

12 October 2015

**MITCHELL SERVICES LIMITED
(ASX: MSV)**

ASX Announcement

INVESTOR UPDATE

Major contract award, Director appointment and asset sales

Mitchell Services Limited (**the Company**) is pleased to announce that it has commenced work under a formal notice of award of a two year contract with leading Australian gold miner Evolution Mining Ltd. The scope of work includes both underground and surface drilling services at the Pajingo and Cracow mine sites in Queensland. The contract is anticipated to be worth approximately \$27 million in revenue over a two year period.

Drill rigs recently acquired from Nitro Drilling (in Liquidation) will be used for the surface work whilst the underground work will be conducted using newly sourced underground drill rigs.

In announcing the award, Mitchell Services Limited Executive Chairman Nathan Mitchell said:

"The award of this work is encouraging as it further strengthens an ever increasing Tier 1 client base whilst providing diversification in revenue streams through the significant underground drilling program".

The Company is also pleased to announce that it has appointed Mr Neal O'Connor as Non-executive Director. Mr O'Connor was formerly General Counsel and Company Secretary and an Executive Committee member of the global Xstrata Copper. He brings a wealth of experience from many years in the resource industry and an added focus on Corporate Governance and Risk Management to the Company. Mr O'Connor will also chair the Audit and Risk and Remuneration and Nomination Committees of the Board. His appointment will take effect following the Company's Annual General Meeting which will take place on 20 October 2015.

"I am looking forward to working with the MSV board and its committed management team in continuing to provide great service to the growing client base. MSV's expertise and superior drilling assets ensure significant growth potential across many facets of the resource sector - which I believe is ready for an increase in M&A activity and likely heading towards a recovery." Mr O'Connor said.

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Following on from the previously announced strategy to sell surplus assets and reduce debt, the Company has recently completed sales of surplus assets that have yielded approximately \$4.2 million in net proceeds to date. Proceeds from these asset sales will be applied, in part, to reduce existing Company debt and, in part, to assist in funding the underground drill rigs required as part of the Evolution award.

Mitchell Services Limited Chief Executive Officer, Andrew Elf, said that the sales prices achieved from the recent asset sales were pleasing. "It is pleasing to note that we achieved sales values of between 20% and 30% in excess of the reserve prices set and that the ex-Nitro Drilling assets were sold for values greater than their allocated cost prices from the recent acquisition", Mr Elf said.

About Mitchell Services

Mitchell Services Limited is a diverse drilling services company strategically located across key exploration, mining and energy sectors. Mitchell Services is dedicated to safe, efficient and innovative program delivery to meet the needs of a broad client base that includes exploration companies, major miners, energy companies and government organisations.

Mitchell Services Limited is headquartered in Brisbane, Australia and is listed on the Australian Securities Exchange (ASX code: MSV)

More information about Mitchell Services can be found at mitchellservices.com.au

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The announcement contains certain "forward-looking statements." 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. Due care and attention has been used in the preparation of forecast information. Such forward looking statements are not guarantees of future performance and include known and unknown risks uncertainties and other factors, many of which are beyond the Companies 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.