



Mitchell
SERVICES

25 August 2014

The Manager
Company Announcements Office
Australian Stock Exchange
Level 4, 20 Bridge Street
Sydney...NSW 2000

ASX ANNOUNCEMENT

**Mitchell Services Limited (ASX - MSV)
Dispatch of Notices to Security and Option Holders**

Mitchell Services Limited has dispatched notices to its security and option holders in accordance with its timetable for the non - renounceable entitlement offer. A copy of notices sent to security and option holders are attached.

The 'Ex' entitlement date is 26 August 2014 and Record Date for determining entitlements is 28 August 2014.

Yours Faithfully


Bob Witty
Company Secretary

Mitchell Services Limited
ABN 31 149 206 333

112 Bluestone Circuit
Seventeen Mile Rocks Qld 4073 Australia
PO Box 3250 Darra Qld 4076 Australia
t +61 7 3722 7222 f +61 7 3722 7256
e info@mitchellservices.com.au w www.mitchellservices.com.au



25 August 2014

Dear Shareholder

Mitchell Services Entitlement Offer – notice to shareholders

On 22 August 2014, Mitchell Services Limited (**Mitchell Services**) announced a \$20.2 million equity raising through a two tranche placement to institutional and sophisticated investors (with the first tranche placement utilising Mitchell Services' existing 15% placement capacity under the Listing Rules, and the second tranche placement subject to shareholder approval) to raise approximately \$8.5 million (**Institutional Placement**) and a one for one non-renounceable entitlement offer to existing shareholders of fully paid ordinary shares in Mitchell Services (**New Shares**) to raise approximately \$11.7 million (**Entitlement Offer**).

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

The Equity Raising is fully underwritten by Morgans Corporate Limited (**Underwriter**).

Summary of key terms of the Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders (defined below) will be invited to subscribe for 1 New Share for every 1 existing Mitchell Services ordinary share held at 7.00 pm (AEST) on Thursday, 28 August 2014 (**Record Date**) at an offer price of \$0.035 per New Share (**Entitlement**). An information booklet was also lodged with ASX on 22 August 2014 which contains important information about the Entitlement Offer. All Eligible Shareholders will be sent an information booklet and personalised entitlement and acceptance form on or around 2 September 2014.

Eligible Shareholders who take up their full Entitlement, may subscribe for additional New Shares from a pool of those not taken up by Eligible Shareholders as at the closing date of the Entitlement Offer (**Top Up Facility**). There is no guarantee that applicants under the Top Up Facility will receive the number of New Shares applied for under the Top Up Facility, or any. The Directors reserve the right to allot and issue New Shares under the Top Up Facility at their discretion.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be transferred or otherwise disposed of.

Mitchell Services Limited
ABN 31 149 265 333

112 Bluestone Circuit
Seventeen Mile Rocks Qld 4073 Australia
PO Box 3250 Darra Qld 4076 Australia
t +61 7 3922 7222 f +61 7 3922 7256
e info@mitchellservices.com.au w www.mitchellservices.com.au

Key dates

Mitchell Services expects the Entitlement Offer to be conducted according to the following timetable.

Event	Date
Announcement of the Entitlement Offer and completion of the First Tranche Placement	22 August 2014
Ex date	26 August 2014
Allotment of shares issued under the First Tranche Placement	28 August 2014
Shares issued under the First Tranche Placement commence trading on a normal basis	28 August 2014
Record date for Entitlement Offer (7.00 pm AEST)	28 August 2014
Information Booklet and Entitlement and Acceptance Form despatched	2 September 2014
Entitlement Offer opens	2 September 2014
Closing date for acceptances under Entitlement Offer (5.00pm AEST)	19 September 2014
New Shares are quoted on a deferred settlement basis	22 September 2014
Anticipated date for extraordinary general meeting of shareholders to ratify the First Tranche Placement and approve the Second Tranche Placement	23 September 2014
Announcement of results of Entitlement Offer and under-subscriptions	23 September 2014
Settlement of New Shares under the Entitlement Offer and anticipated date for settlement of Second Tranche Placement	25 September 2014
Allotment of New Shares issued under the Entitlement Offer	26 September 2014
Allotment of shares under the Second Tranche Placement	26 September 2014
Despatch of holding statements for New Shares issued under the Entitlement Offer	29 September 2014
Normal ASX trading for New Shares issued under the Entitlement Offer commences	29 September 2014

This Timetable is indicative only and subject to change. The Directors may vary these dates, in consultation with the Underwriters, subject to the Listing Rules. An extension of the closing date will delay the anticipated date for issue of the New Shares.

The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer any time before the allotment and issue of the New Shares. In that event, the relevant application monies (without interest) will be returned in full to applicants. There is no guarantee the Second Tranche Placement will be issued as it is subject to shareholder approval.



Capital structure

The shares issued under the Institutional Placement and Entitlement Offer will be fully paid ordinary shares and rank equally with existing Mitchell Services shares.

The capital structure of Mitchell Services following the issue of shares under the Institutional Placement and Entitlement Offer will be as follows:

Shares issued under the first tranche of the Institutional Placement	43,500,001
New Shares issued under the Entitlement Offer	333,500,011
Shares issued under the second tranche of the Institutional Placement*	200,000,000
Total number of Shares after the Equity Raising	867,000,022

**Assuming shareholder approval is obtained for the second tranche of the Placement.*

***The holders of the performance based options have agreed to cancel 108,570,000 of their performance based options on completion of the Equity Raising for no consideration. Refer to the information booklet for more information.*

The above figures assume that no existing options over Mitchell Services Shares will be exercised prior to the Record Date. If that is the case, the existing options at the Record Date will comprise:

- (a) 12,500,000 quoted options with an exercise price of \$0.30 per option, exercisable at any time between 2 August 2013 and 2 August 2016;
- (b) 500,000 unquoted management options with an exercise price of \$0.30 per option, exercisable at any time between 2 August 2014 and 2 August 2016; and
- (c) 207,270,000 unquoted performance based options (however 108,570,000 of these options are due to be cancelled on completion of the Equity Raising for no consideration).

Eligibility of shareholders to participate in the Entitlement Offer

The Entitlement Offer is only available to Eligible Shareholders. An **Eligible Shareholder** means a holder of Mitchell Services Shares at 7.00pm (AEST) on the Record Date who:

- has a registered address in Australia or New Zealand or is a Shareholder that Mitchell Services has otherwise determined is eligible to participate;
- is not in the United States and is not a nominee, custodian or other person acting for the account or benefit of a person in the United States; and
- is eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

Eligible Shareholders will receive an information booklet and personalised entitlement and application form.

Mitchell Services Limited
ABN 31 149 203 331

112 Bluestone Circuit
Seventeen Mile Rocks Qld 4073 Australia
PO Box 3250 Darra Qld 4076 Australia
t +61 7 3922 7222 f +61 7 3922 7256
e info@mitchellservices.com.au w www.mitchellservices.com.au



Ineligible Shareholders

If you are not an Eligible Shareholder you cannot participate in the Entitlement Offer. As the Entitlement Offer is non-renounceable, shareholders who are not Eligible Shareholders will not receive any payment or value for the Entitlements that would have been offered to them if they were eligible.

Mitchell Services will notify those shareholders who are not Eligible Shareholders.

Fees

A handling fee of 1.5% of the application amount (plus GST) of New Shares (subject to a maximum handling fee of \$250) (**Broker Handling Fee**) under the Entitlement Offer will be paid by the Underwriter to stockbrokers (being those entities being recognised as full service brokers or non-advisory brokers by ASX) who submit a valid claim for a Broker Handling Fee on successful applications.

The Underwriter is also entitled to receive the following fees in connection with the Equity Raising:

- 1 an underwriting fee of 3.5% and a management fee of 1.50% (plus GST) of the proceeds of the first tranche of the Institutional Placement;
- 2 an underwriting fee of 3.5% of the proceeds of the second tranche of the Institutional Placement and the Entitlement Offer, less the commitments of the Mitchell Group (who has committed to take up their full Entitlement under the Entitlement Offer); and
- 3 a management fee of 1.50% (plus GST) of the proceeds of the second tranche of the Institutional Placement and the Entitlement Offer.

Further information

If you have any queries, please call 08 9389 8033 (inside Australia) or +61 8 9389 8033 (outside Australia) between 8.30am and 5.00pm (AEST) Monday to Friday during the offer period or, alternatively, consult your professional adviser.

On behalf of the Directors, I thank you for your continued support of Mitchell Services.

Yours sincerely

Nathan Mitchell
Executive Chairman
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 have been, and will not be, registered under the United States Securities Act of 1933 (the 'US Securities Act') or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements in the Entitlement Offer may only be taken up by, and the New Shares in the Entitlement Offer may only be offered or sold to, directly or indirectly, certain persons outside the United States in 'offshore transactions' (as defined in Rule 902(h) of Regulation S under the US Securities Act) in reliance on Regulation S under the US Securities Act.

Mitchell Services Limited
ABN 31 149 206 333

312 Bluestone Circuit
Seventeen Mile Rocks Qld 4074 Australia
PO Box 3250 Darra Qld 4076 Australia
t +61 7 3722 2222 f +61 7 3722 2256
e info@mitchellservices.com.au w www.mitchellservices.com.au



Mitchell
SERVICES

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
150 Stirling Highway
NEDLANDS WA 6909

By post

Advanced Share Registry Ltd
PO Box 1156
NEDLANDS WA 6909

Mitchell Services Limited
ABN 31 149 206 333

112 Bluestone Circuit
Seventeen Mile Rocks Qld 4073 Australia
PO Box 3250 Darra Qld 4076 Australia
t +61 7 3722 7222 f +61 7 3722 7256
e info@mitchellservices.com.au w www.mitchellservices.com.au

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.

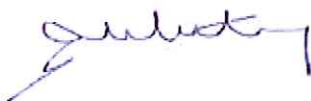
In that case, you should be aware that:

- 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 9262 3723 (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.