

15 July 2022



Mitchell
SERVICES

MITCHELL SERVICES LIMITED
(ASX: MSV)

CAPITAL MANAGEMENT UPDATE

Mitchell Services Limited (ASX: MSV) (the Company) is pleased to announce that it commenced its on-market share buy-back yesterday (14 July 2022).

Following from its announcement on 29 June 2022, the Company has now completed the sale of the two drill rigs for \$2,500,000 that were previously purchased for \$400,000 in 2014 at the bottom of the market. The sale of these older rigs negated the need to spend approximately \$1,800,000 on rebuilds. The proceeds from these sales as well as proceeds from further sales (if any) will contribute towards the funding of the buy-back.

As previously announced, the Company has also implemented a formal dividend policy that will apply from 1 July 2022. Under the terms of the dividend policy, the Company will pay up to 75% of its reported post tax profits to shareholders in the form of interim and final dividends.

Capitalising on strong demand for drilling services and its world class fleet, the Company has increased confidence regarding future operating cash flows and its capacity to reduce debt, which underpins the decision to implement the dividend policy and share buy-back.

Chief Executive Officer, Andrew Elf said, "We are delighted with the timing of the completion of the organic growth strategy. We have been able to successfully expand our rig fleet in advance of increased supply costs and lead times and from a funding perspective we were able to execute fixed rate equipment finance facilities ahead of the movement in interest rates that we are currently seeing. At the current MSV equity price (which is low vs its net tangible assets and low vs traditional earnings multiples) the buy-back represents outstanding value for the Company."

This announcement has been authorised by the Company's Board of Directors.

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This announcement contains certain "forward-looking statements". Forward looking words such as expect", "should", "could", "may", "will", "believe", "forecast", "estimate" and other similar expressions are intended to identify such forward-looking statements. Such statements are subject to various known and unknown risks, uncertainties and other factors that are in some cases beyond the Company's control. These risks, uncertainties and factors may cause actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements and from past results, performance or achievements. The Company cannot give any assurance or guarantee that the assumptions upon which management based its forward-looking statements will prove to be correct or exhaustive beyond the date of its making, or that the Company's business and operations will not be affected by other factors not currently foreseeable by management or beyond its control. Such forward looking statements only speak as at the date of this announcement and the Company does not assume any obligation to update such information.

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