29 April 2016

MITCHELL SERVICES LIMITED
(ASX: MSV)

Appendix 4C Quarterly Report and Investor Update

Dear Shareholder,

Mitchell Services Limited (**The Company**) is pleased to provide the following Investor Update and 4C for the quarter ended 31 March 2016.

Given the seasonal nature of surface exploration drilling in Queensland and the traditional allowance for a wet season over January and February, average operating rig count for the quarter ended 31 March 2016 was 12.3 compared to 22 for the December 2015 quarter.

Importantly, the recently awarded underground drilling programs at Cracow and Pajingo for Evolution Mining have aided in reducing the negative impact of this seasonality with the average operating rig count for the quarter increasing by 32% when compared to the average March 2015 quarter figure of 9.3 operating rigs.

This traditional seasonality, together with approximately $370k worth of ramp up spend for the recently awarded South 32 contract have resulted in negative operating cash flows for the quarter of $230k.

The $998k reported capex for the quarter includes the purchase of an underground drill rig required to service the Evolution Mining contract.

The Company's main focus areas for the upcoming quarter include:

- Continue to drive a culture of safety and efficiency in the business
- Capitalise on a stable workload base with Tier 1 clients
- Continue to pursue a strong tender and business development pipeline

Yours Faithfully

Andrew Elf
Chief Executive Officer

Mitchell Services Limited
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Rule 4.7B

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

MITCHELL SERVICES LIMITED

ABN	Quarter ended ("current quarter")
31 149 206 333	31 March 2016

Consolidated statement of cash flows

	Cash flows related to operating activities	Curent quarter $A'000	Year to date (9 months) $A'000
1.1	Receipts from customers	7,024	25,478
1.2	Payments for (a) staff costs	(3,341)	(10,981)
	(b) advertising and marketing	-	-
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(3,851)	(14,233)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	4
1.5	Interest and other costs of finance paid	(64)	(262)
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net operating cash flows	(230)	6

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (9 months) $A'000
1.8	Net operating cash flows (carried forward)	(230)	6
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(998)	(17,713)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	60	6,046
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	-
	Net investing cash flows	(938)	(11,667)
1.14	**Total operating and investing cash flows**	(1,168)	(11,661)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	8,535
1.16	Payment for share issue costs	(3)	(592)
1.17	Proceeds from borrowings	-	8,500
1.18	Repayment of borrowings	(274)	(2,918)
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
	Net financing cash flows	(277)	13,525
	Net increase (decrease) in cash held	(1,445)	1,864
1.21	Cash at beginning of quarter/year to date	2,695	(614)
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	1,250	1,250

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	52
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

-

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	489	489
3.2	Credit standby arrangements	2,500	0

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	457	1,862
4.2	Deposits at call	793	3
4.3	Bank overdraft	-	(600)
4.4	Other (held in trust)	-	1,430
	Total: cash at end of quarter (item 1.23)	1,250	2,695

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	-	-
5.2	Place of incorporation or registration	-	-
5.3	Consideration for acquisition or disposal	-	-
5.4	Total net assets	-	-
5.5	Nature of business	-	-

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: 29 April 2016
(Company Secretary)

Print name: Greg Switala

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.

3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.