

22 July 2016

ASX Release

**Mitchell Services Limited (ASX: MSV)
Presentation – Noosa Mining & Exploration Conference**

Please find attached presentation being made today by Mitchell Services CEO Andrew Elf at the 2016 Noosa Mining and Exploration Conference.



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Company Secretary

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NOOSA MINING & EXPLORATION CONFERENCE

Corporate Presentation
July 2016



Mitchell
SERVICES

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MITCHELL SERVICES MARKET PROFILE

ASX Information

ASX Stock Symbol: MSV

Shares Issued: 1,471,498,973

Share Price (at 14/7/2016): A\$0.017

Market Capitalisation: A\$25.02m

Major Shareholders

1 Mitchell Group 21.39%

2 Washington H Soul Pattinson 12.26%

3 Acorn Capital 8.69%

4 CVC 8.33%

Senior Management Team

Chief Executive Officer – Andrew Elf

CFO & Company Secretary – Greg Switala

GM People and Risk – Josh Bryant

GM Commercial – Todd Wild

Board of Directors

Executive Chairman – Nathan Mitchell

Non-Executive Director – Peter Miller

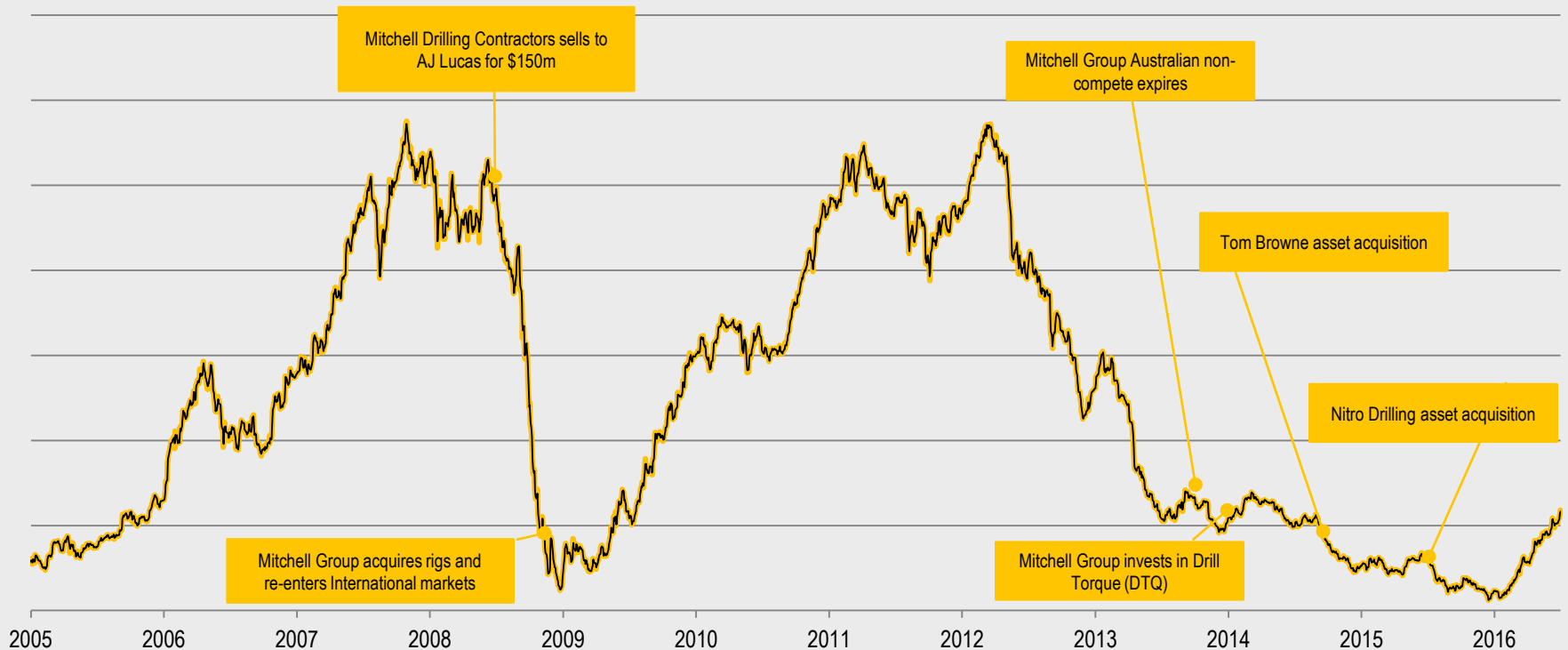
Non-Executive Director – Robert Douglas

Non-Executive Director – Neal O'Connor



MITCHELL SERVICES STRATEGY- 'TIMING'

- Board and management have a strong understanding of the cyclical nature of the industry which drives investment decisions
- In 1969 Mitchell Drilling commenced operations
- In 1992 Drill Torque commenced operations
- In 2013 the two businesses combined and re-branded Mitchell Services following Drill Torque's acquisition of Mitchell Services Pty Ltd.



■ Indexed Listed Drilling Company average – Share Price Movements (Average is a non weighted average of daily close prices) for the companies listed on slide 11

MITCHELL SERVICES VISION

To be Australia's leading provider of drilling services to the global exploration, mining and energy industries

Be Sure. Be Safe

*Our people are
your success*

Find a better way



Management
Team



Safety



Leading
Technology



Systems



Operational
Capability



Value
Proposition

FY16 BUSINESS OVERVIEW (UNAUDITED)

**No lost time injuries in
FY16**

\$32m+
revenue in FY16

**EBITDA positive
FY16**

Circa 90% of income is
from **Tier 1** * mining and
energy companies

Nitro acquisition completed
on time and **on budget**

Rig count
58

Operating Shifts
Q4 FY15 1,446

Operating Shifts
Q4 FY16 2,031



* Tier 1 refers to major mining and energy companies

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

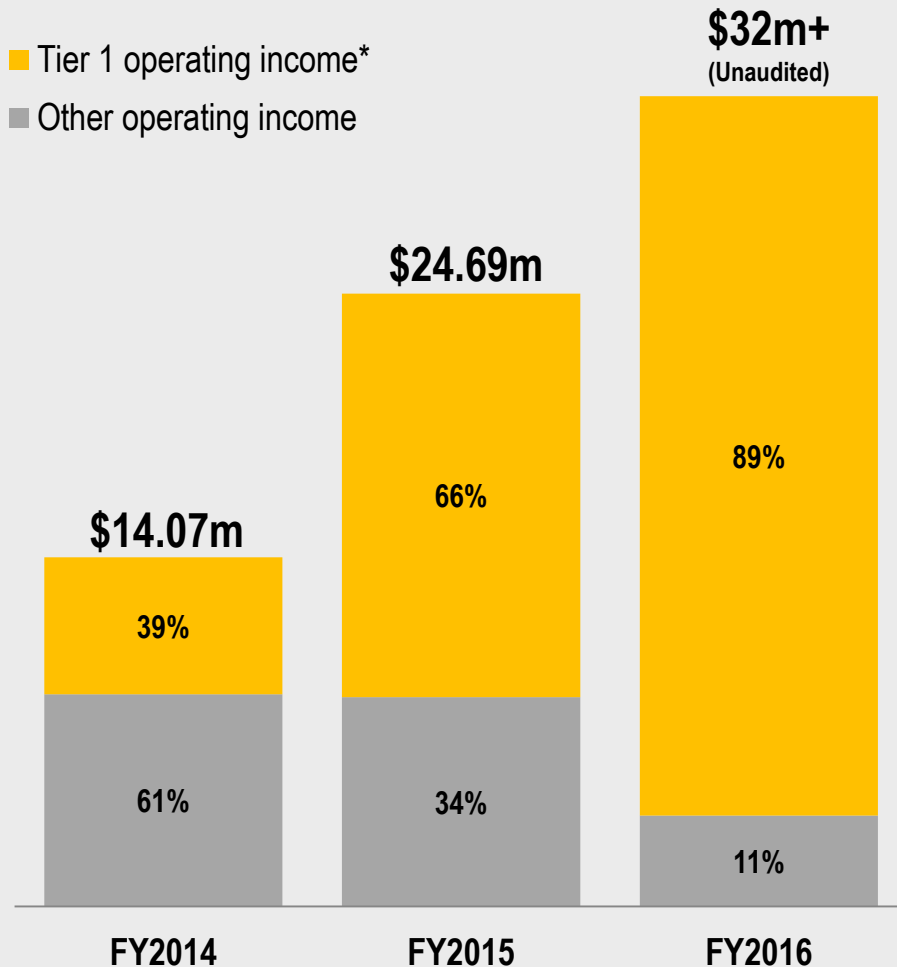
Phase 2: Ramp Up COMPLETE

- 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 COMPLETE

- 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
- Acquisition and integration of Nitro assets
- Upgrade asset fleet and sell non-core assets to reduce commercial debt levels and optimise asset mix

YEAR ON YEAR REVENUE GROWTH



*Large/multinational mining & energy companies

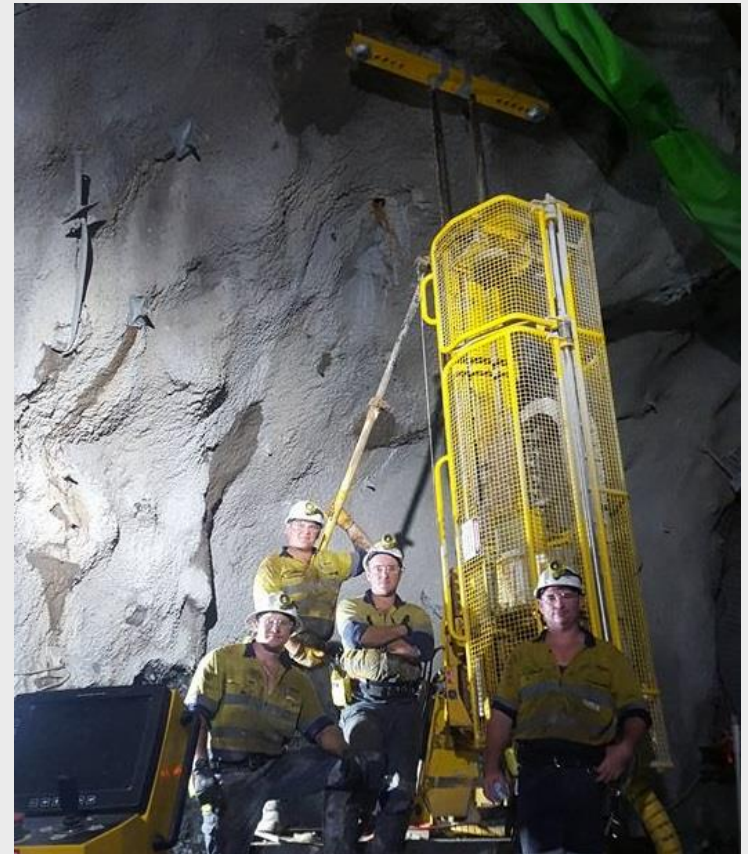
VALUE OF TIER 1

- Large / multinational mining and energy companies
- Very high safety and business system requirements
- Generally brownfield work for existing mining operators
- Longer term contracts
- Annual revenue from existing Tier 1 clients (based on current workloads) circa \$30million

BUSINESS DEVELOPMENT

Annual revenue from existing Tier one contracts Circa \$30million based on current workloads

- Highly focused on **lead generation**
- **Strong tender pipeline** across Tier 1 and other clients requires equipment that MSV already owns
- Increase in revenue growth demonstrates Mitchell Services **ability to win material size contracts** with Tier 1 clients
- Conversion rate Tier 1 clients circa 50%
 - Clients focused on safety and efficiency
 - Majority of work is brownfield at mine or near mine
 - Higher barriers to entry for competitors
- Conversion rate Tier 2 clients <50%
 - Highly competitive
 - Majority of work is greenfield exploration
 - Competing against smaller drilling companies
- Increased focus on geographical diversification



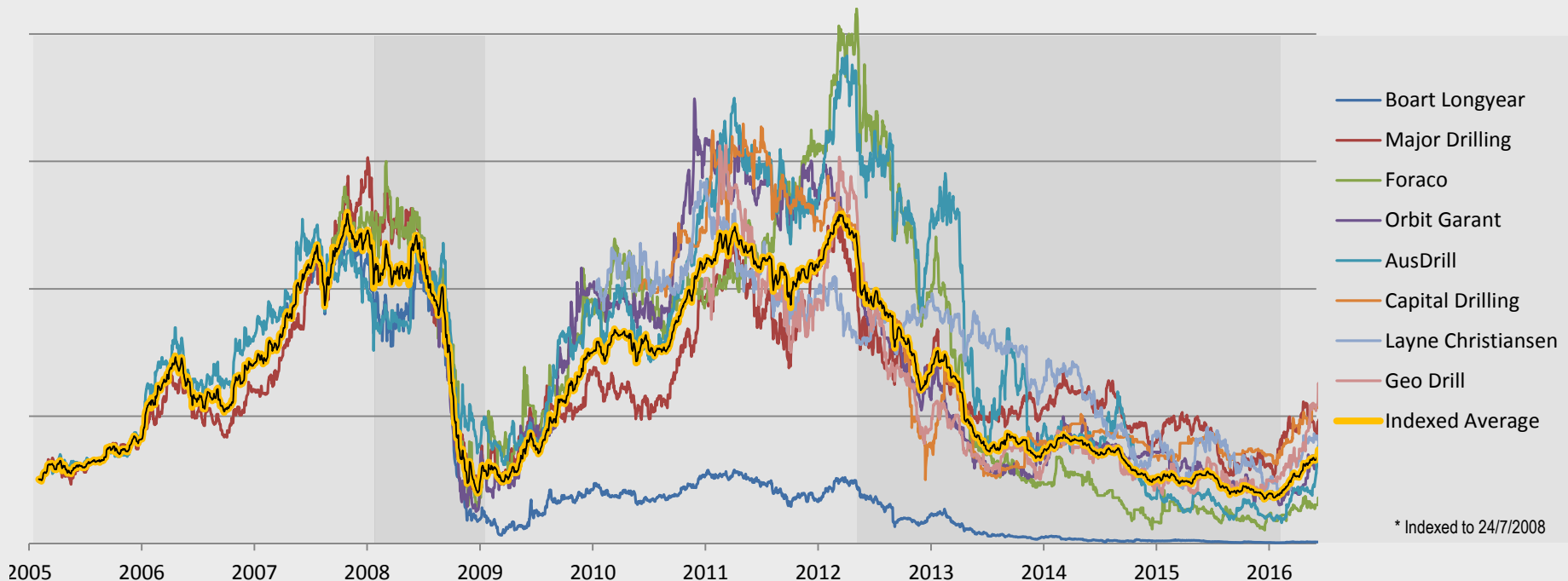
MARKET OUTLOOK

- **Competitive Profile** of the market 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 showing some “**green shoots**”.
- Interest in **gold** has **increased**.
- **Ability to leverage** to the upside as general market conditions **improve**.



CYCLICAL INDUSTRY PRESENTS OPPORTUNITY

Listed Drilling Company –Share Price Movements* (Average is a non weighted average of daily close prices)



- **Where are we in the cycle?**
- Production drilling must continue
- Near mine exploration still continues
- Exploration metres are increasing
- **Why is now the time to invest?**
- Funds starting to be raised for new exploration
- ASX Small Resources turning with several successful raisings
- High barriers to entry for new and existing competitors

SUMMARY

- Mitchell Services vision is to be **Australia's leading provider of drilling services** to the global exploration, mining and energy industries
- Tender pipeline provides opportunity for further revenue growth
- Mitchell Services can utilise acquired assets and generate a superior return versus buying new equipment
- **EBITDA positive** at less than 30% annual rig utilisation in current pricing environment
- Ability to leverage increased returns in an improving market
- Mitchell Services has an experienced board and management team who have proven success in business development and growth

