

24 September 2014

ASX RELEASE

Mitchell Services completes Entitlement Offer

Key points

- Entitlement Offer closed, raising approximately \$11.7 million
- Two tranche placement successfully raised \$8.5 million
- Proceeds to fund acquisition of quality assets of Australian drilling services company Tom Browne Drilling Services (in receivership), meet working capital requirements and retire debt

On 22 August 2014, Mitchell Services Limited (**Mitchell Services**) announced that it intended to raise approximately \$20.2 million through a two tranche placement to institutional and sophisticated investors (with the second tranche placement subject to shareholder approval) to raise approximately \$8.5 million and a non-renounceable one for one entitlement offer at an offer price of \$0.035 to existing shareholders of fully paid ordinary shares in Mitchell Services to raise approximately \$11.7 million (**Entitlement Offer**).

The Entitlement Offer was fully underwritten by Morgans Corporate Limited (**Underwriter**).

Mitchell Services today announces that the Entitlement Offer closed at 5.00 pm (AEST) on 19 September 2014 and that it received valid applications for shareholder's entitlements of approximately \$8.7million (approx. 247.6 million new shares), and applications for additional shares under the top up facility of approximately \$1.1million (approx. 30 million new shares). This represents a total take up under the Entitlement Offer of 83.2% of available shares and a shortfall of approximately 55.9 million shares.

Shareholders who submitted valid applications for their entitlements will receive their entitlements in full. Applications for additional shares under the top up facility have been scaled back only in respect of certain applicants that applied for many multiples of their entitlement, relative to each applicant's entitlement and subject to a minimum amount.

The offer was fully sub-underwritten and the shortfall (following the scale back) of approximately \$2.1million or (approx. 61.1million shares), will be allotted to sub-underwriters.

The Entitlement Offer follows the successful completion of the first tranche institutional placement completed on 22 August 2014 raising approximately \$1.5 million. Shareholder approval was also obtained yesterday for the second tranche institutional placement to raise \$7.0 million.

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Executive Chairman Mr Nathan Mitchell said "A contra-cyclical move in a depressed market is not an easy decision, but the rewards are multiplied on the return to normal market conditions. I would like to thank current shareholders for their ongoing support and welcome new shareholders that participated in the capital raise".

Settlement for the purchase of the high quality assets of Tom Browne Drilling Services (TBDS) from the company's receivers for \$9.5 million is scheduled for Tuesday 30 September 2014. Mitchell Services is poised to become one of the largest providers of drilling services in Eastern Australia by rig count after settlement. Chief Executive Officer Mr Andrew Elf said "the acquisition of the TBDS assets would double the size of the Company's fleet of rigs from 29 to 58 and increase the number of its Tier 1 rigs by more than 150% from 8 to 21".

Settlement and allotment of new shares under the Entitlement Offer and the second tranche institutional placement is scheduled to take place on 26 September 2014, with the trading of the new shares on the ASX expected to commence on 29 September 2014.



Bob Witty
Company Secretary