

2 September 2014

ASX Announcement

The Manager
Company Announcements Office
Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000

**Mitchell Services Limited (ASX-MSV)
Dispatch of Entitlement Offer information booklet and acceptance form**

Mitchells Services Limited has dispatched the entitlement offer booklet and acceptance form to all eligible security holders in accordance with its timetable for the non-renounceable entitlement offer. A copy of the information booklet and acceptance form is attached.

The closing date for acceptance under the Entitlement Offer is 5.00pm (AEST) on 19 September 2014.

We also confirm that the extraordinary general meeting of shareholders to ratify the first tranche placement and approve the second tranche placement is set down for 12pm (AEST) on 23 September 2014 at McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane QLD 4000

Yours sincerely


Bob Witty
Company Secretary

Mitchell Services Limited

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MITCHELL SERVICES LIMITED

ACN 149 206 333

Entitlement Offer information booklet

1 for 1 pro rata non-renounceable entitlement offer at \$0.035 per Share.

The Entitlement Offer is fully underwritten.

Last date for acceptance and payment: 5.00pm (AEST) on 19 September 2014

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document you have any questions about the securities being offered for issue under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Lead Manager and Underwriter



Legal adviser



IMPORTANT NOTICES

This Information Booklet is dated 22 August 2014. Capitalised terms in this section have the meaning given to them in this Information Booklet.

The Entitlement Offer is being made without a prospectus under section 708AA Corporations Act (as notionally modified by ASIC Class Order 08/35). This Information Booklet does not contain all of the information which a prospective investor may require to make an informed investment decision. The information in this Information Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Information Booklet is important and should be read in its entirety before deciding to participate in the Entitlement Offer. This Information Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC.

Mitchell Services may make additional announcements after the date of this Information Booklet and throughout the period that the Entitlement Offer is open that may be relevant to your consideration about whether you should participate in the Entitlement Offer.

No party other than Mitchell Services has authorised or caused the issue of this Information Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information Booklet.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares or Top Up Shares through BPAY in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Information Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Information Booklet.

No overseas offering

This Information Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. In particular, this Information Booklet does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Information Booklet is not to be distributed in, and no offer of New Shares or Top Up Shares is to be made in countries other than Australia and New Zealand. The distribution of this Information Booklet (including an electronic copy) in other jurisdictions may be restricted by law and therefore persons who come into possession of this Information Booklet should seek advice on and observe these restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction outside Australia or New Zealand.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for Mitchell Services to lawfully receive your Application Monies.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing Mitchell Services shareholders with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has not been registered, filed with or approved by a New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Definitions, currency and time

Defined terms used in this Information Booklet are contained in section 4. All references to currency are to Australian dollars and all references to time are to Australian Eastern Standard Time (**AEST**), unless otherwise indicated.

Taxation

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares. Mitchell Services considers that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares or the subsequent disposal of any New Shares. Mitchell Services recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

Privacy

Mitchell Services collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Mitchell Services.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Mitchell Services (directly or through the Share Registry). Mitchell Services collects, holds and will use that information to assess your Application. Mitchell Services collects your personal information to process and administer your shareholding in Mitchell Services and to provide related services to you. Mitchell Services may disclose your personal information for purposes related to your shareholding in Mitchell Services, including to the Share Registry, Mitchell Services' related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that Mitchell Services holds about you. To make a request for access to your personal information held by (or on behalf of) Mitchell Services, please contact Mitchell Services through the Share Registry.

Governing law

This Information Booklet, the Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in Queensland, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of Queensland, Australia.

No representations

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Information Booklet. Any information or representation in connection with the Entitlement Offer not contained in the Information Booklet may not be relied upon as having been authorised by Mitchell Services or any of its officers.

Past performance

Investors should note that Mitchell Services' past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) Mitchell Services' future performance including Mitchell Services' future financial position or share price performance.

Future performance

This Information Booklet contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of Mitchell Services and certain plans and objectives of the management of Mitchell Services. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither Mitchell Services, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, those forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of Mitchell Services. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Information Booklet in light of those disclosures.

Risks

Refer to the 'Risk factors' section of the Investor Presentation included in section 2 of this Information Booklet for a summary of general and specific risk factors that may affect Mitchell Services.

Chairman's letter

22 August 2014

Dear Shareholder

I am pleased to write to you, as a valued shareholder of Mitchell Services Limited (**Mitchell Services**), and offer you the opportunity to participate in Mitchell Services' recently announced 1 for 1 fully underwritten non-renounceable entitlement issue of new ordinary shares in Mitchell Services (**New Shares**) at an issue price of \$0.035 per New Share to raise approximately \$11.7 million (**Entitlement Offer**).

Equity Raising

On 22 August 2014, Mitchell Services announced its successful raising of approximately \$1.5 million through a first tranche placement to institutional and sophisticated investors, utilising the Company's existing placement capacity under the Listing Rules, and its intention to proceed with a second tranche placement to raise a further \$7 million, subject to obtaining Shareholder approval (**Placement**), with the second tranche placement to be completed at the same time as this Entitlement Offer (together, the **Equity Raising**). The total amount intended to be raised through the Equity Raising is \$20.2 million.

This information booklet (**Information Booklet**) relates to the Entitlement Offer.

The proceeds of the Equity Raising will be applied principally to fund the acquisition of drilling rigs and other assets from the receivers of Tom Browne Drilling Services Pty Ltd (**Acquisition**), to retire some existing debt facilities and for working capital purposes. The proposed Acquisition and the benefits that are expected to flow from this initiative, for Mitchell Services and its shareholders, are described in Mitchell Services' investor presentation lodged with the Australian Securities Exchange (**ASX**) on 22 August 2014 (and included in this Information Booklet in section 2). Shareholders should also consider the key risks set out in that investor presentation before making a decision to participate in the Entitlement Offer.

Under the Entitlement Offer, eligible shareholders have the opportunity to invest at the price of \$0.035 per New Share, which is the same price as investors participating in the Placement. The number of New Shares you are entitled to subscribe for under the Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form that is enclosed with this Information Booklet.

If you take up your Entitlement, you can also apply for additional shares under a 'top-up' facility (refer to section 3 of this Information Booklet for more information).

The issue price of \$0.035 per New Share represents a 12.5% discount to the last traded price of Mitchell Services shares before the Equity Raising was announced (being \$0.04 on 19 August 2014) and a 4.6% discount to the Theoretical Ex-Rights Price (**TERP**).¹

Major shareholder, Mitchell Group (current shareholding of approx. 30%) has committed to taking up their full Entitlement under the Entitlement Offer. Another major shareholder of Mitchell Services,

¹ The Theoretical Ex-Rights Price (**TERP**) is the theoretical price at which Mitchell Services shares should trade immediately following the ex-date for the Entitlement Offer assuming 100% take up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Mitchell Services' shares trade immediately following the ex-date for the Entitlement Offer will depend on many factors and may not approximate TERP.

Washington H. Soul Pattinson & Company Limited, has also committed to taking up approximately 50.7 million shares under the Placement and Entitlement Offer.

Prior to the announcement of the Entitlement Offer, the Mitchell Group (a shareholding entity controlled by me) and other senior executives (or their related entities) held 207,270,000 performance options that may vest on Mitchell Services reaching certain threshold EBITDA and share price hurdles. In light of the change in capital structure and Mitchell Services' additional access to working capital as a result of the Equity Raising, the holders of performance options have agreed to cancel 108,570,000 of the performance options that may have become eligible to vest based on Mitchell Services' FY2015 results. The holders of performance options will retain 98,700,000 performance options that are subject to a FY2016 EBITDA result threshold and share price hurdles being met.

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

The Entitlement Offer is non-renounceable and therefore your Entitlements will not be tradeable on the ASX or otherwise transferable.

Other information

This Information Booklet contains important information, including:

- the investor presentation referred to above and the announcement of the Equity Raising, which were released to ASX on 22 August 2014, and provides information on Mitchell Services, the Entitlement Offer and key risks for you to consider;
- instructions on how to apply, detailing how to participate in the Entitlement Offer if you choose to do so, and a timetable of key dates; and
- instructions on how to take up all or part of your Entitlement via BPAY.

A personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions contained therein, accompanies this Information Booklet.

The Entitlement Offer closes at 5.00pm AEST on Friday, 19 September 2014.

Please read in full the details on how to submit your application, which are set out in this Information Booklet. For further information regarding the Entitlement Offer, please call 08 9389 8033 (inside Australia) or +61 8 9262 3723 (outside Australia) between 8.30am and 5.00pm (AEST) during the offer period.

You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board of Mitchell Services, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely



Nathan Mitchell
Executive Chairman

Summary of the Equity Raising

First tranche placement	
Issue Price	\$0.035 per Share
Size	43,500,001 Shares
Gross proceeds	\$1,522,500
Entitlement Offer	
Ratio	1 New Share for every 1 Existing Share
Issue Price	\$0.035 per New Share
Size	333,500,011 New Shares
Gross proceeds	\$11,672,500
Second tranche placement	
Issue Price	\$0.035 per Share
Size	200,000,000 Shares
Gross proceeds	\$7,000,000
Total gross proceeds of the Equity Raising	\$20.2 million

Key dates

Activity	Date
Announcement of the Entitlement Offer and completion of the Institutional Placement	22 August 2014
Ex date	26 August 2014
Allotment of Shares under the first tranche of the Placement	28 August 2014
Shares issued under the first tranche of the Placement commence trading on a normal basis	28 August 2014
Record Date for Entitlement Offer (7.00pm 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 quoted on a deferred settlement basis	22 September 2014
Anticipated date for extraordinary general meeting of Shareholders to ratify the first tranche of the Placement and approve the second tranche of the Placement	23 September 2014
Announcement of results of Entitlement Offer and under-subscriptions	23 September 2014

Activity	Date
Settlement of New Shares under the Entitlement Offer and anticipated date for settlement of the second tranche of the Placement	25 September 2014
Allotment of New Shares issued under the Entitlement Offer	26 September 2014
Allotment of Shares under the second tranche of the 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

Notes: All times are in Australian Eastern Standard Time (AEST).

This timetable is indicative only and subject to change. The Directors may vary these dates 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 of the Placement will be issued as it is subject to shareholder approval.

Enquiries

For further, information, telephone 08 9389 8033 (inside Australia) and +61 8 9389 8033 (outside Australia) between 8.30am and 5.00pm (AEST). Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser. If you have lost your Entitlement and Acceptance Form and would like a replacement form, you should contact the Share Registry on the number set out above.

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1 Description and effect of the Entitlement Offer

1.1 Overview

The Entitlement Offer is a non-renounceable offer of 333,500,011 New Shares at \$0.035 per New Share to raise about \$11.67 million (before Offer Costs).

The proceeds of the Entitlement Offer (together with the proceeds of the Placement) will fund the acquisition of drilling rigs and other assets from the receivers of Tom Browne Drilling Services Pty Ltd and will also be used for working capital purposes and to retire some existing debt facilities.

However, if the second tranche of the Placement is not approved by shareholders, it is unlikely the acquisition will proceed and the funds raised would instead be used for working capital purposes. If the second tranche of the Placement is not approved by Shareholders, the Underwriter can elect to terminate the Underwriting Agreement, which may impact on the funds raised under the Entitlement Offer and the amount available for working capital purposes.

1.2 First tranche placement

Mitchell Services has already raised approximately \$1.52 million from institutional and sophisticated investors under the first tranche of the Placement.

New shares issued under the first tranche of the Placement were issued at the same price as those being offered under the Entitlement Offer. Mitchell Services' ASX announcement of 22 August 2014, in relation to completion of the first tranche of the Placement, is set out in section 2.

Investors who receive Shares under the first tranche of the Placement will have those Shares registered by the Record Date and will be entitled to participate in the Entitlement Offer as Eligible Shareholders.

1.3 Entitlement Offer

The Entitlement Offer constitutes an offer to Eligible Shareholders only. The Entitlement Offer will raise approximately \$11.67 million.

Eligible Shareholders who are on Mitchell Services' share register on the Record Date are entitled to acquire 1 New Share for every 1 Existing Share held on the Record Date (**Entitlement**).

The issue price of \$0.035 per New Share represents a discount of 12.5% to the last traded price of Mitchell Services' shares before the Equity Raising was announced (being \$0.04 on 19 August 2014) and a discount of 4.6% to the TERP.

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

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Information Booklet. Eligible Shareholders may subscribe for all or part of their Entitlement.

Shareholders will have their interest in Mitchell Services diluted because of the issue of Shares under the Placement, subject to any allocation to them under the Top Up Facility. In addition,

Eligible Shareholders who do not take up all of their Entitlements will have their percentage shareholding in Mitchell Services further diluted.

Eligible Shareholders should be aware that an investment in Mitchell Services involves risks. The key risks identified by Mitchell Services are summarised in the Investor Presentation set out in section 2 of this Information Booklet.

1.4 Issue of additional Shares under the Top Up Facility

Any New Shares not taken up by the Closing Date may be made available to those Eligible Shareholders who took up their full Entitlement and applied for additional New Shares under the Top Up Facility.

There is no guarantee that those Shareholders will receive the number of New Shares applied for under the Top Up Facility, or any. The number of New Shares available under the Top Up Facility will not exceed the shortfall from the Entitlement Offer. The Directors reserve the right to allot and issue New Shares under the Top Up Facility at their discretion.

1.5 Underwriting

The Underwriter is Lead Manager to the Equity Raising and has underwritten the full amount of the Equity Raising on the terms set out in the Underwriting Agreement. Customary with these types of arrangements:

- (a) the Underwriting Agreement includes a number of termination events, including:
 - (i) market related termination events, including in the event that the S&P/ASX 200 Index of ASX closes at 10% or more below the level at market close on the Business Day before the Underwriting Agreement was entered into for two consecutive trading days, or there is a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom, or there is a material adverse change or disruption to the financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, the United States of America or the United Kingdom;
 - (ii) an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of Mitchell Services and its controlled entities occurs;
 - (iii) changes in law;
 - (iv) the sale agreement for the Acquisition is terminated, void, avoided, illegal, invalid, unenforceable or materially limited in its effect, or any condition precedent in that agreement is not satisfied by its due date (or becomes incapable of satisfaction by its due date and is not waived);
 - (v) Mitchell Services failing to obtain Shareholder approval for the second tranche of the Placement at the extraordinary general meeting to be held on or around 23 September 2014; and
 - (vi) Mitchell Services breaches, or defaults under, any provision, undertaking covenant or ratio of any material financing arrangement which has a material adverse effect on the company;

- (b) the Underwriter is entitled to receive the following fees:
 - (i) an underwriting fee of 3.5% of the proceeds of the first tranche of the Placement;
 - (ii) a management fee of 1.50% (plus GST) of the proceeds of the first tranche of the Placement;
 - (iii) an underwriting fee of 3.5% of the proceeds of the second tranche of the 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
 - (iv) a management fee of 1.50% (plus GST) of the proceeds of the second tranche of the Placement and the Entitlement Offer;
- (c) the Underwriter is entitled to reimbursement of certain expenses; and
- (d) Mitchell Services has agreed to indemnify the Underwriter and others against their losses in connection with the Entitlement Offer.

1.6 Shortfall facility

A shortfall may arise if applications received for New Shares under the Entitlement Offer (including after the completion of the Top Up Facility (if any)) are less than the number of New Shares offered and the Underwriter does not acquire that shortfall under the Underwriting Agreement.

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place Shortfall Shares within three months after the Closing Date to either existing or new Shareholders at their discretion.

If issued, Shortfall Shares will be issued at a price not less than the Issue Price of New Shares under the Entitlement Offer. Shareholders will not receive any payment or value for the Entitlements not taken up under the Entitlement Offer that are subsequently taken up as Shortfall Shares.

1.7 Eligibility of Shareholders

The Entitlement Offer is being offered to all Eligible Shareholders. An Eligible Shareholder is a Shareholder on the Record Date who:

- (a) have a registered address on the Mitchell Services share register in Australia or New Zealand or is a Shareholder that Mitchell Services has otherwise determined is eligible to participate;
- (b) is not in the United States and is not a person (including a nominee or custodian) acting for the account or benefit of a person in the United States; and
- (c) 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.

The Entitlement Offer is not being extended to the Ineligible Shareholders because of the small number of those Shareholders, the number and value of the Shares they hold and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

1.8 Ranking of New Shares

The New Shares issued under the Entitlement Offer will be fully paid and rank equally with Existing Shares.

1.9 Allotment

Mitchell Services has applied for quotation of the New Shares on ASX. It is expected that allotment of the New Shares under the Entitlement Offer will take place no more than five Business Days after the close of the Entitlement Offer.

Application Monies will be held by Mitchell Services on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them before trading the New Shares. The sale by an Applicant of New Shares before receiving their holding statement is at the Applicant's own risk.

1.10 Capital structure

Assuming that no options are exercised before the Record Date, the capital structure of Mitchell Services following the issue of New Shares is expected to be as follows:

Existing Shares on issue as at the date of this Information Booklet	290,000,010
Shares issued under the first tranche of the Placement	43,500,001
New Shares issued under the Entitlement Offer	333,500,011
Shares issued under the second tranche of the 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 above figures assume that no existing options over Mitchell Services Shares will be exercised prior to the Record Date. The existing options at the Record Date comprised:

- (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 as set out below, 108,570,000 of these are due to be cancelled).

The board of Directors considers it is unlikely that any existing quoted options or unquoted management options will be exercised before the Record Date, as the exercise price of those options exceeds the last traded price of Mitchell Services shares before the Equity Raising was

announced. The performance based options are not exercisable before the Record Date. In the event that any existing options are exercised, however, any proceeds raised will be applied to the general working capital of Mitchell Services.

The holders of the performance based options have also agreed to cancel 108,570,000 of their performance based options on completion of the Capital Raising for no consideration, meaning that 98,700,000 performance based options will remain on issue.

1.11 Broker handling fee

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.

1.12 Information Availability

Eligible Shareholders can obtain a copy of this Information Booklet from the Mitchell Services website at www.mitchellservices.com.au or by calling the Share Registry on 08 9389 8033 (within Australia) or +61 8 9389 8022 (outside Australia) at any time from 8.30am to 5.00pm (AEST) during the Entitlement Offer period.

Persons who access the electronic version of this Information Booklet should ensure that they download and read the entire Information Booklet. The electronic version of this Information Booklet will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling the Share Registry.



CAPITAL RAISING & ACQUISITION

22 August 2014



Mitchell
SERVICES

DISCLAIMER

This investor presentation has been prepared by Mitchell Services Limited ("the Company"). Information in this presentation is of a general nature and does not purport to be complete, nor does it contain all of the information which would be required in a prospectus prepared in accordance with the requirements of the *Corporations Act 2001* (Cth). It contains, and is intended as, a summary and should be read in conjunction with the Company's other periodic and continuous disclosure announcements to the ASX, which are available at: www.asx.com.au.

An investment in the Company's shares is subject to known and unknown risks, many of which are beyond the Company's control. In considering an investment in the Company's shares, investors should have regard to (amongst other things) the risks outlined in this presentation.

The Company has appointed Morgans Corporate Limited ("Morgans") to act as underwriter to the capital raising. Morgans will receive fees for acting in this capacity. Morgans, its respective related bodies corporate and affiliates may agree to provide, or seek to provide, other financial services and products to parties involved in the capital raising, including the Company and its shareholders, and may receive fees in connection with any such provision. Neither Morgans, nor the advisers of the Company, have authorised, permitted or caused the issue of this presentation. None of them makes or purports to make any statement in this presentation and there is no statement in this presentation which is based on any statement by any of them.

This presentation contains statements, opinions, projections, forecasts and other material ("forward-looking statements") with respect to the financial condition, business operations and competitive landscape of the Company and certain plans for its future management. The words *anticipate*, *believe*, *expect*, *project*, *forecast*, *estimate*, *likely*, *intend*, *should*, *could*, *may*, *target*, *plan* and other similar expressions are intended to identify forward-looking statements. Such forward-looking statements are not guarantees of future performance and include known and unknown risks, uncertainties, assumptions and other important factors which are beyond the Company's control and may cause actual results to differ from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. Any forward-looking statements contained in this document are qualified by this cautionary statement. The past performance of the Company is not a guarantee of future performance. None of the Company, or its officers, employees, agents or any other person named in this presentation makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statements or any of the outcomes upon which they are based.

The information contained in this presentation does not take into account the investment objectives, financial situation or particular needs of any recipient and is not financial product advice. Before making an investment decision, investors should consider their own needs and situation and, if necessary, seek independent professional advice.

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Not an offer in the US

This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. This presentation may not be distributed or released in the United States. The securities in the proposed offering have not been and will not be registered under the US Securities Act of 1933, or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the securities in the proposed offering may not be offered, or sold, directly or indirectly, in the United States, except in a transaction exempt from, or 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.

EXECUTIVE SUMMARY

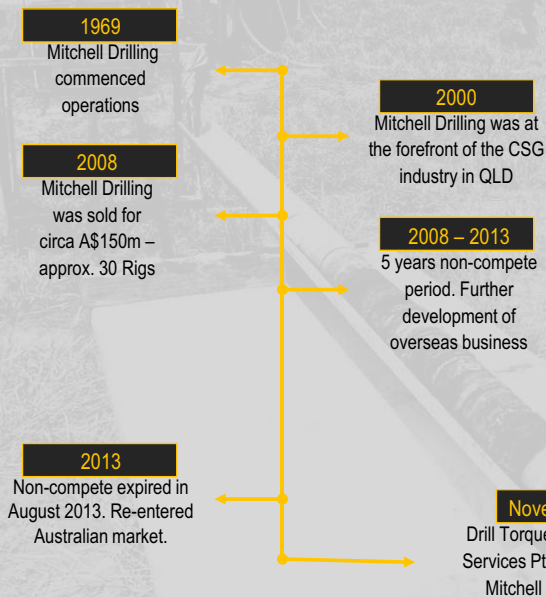
- Mitchell Services Limited ("**Mitchell Services**") is acquiring the assets of Tom Browne Drilling Services ("**TBDS**") for \$9.5m (plus GST).
- The acquisition will be funded by a \$20.2m capital raising fully underwritten by Morgans Corporate Limited. The capital raising consists of the following components:
 - A placement to institutional and sophisticated investors to raise \$1.5m at \$0.035 per share ("Placement")
 - A 1 for 1 non-renounceable rights issue to existing shareholders to raise \$11.7m at \$0.035 per share ("Entitlement Offer")
 - A conditional placement to institutional and sophisticated investors to raise \$7.0m at \$0.035 per share ("Conditional Placement")
- The acquisition of TBDS assets will position Mitchell Services as a leading provider in the Eastern States drilling market. The rig fleet of Mitchell Services will be appropriately expanded and upgraded following the acquisition.
- Importantly, the addition of 15 Tier 1 drilling rigs will provide capacity to fill Mitchell Services' strong tender pipeline for Tier 1 contracts.
- Following the capital raising Mitchell Services will have a strong balance sheet to allow the company to capitalise on market opportunities as they arise.
- Major shareholder the Mitchell Group has committed to take up their rights in full under the Entitlement Offer. Another major shareholder, Washington H. Soul Pattinson & Company Limited, has also committed to taking up 50,721,825 shares in total under the Placement and Entitlement Offer.
- Selected Directors and Senior Management intend to participate in the Entitlement Offer



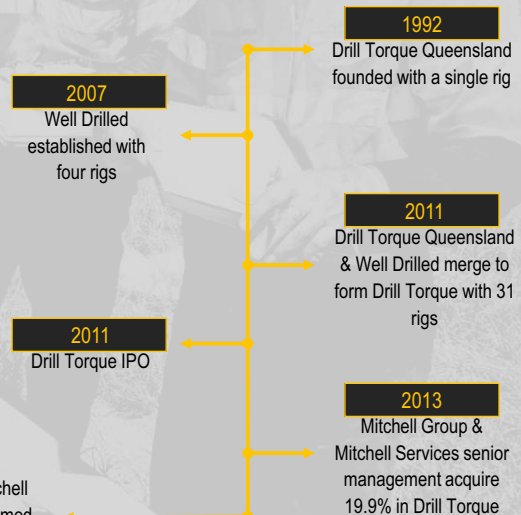
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HISTORY

MITCHELL SERVICES HISTORY



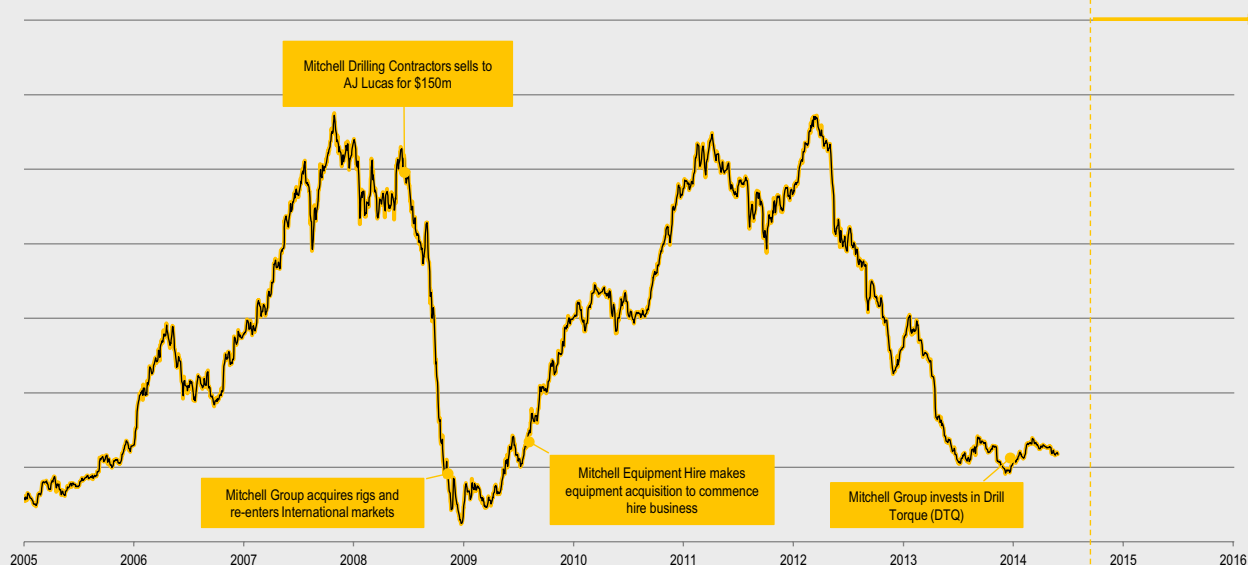
DRILL TORQUE HISTORY



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CYCLICAL MARKET PRESENTS OPPORTUNITY

- Board and management have a strong understanding of the cyclical nature of the industry which drives investment decisions



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MITCHELL SERVICES MARKET PROFILE

ASX Stock Symbol: MSV
Shares Issued: 290,000,010
Performance Options: 98,700,000*
Share Price (at 19/8/14): A\$0.04
Market Capitalisation: A\$11.6m
Average Daily Volume: 196,159
12 Month Volume: 49,943,363

* Full capital structure detailed in Appendix 1

Senior Management Team

Executive Chairman – Nathan Mitchell

CEO - Andrew Elf

CFO & Company Secretary – Bob Witty

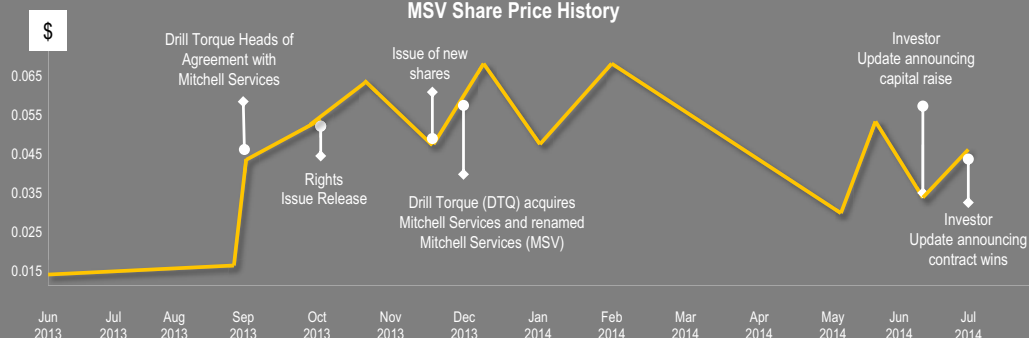
Chief Commercial Manager – Gary Salter

Operations Manager – Aaron Short

Major Shareholders

1	Mitchell Group	30%
2	Miller Family	15%
3	Washington H Soul Pattinson	9%
4	Drummond Family	3%
5	Farjoy Group	2%

MSV Share Price History



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MITCHELL SERVICES VISION

To be Australia's leading provider of drilling services to the global exploration, mining and energy industries

Find a better way



Management Team



Safety



Leading Technology



Systems



Operational Capability



Value Proposition



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ACHIEVEMENTS FOLLOWING ACQUISITION AND RESTRUCTURE

- Won approximately \$30m worth of contracts by revenue since acquisition of Mitchell Services including three *Tier 1* clients
- Rig utilisation increased three fold from four to twelve rigs
- Tier 1 rig utilisation is now operating at 87.5% stretching internal capacity to meet current tender pipeline
- Review and implementation of **Industrial Relations strategy** to increase flexibility across the business
- Moved **operational base** to new Emerald premises and **corporate office** to Brisbane premises
- Rented **Townsville premises** to major global defence contractor creating a valuable standalone property investment that can potentially be divested in the medium term
- Auction of **surplus equipment**
- Access to \$3.4m of equipment with **attractive buy out option** through rental agreement



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BUSINESS DEVELOPMENT

Won approximately \$30m worth of contracts since the acquisition

- Highly focused on **lead generation**. Received approximately 90 expressions of interest or tenders since non compete expiry
- **14 rigs under tender** across Tier 1 and other clients and enquiry levels continue to grow
- Increase in rig utilisation and tender activity over the last six months demonstrates Mitchell Services' **ability to deliver on rig utilisation**
- Conversion rate Tier 1 clients circa 55%
 - Clients focused on safety and efficiency
 - Majority of work is brownfield at mine or near mine
 - Higher barriers to entry for competitors
- Conversion rate Tier 2 clients <50%
 - Highly competitive
 - Majority of work is greenfield exploration
 - Competing against smaller drilling companies



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BUSINESS DEVELOPMENT (CONT.)

- **Operational excellence is recognised** across a wide range of commodities and drilling market sectors
- Future Business Opportunities
- **Coal Seam Gas Drilling – Find a better way**
 - In 2008 Mitchell Group was a pioneer and previous industry leader in the Coal Seam Gas industry
 - **Large Diameter Drilling – Technically complex high margin business**
 - In 2008 Mitchell Group was a major provider of large diameter drilling services in Eastern Australia. Now that TBDS and Major Drilling have exited the Eastern Australian market Mitchell Services has the **opportunity to fill this void and take advantage**.
 - **Environmental monitoring and remediation**
 - A growing market sector gaining momentum



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TOM BROWNE DRILLING SERVICES ACQUISITION

- Receivers appointed to Tom Browne Drilling Services (TBDS) in April 2014
- Opportunity to acquire -
 - **Significant asset base** of 29 rigs and ancillary equipment
 - Best endeavours to assign an **18 month contract** with Tier 1 global mining company
 - **All business records** including various documents and files
- Attractive pricing -
 - **Acquiring from receivers for A\$9.5m**
 - **Replacement valuation** of the material assets assessed by Slattery Auctions Australia Pty Ltd **of A\$52.6m** in July 2014
 - **Secondary market valuation** of the material assets assessed by Slattery Auctions Australia Pty Ltd **of A\$13m** in July 2014
 - Slattery Auctions Australia Pty Ltd conducted valuations on material assets only and did not contemplate inventory and other ancillary assets
- Opportunistic acquisition below valuation due to –
 - Distressed seller with significant further losses to accrue if the fleet is left idle
 - Portfolio purchase discount



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WHY ACQUIRE TBDS ASSETS

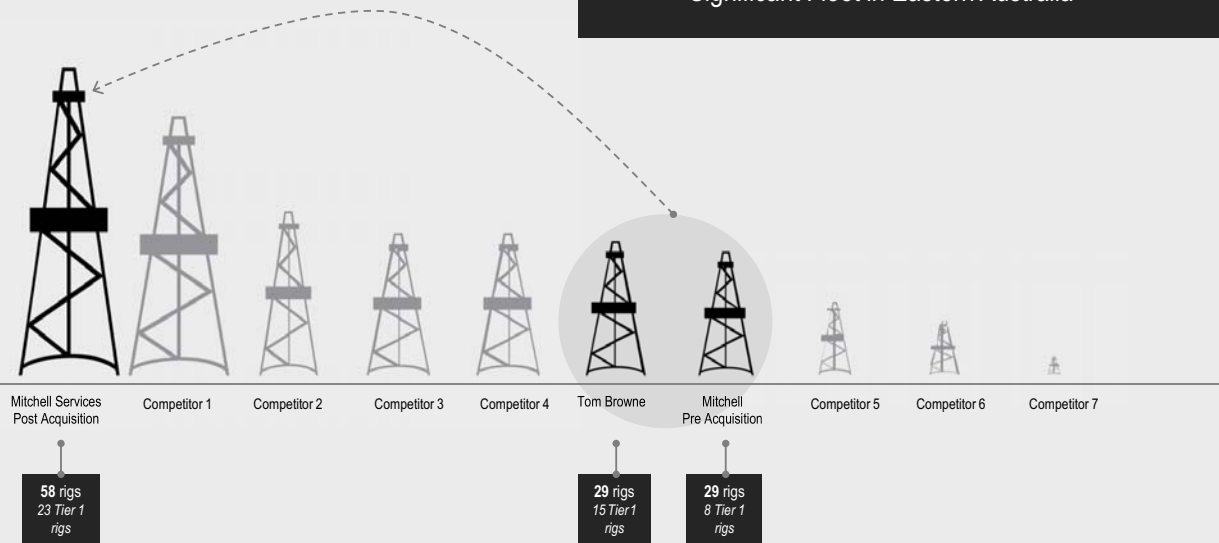
- The current Tier 1 rig fleet is operating at near full utilisation
- With the strong tender pipeline Mitchell Services has developed since the merger the TBDS acquisition **creates the rig capacity to execute on the pipeline**
- Mitchell Services can utilise TBDS assets for Tier 1 opportunities and **generate a superior return versus buying new equipment**
- Strengthen market share position and **increase geographical footprint** from predominantly Queensland operations
- Attractive acquisition price is cheaper than refurbishing existing non-tier 1 rig fleet.
- Manufacturers have **significantly reduced capacity** and new rigs will have long lead times



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MATERIAL INCREASE IN CAPABILITY POST ACQUISITION

Significant Fleet in Eastern Australia



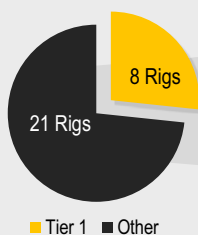
*Eastern Australia fleet sizes of selected competitors are based on Mitchell Services management internal estimates



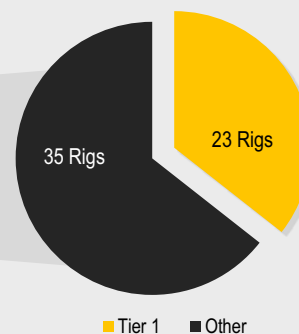
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MITCHELL SERVICES FLEET CAPABILITY

CURRENT FLEET



FLEET POST ACQUISITION



- Limited Tier 1 rigs but utilisation of these rigs is running at 87.5%
 - These rigs have capability to work more shifts in a month (for example double shift)
- Access to \$3.4m of equipment and attractive buyout option through rental agreement
 - Only pay rent when equipment is being used
 - Buyout option less depreciation and 50% of rent paid
- Income spread across multiple commodity sectors including coal, copper and gold
- Income spread across multiple services sectors including exploration, mine services and underground drilling

- 100% increase in total rig fleet from 29 to 58 rigs
- Increase in Tier 1 rigs of 187.5% from 8 to 23 rigs
- The extra rigs allow Mitchell Services to offer clients in excess of 10,000 extra shifts of drilling per year on a single shift basis



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FY14 HIGHLIGHTS

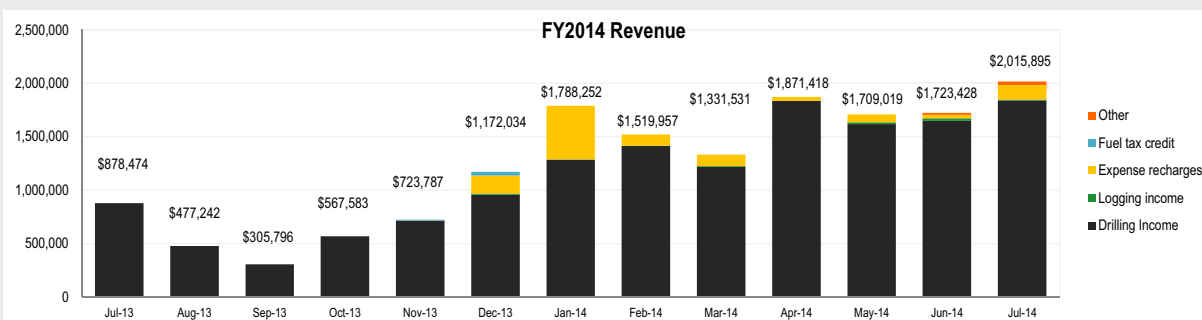
Unaudited financials as at reporting date 30 June 2014

Revenue	\$15.01m
EBITDA	(\$2.90m)
NPAT	(\$4.60m)
Operating Cash flow	(\$2.20m)

FY15 Outlook

Baseline revenue forecast of circa **\$24m** revenue at break even operating cash flow basis
 Significant upside potential in forecast revenue in future years
 Strong cash generation as rig utilisation increases

- Tenders outstanding for 14 rigs across Tier 1
- Increase in rig utilisation from 4 to 12 rigs over the last six months
- Management has proven it can outperform versus standard industry utilisation rates



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FINANCIAL POSITION

Mitchell Services Group

Balance Sheet
 As at 30 June 2014
 Management Accounts

	Pro Forma Balance Sheet 30 June 2014	Capital Raise Tranche 1	Pro Forma Balance Sheet Post Tranche 1	Capital raise Tranche 2	Pro Forma Balance Sheet Post Acquisition and Tranche 2
Current Assets					
Cash at Bank	\$125,003	\$9,687,562	\$9,812,565	(\$3,937,314)	\$5,875,251
Other Current Assets	\$4,259,384	\$40,522	\$4,299,906	\$972,029	\$5,271,935
Total Current Assets	\$4,384,387	\$9,728,084	\$14,112,471	(\$2,965,285)	\$11,147,186
Non Current Assets					
PPE	\$14,009,330		\$14,009,330	\$9,500,000	\$23,509,330
Other Non-Current Assets	\$7,904,893		\$7,904,893		\$7,904,893
Total Non Current Assets	\$21,914,223		\$21,914,223	\$9,500,000	\$31,414,223
TOTAL ASSETS	\$26,298,610	\$9,728,084	\$36,026,694	\$6,534,715	\$42,561,409
Current Liabilities					
Bank Overdraft and Credit Card	\$2,279,043	(\$2,251,701)	\$27,342		\$27,342
Term Debt	\$205,571		\$205,571		\$205,571
Equipment Finance	\$1,924,310		\$1,924,310		\$1,924,310
Other Current Liabilities	\$4,379,127		\$4,379,127		\$4,379,127
Total Current Liabilities	\$8,788,051	(\$2,251,701)	\$6,536,350		\$6,536,350
Non-Current Liabilities					
Term Debt	\$1,316,262		\$1,316,262		\$1,316,262
Equipment Finance	\$3,382,988		\$3,382,988		\$3,382,988
Total Non-Current Liabilities	\$4,699,250		\$4,699,250		\$4,699,250
TOTAL LIABILITIES	\$13,487,301	(\$2,251,701)	\$11,235,600		\$11,235,600
NET ASSETS	\$12,811,309	(\$2,251,701)	\$24,791,094		\$31,325,809
Capital and Reserves					
Capital Raising	\$12,811,309		\$24,791,094		\$31,325,809
Less Capital raising Costs		\$13,000,000 (\$1,020,215)		\$7,000,000 (\$465,285)	
TOTAL EQUITY	\$12,811,309	\$11,979,785	\$24,791,094	\$6,534,715	\$31,325,809

The unaudited pro forma balance sheet set out above has been derived from Mitchell Services unaudited management accounts consolidated balance sheet as 30 June 2014 and has been prepared for illustrative purposes to show the impact of the following pro forma adjustments-

- Gross proceeds of the Rights Issue and Placement (Tranche 1) of approximately \$13 million.
- Gross proceeds of the balance of Placement (Tranche 2) of approximately \$7 million (which is subject to shareholder approval).
- The acquisition of the unencumbered assets of Tom Browne Drilling (In receivership) for \$9.5 million

NOTE

The unaudited pro forma balance sheet is based on numerous assumptions that may or may not reflect the actual financial position of Mitchell Services after completion of the offer. This pro forma balance sheet is presented in summary format and does not contain all disclosures required under the Corporations Law. The pro forma information has been prepared using AIFRS and reflects the accounting policies of Mitchell Services and is based on unaudited accounts. The pro forma balance sheet assumes the capital raising has been completed as at 30 June 2014 although the actual date will be at a later date. The pro forma balance sheet assumes the acquisition of Tom Browne Drilling (In receivership) unencumbered assets as at 30 June 2014 although the actual date of acquisition will be at a later date. The pro forma balance sheet of Mitchell Services which includes Tom Browne Drilling assets acquisition is based on the assumption that the fair value of the assets are equal to the acquisition price and a full purchase price allocation will be undertaken post settlement. The Pro forma balance sheet does not reflect an undrawn related party loan which is expected to be drawn to circa \$2,000,000 and which is to be repaid from proceeds of the capital raising. The Pro forma balance sheet does not reflect an estimated cost of \$683,500 which is expected to be incurred with the acquisition of TBDS (In Receivership) and will be paid from proceeds of the capital raising. In the event that the Conditional Placement is not approved by shareholders it is unlikely that the TBDS acquisition will be completed. In this case, the Company's position would be as per the Pro Forma Balance Sheet Post Tranche 1' column (assuming that the full \$13m is raised and that the Underwriter does not exercise its right to terminate in the event of the Conditional Placement not being approved) and the \$13m new equity raised from the Placement and the Entitlement Offer will be used to reduce debt and fund working capital. If the Underwriter exercises its right to terminate because shareholder approval is not obtained, the Company may raise materially less under the Entitlement Offer.



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USE OF FUNDS AND LIQUIDITY

- Set out below are the use of funds and available funding for Mitchell Services post the capital raising and assuming shareholder approval of the Conditional Placement.
- Mitchell Services will have access to approximately **\$6.691m in liquid assets** with the potential if required to access additional funding
- Table 1 is an estimate of the actual cash position post acquisition, post capital raising and inclusive of material post capital raising events

Table 1 – Estimate of available cash	Amount
Cash at Bank – ProForma Balance Sheet Post Tranche 2	\$5,875,251
Repayment of related party loan to Mitchell Group	(\$2,000,000)
Payment of TBDS acquisition expenses	(\$683,500)
Estimate of available cash ¹	\$3,191,751
Sale of non core TBDS assets	\$1,000,000
Potential sale of Townsville building net of debt ²	\$2,500,000
Adjusted estimate of available liquid assets	\$6,691,751

- With a decrease in debt and increase in assets following the acquisition Mitchell Services believes it has the ability to access additional debt on commercial terms if required

¹ The Estimate of available cash ignores cash flows as a result of GST payments. GST payments will flow in and out of the company in the ordinary course of business.

² Net proceeds after potential sale and term debt reduction of \$700k. Subject to final sale price.



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OFFER OVERVIEW

THE OFFER

The capital raising consists of the following components

- A placement to institutional and sophisticated investors to raise \$1.5m at \$0.035 per share ("Placement")
- A 1 for 1 non-renounceable rights issue to existing shareholders to raise \$11.7m at \$0.035 per share ("Entitlement Offer")
- Top-Up Offer to existing shareholders to subscribe for shares greater than their entitlement. Any allocation of additional shares under the Top-Up Offer is subject to the shortfall amount under the Entitlement Offer and the discretion of the Board.
- A conditional placement to institutional and sophisticated investors to raise \$7.0m at \$0.035 per share ("Conditional Placement") subject to shareholder approval at EGM on 23 September 2014

PRICING

Offer price of \$0.035 per share represents

- 12.5% discount to last close of \$0.04 per share
- 12.5% discount to 1 week VWAP of \$0.04 per share
- 20.2% discount to 1 month VWAP of \$0.044 per share
- 4.6% discount to TERP of \$0.037 per share

SHAREHOLDER SUPPORT

- Major shareholder, the Mitchell Group, has committed to take up its rights in full under the Entitlement Offer.
- Major shareholder, Washington H. Soul Pattinson & Company Limited, has committed to taking up approximately 50 million shares in total under the Placement and Entitlement Offer.
- Selected Directors and Senior Management intend to participate in the Entitlement Offer



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OFFER OVERVIEW

USE OF PROCEEDS

The capital raising of approx. \$20 million will be used as follows

- Acquisition of the assets of Tom Browne Drilling Services ("TBDS") - \$9.5m
- Relocation and integration of TBDS assets acquired - \$0.683m
- Repayment of related party loan to Mitchell Group - \$2.0m
- Working Capital - \$6.332m
- Capital raising costs - \$1.485m

In the event that the Conditional Placement is not approved by shareholders it is unlikely that the TBDS acquisition will be completed. In this case, the new equity raised from the Placement and the Entitlement Offer will be used to reduce debt and fund working capital. If the Conditional Placement is not approved by Shareholders, the Underwriter can elect to terminate the Underwriting Agreement, which may impact on the amount of funds raised under the Entitlement Offer.

RANKING

The new shares will rank equally with Mitchell Services existing shares

UNDERWRITING

The offer is fully underwritten by Morgans Corporate Limited.

PERFORMANCE OPTIONS

Tranche A & B performance options will be cancelled for no consideration on completion of the capital raising.



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OFFER OVERVIEW (CONTINUED)

INDICATIVE TIMETABLE (subject to change)

Activity	Date
Announcement of Placement, Conditional Placement and Entitlement Offer	Friday, 22 August 2014
Ex-date for Entitlement Offer	Tuesday, 26 August 2014
Placement Settles	Wednesday, 27 August 2014
Allotment of Placement shares	Thursday, 28 August 2014
Record date	Thursday, 28 August 2014
Entitlement Offer opens	Tuesday, 2 September 2014
Entitlement Offer closes	Friday, 19 September 2014
EGM to approve Conditional Placement	Tuesday, 23 September 2014
Allotment of Entitlement Offer shares	Friday, 26 September 2014
Allotment of Conditional Placement shares	Friday, 26 September 2014
Entitlement Offer shares commence trading on a normal basis	Monday, 29 September 2014
Conditional Placement shares commence trading on a normal basis	Monday, 29 September 2014



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SUMMARY

- **Major one off expenses** incurred to rebuild and position the business to work for Tier 1 clients
- **Competitive landscape is improving** rapidly and **barriers to entry for new competitors have increased**
- Best pricing for assets that Board and Management have seen. **TBDS assets to be acquired at \$9.5m versus a replacement value of \$52.6m**
- Post acquisition, Mitchell Services will have a **significant fleet in Eastern Australia** to deliver on its vision of being **Australia's leading provider of drilling services** to the global exploration, mining and energy industries
- **Compelling bottom of the market investment opportunity with significant upside** if general market conditions improve



APPENDIX

- Appendix 1 – Capital Structure and Performance Options
- Appendix 2 – Assets To Be Acquired From TBDS
- Appendix 3 – Board and Management
- Appendix 4 – Cyclical Market Presents Opportunity
- Appendix 5 – Market Sector Summary
- Appendix 6 – Industry Acquisitions and Divestments
- Appendix 7 – Risks



APPENDIX 1 – CAPITAL STRUCTURE & PERFORMANCE OPTIONS

Current shares on issue	290,000,010
Placement shares (15%)	43,500,001
Expanded share capital	333,500,011

Rights issue ratio	1 for 1
Rights issue shares	333,500,011

Conditional placement shares	200,000,000
New shares on issue post Capital Raising	867,000,022

Total performance shares (Tranche C & D)	98,700,000
--	------------

Tranche A - \$4m FY15 EBITDA & 4cps share price	45,000,000
Tranche B - \$5m FY15 EBITDA & 6cps share price	65,000,000
Tranche C - \$7m FY16 EBITDA & 7cps share price	49,350,000
Tranche D - \$9m FY16 EBITDA & 8cps share price	49,350,000

- Performance options were issued to Mitchell Group and its senior managers as consideration for the options cancelled through the merger with Drill Torque
- All tranches are subject to vesting conditions based on EBITDA and share price hurdles.
- Tranche A & B performance options will be cancelled for no consideration on completion of the capital raising
- Tranche C & D are subject to EBITDA hurdles in FY2016 of \$7m and \$9m respectively, in addition to 10 day VWAP share price hurdles of 7 cps and 8 cps respectively at any time in the 12 month period following the release of the FY16 results.

APPENDIX 2 – ASSETS TO BE ACQUIRED FROM TBDS

29 Drilling rigs

Best endeavours to assign an 18 month contract with Tier 1 global mining company

All Business Records including various documents and files

Trucks including prime movers and numerous trailers

Light vehicles

Compressors and Boosters

Pumps

Lighting Plants

Drill rig critical spares inventory

Drilling consumables including drill rods and numerous rod sumps

Survey equipment including multiple Gyro units

Workshop machinery, benches and tooling

Stores racking and forklift

Office furnishings and IT equipment

APPENDIX 3 - BOARD AND MANAGEMENT

NATHAN MITCHELL – Executive Chairman

During his tenure as CEO for Mitchell Drilling Contractors the company doubled in size with Mr. Mitchell directing an international expansion into China, Indonesia, USA and various countries across Southern Africa.

ANDREW ELF (B.Com, CPA, MBA, GAICD) – Chief Executive Officer

Mr. Elf has over 15 years finance, commercial and operation experience. He has held senior roles with Boart Longyear where he spearheaded the growth of the African business to an annual turnover in excess of \$30 million.

DR RALPH CRAVEN (BE PhD FIEAust FIPENZ FAICD CPEng) – Non Executive Director

Previous positions include CEO to the predecessor to Ergon Energy and CEO of Transpower New Zealand Ltd. Dr. Craven has held senior executive positions with Shell Coal Pty Ltd and NRG Asia Pacific Limited

ROBERT WITTY (Associate Dip Bus (Acct), FIPA) - Chief Financial Officer & Company Secretary

Mr. Witty joined Notch Holdings Pty Ltd (now a subsidiary of Mitchell Services) in 2009 after 38 years' experience in retail and business banking and 2 years' experience as a senior manager with Pricewaterhouse Coopers.

PETER MILLER - Non Executive Director

Mr. Miller founded Drill Torque in 1992 with one drill rig, which grew to 29 prior to the acquisition of Well Drilled. Mr. Miller has been involved in all aspects of the drilling industry for the past 28 years and has extensive knowledge of the drilling conditions, equipment requirements and pricing structure to maximize productivity.

GARY SALTER (B.Sc (Geology) Hons) - Chief Commercial Officer

Mr. Salter has a wealth of senior management experience having worked with BHP Billiton (BHPB) for over 32 years in mine geology and exploration. Mr. Salter has been instrumental in leading the business development function and strengthening relationships with blue chip clients.

ROBERT DOUGLAS (BCom, LLB) – Non Executive Director

Mr. Douglas has over 15 years experience in finance and investment banking and is currently Executive Director of Morgans Financial. He has vast experience in all aspects of corporate advisory and equity capital raising for listed public companies and companies seeking to list.

AARON SHORT – Operations Manager

Mr. Short has over 20 year's experience in the drilling industry and has directly managed drilling operations across all commodity types and utilising multiple drilling techniques.



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APPENDIX 4 - CYCLICAL INDUSTRY PRESENTS OPPORTUNITY

Listed Drilling Company – Share Price Movements (Average is a non weighted average of daily close prices)



• Where are we in the cycle?

- Production drilling must continue
- Near mine exploration still continues
- Evidence of base level commitment spending

• Why is now the time to invest?

- Funds starting to be raised for new exploration
- ASX Small Resources turning with several successful raisings
- Industry peers experiencing financial distress and rig counts in the market place are beginning to reduce



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APPENDIX 5 - MARKET SECTOR SUMMARY

Types of Drilling

SURFACE DRILLING COAL

Activity: Low - Activity is primarily focused on production
Competition: High
CAPEX: Medium to High
Comment: Competition has increased markedly as metals drilling companies enter this market sector

MSV

Recognised as experts in this market sector and CCO has extensive contacts network

SURFACE DRILLING METALS

Activity: Low - Activity is primarily focused on brownfield exploration and production
Competition: High
CAPEX: Medium to High
Comment: Opportunity for consolidation in highly fragmented market sector

Continue to gain momentum since Australian market re-entry

UNDERGROUND DRILLING

Activity: Medium - This work is primarily production related
Competition: Medium to High
CAPEX: Medium
Comment: Step change in sector with the development of the mobile drill rig

Increase market awareness that Mitchell Services actively participates in this market sector

OIL & GAS

Activity: Medium to High
Competition: High
CAPEX: High
Comment: High risk high return. Long term contracts critical to success

Highly experienced in specific segments of this market sector

OTHER SERVICES

Activity: Low to Medium
Competition: High
CAPEX: Low to High pending service
Comment: Diversification from cyclical minerals cycle

Not core business but have Logging Units

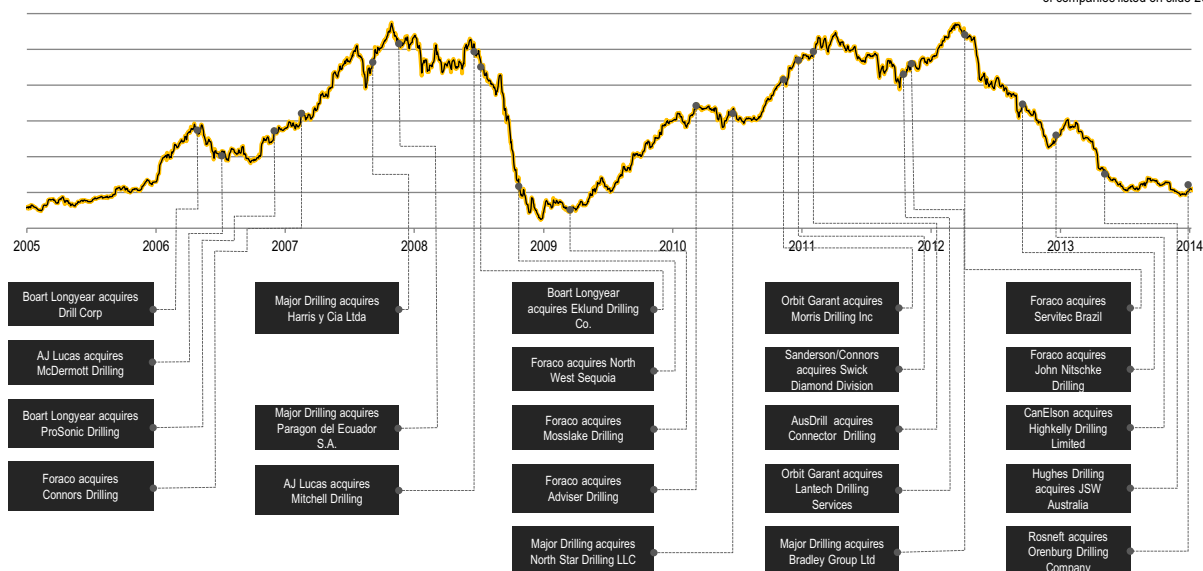


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APPENDIX 6 - INDUSTRY ACQUISITIONS & DIVESTMENTS

- The drilling industry is highly cyclical and industry majors have tended to make acquisitions at all stages throughout the cycle, often paying high multiples on cyclical earnings.
- This results in acquisitions at high values which does not always provide long term value to shareholders.

■ Listed Drilling Company – Share Price Movement Index of companies listed on slide 26



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APPENDIX 7 – INVESTMENT RISKS

Acquisition of TBDS assets

Despite having external due diligence completed on the TBDS assets, the assets have been bought under a receiver sale on an 'as is, where is' basis and there is a risk that they do not perform according to current expectations. This may require significant maintenance or additional expenditure by the Company in order to have them in working order or brought up to the required standards for their intended use. The acquisition involves the Company and TBDS using best endeavours to assign to the Company the benefits of an 18 month drilling contract with a Tier 1 global mining contract. There is no guarantee that this contract will be assigned to the Company which means that the value of that contract will not be realised for the Company.

Seasonal conditions and business interruptions

The Company has exposure to a number of natural events such as cyclones, persistent rainfall, floods and fire which are beyond its control. Natural events would affect the Company's productivity and ability to engage in contract drilling for customers and, as a result, could have a material adverse effect on the Company. Unstable weather conditions, unstable service sites, regulatory intervention, delays in necessary approvals and permits or supply bottlenecks may reduce the Company's ability to complete drilling services contracts resulting in performance delays, increased costs and loss of revenue. The Company seeks to mitigate these and other risks by securing clients in multiple geographic locations so as to minimise the impact of events such as the Queensland wet season.

Dependence on key personnel and labour shortages

The Company's primary intellectual asset is the skill and experience of its staff. It is essential that appropriately skilled staff be available in sufficient numbers to support the Company's operations. While the Company has initiatives to mitigate this risk, including implementing special training programs, loss of key staff or failure to attract new staff may have a negative impact on the financial performance or otherwise of the Company and in particular its ability to expand its business. The loss of key staff to a competitor may magnify this impact.

Effects of amended industrial relations laws

Recent changes to Commonwealth industrial relations laws particularly in regard to new awards may result in increased labour and compliance costs. This could impact on the ability of the Company to retain key personnel, attract new workers or replacement personnel. Any further changes to Commonwealth industrial relations laws may result in additional labour and compliance costs.

Industrial accidents

Industrial accidents may occur with respect to the Company's business. In the event of a serious accident, for example resulting in a fatality or serious injury, or a series of such accidents on projects, substantial claims may be brought against the Company. Any such claim could result in substantial liability for the Company, which could negatively impact on growth prospects and adversely affect the financial performance and/or financial position of the Company.

Customer demand and outlook for resources industry

The Company's business depends on, amongst other things, the level of mining activity. Levels depend on a number of factors outside the control of the Company, including, but not limited to, continued global economic growth, continued international demand and infrastructure constraints experienced by the Company's clients. Any prolonged decline in the demand for resources may result in a corresponding decline in the use of the Company's services which will have an adverse effect on the financial performance and/or financial position of the Company. Commodity prices are volatile. Industry experience indicates that when commodity prices fall below certain levels, mining expenditure and activity decline in the following 12 months. There is a risk that a significant, sustained fall in commodity prices could substantially reduce future mining activity and accordingly demand for the Company's services.

Equipment constraints

Some of the specialist services provided by the Company require the use of purpose-built drilling rigs and equipment. The Company may have difficulty in gaining access to additional purpose-built rigs or equipment or adequate supplies of equipment at appropriate prices and in a timely manner or the quality of the available equipment may not be acceptable or suitable for its intended use. The Company may also not be able to make the necessary capital investment to maintain or expand its rig fleet. Any of these factors may constrain the Company's ability to provide services and may ultimately have an adverse effect on its growth opportunities, financial performance and/or financial position.

Concentration risk and industry downturn

The Company's focus on drilling gives rise to some degree of concentration risk in that the prospects of the Company are largely tied to the prospects of the mining industry.



www.mitchellservices.com.au

APPENDIX 7 – INVESTMENT RISKS (CONT.)

Operational risks

The Company and its customers are exposed to a range of operational risks relating to both current and future operations. Such operational risks include equipment failures, information technology system failures, external services failure, industrial action or disputes and natural disasters. Whilst the Company endeavours to take appropriate action to mitigate these operational risks and to insure against them, the Company cannot control the risks to which its customers are exposed, nor can it completely remove all possible risks relating to its own business.

Changing customer preferences regarding contractual arrangements

The majority of the Company's contracts for the provision of services are negotiated on a variable costs relationship-based agreement. However, a small number are negotiated on a fixed-price basis. Fixed-price contracts are typically higher risk. Should customers in the future exhibit a preference for fixed-price contractual arrangements, this may have an adverse effect on the financial performance and/or financial position of the Company.

Capital and maintenance expenditure

The Company requires sufficient access to capital to fund the maintenance and replacement of its existing fleet of rigs, plant and equipment and any future expansion. Failure to obtain capital on favourable terms may hinder the Company's ability to expand and maintain its fleet of rigs or equipment which may reduce the Company's competitiveness.

Operating costs

This is a risk of unexpected increases in variable operating costs including labour, insurance and maintenance, which may adversely affect the Company's operating and financial performance.

Remote locations

The Company regularly undertakes projects in remote locations. The remoteness of the location exposes the Company to an increased risk of a shortage of skilled and general labour and potentially increased costs which may or may not be able to be passed onto the customer. The Company may also be exposed to a greater risk of logistical difficulties with plant and equipment because of the remote locations of its projects.

Early mine closure

The Company typically enters into contracts for the provision of services in relation to large, individual mines, which remain in force over extended periods of time. The Company ordinarily deploys its equipment and/or personnel with a view to providing services in relation to the

particular mine on a continual basis over the duration of a service contract's life.

Early or unforeseeable closure of a mine could result in loss of expected revenues, and additional expenses for demobilisation, maintenance and storage of equipment used at that time.

Environmental incidents and claims

The Company operates in an industry where environmental issues, including inclement weather, may delay contract performance or result in complete shutdown of a project, causing a deferral or preventing receipt of anticipated revenues.

Reputation

The Company's ability to retain and source new customers is heavily dependent on its reputation and current relationships with key customers. A dissatisfied customer, poor performance or litigation may result in significant damage to the Company brand and may impact on the Company's ability to maintain existing customers or enter into new customer relationships, resulting in an adverse impact, on its financial performance and/or financial position.

Insurance risks

The Company provides drilling services to third parties, which exposes the Company to the risk of liability from defective services, including indirect or consequential losses suffered by third parties. The Company contractually limits its exposure to liability, and the Company maintains public liability insurance. The Company also has Directors' and Officers' insurance, which it believes to be commensurate with industry standards, and adequate having regard to the business activities of the Company. Nevertheless, there remains a risk that the Company's insurance coverage will be insufficient to meet a very large claim or a number of large claims or that the Company is unable to secure insurance to satisfactorily cover all anticipated risks or that the costs of insurance will increase beyond anticipated levels.



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APPENDIX 7 – INVESTMENT RISKS (CONT.)

Future funding

While the Directors believe that the Company will have sufficient funds to fund its activities in the short term, the Company is operating in a dynamic and rapidly growing industry. If the Company does not meet its stated objectives, it may need additional debt or equity funding. There can be no guarantee that such funding will be available to the Company on reasonable terms or at all. Any such failure to obtain funding on reasonable terms may result in a loss of business opportunity and excessive funding costs, including dilution to Shareholders if equity funding is pursued.

Recognition of revenue

The Company's performance is influenced by its ability to win new contracts for the provision of drilling services and the completion of those contracts in a timely and efficient manner. Where new and existing contracts are delayed the recognition of revenue for those contracts may be deferred to later accounting periods.

Entry of new competitors

The entry of additional competitors in the drilling services sector could result in reduced operating margins and loss of market share. Such occurrences could adversely affect the Company's operating and financial performance.

Growth – new customers

The Company's ability to grow its business depends, to a large degree, on its ability to secure new customers and contracts. Failure to obtain new drilling contracts may have a material adverse effect on the Company.

Regulatory environment

The sector in which the Company operates is highly regulated by the various state and federal governments. The Company must comply with the relevant regulations and, as a consequence, its ongoing operations are subject to regulatory changes. Changes to the way in which the market is regulated could adversely affect the business or financial performance of the Company by the imposition of additional capital and/or operational obligations on the Company.

Concentration of shareholding

Entities associated with the Mitchell Group are expected to hold no less than 19.99% of the issued shares in the Company immediately following the issue of shares under the offer with the ability to increase that interest to 27.74% if all of their Performance Options vest. Accordingly, the Mitchell Group and its associated entities will continue to be in a position to exert significant influence over the outcome of matters relating to the Company, including the election of Directors and the consideration of material Board decisions. Although the interests of the Company, the Mitchell Group and other shareholders are likely to be consistent in most cases, there may be instances where their respective interests diverge.

Litigation

Litigation risks to the Company include, but are not limited to, contractual claims, environmental claims, occupational health and safety claims, regulatory disputes, legal actions from special interest groups, as well as third party damage or losses resulting from drilling actions. The Company is not currently involved in any disputes and is not aware of any circumstances which could give rise to any claims or disputes.

General risks

Other than the specific risks identified above, the price at which the Company's shares trade on the ASX may be determined by a range of factors, including inflation, interest rates and exchange rates, changes to government policy, legislation or regulation, the nature of competition in the markets in which the Company operates, inclusion or removal from major market indices and other general operational and business risks. The market for Company shares may also be affected by a wide variety of events and factors, including variations in the Company's operating results, recommendations by securities analysts, and the operating and trading price performance of other comparable listed entities. Some of these factors could affect the Company's share price regardless of the Company's underlying operating performance.

ASX RELEASE

22 August 2014

Acquisition of Tom Browne Drilling Services assets and \$20.2 million Equity Raising

Key Points

- The acquisition of the Tom Browne Drilling Services (in receivership) assets for \$9.5 million will strengthen Mitchell Services' market presence and expand its geographical footprint to position the Company for growth as a leading provider in the Eastern States' drilling market
- The \$20.2million capital raising has been fully underwritten by Morgans Corporate Limited following strong support from existing shareholders including Mitchell Group and Washington H. Soul Pattinson & Company Limited and a number of new institutional shareholders including CVC.
- Proceeds to fund attractively priced acquisition of quality assets of Australian drilling services company Tom Browne Drilling Services (in receivership), meet working capital requirements and retire debt
- Offer price of \$0.035 per new share represents a 12.5% discount to the closing price of Mitchell Services shares of \$0.04 on 19 August 2014

Acquisition of Tom Browne Drilling Services assets for \$9.5 million

Mitchell Services Limited (ASX Code: MSV) has entered into an agreement to acquire the drilling rigs and associated assets of Tom Browne Drilling Services Pty Ltd (**Tom Browne**) for \$9.5 million, positioning the Company for continued growth as a leading provider of drilling services within Eastern Australia.

The Tom Browne assets include 29 drilling rigs and ancillary equipment, which will double the number of rigs in the Mitchell Services fleet to 58, as well as the potential assignment of an 18-month drilling contract with a Tier 1 global mining company.

Executive Chairman of Mitchell Services Mr Nathan Mitchell said the acquisition represented an attractive counter-cyclical move to purchase a quality asset base at well below replacement value due to the distressed nature of the sale following the appointment of receivers to Tom Browne in April 2014.

"We believe this is a compelling bottom-of-the-market investment opportunity with significant upside for the Company if general market conditions improve, given the quality of these assets and the long lead times required to order new equipment," Mr Mitchell said.

"According to an independent valuation obtained in July 2014, the replacement value of the material assets being purchased is \$52.6 million."

Mr Mitchell said the Company's current fleet of eight Tier 1 drilling rigs was operating at near full utilisation and needed to be expanded in order to service a strong tender pipeline and drive growth.

"This acquisition, which includes 15 Tier 1 rigs, will provide Mitchell Services with the capacity required to execute in response to our strong tender pipeline, strengthen the Company's market presence and expand its geographical footprint from predominantly Queensland operations," he said.

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“Mitchell Services will then have a significant fleet in Eastern Australia to deliver on our vision of being Australia’s leading provider of drilling services to the exploration, mining and energy industries.”

Mitchell Services Chief Executive Officer Mr Andrew Elf said the extra rigs would enable the Company to offer clients in excess of 10,000 additional drilling shifts a year on a single shift basis.

“Significantly, we will be able to generate a much higher rate of return for shareholders from these high quality used assets than we could by purchasing new equipment.”

The acquisition of the Tom Browne assets for \$9.5 million (excluding GST) is expected to settle in late September 2014 following completion of the associated **Equity Raising**.

Equity Raising - \$20.2 million

Mitchell Services intends to conduct a \$20.2 million equity raising via a placement to institutional investors in two tranches to raise approximately \$8.5 million (**Institutional Placement**) and a 1-for-1 non-renounceable Entitlement Offer of fully paid ordinary shares in Mitchell Services (**New Shares**) to raise approximately \$11.7 million (**Entitlement Offer**).

The Institutional Placement comprises two tranches:

- the first tranche is a \$1.5 million placement to institutional and sophisticated investors using Mitchell Services’ existing placement capacity under the ASX Listing Rules (**First Tranche Placement**); and
- the second tranche is a \$7 million placement to institutional and sophisticated investors, subject to shareholder approval (**Conditional Placement**) to be sought at a shareholder meeting to be held on or around 23 September 2014.

The offer price for the Equity Raising will be \$0.035 per share which represents:

- a 12.5% discount to the last traded price of Mitchell Services shares (being \$0.04 on 19 August 2014);
- a 12.5% discount to the 1 week VWAP of Mitchell Services shares of \$0.04 per share;
- a 20.2% discount to the 1 month VWAP of Mitchell Services of \$0.044 per share; and
- a 4.6% discount to the theoretical ex-rights price (TERP)¹.

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 1 new ordinary share in Mitchell Services for every existing share held at 7.00 pm (AEST) on Thursday, 28 August 2014 (**Record Date**) at the offer price (**Entitlements**).

Mitchell Services’ major shareholder, the Mitchell Group (with a current shareholding of approximately 30%) has committed to taking up their full Entitlement under the Entitlement Offer. Another major shareholder, Washington H. Soul Pattinson & Company Limited, has also committed to taking up approximately 50.7 million shares under the Institutional Placement and Entitlement Offer to retain its shareholding level.

¹ The theoretical ex-rights price of \$0.037 is calculated using Mitchell Services’ closing price on 19 August 2014 assuming proceeds from the Entitlement Offer of \$11.67 million. TERP is the theoretical price at which shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer and the issue of all shares under the Institutional Placement. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP.

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The Equity Raising is fully underwritten by Morgans Corporate Limited.

The proceeds of the Equity Raising will be used to:

- Fund Mitchell Services' acquisition of the assets of Tom Browne, which will double the Company's existing rig count; and
- Meet Mitchell Services' ongoing working capital requirements and retire some existing debt facilities.

Top up facility

The Entitlement Offer will include a top up facility under which eligible shareholders who take up their full Entitlement will be invited to apply for additional shares in the Entitlement Offer from a pool of those not taken up by other eligible shareholders. There is no guarantee that applicants under this top up facility will receive all or any of the shares they apply for under the facility.

Key dates

Event	Date
Trading halt	20 August 2014
Announcement of the Equity Raising	22 August 2014
Ex-date	26 August 2014
Allotment Shares issued under the First Tranche Placement	28 August 2014
Record date (7.00 pm AEST)	28 August 2014
Entitlement Offer opens	2 September 2014
Entitlement Offer closes (5.00 pm AEST)	19 September 2014
New Shares are quoted on a deferred settlement basis	22 September 2014
Anticipated date for EGM to approve Conditional Placement	23 September 2014
Allotment of New Shares under the Entitlement Offer	26 September 2014
Allotment of Conditional Placement shares	26 September 2014
Despatch of holding statements	29 September 2014
Securities commence trading on normal basis	29 September 2014

More information

The Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements will not receive any value for those Entitlements that they do not take up. Shareholders who are not eligible to receive Entitlements will not receive any value for the Entitlements they would have received had they been eligible.

New Shares issued under the Equity Raising will rank equally with existing shares.

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Mitchell Services will notify shareholders as to whether they are eligible to participate in the Entitlement Offer.

Eligible shareholders will receive an information booklet including a personalised entitlement and acceptance form which will provide further details of how to participate in the Entitlement Offer. Mitchell Services will also notify each holder of options about the Entitlement Offer.

A presentation on the Equity Raising has been lodged with ASX today and is able to be downloaded from ASX's website, www.asx.com.au.

For more information, contact:

Andrew Elf – Chief Executive Officer
Telephone +617 37227222

Media enquiries

Richard Owen – Investor & Public Relations
Telephone 0412 869 937

Important information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The securities referred to in this document have not been and will not be registered under the United States Securities Act of 1933 (the 'US Securities Act'), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

This document may not be distributed or released in the United States.

This announcement contains certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'may,' 'should,' 'expect,' 'anticipate,' 'estimate,' 'scheduled' or 'continue' or the negative version of them or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. Mitchell Services does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.

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3 How to apply

3.1 Shareholder's choices

The number of New Shares to which Eligible Shareholders are entitled under the Entitlement Offer (i.e. their Entitlement) is shown on the accompanying Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up their Entitlement in full and, if they do so, they may apply for additional New Shares under the Top Up Facility (refer to section 3.2);
- (b) take up part of their Entitlement, in which case the balance of the Entitlement lapses (refer to section 3.3); or
- (c) allow their Entitlement to lapse (refer to section 3.4).

Ineligible Shareholders may not take up any of their Entitlements.

Mitchell Services reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Entitlement Offer is **5.00pm (AEST) on Friday, 19 September 2014** (however, that date may be varied by Mitchell Services, in accordance with the Listing Rules and the Underwriting Agreement).

3.2 Taking up all of your Entitlement and participating in the Top Up Facility

If you wish to take up your Entitlement in full, follow the instructions set out in the Entitlement and Acceptance Form.

If you have applied to take up all of your Entitlement, you may also apply for additional New Shares under the Top Up Facility.

Please return your completed Entitlement and Acceptance Form together with your Application Monies in accordance with section 3.6 for the amount shown on the Entitlement and Acceptance Form to the Share Registry so that it is received no later than **5.00pm (AEST) on Friday, 19 September 2014** at the address set out below:

Mitchell Services Limited
C/- Advanced Share Registry Limited
PO Box 1156, Nedlands WA 6909

You may also take up all of your Entitlement by payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is being made through BPAY, you do not need to return the Entitlement and Acceptance Form. Your payment must be received by no later than **5.00pm (AEST) on Friday, 19 September 2014**.

If you do not return the Entitlement and Acceptance Form, amounts received by Mitchell Services in excess of the Issue Price multiplied by your Entitlement (**Excess Amount**) may be treated as an

application to apply for as many additional New Shares under the Top Up Facility as your Excess Amount will pay for in full.

If you apply for additional New Shares under the Top Up Facility and your application is successful (in whole or in part) your New Shares will be issued at the same time that other New Shares are issued under the Entitlement Offer. There is no guarantee you will receive any New Shares under the Top Up Facility. The Directors reserve their right to allot and issue New Shares under the Top Up Facility at their discretion.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders), or by direct credit to the nominated bank account as noted on the share register as at the closing date of the offer.

If you wish to advise or change your banking instructions with the Share Registry you may do so by going to www.advancedshare.com.au and following the instructions.

3.3 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement and sell the balance on ASX, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the other steps required under section 3.2.

You may arrange for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is made through BPAY and Mitchell Services receives an amount that is less than the Issue Price multiplied by your Entitlement (**Reduced Amount**), your payment may be treated as an application for as many New Shares as your Reduced Amount will pay for in full.

3.4 Allow your Entitlement to lapse

If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse.

3.5 Consequences of not accepting your Entitlement

If you do not accept all of your Entitlement in accordance with the instructions set out above, any New Shares that you would have otherwise been entitled to under the Entitlement Offer (or New Shares that relate to the portion of your Entitlement that has not been accepted) may be acquired by the Underwriter or under the Top Up Facility.

3.6 Payment

The consideration for the New Shares (including under the Top Up Facility) is payable in full on application by a payment of \$0.035 per New Share. The Entitlement and Acceptance Form must be accompanied by a cheque for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to '**Mitchell Services Limited – Entitlement Offer**' and crossed 'Not Negotiable'.

Alternatively, you may arrange for payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

3.7 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY, constitutes a binding offer to acquire New Shares on the terms of this Information Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Application for New Shares. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;
- (b) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act, or under the laws of any other jurisdiction outside Australia or New Zealand; and
- (c) you have not and will not send any materials relating to the Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

3.8 Brokerage and Stamp Duty

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Entitlement Offer.

3.9 Notice to Nominees and Custodians

Nominees and custodians may not distribute any part of this Information Booklet or any Entitlement and Acceptance Form in any country outside Australia, except to beneficial holders of Shares in New Zealand, and beneficial holders of Shares who are institutional or professional investors in other countries that Mitchell Services has approved as being a country in which investors are eligible to participate, as well as any other country to the extent Mitchell Services may determine it is lawful and practical to make the Entitlement Offer.

4 Definitions

These definitions are provided to assist the understanding some of the expressions used in this Information Booklet.

\$ means Australian dollars.

Acquisition means the acquisition of drilling rigs and other assets from the receivers of Tom Browne Drilling Services Pty Ltd (Receivers and Managers Appointed) (In Liquidation) ACN 003 022 455 in its own capacity and as trustee for the Tom Browne Family Trust.

AEST means Australian Eastern Standard Time.

Applicant means an Eligible Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or has arranged for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Application means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Application Monies means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).

Business Day means a business day as defined in the Listing Rules.

Closing Date means 19 September 2014, the day the Entitlement Offer closes, or any other date that the Directors in their absolute discretion determine, subject to the Listing Rules.

Corporations Act means *Corporations Act 2001* (Cth).

Directors means the directors of Mitchell Services.

Eligible Shareholder means a Shareholder as at the Record Date who is not an Ineligible Shareholder.

Entitlement means the right to subscribe for New Shares under the Entitlement Offer.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Information Booklet.

Entitlement Offer means the non-renounceable entitlement offer to Eligible Shareholders to subscribe for 1 New Share for every 1 Existing Share of which the Shareholder is the registered holder on the Record Date, at the Issue Price pursuant to this Information Booklet.

Equity Raising means the Entitlement Offer and the Placement.

Existing Shares means the Shares already on issue in Mitchell Services as at the Record Date.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not located in Australia or New Zealand.

Information Booklet means this document.

Placement means the offer of Shares to institutional investors announced on 22 August 2014 which comprises a first tranche placement utilising Mitchell Services' placement capacity under the Listing Rules completed on 27 August 2014, and a second tranche placement that is subject to Shareholder approval, anticipated to be obtained on 23 September 2014 to allow the second tranche placement to complete on 25 September 2014.

Investor Presentation means the presentation to investors, in section 2 of this Information Booklet.

Issue Price means \$0.035 per New Share.

Listing Rules means the official listing rules of ASX.

Mitchell Group means Mitchell Group Holdings Pty Ltd as trustee for the Andala Trust, Mitchell Family Investments (QLD) Pty Ltd as trustee for the Mitchell Family Investment Trust, Nathan Mitchell, Rebecca Mitchell, Deidre Mitchell and Peter Mitchell as trustees of the Mitchell Family Superannuation Fund, Nathan Mitchell, Constellation Energy Pty Ltd and Aquaknox Pty Ltd.

Mitchell Services means Mitchell Services Limited ACN 149 206 333.

New Shares means Shares to be allotted and issued under the Entitlement Offer, including (as the context requires) the shortfall from the Entitlement Offer issued under the Top Up Facility or to the Underwriter.

Record Date means 7.00pm AEST on 28 August 2014.

Shareholders mean holders of Shares.

Shares means fully paid ordinary shares in the capital of Mitchell Services.

Share Registry means Advanced Share Registry Services.

Shortfall Shares means those New Shares not taken up by Eligible Shareholders under the Entitlement Offer, together with those New Shares to which any Ineligible Shareholders would otherwise have been entitled.

TERP means the theoretical price at which the Shares should trade immediately after the ex-date of the Entitlement Offer assuming 100% take up of the Entitlement Offer.

Top Up Facility means the facility described in section 1.4 under which certain Eligible Shareholders may apply for New Shares in excess of their Entitlement.

Top Up Shares means extra Shares a Shareholder may apply for in excess of their Entitlement under the Top Up Facility.

Underwriter means Morgans Corporate Limited ABN 32 010 539 607.

Underwriting Agreement means the underwriting agreement between Mitchell Services and the Underwriter in respect of the Equity Raising.

US Securities Act means the US Securities Act of 1933, as amended.

5 Corporate Directory

Company

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Tel: 07 3722 7277
www.mitchellservices.com.au

Directors

Mr Nathan Mitchell	Executive Chairman
Mr Peter Miller	Non Executive Director
Mr Robert Douglas	Non Executive Director
Dr Ralph Craven	Non Executive Director

Company Secretary

Mr Bob Witty

Share Registry

Advanced Share Registry Services
110 Stirling Highway
NEDLANDS WA 6009
Phone:
Within Australia: 08 9389 8033
Outside Australia: +61 8 9389 8033
www.advancedshare.com.au

Underwriter

Morgans Corporate Limited
ABN 32 010 539 607
Level 29, Riverside Centre
123 Eagle Street
BRISBANE QLD 4000
www.morgans.com.au

Lawyers

McCullough Robertson Lawyers
Level 11, 66 Eagle Street
BRISBANE QLD 4000
Tel: 07 3233 8888
www.mccullough.com.au

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MITCHELL SERVICES LIMITED
ACN 149 206 333

ENTITLEMENT AND ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT,
PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

The offer is being made under the information booklet dated 22 August 2014 (Information Booklet). The Information Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Information Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Information Booklet.

Non-renounceable entitlement offer of 333,500,011 new ordinary shares in Mitchell Services (New Shares) at an issue price of \$A0.035 per New Share on the basis of 1 New Share for every 1 share held at 28 August 2014, to raise about A\$11.67 million (before offer costs).

NON-RENOUNCEABLE ENTITLEMENT OFFER CLOSING 5.00PM (AEST) ON FRIDAY, 19 SEPTEMBER 2014

To the Directors

MITCHELL SERVICES LIMITED

1. I/We the above mentioned, being registered on 28 August 2014 as the holder(s) of ordinary shares in your Company hereby accept the below mentioned securities in accordance with the enclosed Information Booklet;
2. I/We hereby authorise you to place my/our name(s) on the registers of shareholders and option holders in respect of the number of New Shares allotted to me/us and;
3. I/We agree to be bound by the Constitution of the Company.

ENTITLEMENT			
Number of New Shares applied for <i>(being not more than the Entitlement shown above)</i>	Number of additional New Shares applied for	Total New Shares applied for	Amount enclosed at A\$0.035 per New Shares
		A\$	A\$

METHOD OF ACCEPTANCE

You can apply for New Shares and make your payment utilising either cheque/bank draft or BPAY® (further details overleaf). Please indicate which payment option you have chosen by marking the relevant box below.

☐	Please enter cheque or bank draft details	Drawer	Bank	Branch	Amount
					\$

OR

☐		You can pay by BPAY®. If you choose to pay by BPAY®, you do not need to return this Entitlement and Acceptance Form. Please refer overleaf for details.
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My/Our contact details in the case of enquiry are:

Name:

Telephone: (.....).....

Email:

NOTE: Cheques should be made payable to **"MITCHELL SERVICES LIMITED – ENTITLEMENT OFFER"**, crossed **"NOT NEGOTIABLE"** and forwarded to Advanced Share Registry Ltd, PO Box 1156, Nedlands, Western Australia 6909 to arrive no later than **5.00pm (AEST) on Friday, 19 September 2014**.

PLEASE REFER OVERLEAF FOR INSTRUCTIONS

EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of New Shares, which you are entitled to accept.
2. Your entitlement may be accepted either in full or in part. There is no minimum acceptance.
3. The price payable on acceptance of each NewShare is A\$0.035.
4. Please complete the Entitlement and Acceptance Form overleaf.

APPLICATION INSTRUCTIONS

Payment Details

You can apply for New Shares by utilising the payment options detailed below. There is no requirement to return this Form if you are paying by BPAY®.

By making your payment using either BPAY or by cheque, bank draft or money order, you confirm that you agree to all of the terms and conditions of the **Mitchell Services Limited** Offer as outlined on this Entitlement and Acceptance Form and within the accompanying Information Booklet.

Your cheque, bank draft or money order should be made payable to **"MITCHELL SERVICES LIMITED – ENTITLEMENT OFFER"** in Australian currency and crossed "Not Negotiable". Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please complete cheque/bank draft details overleaf and ensure that you submit the correct amount as incorrect payments may result in your Application being rejected.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s)/bank draft(s) to the Entitlement and Acceptance Form. Cash will not be accepted. A receipt for payment will not be forwarded.

If the amount you pay is insufficient to pay for the number of New Shares you apply for, you will be taken to have applied for such lower number of New Shares as that amount will pay for, or your application will be rejected.

If the amount you pay is more than the amount payable for your full Entitlement, you will be taken to have applied for the maximum number of New Shares you are entitled to apply on this form. The excess money will be considered as your payment for an Application for additional securities under the Shortfall Offer

Contact Details

Please enter your contact details where requested overleaf. These details will only be used in the event that the Share Registry has a query regarding this Entitlement and Acceptance Form.

Lodgement of Application

If you are applying for New Shares and your payment is being made by BPAY®, you do not need to return this Entitlement and Acceptance Form however you are encouraged to return it to the Share Registry for reconciliation purposes – in that case you can post or send by facsimile (details below). Your payment must be received by no later than 5.00pm (AEST) on Friday, 19 September 2014. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY® are received by this time.

If you are paying by cheque/bank draft, your Application must be received by the Share Registry by no later than 5.00pm (AEST) on Friday, 19 September 2014. You should allow sufficient time for this to occur. Please return your Entitlement and Acceptance Form with cheque/bank draft attached.

Neither the Share Registry nor the Company accepts any responsibility if you lodge the Entitlement and Acceptance Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by the Share Registry, as registrar for the securities' issuer, for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to the Share Registry's related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by the Share Registry, or you would like to correct information that is inaccurate, incorrect or out of date, please contact the Share Registry. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by the securities' issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting the Share Registry, using the details provided on this form.

If you have any enquiries concerning this Entitlement and Acceptance Form, please contact the Share Registry on telephone +61 8 9389 8033 or fax +61 8 9262 3723.



Telephone & Internet Banking – BPAY®

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au.

By Mail

Mitchell Services Limited
c/- Advanced Share Registry Ltd
PO Box 1156
Nedlands WA 6909

Hand Delivered

or 110 Stirling Highway
Nedlands WA 6009