

**ASX RELEASE**

**(ASX: MSV)**

**2020 ANNUAL GENERAL MEETING  
CHAIRMAN'S ADDRESS**

Dear Shareholders

Firstly, can I take this opportunity to thank every employee, every customer and every supplier for the incredible dedication, commitment and teamwork that they have shown during these difficult times. Thank you especially, to all those staff members who have been affected by interstate border and travel restrictions and who have had to take up accommodation in different states away from their families as a result.

The health and wellbeing of Mitchell Services' employees, their families, our clients and the broader community remains our highest priority and we are continually committed to doing all we can to assist in reducing the spread of the COVID-19 virus. We are working closely with government, various specialist organisations, clients and all other stakeholders to limit the spread of the virus through active preventative measures.

There are many things that we have learnt during the recent pandemic and an insight into the strength and resilience of our business model is certainly one of them.

Shortly after re-entering the Australian market back in late 2013, the Board set a clear strategy to target multi-year, multi-rig work on established long life Tier 1 mines. These contracts are mostly linked to production and critical resource definition and development stages of the mine lifecycle as opposed to campaign style greenfield exploration. It was a strategy that, amongst other things, saw the business develop an underground division of significant quality and size in a relatively short space of time. It is interesting to note that revenue from underground drilling now accounts for over 50% of total revenue. This pivot away from exploration and towards production was also one of many catalysts for recent strategic acquisitions which, to date, have been hugely successful.

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But it wasn't until the recent pandemic and the resultant impact on the global economy, that we truly appreciated the strength of these revenue streams and the resilience of the business model. With the exception of a small number of rigs (that ceased operating on a temporary basis to limit the number of people onsite), the virus-related impacts on the business and its revenue streams were minimal. Throughout the pandemic, mining has been deemed essential and given the direct link to production, so too the drilling services that we perform.

It was the strength of the business model and revenue streams that allowed the Company to maintain its FY20 revenue and EBITDA guidance numbers throughout the pandemic period whilst also ensuring that the previously announced special dividend was paid as anticipated on 30 July 2020. This resilience through the pandemic as well as significant year on year growth (both organically and through acquisition), have contributed to a strong financial performance in FY20 and have allowed the business to maintain its momentum from FY19 which was a financially transformational year.

The Group recorded revenue, EBITDA and operating cash flow of \$175.5m, \$35.0m and \$31.2m respectively, all representing significant increases on FY19 numbers. Whilst net profit after tax in FY20 of \$7.2m was down on the FY19 comparative of \$17.4m, it is worth noting that FY19 benefited from previously un-booked deferred tax assets on carried forward tax losses which resulted in a once off, income tax credit of \$4.5m.

We have continued to operate within a framework of prudent capital management aimed at maximising shareholder value and returns. The Company paid a fully franked, special dividend on 30 July 2020 whilst also reducing net debt (which peaked in December 2019 following the Deepcore acquisition) by nearly 30% from 31 December 2019 to 30 June 2020.

On the acquisition front, I am delighted with the impact that the Deepcore Drilling business has made in such a short period of time. To date, the integration of the two businesses has been well implemented, well managed and underpinned by an integration strategy that aims to recognise the value of the unique businesses, their cultures and their brands. These brands and cultures have been built on the success of the people within the businesses and the mandate that they have to be safe and to continually strive to find a better way.



**Mitchell**  
SERVICES

With the growing global demand for gold and the resultant strength of the gold sectors in regional Victoria and New South Wales, I am excited about the potential further growth opportunities and additional value that can be un-locked from the combined businesses.

I am once again extremely proud of the various safety and training initiatives that have been implemented in 2020 and of the excellent culture and safety performance that these initiatives have produced. In November 2019, Mitchell Services received the 2019 Australian Prospect Mining “Contract Miner of the Year” award that recognised the Company’s safety record and culture as key criteria.

In closing, I would once again like to thank all staff, customers, suppliers and shareholders for your continued support.

On behalf of the Board, thank you.

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