

28 October 2014

ASX ANNOUNCEMENT

MITCHELL SERVICES LIMITED (ASX: MSV) QUARTERLY OPERATIONS UPDATE

Key Points

- Capital raise complete.
- Tom Browne Drilling Services asset acquisition complete.
- Assignment of contract with "Tier 1" mining company from Tom Browne Drilling Services to Mitchell Services complete.
- Auction of surplus equipment from Tom Browne Drilling Services Dubbo depot complete.
- Sound financial platform for future growth.

Mitchell Services Limited (Mitchell Services) has fully settled the underwritten capital raising of \$20.2m and as announced on 3 October 2014, the acquisition of the Tom Browne Drilling Services (TBDS) assets has been successfully completed.

In addition to the purchase of the TBDS assets, Mitchell Services also acquired a drilling contract through to December 2015 with a "Tier 1" mining company. The assignment of the drilling contract is complete and operations on site are progressing safely and efficiently.

The integration of the acquisition is progressing as planned and an auction was recently held in Dubbo to sell surplus equipment from the TBDS acquisition. The results of this auction more than met our expectations given the equipment included for sale.

Mitchell Services has a sound financial platform for growth and the team are focused on continuing to meet and exceed our client's expectations. Our safety reporting shows a reduction in the severity and occurrence of incidents over the last quarter which is pleasing given the increase in rig utilisation. The team is actively working on numerous initiatives to further strengthen our safety culture and performance.

Given the increased size of our fleet post the TBDS acquisition from 29 to 58 rigs, we have invested in and will be focusing heavily on business development in an effort to increase utilisation. In the month of September, Mitchell Services peaked at 52% utilisation (15 rigs out of 29 rigs worked) versus a peak at the end of the previous quarter of 34% (10 rigs out of 29 worked).

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The seasonal reduction in the utilisation rate is expected over the Christmas and wet season period. Traditionally, utilisation increases following these periods. Current business development activity and forward contracts support this view.

We look forward to releasing future quarterly operational updates to provide further information on our progress.

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