

ASX RELEASE

(ASX: MSV)

2014 ANNUAL GENERAL MEETING CHAIRMAN'S and CEO'S ADRESSES

I am pleased to present the annual report for the year ended 30 June 2014.

The Drill Torque Board embarked on a 'change program' from May 2013 during which a number of proposals were considered. The Mitchell Group proposal was considered to be the best option to deliver shareholder value over time and was approved by shareholders at the Annual General Meeting on 29 November 2013, culminating in the creation of Mitchell Services Limited.

Since the creation of Mitchell Services Limited the team has rebuilt and repositioned the business. This has included moving operational bases, corporate head office and achieving ISO certification. Most importantly the team has increased rig utilisation from four to twelve - winning in excess of \$30m in contracts.

On 22 August 2014 the company announced to the market that it had entered into an agreement to acquire 29 drill rigs and ancillary equipment from the receivers of Tom Browne Drilling Services which would double our rig count to 58 and significantly increase Mitchell Services' operational capability. Previously, it took Mitchell Drilling Contractors nearly forty years to grow to 30 rigs which led to the sale of that business for \$150m in 2008.

To fund the proposed acquisition and provide additional working capital, Mitchells commenced a capital raising of circa \$20.2m which was fully underwritten by Morgans.

Mitchell Services Limited

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Following the completion of the capital raising, the acquisition of Tom Browne Drilling Services' assets was concluded on 30 September 2014. This was a compelling bottom-of-the market investment with significant advantages if general market conditions improve.

Building the foundations of Mitchell Services, although costly, has led to winning a number of new contracts, including Tier 1 clients which were previously out of reach of the company. We have diligently built a world class management and operational team, who are focused on reaching our growth objectives. As a result of the successful recent capital raising, we have attracted a number of sizeable institutional investors into our shareholder base, broadening support for further growth opportunities.

A cyclical market presents opportunity - this is why I decided to re-enter the Australian marketplace after the expiry of a five year non-compete period. As the market was at a low point I believed it was the right time to invest.

The year ended 30 June 2014 represented a difficult year for the company as subdued general market conditions persisted in the exploration and mining industries. These conditions, combined with many one - off costs associated with the transformation of the business, are reflected in the financial performance for the year ended 30 June 2014. It is however pleasing to note that revenue has increased from a low of \$0.305m in September 2013 to a high of \$2.015m in July 2014.

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.

On behalf of the Board, I would like to acknowledge the contribution of Dr Ralph Craven who is retiring from the board. Ralph was appointed shortly before the float of Drill Torque and now leaves Mitchell Services in a strong position primed for future growth.

I would also like to acknowledge the contribution of Bob Witty who is retiring as CFO and Company Secretary. Bob joined Drill Torque in 2009 as CFO from Bank of Queensland and has experienced the highs and lows of the drilling industry.

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Lastly, I would like to thank the Senior Executive team for their efforts in leading the business transformation. I would also like to recognise the broader team that enables Mitchell Services to be recognised for its operational excellence across a wide range of commodities and market sectors.

Your board of directors and senior management team urge you to vote in favour of all 3 resolutions on the notice paper before you today.

In conclusion, MSV Directors and senior management wish to thank current shareholders for their ongoing support and welcome new shareholders that participated in the recent capital raise. May we also wish all staff and shareholders a healthy and happy festive season and a successful New Year.

Thank you

CEO Andrew Elf will provide you with a greater insight into the operations of the business and what is planned for the current year.

CEO's Address

Thank You Nathan

Welcome again everybody to the Annual General Meeting of Mitchell Services Limited.

It has been a transformational year and this has come at a cost. The heavy lifting is now behind us and the business is positioned to deliver on our vision of being Australia's leading provider of drilling services to the global exploration, mining and energy industries.

The transformation has seen us create a drilling company that has all of the systems, structures, procedures and certifications that you would expect given Mitchell Group's forty-plus years' experience in the drilling industry.

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I am pleased with the progress the company has made since the merger of Mitchell Services with Drill Torque. The key points below demonstrate the considerable work undertaken and achievements following the merger.

- The company has won approximately \$30m worth of contracts by revenue including contracts with three Tier 1 clients.
- Rig utilisation has increased from four to twelve rigs.
- The company has reviewed and implemented an Industrial Relations strategy that has increased flexibility across the business
- The company has moved its operational base to new Emerald premises and its corporate office to Brisbane.
- The company has leased its Townsville premises to a major global defence contractor creating a valuable standalone property investment which can potentially be divested in the medium term.
- Importantly, the company has achieved ISO-14001, ISO-9001, OHSAS-18001 and AS/NZS 4801 safety, environment and quality certifications.
- The company has completed an auction of surplus equipment with further sales of surplus plant and equipment planned.
- The company has access to equipment with an attractive buy out option through a rental agreement.
- The company has completed an underwritten capital raising of \$20.2m.
- From these proceeds the company has acquired the assets from the Receivers of Tom Browne Drilling Services for \$9.5m.

We have released some information on our progress and I look forward to releasing further information in our quarterly market updates.

The team's top priorities in the year ahead are to:

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1. Continue to improve the standards in the health and safety of our people. We have numerous initiatives underway and I am pleased to advise that our incident rates are reducing in occurrence and severity.
2. Meet and exceed the high standard of service which our clients expect from Mitchell Services. It is of the utmost importance to all of us at Mitchell Services that we keep building on forty years plus of history and ensure that Mitchell remains a brand synonymous with the highest levels of service.
3. Integrate the Tom Browne Drilling Services assets and inventory. We are ahead of time and budget with this integration. We have also completed the assignment of a contract that expires in December 2015 with a 'Tier 1' mining company. This contract is performing safely and more profitably than we originally envisaged.
4. Increase rig utilisation with a view to increasing shareholder value in the medium to long term. We have increased utilisation from four to twelve rigs. This rate will reduce over December and January as customers wind down for the traditional Christmas/New Year break. To counter this and the down-turn associated with the Queensland 'wet' season we have invested heavily in business development and have a strong pipeline that we hope to deliver on.

Thank you to our current shareholders for their ongoing support and I warmly welcome all new shareholders who participated in the recent capital raise. Without your support we would not be in a position to deliver on our vision of being Australia's leading provider of drilling services to the global exploration, mining and energy industries.

Lastly, I would like to thank the Board for their ongoing support and guidance, my senior executive and all of our staff who have worked so hard to achieve so much in such a short time.

I look forward to a safe and productive year ahead for Mitchell Services.

I will now hand back to Nathan.

ENDS

For further information, please contact:

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