



HALF-YEAR RESULTS PRESENTATION

December 2015



Mitchell
SERVICES

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SAFETY UPDATE

- Even though rig utilisation has increased the frequency and severity of safety incidents has **continued to decrease**.
- Mitchell Services has had **no lost time injuries** since November 2014.
- Numerous initiatives implemented to further strengthen **safety culture and performance**.



1H16 BUSINESS OVERVIEW

Average rig utilisation

12 vs 20
HY2015 vs HY2016

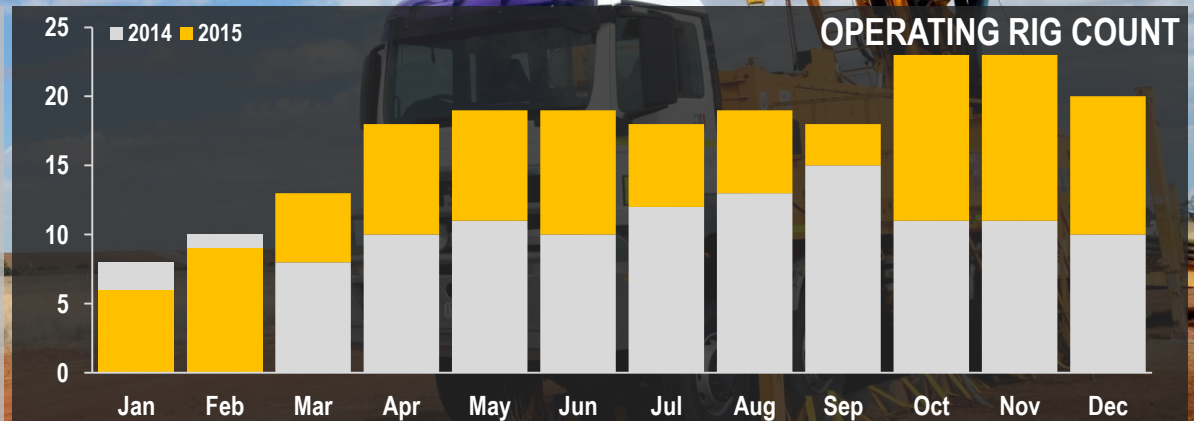
Tier 1 client revenue

↑ **178%**

Total revenue

↑ **88%**

Nitro acquisition and
integration completed
on time and on budget



BUSINESS OPTIMISATION STRATEGY

Phase 1: Business Ready COMPLETE

- ISO certification and implementation of electronic safety, training and human resources management system
- Review and implementation of Industrial Relations strategy to increase flexibility across the business
- Moved operational base, corporate office and rented Townsville premises to major global defence contractor
- Auction of surplus equipment
- Increased rig utilisation from 3 to 12 rigs

Phase 2: Ramp Up COMPLETE

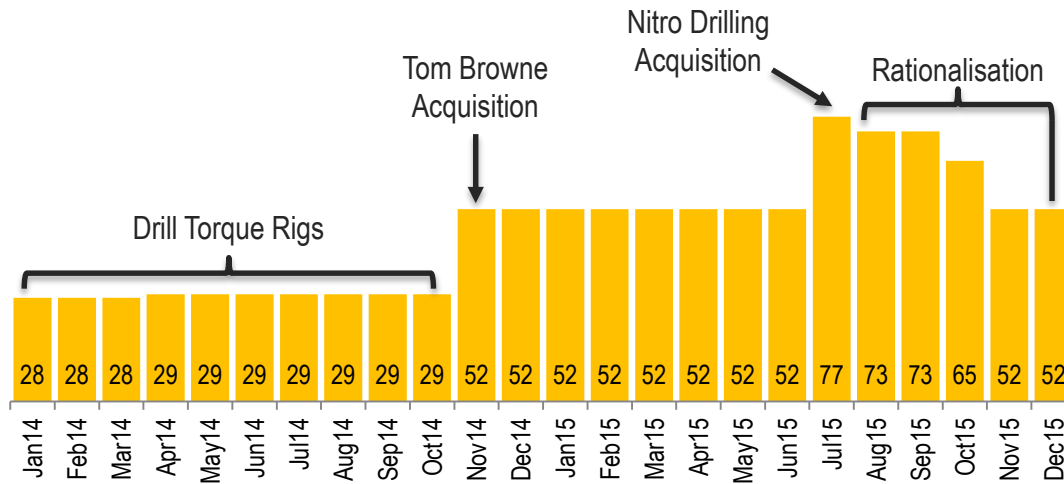
- Implement initiatives to improve safety culture and performance
- Reached goal of \$24m operating revenue in FY 2015
- \$20.2m capital raise for the acquisition of Tom Browne Drilling Services assets from receivers
- Integration of Tom Browne Drilling Services including auction of surplus equipment
- Increase “Tier 1” client base and increase rig utilisation

Phase 3: Refinement CONTINUING

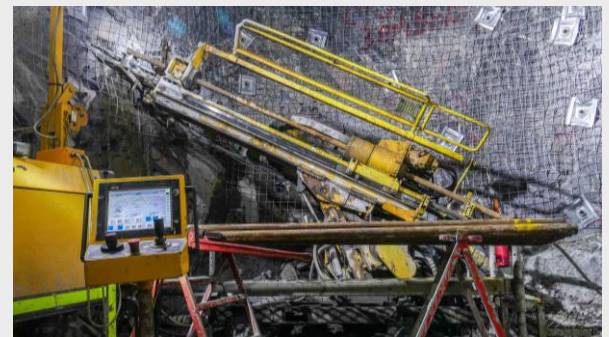
- Take advantage of strong position in key markets
- Capitalise on long term revenue streams from high quality Tier 1 clients
- Focus on reducing costs in the business
- Deliver efficient, safe and quality services to our clients
- Integration of Nitro assets
- Upgrade asset fleet and sell non-core assets to reduce commercial debt levels and optimise asset mix

BUSINESS REFINEMENT

Rigs in MSV Fleet

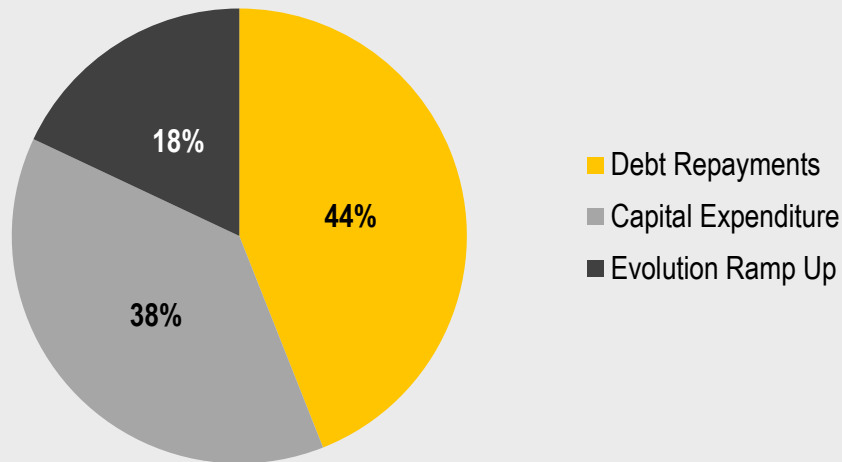


- An **upgraded asset fleet** ensures ability to capitalise on continued opportunities with Tier 1 clients.
- Sold non-core assets to **reduce debt** and **optimise fleet** mix as part of refinement strategy.



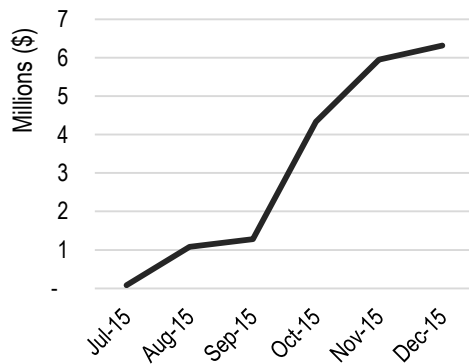
BUSINESS REFINEMENT

Use of Asset Sale Funds

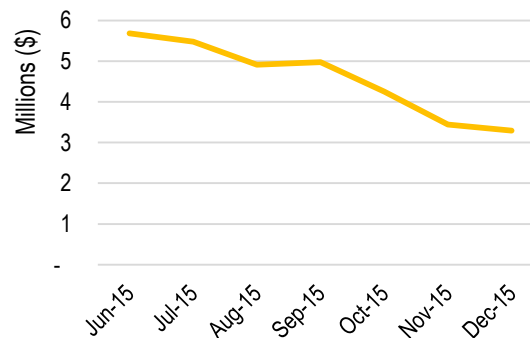


- Strategic sales of non-core assets completed for \$6.32 million.
- Reduction in commercial debt facilities.
- Optimisation of fleet mix to capitalise on long term revenue streams from high quality Tier 1 clients.

Asset Sales



Commercial Debt Facilities



RESULTS OVERVIEW

Statutory Profit & Loss

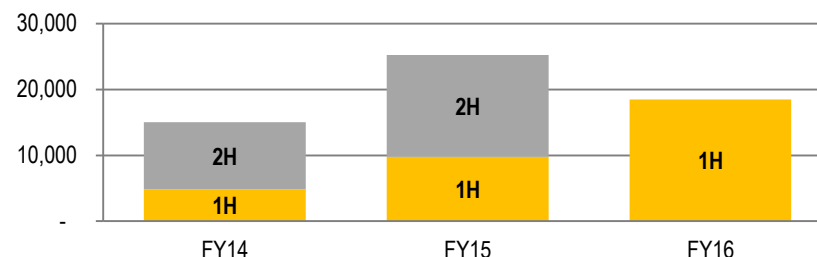
	1H16	1H15	Change
	\$000's	\$000's	%
Revenue	18,472	9,808	88%
EBITDA	131	(1,113)	112%
EBIT	(2,467)	(2,607)	5%
NPBT	(3,116)	(2,917)	(7%)

Adjusted Profit & Loss

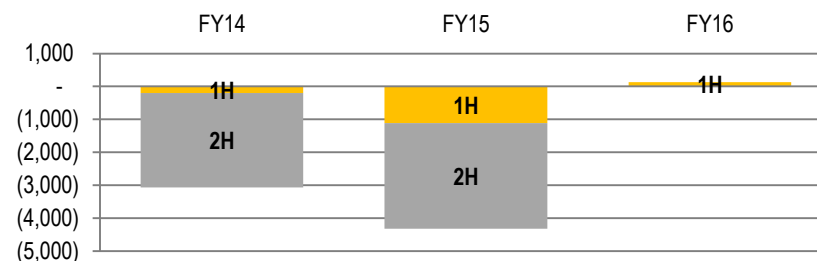
	1H16	1H15	Change
	\$000's	\$000's	%
Revenue	18,472	9,808	88%
EBITDA	2,009	(216)	1028%
EBIT	(589)	(1,711)	66%
NPBT	(1,238)	(2,020)	39%

Please note "Adjusted" figures represent non-IFRS information that has not been subject to an audit or review at 31 December 2015

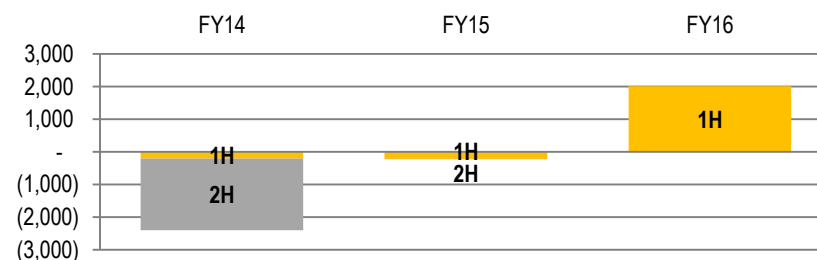
Revenue (\$000's)



Statutory EBITDA (\$000's)

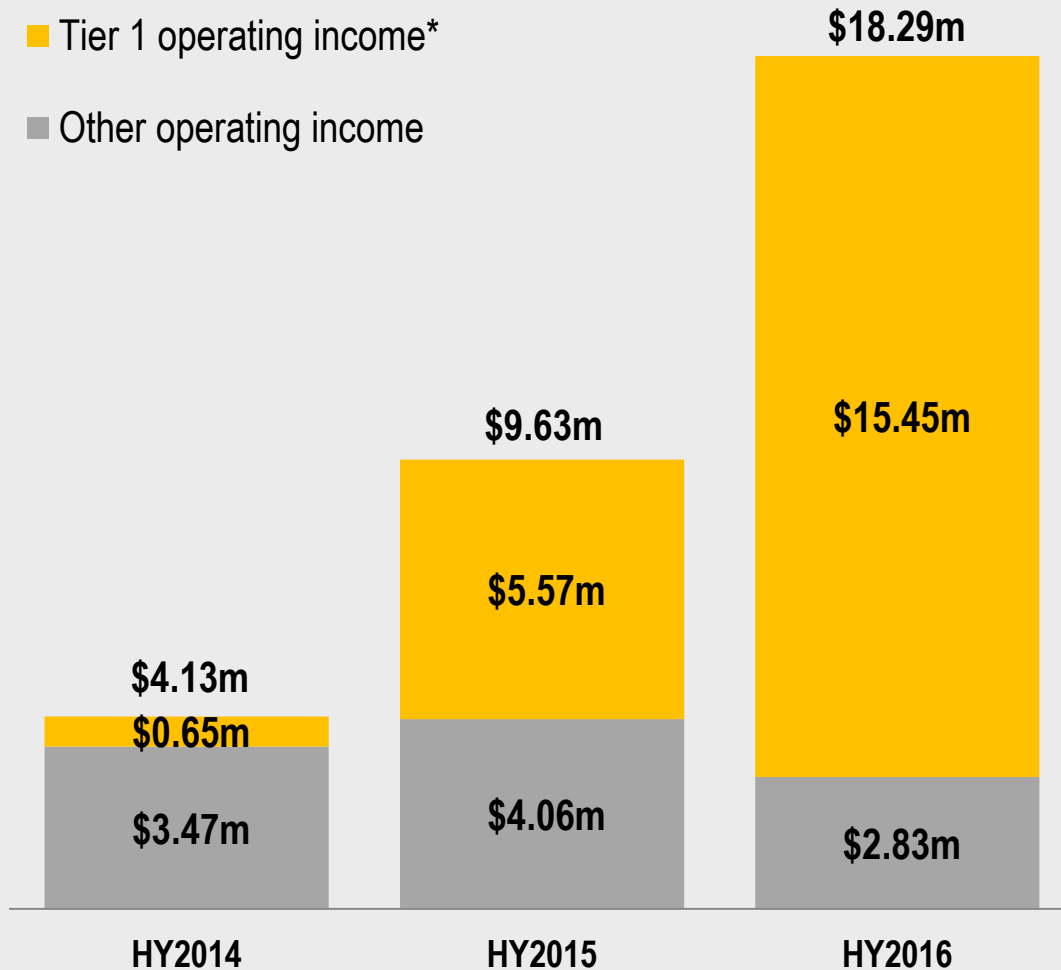


Adjusted EBITDA (\$000's)



REVENUE BY CLIENT TYPE

- Tier 1 operating income*
- Other operating income

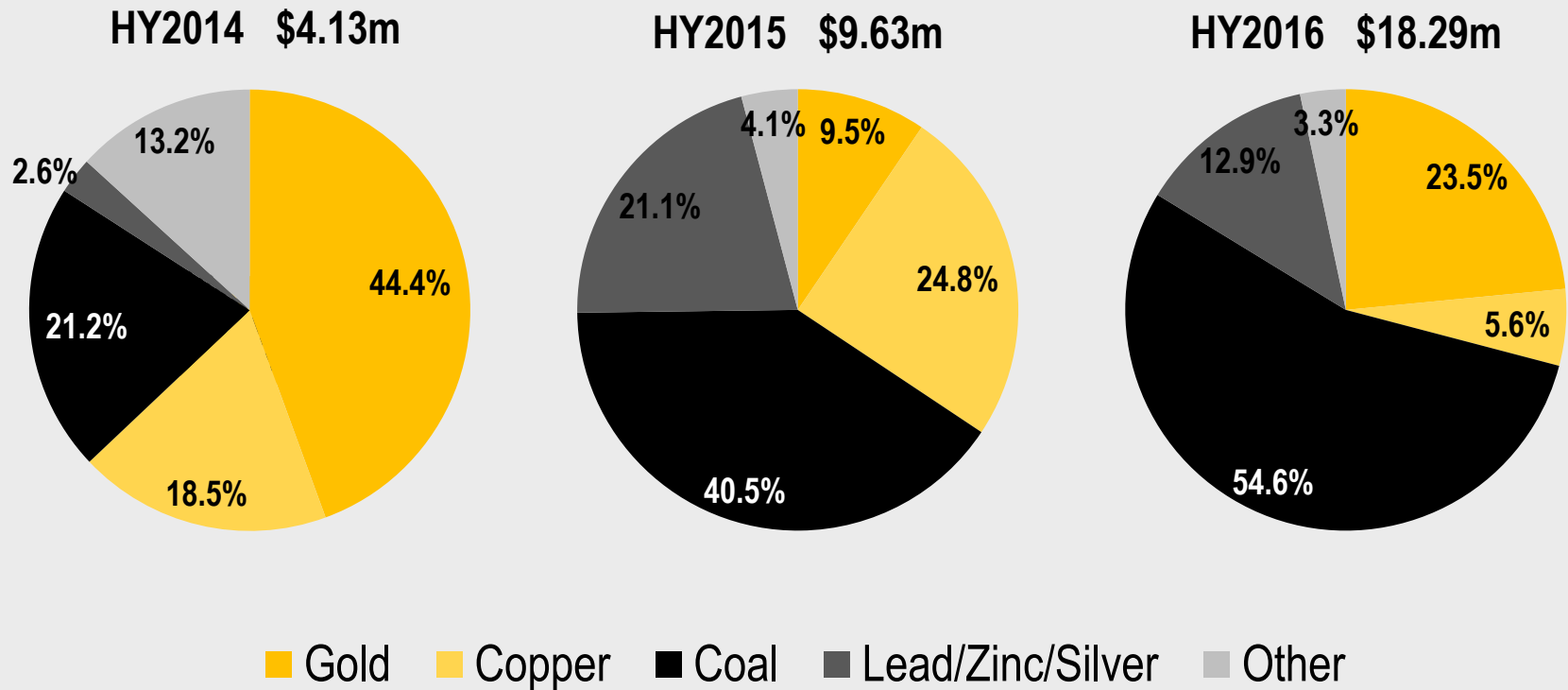


*large / multinational mining & energy companies

VALUE OF TIER 1

- Large / multinational mining and energy companies
- Very high safety and business system requirements
- Generally brownfield work for existing mining operators
- Longer term contracts

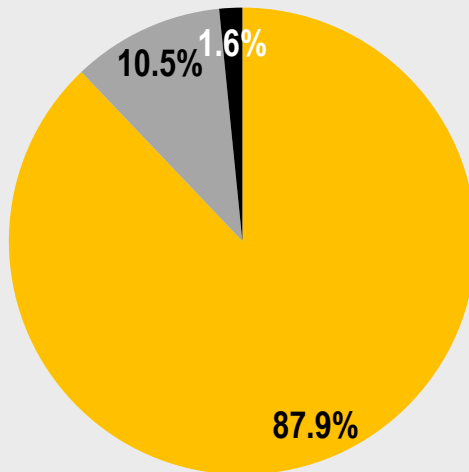
OPERATING REVENUE BY COMMODITY



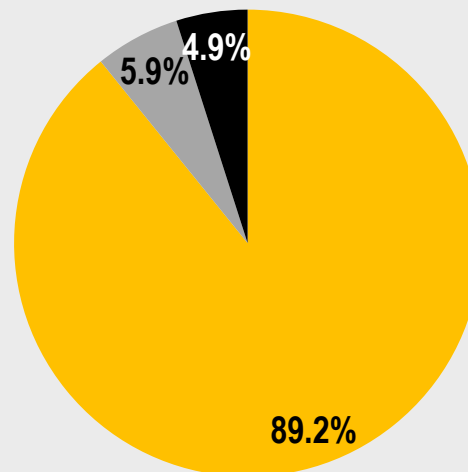
Strategic focus on diversifying commodity mix

OPERATING REVENUE BY DRILLING TYPE

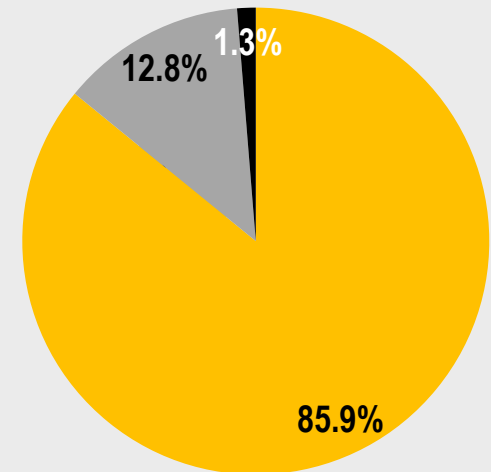
HY2014 \$4.13m



HY2015 \$9.63m



HY2016 \$18.29m



■ Surface ■ Underground ■ Other

Underground has grown by 314% from HY2015 to HY2016

ADJUSTED EBITDA



Please note ADJUSTED EBITDA represents non-IFRS information that has not been subject to an audit or review at 31 December 2015 and is used internally by management to assess the underlying performance of the business.

BALANCE SHEET

	31 Dec 15	30 Jun 15	Change
	\$000's	\$000's	%
Cash and cash equivalents	3,295	516	539%
Trade and other receivables	5,514	7,149	(23%)
Other current assets	2,277	18,438	(88%)
Total current assets	11,086	26,103	(58%)
Property, plant and equipment	26,534	18,287	45%
Other non-current assets	2,994	2,996	(0%)
Total non-current assets	29,528	21,283	39%
Total assets	40,614	47,386	(14%)
Bank overdraft	600	1,130	(47%)
Commercial facilities	1,326	2,293	(42%)
Other current liabilities	7,215	24,955	(71%)
Total current liabilities	9,142	28,378	(68%)
Commercial facilities	1,968	3,656	(46%)
Shareholder loans	8,500	0	100%
Other non-current liabilities	110	98	12%
Total non-current liabilities	10,578	3,754	182%
Total liabilities	19,719	32,132	(39%)
Net assets	20,895	15,254	37%

- Overall improved liquidity.
- Current ratio improved from **0.92** to **1.21**.
- Commercial debt reductions of \$2.6m.

SECOND HALF OUTLOOK

- Continue to pursue strong **pipeline** of Tier 1 contracts.
- Focus on **Tier 1** and brownfield / production drilling.
- Continue to increase **rig utilisation**.
- Purchase 4 additional rigs to service Tier 1 contracts post 31 December 2015 funded through a combination of cash and equipment finance.
- Continue to monitor and **reduce costs** across the business.



MARKET OUTLOOK

- **Competitive Profile** of this market segment has continued to **improve**.
- **New entrants** are faced with **barriers** to entry such as high capital cost and inability to secure financing.
- **Pipeline** of identified **opportunities** continues to **grow**.
- **Greenfield** exploration sector remains **subdued**.
- Interest in **gold** is **increasing**.
- **Ability to leverage** to the upside when general market conditions **improve**.

