12 June 2007

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

Dear Sir/Madam

ACQUISITION OF 100% INTEREST IN POLY-DRILL DRILLING SYSTEMS LTD

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

Yours faithfully
Imdex Limited

Paul Evans
Company Secretary

12 June 2007

ASX and Media Announcement

ACQUISITION OF 100% INTEREST IN POLY-DRILL DRILLING SYSTEMS LTD

Statement by I F Burston, Chairman, Imdex Limited

Imdex Limited (Imdex) has executed a Heads of Agreement to acquire all of the shares in Poly-Drill Drilling Systems Limited and its subsidiary Poly-Drill Arizona LLC (Poly-Drill). Poly-Drill undertakes the manufacture and sale of polymer drilling fluid based systems and fluids and solids control activities from Okotos, Alberta, Canada.

Background

Poly-Drill is owned by Mr Bob Whipple. Mr Whipple established the business in 1977 and since that time Poly-Drill has focused on polymer drilling fluid base systems primarily designed for coring water sensitive shales, sands and clays. Inhibited non-bentonite drilling fluids are gaining acceptance as the preferred method of core drilling and Poly-Drill has been producing these systems since 1977. The polymer fluids have facilitated the penetration into the oil sands industry due to high core recovery.

The fluid systems developed enable drilling without the use of numerous conventional drilling fluid products, such as fluid loss control additives and gels. The polymer blends were developed after studying various core samples throughout the United States, Australia, New Zealand, Canada, Mexico, Europe and South America. The fluid systems are in use throughout North America and have established new standards in drilling fluid technology.

Poly-Drill also has a solids control system called the Zero Discharge Drilling system. The filtration system seeks the removal of suspended solids from drill water which reduces drilling costs, eases the removal and disposal of potential pollutants, conserves water and recycles drilling chemicals in the drilling process.

Poly-Drill is also close to commercialising a solids control system for the removal of oil from drill cuttings. Due to environmental issues, many countries require oil cuttings/sludge from oilfield drilling activities to be removed and some countries are seeking to enforce a zero impact policy for the environment. This provides markets for the Poly-Drill solids control equipment in conjunction with other Imdex group products. Several markets exist globally for this technology.

Poly-Drill also undertakes water treatment and this is a further growth area of the business.

Poly-Drill is complimentary to the existing Drilling Products and Services business of Imdex and the acquisition facilitates the global expansion of Imdex's business. The aim is to become a significant drilling fluids and chemicals supplier to the mining, oil and gas and water well industries in North America and a leading provider of solids control equipment globally.

Financials

Poly-Drill has been a family run business which has suffered from under-capitalisation. Nevertheless, currently and historically it has been a profitable business.

	2004 (C$)	2005 (C$)	2006 (C$)	2007 (C$) (forecast/actual)
Revenue	1.5m	2.0m	2.2m	3.4m
EBIT	0.25m	0.63m	0.67m	1.0m

It is intended that with the resources of Imdex, the Poly-Drill business can be significantly expanded.

Acquisition Cost

The total cost of the transaction is A$3.5 million, summarised as follows:

1. A$350,000 cash (non-refundable) on the signing of the Heads of Agreement;

2. A$1.4 million to be paid at settlement (1 July 2007); and

3. A$1.75 million in Imdex shares at an issue price determined by the closing weighted average share price on the 5 business days prior to 1 July 2007. Such shares will be held in voluntary escrow for a period of 12 months from the date of settlement.

Funding

The cash components totaling A$1.75 million will be satisfied from Imdex's cash resources.

Summary

The main reasons for the acquisition of Poly-Drill are as follows:

1. It is complementary to the current Imdex drilling fluids and chemicals business;

2. It provides good growth opportunities and is consistent with Imdex's global expansion strategy;

3. It supplies the mining, oil and gas and water well industries and establishes for Imdex a base for the North American region; and

4. Through the solids control equipment, provides an additional revenue stream from the global oil and gas industry.

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