20 February 2007

Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2001

Dear Sir/Madam

ACQUISITION of FLEXIT AB and FLEXIT NAVIGATION AB

Attached is an announcement of the above mentioned subject for release to the market.

Yours faithfully
Imdex Limited

Paul Evans
Company Secretary

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ASX and Media Announcement

ACQUISITION of FLEXIT AB and FLEXIT NAVIGATION AB

Statement by I F Burston, Chairman, Imdex Limited

Imdex Limited (Imdex) has executed a Heads of Agreement to acquire the Swedish based Flexit AB and Flexit Navigation AB (together referred to as **Flexit**). The purchase price is AUD$22 million: AUD$12 million in cash to be paid at settlement and AUD$10 million to be satisfied by the allotment of 5 million fully paid Imdex ordinary shares two years after settlement (with a cash adjustment if necessary as detailed below).

Flexit Business and Products

Flexit is a significant global supplier of borehole survey systems to the mineral exploration, mining, tunneling and geotechnical industries.

Flexit is based in Vallentuna, Sweden and is particularly active in Canada, South America and Africa. (see www.flexit.se for further details)

Flexit's main product range includes:

- the SmartTool – a drillhole survey system with single and multishot capability manufactured by Chardec (which was acquired by Imdex in August 2006) and;
- the GyroSmart – a technically advanced miniature digital survey system using MEMS gyro technology that is simple to use in both magnetic and non-magnetic environments.

Transaction Benefits

This transaction is in line with the Imdex strategy to grow its business globally and build value for shareholders. The benefits this transaction delivers to Imdex and its shareholders are to:

- Expand the Imdex product range;
- Consolidate Imdex's position as the leading global supplier of technologically advanced down hole survey systems
- Strengthen Imdex's existing skill base in the area of research and development into new products and technologies;
- Complement existing drilling products and services businesses by expanding Imdex's global reach;
- Diversify market opportunities into new or previously under-exploited markets such as the oil and gas, tunnelling, construction and quarrying industries; and
- Provide an attractive financial return.

Existing Ownership

Flexit is owned by Claes and Birgitta Ericsson. Claes Ericsson has over 32 years of industry experience.

In 1999, Claes joined Flexit as Managing Director to develop (in conjunction with Chardec) a new generation of borehole survey tools.

Financial Performance

The projected EBIT for the year ending 31 December 2007 for Flexit is approximately AUD$5 million on revenue of approximately AUD$15 million. The profitability of Flexit reflects the leading nature of its technology.

However, the Flexit business model is likely to undergo some change under the ownership of Imdex. As a result, the projected revenue and EBIT figures for calendar 2007 may be lower in this financial year as the business transitions from a privately owned business to that of a public company. However, in the medium to longer term, margins and profits should be higher and sustainable.

Transaction Terms

The transaction is subject to:

- Imdex concluding a detailed due diligence;
- The execution of a definitive sale agreement;
- Execution of formal agreements with key personnel (including Claes Ericsson – Flexit Managing Director); and
- Any necessary approvals required by the shareholders of Imdex and / or any regulatory body.

The parties will seek to finalise a definitive sale agreement as soon as possible.

Cash consideration of AUD$12 million is due at settlement. Additional consideration of AUD$10 million will be paid on the second anniversary of the settlement date either by;

- if the Imdex share price is $2 or greater per share, the issue of 5 million fully paid ordinary shares in Imdex; or

- if the Imdex share price is less than $2 per share, by the issue of 5 million fully paid ordinary shares in Imdex at the then trading price plus an amount of cash required to bring the market value of shares issued and cash paid at that time to AUD$10 million.

About Imdex

Imdex is a Perth based public company listed on the Australian Stock Exchange, whose core business is the supply of drilling products and services in Australia and internationally to the oil & gas, mining, water well, horizontal directional drilling and civil industries

For further information, please contact:

Ian Burston, Chairman; **Bernie Ridgeway**, Managing Director;
Paul Evans, Chief Financial Officer and Company Secretary