



IMDEX NEWS



REFLEX enhancing the efficiency and accuracy of data management

Shareholder Newsletter IQ15

Dear Shareholders,

I am pleased to present our first shareholder newsletter for the 2015 financial year (FY15).

While market conditions within the minerals industry remained subdued during the first quarter (IQ15), the early signs of improvement, evident in the fourth quarter of the previous year (4Q14), continued to gain momentum.

Since 3Q14 our REFLEX rental fleet increased 33%. The number of Solids Removal Units (SRUs) on hire also continued to increase with further gains anticipated for 2Q15. This improvement in activity is encouraging and suggests a recovery of the minerals industry is underway.

Market conditions within the oil and gas sector, particularly in Australia and PNG, were buoyant during IQ15 and continue to present significant opportunities for year-on-year growth for AMC Oil & Gas. Our Vaughn Energy Services joint venture (VES) also performed strongly during the quarter.

IQ15 FINANCIAL SUMMARY – UNAUDITED

Following is a summary of our IQ15 performance:

- Combined revenue of \$58.7 million¹ was 10% up on the previous corresponding period (pcp) (IQ14: \$53.3 million) and 18% higher than the last quarter of FY14 (4Q14: \$49.9 million).
The revenue uplift has been driven by:
 - A 4% increase over the pcp in Minerals Division revenue reflecting higher activity levels within the sector
 - A 23% increase over the pcp in Oil & Gas Division revenue
- Gross margins were largely maintained;
- EBITA of \$2.7 million² - up 12% on the pcp (IQ14: \$2.4 million) compared to a loss of \$3.2 million³ in 4Q14; and
- EBITDA of \$5.0 million² - up 14% on the pcp (IQ14: \$4.4 million³) compared to a loss of \$1.6 million³ in 4Q14.

1. Excludes interest and includes Imdex's share of the VES joint venture.

2. Excludes the profit on sale of Imdex's remaining stake in Sino Gas & Energy Holdings Limited (\$14.2 million).

3. FY14 excludes profit on partial sale of investment in Sino Gas & Energy Holdings Limited (\$24.1 million), one-off balance sheet adjustments (\$18.2 million), together with costs and provisions relating to product containment incident (\$9.1 million).

INSIDE THIS ISSUE

Group Financial Summary	I
Minerals Division	3
Oil & Gas Division	4
Outlook	4
Operational News & Case Studies	6
About Imdex Limited	8

KEY PERFORMANCE INDICATORS

Combined 1Q15
revenue
10%
up from 1Q14

Minerals 1Q15
revenue
4%
up from 1Q14

Oil & Gas 1Q15
revenue
23%
up from 1Q14

Sale of Remaining Investment in Sino Gas & Energy

In July 2014 we sold our remaining share in Sino Gas & Energy Holdings Limited (ASX: SEH) – a non-core asset – resulting in a profit on disposal of \$14.2 million.

The sale of 91.9 million shares was completed via a bookbuild to institutional and sophisticated investors at a price of 18.5 cents per share. Gross cash proceeds were \$17.0 million (at a book profit of \$14.2 million), which places us in a stronger cash position with flexibility to pursue our growth initiatives in FY15 and beyond.



MINERALS DIVISION

Imdex's Minerals Division includes the AMC and REFLEX businesses. These businesses market innovative drilling fluids, chemicals, solids removal technologies, data management solutions, together with geo-analytical consulting services and software, for the global minerals industry. AMC is a leading provider of drilling fluids to the global industry and REFLEX is a global provider of data capture, data management and data analysis solutions to that industry.

IQ15 divisional financial performance

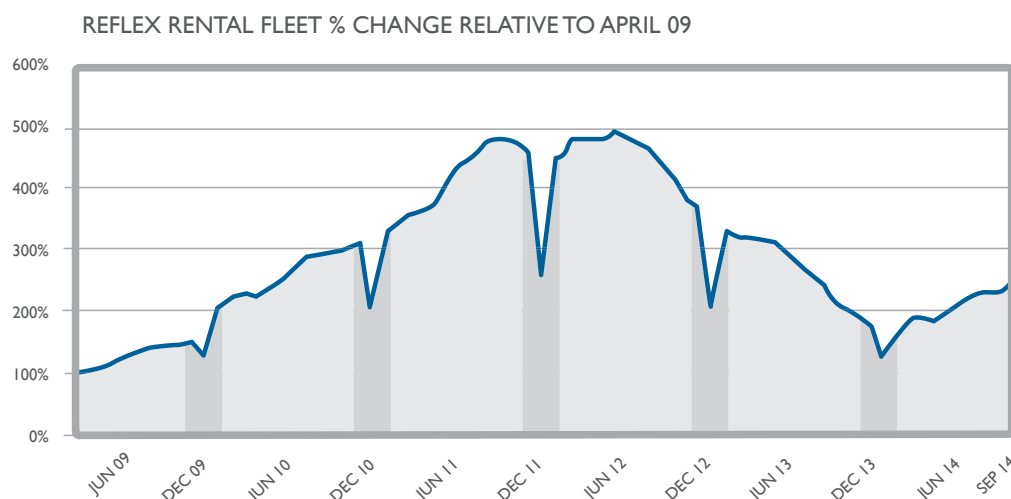
Our Minerals Division generated \$36.6 million in IQ15 and contributed 62% of our Company's combined IQ15 revenue. This result represents a 4% increase on the previous corresponding period (IQ14: \$35.2 million) and an 11% increase on the previous quarter (4Q14: \$32.9 million).

The Division's month-on-month increase in revenue since 3Q14 is being driven by higher activity levels within the minerals sector globally.

Key operating highlights and achievements

Highlights and achievements for our Minerals Division throughout IQ15 included:

- Growing industry demand and continued positive momentum with Solids Removal Units (SRUs) – particularly in the Americas;
- Continued product development producing a strong pipeline of new AMC and REFLEX technologies;
- Increased throughput and continuing positive feedback with the marketing of REFLEX HUB;
- Expansion of our Company's customer base, together with greater exposure to resource companies and the production phase of the mining cycle;
- Marketing of new REFLEX technologies – including the REFLEX EZ-Gyro, TN14 and XRF;
- Increasing uptake of REFLEX HUB by large resource companies and mining service companies;
- Increasing exposure and capabilities within non-mining applications, including HDD and waterwell markets; and
- The acquisition of 2iC Australia Pty Ltd (2iC) for a purchase price of \$3 million, effective 1 September 2014. This strategic acquisition ensures REFLEX is the single provider of the most complete range of core orientation solutions for mining and exploration globally. Integration of 2iC into our REFLEX business has commenced and is expected to be completed by the end of this calendar year.



OIL & GAS DIVISION

Our Oil & Gas Division includes AMC Oil & Gas and a 30% share of Vaughn Energy Services (VES). The VES joint venture is the third largest provider of downhole survey services to the oil and gas market, operating primarily in the USA, Middle East and Latin America.

IQ15 divisional financial performance

Our Oil & Gas Division generated \$22.2 million revenue in IQ15 and contributed 38% of our Company's combined IQ15 revenue. This result represents a 23% increase on the previous corresponding period (IQ14: \$18.1 million) and a 31% increase on the last quarter (4Q14: \$16.9 million). The business delivered positive cash flow in IQ15 and VES continues to trade strongly.

Key operating highlights and achievements

- Further investment in equipment, working capital and personnel to support future growth;
- Further market penetration including the award of key contracts in Papua New Guinea, Germany and Kenya, together with first sales to Poland;
- Continuing strong revenues and EBITDA performance by our VES joint venture; and
- Investment in InFlex (previously the Target INS) resulting in the most accurate and fastest downhole survey instrument in the oil and gas industry.

OUTLOOK

The outlook for our minerals markets in FY15 is encouraging. Month-on-month Minerals Division revenue growth since the end of 3Q14 is reflective of improving market conditions within the sector. The upward trend of our REFLEX rental fleet and SRUs on hire indicates that we have seen the worst of the cyclical downturn and a measured recovery is underway.

As reported in the last edition of Imdex News, the expected increase in activity levels is largely due to the return of some brownfield expenditure and recent capital raisings by junior exploration companies. Assets divested by the major companies are also being acquired by smaller companies, with Imdex well positioned to benefit as the new owners invest in these assets.

Growing customer interest in our new technologies continues to provide an attractive platform for further sustainable revenue growth throughout the balance of FY15 and beyond. Our customers are focusing on maximising the efficiency and productivity of their operations and our technologies enable them to achieve this. While the mining sector is traditionally a late adopter of technology, we believe the growing focus on cost and efficiency will drive an increasing focus on technology.

Importantly our new technologies also: add value to our existing range of equipment and instrumentation; enable new product and service offerings; diversify our customer base; and facilitate expanded future annuity style revenue streams.

Activity within the energy sector is robust and continues to offer substantial opportunities for AMC Oil & Gas and VES. The global drilling and completion fluids market is expected to increase by more than 20% to US\$13.5 billion during calendar year 2014, and the solids control and waste management market is forecast to grow by more than 15% to US\$4.3 billion. As noted previously, a small share of this market will make a significant contribution to our growth.

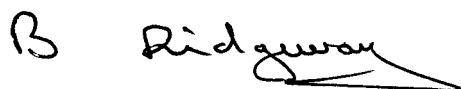
KEY AREAS OF FOCUS AND GROWTH INITIATIVES FOR FY15

We remain focused on our strategy of:

- Maintaining and gaining market share through technology leadership;
- Diversifying our customer base to include non-mining applications and resource companies;
- Building a resilient and more broad based business with an increasing annuity style revenue stream; and
- Diversifying our revenue by industry to include a greater percentage generated by the oil and gas sector.

Imdex's strategy is to have leading and differentiated technology, which allows us to maintain and grow market share. We will continue to pursue a strategy of customer and industry diversification in order to achieve greater earnings stability and be less susceptible to cyclical downturns in the minerals industry. We are now well on our way to building a more resilient and stronger business.

Yours Faithfully

A handwritten signature in black ink, appearing to read "Bernie Ridgeway", with a long horizontal flourish at the end.

Bernie Ridgeway
Managing Director



Operational News & Case Studies

REFLEX - INTELLIGENCE ON DEMAND

During IQ15, REFLEX enhanced its branding to align with its new portfolio of technologies and solutions for its expanding customer base.

REFLEX's branding is based on the company's positioning statement - *to be the minerals industry standard for increasing productivity through transformational technologies.*

To reinforce this statement, REFLEX updated its logo to include the *Intelligence on Demand* strapline and created simple graphics to visually represent its comprehensive range of data collection, management and analysis solutions.

REFLEX also launched its new website to coincide with its rebranding. The website was developed to provide additional tools and tailored support for drilling contractors and resource companies. The site also includes an integrated customer management system to enhance the efficiency of REFLEX's customer support across all regions.

The new REFLEX website is central to all marketing and sales activities and will be used to measure and assess opportunities and initiatives in the future.
www.reflexnow.com

DIRECT TO THE HUB - REFLEX XRF

New REFLEX XRF software is now available to enhance the efficiency and accuracy of data management for our customers.

The custom designed software enables geochemical data to be transmitted directly to REFLEX HUB, where built-in analytics produce derived outputs that can be used immediately for logging, domaining and classification.



The REFLEX XRF hand-held instrument




[Home](#)
[Company](#)
[Drilling Instrumentation](#)
[Data Flow](#)
[Geosciences](#)
[Contacts](#)

Your data flows faster with REFLEX

In today's environment, immediate access to reliable, secure information is important for timely decision making. Whether your exploration or mining project is located locally or remotely, important project metrics are available for you in real time, wherever you are.

[For Drilling](#)
[For Geology](#)



Explore the complete range of REFLEX data flow solutions

Data Collection	Data Management	Data Analysis
Downhole Surveys Core Orientation Rig Alignment	Geology Logging Sample Assays Onsite Geo Analysis	Rig Monitoring Mobile Forms External Sources

REFLEX UPDATES

The World's Easiest to Use North Seeking Gyro Instrument

The REFLEX EZ-Gyro will be available in October 2014. Gone are the days of painstakingly assessing reams of [Read more](#)

August 17, 2014

Proposed Acquisition, will Strengthen REFLEX's Integrated Range of Technologies for Customers

REFLEX is pleased to announce its proposed acquisition of 2iC - an

GROWTH ORIENTED REFLEX
Source: Mining Magazine
August 18, 2014

MANITOBA MINING & MINERALS CONVENTION
Where: Winnipeg
When: November 19-21, 2014
[Find out more here](#)

New REFLEX website

CASE STUDY: SRU SIGNIFICANTLY REDUCED WATER COSTS FOR UNDERGROUND DRILLING OPERATIONS

Background

In many remote areas water is a scarce commodity. When coupled with underground mining operations, its management becomes challenging and costly. A customer trial was conducted comparing two holes – one was using the AMC Underground Solids Removal Unit (UG-SRU) and the other traditional methods.

Key Challenges

- Reducing water and mud consumption
- Reducing cost of underground drilling operations.

Results

The trial demonstrated economic benefits for the drilling operator and the mining resource company. A significant reduction in water (90%) and mud consumption (55%), together with associated costs, were achieved when utilizing the UG-SRU. Net savings per rig per month were estimated to be \$7,134.

The trial also highlighted the success of the unit's small footprint and its ability to operate when water supply is interrupted due to technical difficulties.



UG-SRU

UGS AGENCY AGREEMENT

AMC Oil & Gas in the Middle East recently signed an agency agreement with Union Gulf Services (UGS) facilitating our Company's expansion into Abu Dhabi's oil and gas markets.

UGS is a member of the Abu Dhabi National Oil Company (ADNOC) Group. AMC Oil & Gas' agreement with UGS will facilitate the bidding on all Abu Dhabi based oil and gas contracts including drilling fluids, solids control and drilling waste management services, together with direct sales of solids control equipment and services.

UGS's established presence, reputation and infrastructure within the Abu Dhabi drilling community will assist AMC to gain market entry into one of the regions strongest and growing markets.

WASTE MANAGEMENT COMPANY OF CHOICE

AMC Oil & Gas in Kenya has been awarded an additional two wells based on our Company's excellent drilling waste management performance on a project in the region.

Norwell, the project management group supporting the drilling campaign, valued AMC Oil & Gas' service quality and wanted to ensure AMC was the drilling waste management company of choice in its next venture.

This new relationship was formed by AMC's attention to detail and unrivalled professional service – it is likely to provide additional opportunities for both Norwell and AMC Oil & Gas throughout the East Africa region in the near future.



AMC Oil & GAS - Kenya



About Imdex Limited

Imdex is an ASX listed industrial company (ASX: IMD) with a market capitalisation of approximately \$151.3 million and 581 employees (as at 30 September 2014).

Imdex delivers leading innovative technologies to the global minerals industry and select oil and gas markets, focusing on integrated solutions that enhance customers' operations and deliver value for its shareholders. The Company achieves this by its extensive industry knowledge and commitment to product development, ensuring innovative, simple to use and fit-for-purpose technologies.

Imdex supports a diverse range of customers at all stages of the mining cycle, from junior explorers to major producers across a wide range of commodities. To provide optimal service to these customers, Imdex has operational centres in key mining regions of the world, including: Asia-Pacific, Africa, Europe, Middle East and the Americas.

Further information can be found at www.imdexlimited.com

IMDEX NEWS - SHAREHOLDER NEWSLETTER

Imdex News is published quarterly to keep Imdex's valued shareholders informed of the Company's performance and operational highlights.

Your feedback and questions are always welcome. Please send all investor communication to Imdex's Marketing Manager, Ms Kylie Kniepf at kylie.kniepf@imdexlimited.com.

Alternatively contact Managing Director, Mr Bernie Ridgeway or the Chief Financial Officer and Company Secretary, Mr Paul Evans on +61 8 9445 4010.