 maintenance capex represents approximately 63% of 1H22 depreciation
- Will continue to receive the cash benefit associated with the ATO's instant asset write off scheme (expected to be in place until June 2023)
- FY23 will see the business limit further capex (where it makes sense) and focus on cash generation, debt reduction and shareholder returns

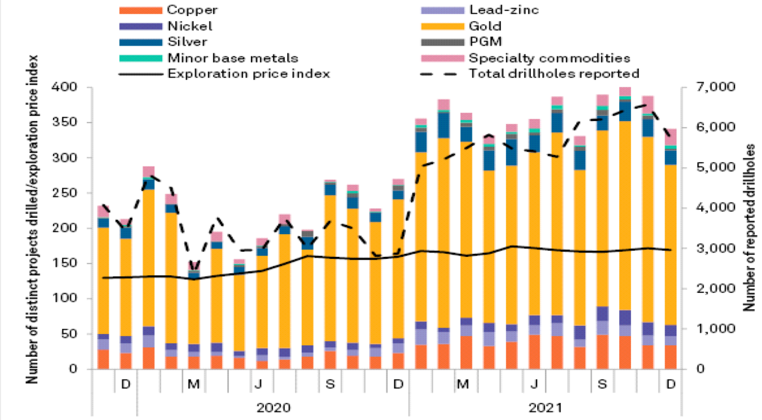
INDUSTRY UPDATE

Strongest demand levels since 2008 off positive fundamentals and commodity prices

- Global government stimulus and infrastructure spend
- Reducing grades and reserves
- Growing demand for future facing minerals
- Australia viewed as a high quality, low risk jurisdiction to invest
- Increase in new projects and exploration programs following increased levels of capital markets activity
- Increased budgets amongst Tier 1 producers
- Further consolidation within the drilling sector
- Significant barriers to entry for new service providers



Data as of Jan. 7, 2022.
Source: S&P Global Market Intelligence



Data as of Jan. 7, 2022.
PGM = platinum group metals
Does not include bulk commodities, e.g., iron ore, manganese, coal, bauxite, potash, phosphates and chromite.
Source: S&P Global Market Intelligence

SIGNIFICANT BARRIERS TO ENTRY

- Access to funding for new mining services providers is challenging given limited lender appetite to the mining services sector
- Complex and highly regulated industry
- Increasing lead time in relation to the supply of rigs, ancillary equipment and consumables
- Significant level of industry consolidation
- Tightening labour market and ability to attract and retain a highly skilled labour force

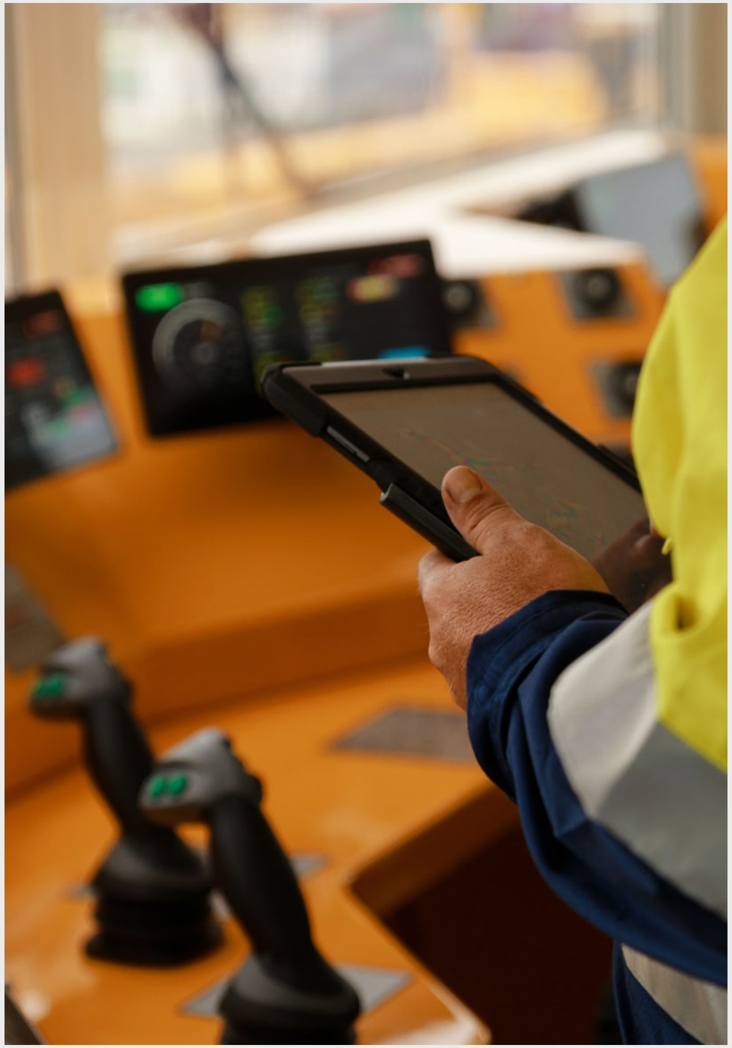
MSV's proactive approach in relation to its forward orders of LF160 rigs (and associated ancillary equipment and inventory) has proved to be an effective mitigant against supply chain risk (driven by significant demand levels and COVID disruptions) and placed the business in an excellent position

CAPITAL MANAGEMENT

- The material organic growth strategy is well underway with the 12th rig expected to be delivered in June 22
- Following completion of the organic growth strategy, peak gross debt is expected to be in the range of $40m-$45m
- Post implementation, the business will limit further capex (where it makes sense to do so) and focus on cash flow generation
- Post FY22, cash flow generation in near term will be focused on debt reduction and returns to shareholders either in the form of dividends or buy backs

OUTLOOK

- Pipeline of identified **opportunities remains strong** as does the demand for drilling services particularly from Tier 1 clients
- Mitchell Services expects to generate full year FY22 revenue and EBITDA of **$200m-$220m** and **$40m-$44m** respectively
- Average operating rig count for FY22 is expected to be 74 while the exit run rate operating rig count is expected to be 85 rigs. **The increased run rate heading into FY23 is expected to drive a material year on year increase in earnings**
- Post organic growth strategy and with a forecast rig count of 103 rigs by 30 June 22, the business will have **capacity to generate EBITDA of $50m-$60m**
- Post organic growth strategy execution capital expenditure will be reduced to **maximise cash generation**, reduce debt and increase shareholder returns
- Mitchell Services is covered by Morgans



SUMMARY

- Mitchell Services has a **diversified revenue stream** by different drilling types and commodities.
- Mitchell Services has a **high quality client base** with a majority of work related to mine site resource definition, development and production.
- The 1H22 half year performance was **impressive given** the various operational challenges the business faced from **COVID-19** and an incredibly prolonged **wet season**
- The **material organic growth strategy** is well underway with all 12 rigs anticipated to be delivered by June 22 and 9 of those 12 rigs currently assigned to drilling contracts.
- Based on the size of the fleet post implementation of the organic growth strategy, the business will have **capacity to generate $50m-$60m EBITDA**
- The business will focus on **cash generation and shareholder returns** in FY23

APPENDIX A

Definitions

Capex	Capital expenditure
Cash Conversion Ratio	The ratio of A to B; where A is the reported cash flows from operating activities (excluding interest and income tax paid) and B is the reported EBITDA
EBITDA	Earnings before interest, tax, depreciation and amortisation; calculated as NPAT plus income tax expense plus finance charges plus depreciation expense plus amortisation of intangibles
EBITDA Margin	EBITDA divided by reported revenue expressed as a percentage
EBIT	Earnings before interest and tax; calculated as NPAT plus income tax expense plus finance charges
EBIT Margin	EBIT divided by reported revenue expressed as a percentage
Gross Debt	Total principle balances outstanding on all bank loans, equipment finance facilities, hire purchase agreements, working capital facilities and overdrafts
Net Debt	Gross Debt less cash and cash equivalents on hand
NPAT	Net profit after tax; calculated as statutory reported profit before income tax less income tax expense
NPBT	Net profit before tax; calculated as NPAT plus income tax expense
pcp	Previous corresponding period