

22 August 2014

Dear Option Holder

Mitchell Services Entitlement Offer – notice to option holders

Mitchell Services Limited (**Mitchell Services**) today announced that it intends to raise approximately \$20.2 million through a two tranche placement to institutional and sophisticated investors (with the second tranche placement subject to shareholder approval) to raise approximately \$8.5 million (**Institutional Placement**) and a non-renounceable one for one entitlement offer to existing shareholders of fully paid ordinary shares in Mitchell Services to raise approximately \$11.7 million (**Entitlement Offer**).

The purpose of the Entitlement Offer and Institutional Placement (together, the **Equity Raising**) is to fund the acquisition of the assets of Tom Browne Drilling Services, as well as to meet ongoing working capital requirements and reduce debt levels.

The Entitlement Offer entitles eligible shareholders to subscribe for 1 new share for every 1 existing Mitchell Services ordinary share (**New Shares**) held at 7.00 pm (AEST) on Thursday, 28 August 2014 (**Record Date**) at an offer price of \$0.035 per new share (**Entitlement**).

Your options do not entitle you to participate in the Entitlement Offer.

The purpose of this letter is to give you notice before the Record Date that you may exercise your options if you wish to participate in the Entitlement Offer, subject to any vesting conditions attaching to the options. Accordingly, if you wish for some or all of the shares underlying your options to be counted as part of your Entitlement under the Entitlement Offer, you will need to exercise that portion of your vested and exercisable options for which you wish to participate and pay the current exercise price for them so that those shares are issued to you before the Record Date. Please contact our share registry if you wish to exercise your options.

The share registry contact details are:

By delivery (not to be used if mailing)

Advanced Share Registry Ltd
110 Stirling Highway
NEDLANDS WA 6909

By post

Advanced Share Registry Ltd
PO Box 1156
NEDLANDS WA 6909

Mitchell Services Limited

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If you choose to participate in the Entitlement Offer by exercising some or all of your options before the Record Date, you will be sent an information booklet and personalised Entitlement and Acceptance Form containing important information about the Entitlement Offer.

If you do not wish to participate in the Entitlement Offer (in respect of your options) you do not need to take any action.

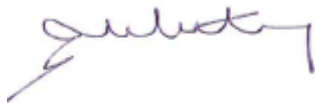
In that case, you should be aware that:

- 1 if you hold quoted options (being those attaching options with an exercise price of \$0.30 issued to shareholders at the time of the listing on ASX of Mitchell Services Limited (or Drill Torque Limited as it then was)), which are quoted under the ticker code 'MSVO', there will be no changes to your options as a result of the Entitlement Offer; and
- 2 if you hold unquoted management options or performance based options, the exercise price of the options which you do not exercise will be reduced in accordance with the Listing Rules and as contemplated by the terms of those options to reflect the impact of the Entitlement Offer. Mitchell Services will advise you of the reduced option exercise price following the close of the Entitlement Offer.

Before deciding whether to exercise all or any of your options, you should consider the terms of the Entitlement Offer carefully and consult with your professional adviser if necessary.

Should you have any queries about this matter, please do not hesitate to contact Advanced Share Registry Services on 08 9389 8033 (within Australia) or +61 8 9389 8033 (outside Australia) at any time from 8.30 am to 5.00 pm (AEST) Monday to Friday.

Yours sincerely



Bob Witty
Company Secretary
Mitchell Services Limited

Important information

This letter does not constitute an offer to sell or the solicitation of an offer to buy, any securities in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia or New Zealand. In particular, the new shares under the Entitlement Offer have not been, and will not be, registered under the US Securities Act of 1933 (US Securities Act) or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons (including nominees or custodians) who are acting for the account or benefit of a person in the United States and the New Shares may not be offered, sold or resold, directly or indirectly, in the United States or to, or for the account or benefit of, a person in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.