

Innovative Technologies  
Integrated Solutions  
Global Support



IMDEX LIMITED  
**annual report**

[www.imdexlimited.com](http://www.imdexlimited.com)



#### **Imdex Limited (Imdex)**

ABN 78 008 947 813

#### **Australian Securities Exchange (ASX)**

Listing Date 24 September 1987

ASX Code: IMD

#### **Registered Office**

216 Balcatta Road,  
Balcatta, Western Australia 6021

#### **Head Office**

216 Balcatta Road,  
Balcatta, Western Australia 6021

#### **Directors**

Mr Ross Kelly (Chairman)  
Mr Bernie Ridgeway (Managing Director)  
Mr Kevin Dundo (Non-Executive Director)  
Ms Betsy Donaghey (Non-Executive Director)  
Mr Ivan Gustavino (Non-Executive Director)  
Mr Magnus Lemmel (Non-Executive Director  
retired 30 June 2015)

#### **Company Secretary**

Mr Paul Evans

#### **2015 Annual General Meeting**

Imdex's AGM will be held at the Company's  
Head Office located at 216 Balcatta Road, Balcatta  
Western Australia, commencing at:  
12 noon (AWST) on Friday 20 November 2015.

For further information please contact Paul Evans  
on 08 9445 4010 or visit the investor section of  
Imdex's website at: [www.imdexlimited.com](http://www.imdexlimited.com).

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## Company History

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AMC Solids Removal Unit and drilling fluids



# corporate profile

**Index is a leading provider of drilling fluid products, advanced downhole instrumentation, data management solutions and geo-analytical services. The Company's strength is derived from its global operations, superior customer service and leading technologies.**

Index 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. Customers include: exploration, development, production and mining services companies within the minerals and oil and gas sectors; together with horizontal directional drilling, waterwell and civil construction companies worldwide.

The Company has operational centres in key mining regions of the world, including Asia-Pacific, Africa, Europe and the Americas, to provide optimal service to customers.

Index's substantial commitment to ongoing product development has enabled the Company to achieve market leader status in its fields of operation. It is continuously refining its integrated range of fluid products, unrivalled instrumentation and data management solutions to ensure customers have the most advanced operational technology available.





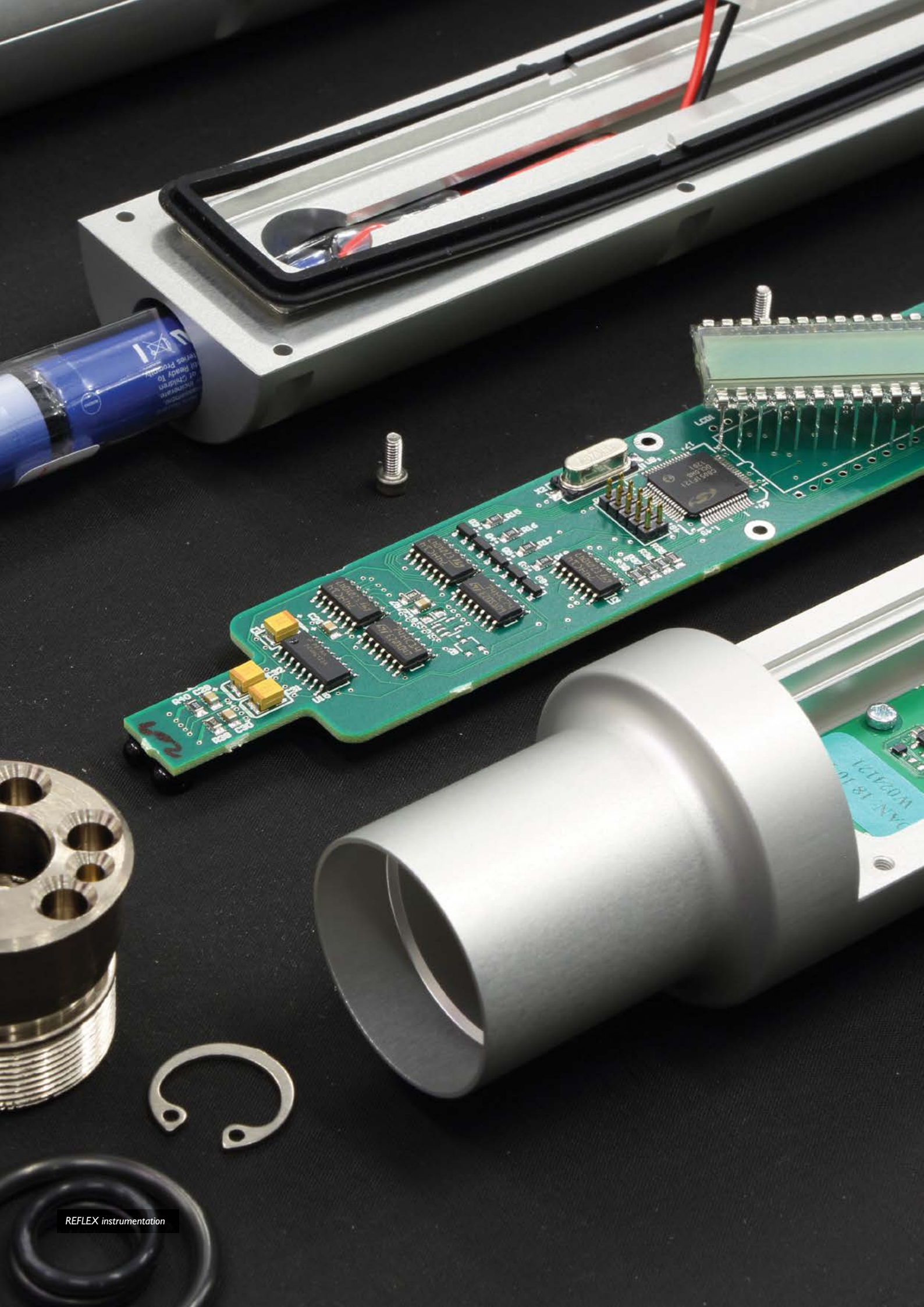
# our mission

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“We deliver leading innovative technologies to the global minerals industry and select oil and gas markets, focusing on integrated solutions that enhance our customers’ operations and deliver value for shareholders. We achieve this through our extensive industry knowledge and commitment to product development, ensuring innovative, simple to use and fit-for-purpose technologies.”

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# key data

AS AT 30 JUNE 2014

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Market capitalisation:

**\$133.6 million**

Shares on issue:

**212.1 million**

Share price at 30 June 2014:

**\$0.63**

Number of shareholders:

**3,367**

Number of employees:

**567**

Banking institutions:

**HSBC and Westpac**

Legal advisors:

**Hopgoodganim**

Auditors:

**Deloitte Touche Tohmatsu**

Share registry:

**Computershare**

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AS AT 30 JUNE 2015

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Market capitalisation:

**\$64.9 million**

Shares on issue:

**216.2 million**

Share price at 30 June 2015:

**\$0.30**

Number of shareholders:

**3,032**

Number of employees:

**524**

Banking institutions:

**HSBC and Westpac**

Legal advisors:

**Hopgoodganim**

Auditors:

**Deloitte Touche Tohmatsu**

Share registry:

**Computershare**

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REFLEX Downhole Survey Instrumentation



# company structure

## Index has two operational divisions, Minerals and Oil & Gas.

Index's Minerals Division includes the AMC and REFLEX businesses.

AMC is a leading provider of innovative drilling fluids, chemicals and solids removal technologies to the global drilling industry.

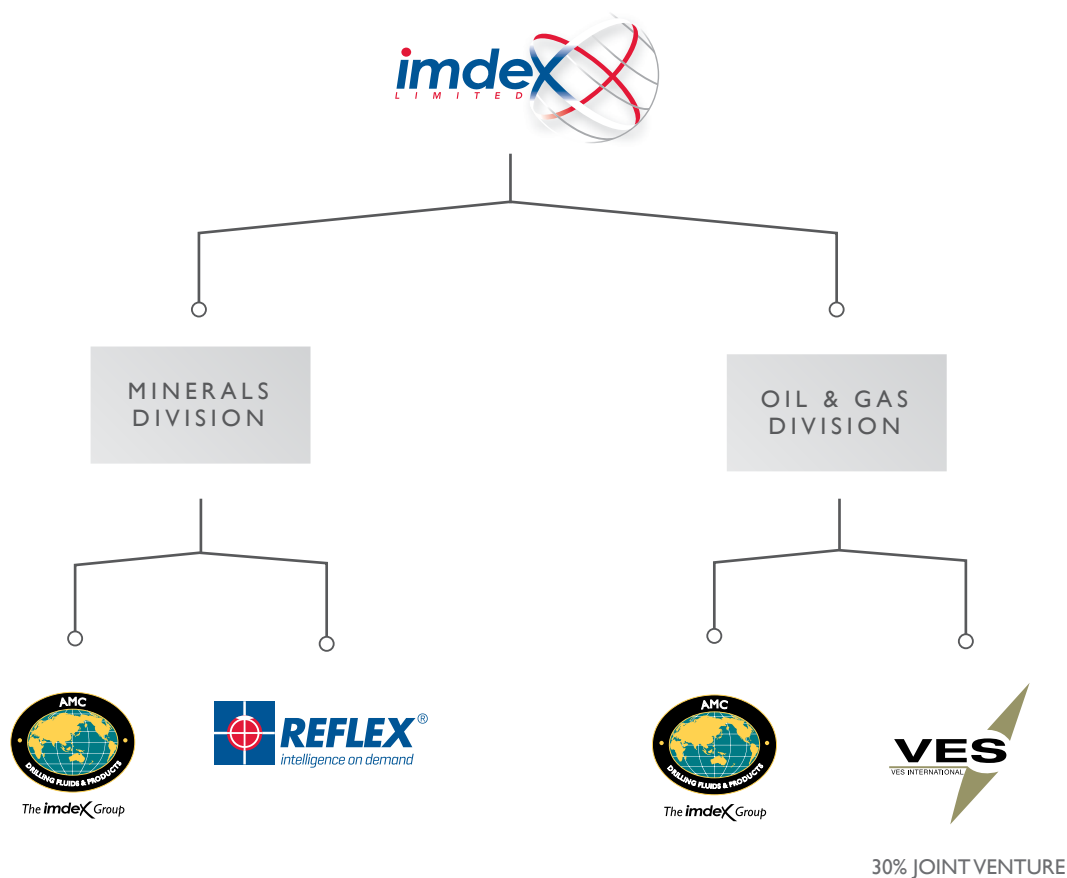
REFLEX specialises in downhole and geo-scientific instrumentation; real-time data management solutions; and geo-analytical consulting services and software. The Company markets its integrated product offering to resource, mining services and civil construction companies worldwide.

Index's Oil & Gas Division comprises AMC Oil & Gas and a 30% share of VES International.

The VES joint venture is the third largest provider of downhole survey services to the

oil and gas markets, primarily in the USA and Middle East.

The AMC Oil & Gas and VES International businesses provide drilling fluids, production and completion chemicals, together with downhole survey services to the global oil and gas market.



# global business

**Imdex is a well-established global business operating in diverse geographical markets.**

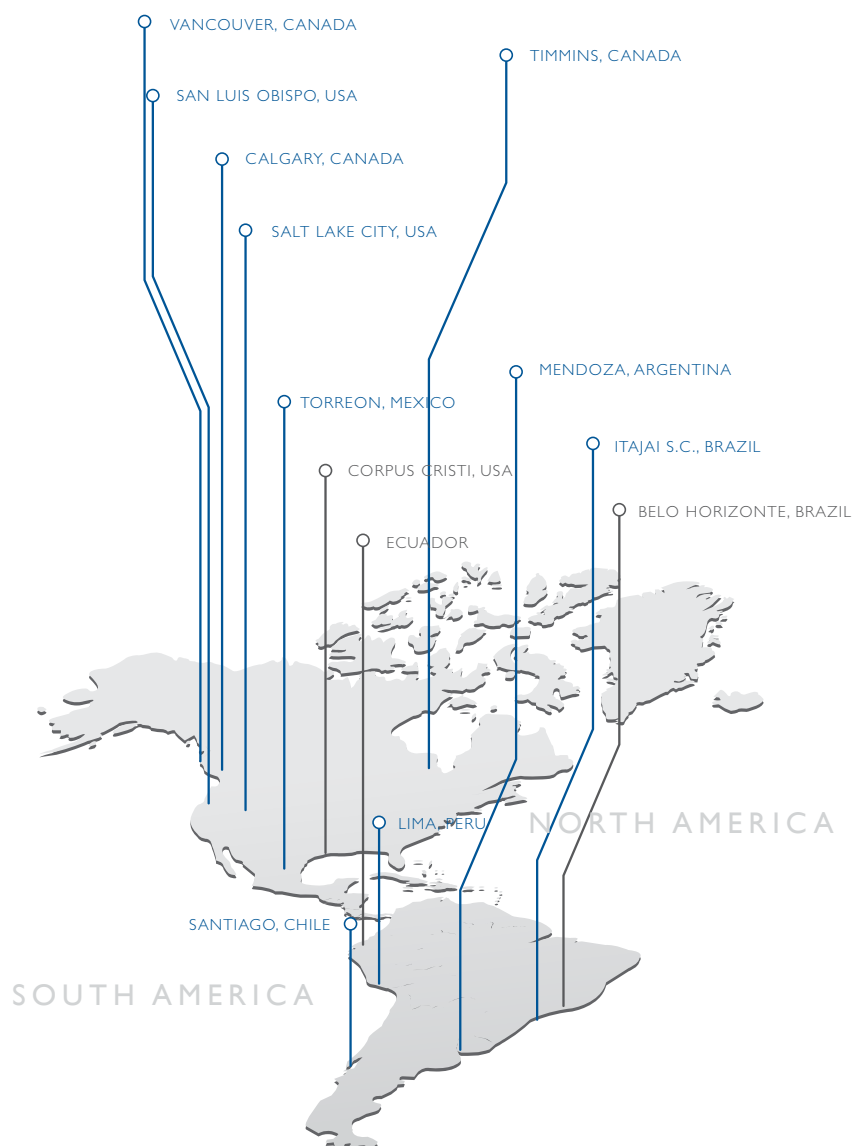
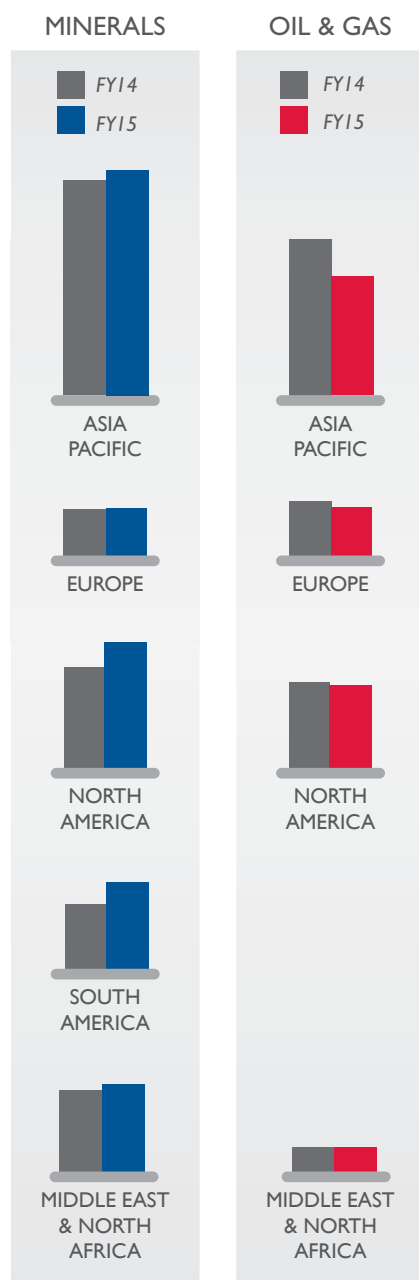
The Company has operations in all key mining and exploration regions throughout Asia Pacific, Africa, Europe and the Americas.

Imdex's global presence and comprehensive distribution network allows it to: provide local solutions to customers; have greater access to

international mineral exploration and oil and gas markets; and efficiently introduce new technologies to these markets.

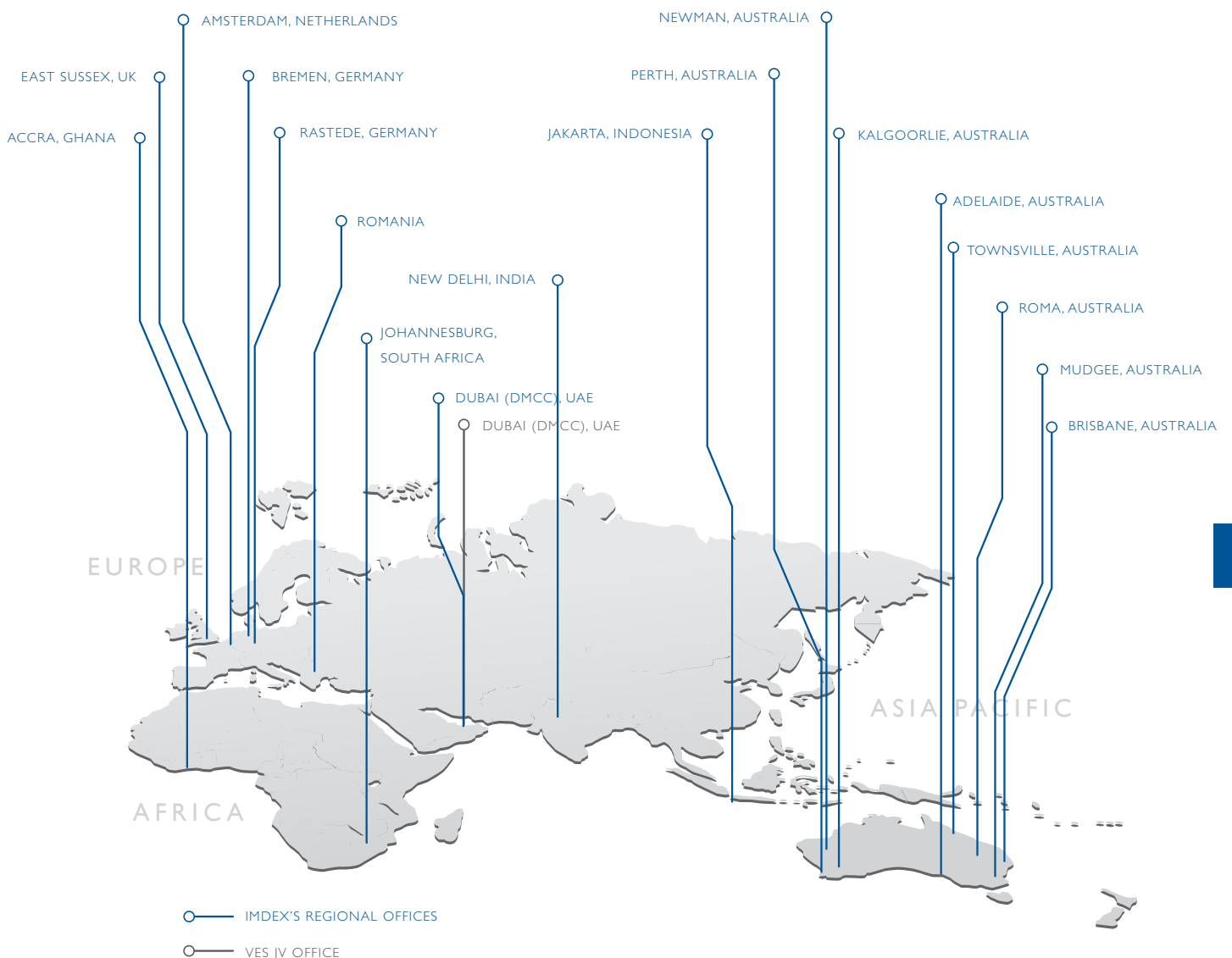
During FY15 the Company divested Suay Energy and closed its oil and gas business in Kazakhstan. It also closed its Singapore base.

## REVENUE BY REGION





**“Our well-established global business allows us to efficiently introduce new technologies to our core markets.”**





# the imdex way

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The Imdex Way sets out the key principles and expected behaviours that govern the Company's decision making, business practices and employee reward programs.

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## Integrity

Communicating openly and honestly. Avoiding activities or organisations that are unethical, harm people or the environment.

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## Teamwork

Working collaboratively, safely and with respect for diversity within Imdex's Group to achieve the best results for the Company, customers and colleagues.

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## Accountability

Taking responsibility for and delivering on Imdex's commitments to the Company, customers and colleagues.





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## Being Dynamic

Maintaining an efficient global company with the flexibility to provide localised customer solutions and the adaptability to react quickly to new opportunities and change.

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## Innovation

Leveraging Imdex's advanced technologies, research and development capabilities to deliver innovative, leading edge products and services that optimise customer operations.

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## Continuous Improvement

Pursuing Imdex's strategy of ongoing growth and reward for shareholders, customers and employees through continuous improvement of the Company's products, services and work practices.

# FY15 objectives & outcomes

## FY15 OBJECTIVES

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Maintain strong cost discipline and prudent working capital management.

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Increase market share in previously under-penetrated regions.

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Increase exposure and capabilities within non-mining applications, including HDD and waterwell markets.

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Market new technologies to new and existing customers globally.

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Increase annuity revenue streams via real-time data solutions.

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Leverage Imdex's specialist expertise and product development capabilities.

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Invest in Imdex's oil and gas business to accelerate the Division's growth.

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Support customers to increase the productivity and efficiency of their operations.

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## FY15 OUTCOMES

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Oil and gas market conditions placed additional pressure on working capital and lenders required further debt reduction. Alternative funding was secured in 1Q16 to strengthen the Company's position.

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AMC successfully increased its fluids business in the Americas.

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During FY15 minerals revenue from non-mining applications increased from 12% to 16%.

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Imdex successfully marketed its SRUs and new technologies including the REFLEX EZ-Gyro, TNI4 and XRF. The Company's new technologies made an increasing contribution to the positive performance of the Minerals Division during a challenging year.

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Imdex enjoyed further uptake of REFLEX HUB by large resource companies. It also released two new secure modules that provide customers with total visibility of operating costs in real-time.

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During the later part of FY15, Imdex commercialised its REFLEX Ez-Gyro. It also made significant progress with its lab-at-rig<sup>TM</sup> project - including field trials with a large resource company in Western Australia.

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Imdex continued to invest in the development of its Oil & Gas Division until 2H15. Challenging market conditions resulted in excess capacity and the restructure of AMC Oil & Gas. The Board then made the strategic decision to focus on Imdex's minerals business.

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During FY15 Imdex increased its collaboration with customers, particularly resource companies, to reduce their costs and increase operational efficiencies. The Company also established a key account management structure and CRM system.

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REFLEX TN14 Gyrocompass





HOMMES  
AU TRAVAIL

S.V.P.  
GARDER CET ENDROIT  
PROPRE. MERCI!



AMC  
DRILLING FLUIDS & PRODUCTS  
819-825-9600

AMC mud testing



# FY15 market overview

## GLOBAL MINERALS INDUSTRY

- ♦ Commodity prices remained relatively low;
- ♦ Subdued activity levels with reduced rig utilisation rates;
- ♦ Measured signs of improvement continued to be evident;
- ♦ Increasing drilling activity driven by brownfields' expenditure by the major resource companies; and
- ♦ Growing customer interest in technologies to reduce costs and increase operational efficiencies.

## OIL AND GAS SECTOR

- ♦ Buoyant throughout 1H15 with considerable growth opportunities;
- ♦ Activity levels decreased significantly in 2H15 due to the sudden collapse of the oil price and activity within the sector; and
- ♦ Customers focused on reducing exploration expenditure and operational costs during 2H15.

# FY15 operational highlights & challenges

## HIGHLIGHTS

- ♦ Commercialisation of the REFLEX EZ-GYRO, the world's first north seeking driller operated gyro, during the latter part of 1H15;
- ♦ Successful marketing of new REFLEX technologies;
- ♦ Increasing uptake of REFLEX HUB by large resource companies and mining service companies;
- ♦ Release of two new secure REFLEX HUB modules that provide customers with total visibility of operating costs in real-time, together with enhanced planning capabilities;
- ♦ Expansion of customer base, together with greater exposure to resource companies and the production phase of the mining cycle;
- ♦ Increasing demand for AMC's Solids Removal Units – particularly in the Americas;
- ♦ Greater exposure to non-mining applications including horizontal directional drilling and waterwell markets;
- ♦ Increased collaboration with customers to reduce their costs and increase operational efficiencies;

- ♦ Continued product development producing a strong pipeline of new AMC and REFLEX technologies; and
- ♦ The acquisition of 2iC Australia Pty Ltd (2iC), effective 1 September 2014 to enhance our technology offering.

## CHALLENGES

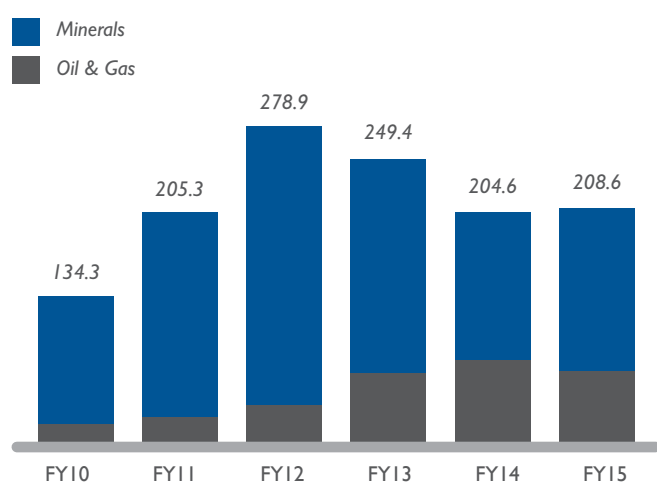
- ♦ Subdued market conditions within the global minerals industry;
- ♦ Minerals industry is traditionally slow to adopt technology;
- ♦ Sudden collapse of the oil price and subsequent decrease in activity within the oil and gas sector;
- ♦ Restructure of Oil & Gas Division to align with market conditions;
- ♦ A requirement to reduce debt via a share placement and alternative debt funding; and
- ♦ Volatile macro-economic conditions.

# FY15 group financial performance

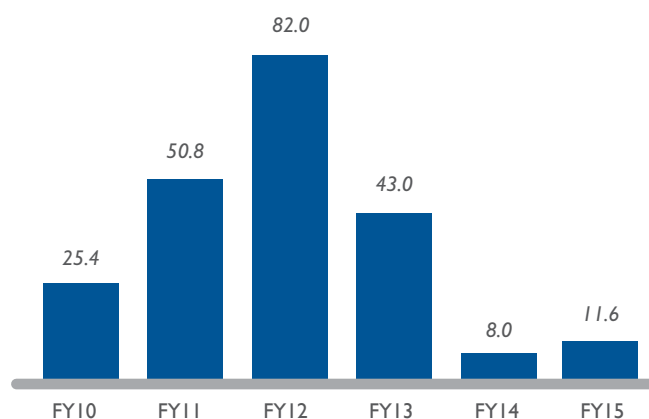
- ♦ Statutory revenue up 3% to \$188.2 million (FY14: \$183.5 million);
  - ♦ 13% increase in Minerals Division revenue reflecting improving market conditions and increasing uptake of Imdex's new technologies;
  - ♦ 15% decrease in revenue in the Oil & Gas Division due to the widespread downturn of the energy sector;
- ♦ Combined revenue (excluding interest) up 2% to \$208.6 million (FY14: \$204.6 million);
- ♦ Normalised EBITDA of \$11.6 million (FY14: \$8.0 million\*);
- ♦ Statutory EBITDA loss of \$3.8 million (FY14: a profit of \$4.8 million), impacted by a number of one-off items;
- ♦ Net profit after tax (NPAT) a loss of \$22.5 million (FY14: a loss of \$5.3 million);
- ♦ Net assets of \$160.8 million (30 June 2014: \$176.9 million);
- ♦ Positive operating cash-flow of \$8.8 million (FY14: \$2.9 million); and
- ♦ Reduced gearing with net debt / capital of 17.2% (30 June 2014: 18.5%).

*\*Adjusted to exclude one-off items (totalling a net loss of \$15.4 million) as follows: \$14.2 million profit on the partial sale of Imdex's shareholding in Sino Gas & Energy Holdings (ASX: SEH); \$29.6 million of non-cash balance sheet adjustments (\$18.0 million of asset write downs and \$9.5 million of inventory write offs, debtors provisioning and restructure costs predominantly associated with the reshaping of the Oil & Gas Division; and \$2.1 million of costs relating to the product containment incident as reported on 13 March 2014.)*

## COMBINED REVENUE (\$m)



## NORMALISED EBITDA (\$m)



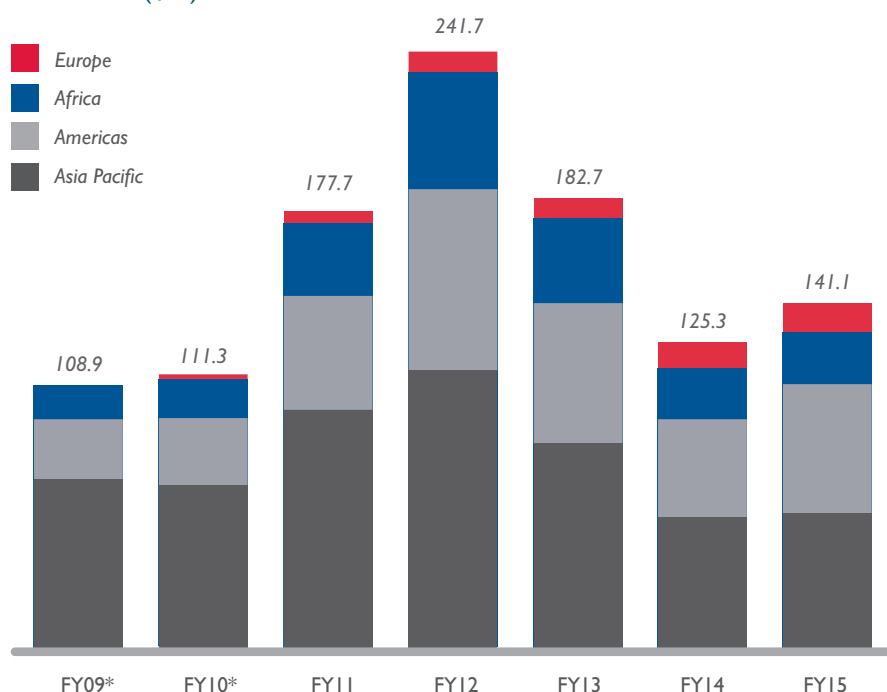


# FY15 minerals division performance

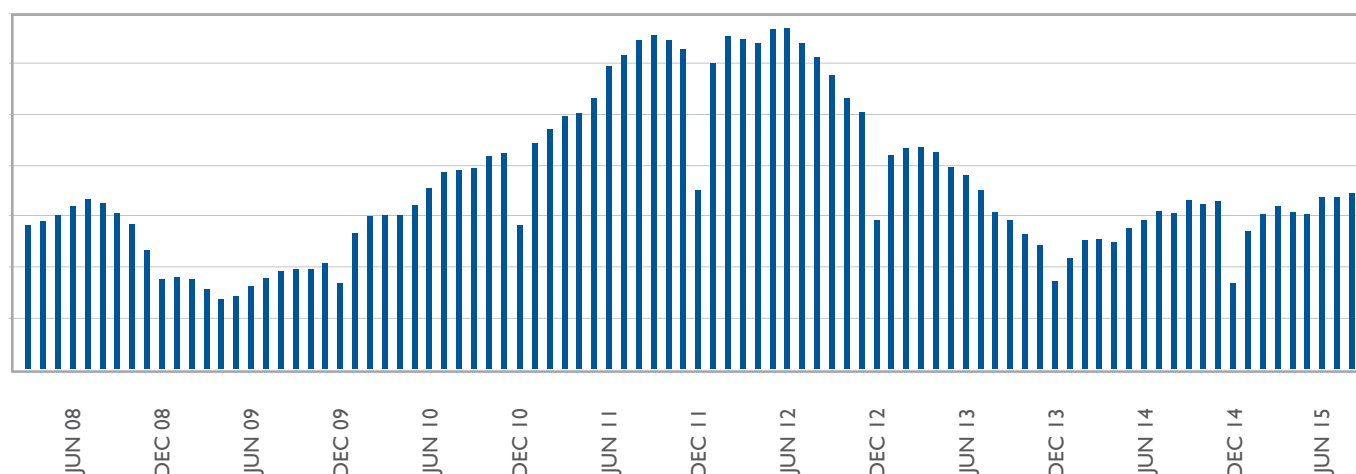
The Minerals Division generated \$141.1 million and contributed 68% of our combined full year revenue. This result represents a 13% increase on the previous year (FY14: \$125.3).

This positive result by the Minerals Division was driven by: a modest increase in brownfield drilling activity by the major resource companies; additional market share gained by the company's fluids business; and growing demand for our new technologies.

## REVENUE (\$m)



REFLEX BAROMETER - THE AVERAGE NUMBER OF INSTRUMENTS ON HIRE WAS UP 14% ON FY14



# diversified minerals revenue base

During FY15 Index increased its revenue from major and intermediate customers, generated additional revenue from the development and production phases of the mining cycle and maintained its exposure to a diversified range of commodities.

## CUSTOMER

Principally mid-tier and major resource companies. Growing exposure to non-mining client base

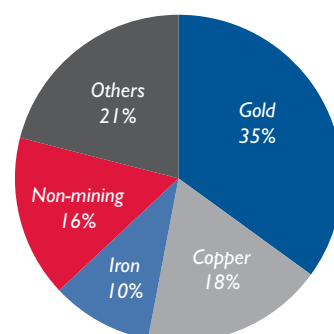
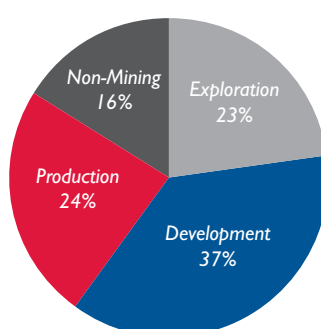
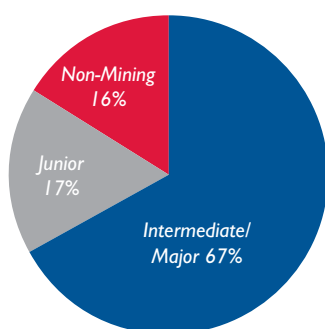
## PROJECT PHASE

Balanced exposure to project phase. Growing exposure to non-mining

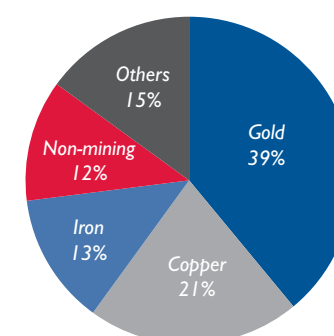
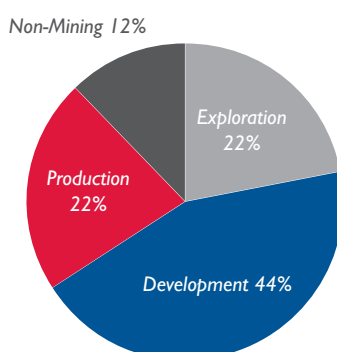
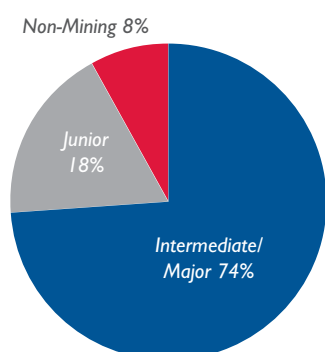
## COMMODITY

Diverse mix – primary exposure to gold and copper

FY15



FY14



Customer type defined based on annual revenue:

- ♦ Major > US\$500m
- ♦ Intermediate > US\$50m
- ♦ Junior < US\$50m

Drilling phase defined as follows:

- ♦ Exploration – pre-inferred resource / greenfields
- ♦ Development – post-inferred resource moving towards indicated and measured resource
- ♦ Production – in-pit / underground drilling, mine life extension drilling programmes, resource delineation drilling, grade control and dewatering
- ♦ Non-mining – drilling in construction / civil industry, non-mining waterwell and non-mining horizontal directional drilling

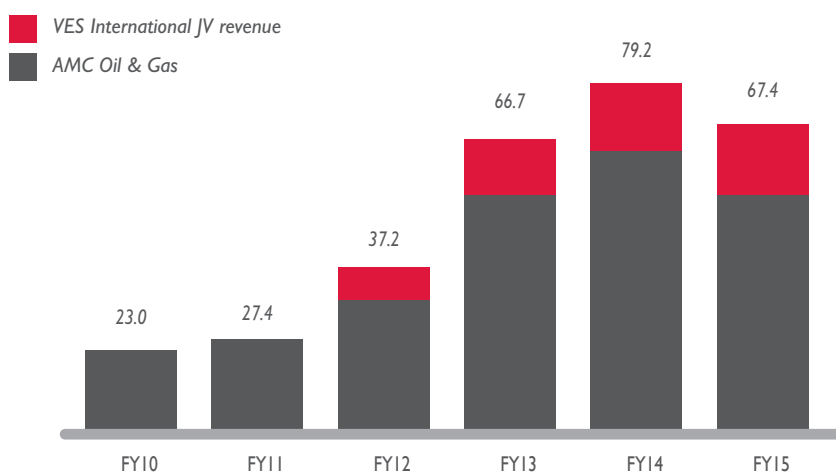


# FY15 oil & gas division performance

Our Oil & Gas Division contributed 32% of combined revenue for FY15, generating revenue of \$67.4 million. This result represents a 15% decrease on the previous corresponding period (FY14: \$79.3 million).

AMC Oil & Gas revenue for FY15 was down 19% versus the previous period and our 30% share of VES revenue was down 4% versus the previous period. The decrease in revenue directly reflected market conditions.

## OIL & GAS COMBINED REVENUE (\$m)



Modular SRU on site

# summary of financial highlights

FOR THE YEAR ENDED 30 JUNE  
(AUDITED RESULTS)

|                                                                                | Consolidated   |                 |                  |                |
|--------------------------------------------------------------------------------|----------------|-----------------|------------------|----------------|
|                                                                                | 2013<br>\$'000 | 2014<br>\$'000  | 2015<br>\$'000   | 14-15 Var<br>% |
| <b>Revenue from continuing operations (excluding interest income)</b>          | <b>232,791</b> | <b>183,485</b>  | <b>188,227</b>   | <b>3%</b>      |
| Operating Profit before Interest, Tax, Depreciation, Amortisation & Impairment | 42,910         | 8,035           | 11,643           | 45%            |
| Depreciation                                                                   | (7,728)        | (7,575)         | (10,287)         | 36%            |
| <b>Earnings/(Loss) before Interest, Tax &amp; Amortisation (EBITA)</b>         | <b>35,182</b>  | <b>460</b>      | <b>1,356</b>     | <b>195%</b>    |
| EBITA margin                                                                   | 15.1%          | 0.3%            | 0.7%             | 140.1%         |
| Amortisation                                                                   | (3,364)        | (1,469)         | (1,663)          | 13%            |
| <b>Earnings/(Loss) before Interest &amp; Tax (EBIT)</b>                        | <b>31,818</b>  | <b>(1,009)</b>  | <b>(307)</b>     | <b>(70%)</b>   |
| Net interest expense                                                           | (3,308)        | (2,811)         | (2,941)          | 5%             |
| Net profit/(loss) before tax                                                   | 28,510         | (3,820)         | (3,248)          | (15%)          |
| Income tax expense/(benefit)                                                   | (9,127)        | 1,785           | (3,859)          | (316%)         |
| <b>Net Profit/(Loss) after Tax (before non-operational items)</b>              | <b>19,383</b>  | <b>(2,035)</b>  | <b>(7,107)</b>   | <b>249%</b>    |
| <b>Non-operational items</b>                                                   |                |                 |                  |                |
| Gain on the disposal of shares in Sino Gas and Energy Holdings Ltd (SEH)       | -              | 24,094          | 14,234           |                |
| Office closure costs                                                           | -              | (3,837)         | -                |                |
| Write down of assets                                                           | -              | (14,419)        | (27,488)         |                |
| Product containment costs                                                      | -              | (9,080)         | (2,142)          |                |
| <b>Net Profit/(Loss) for the Year after Tax</b>                                | <b>19,383</b>  | <b>(5,277)</b>  | <b>(22,503)</b>  | <b>326%</b>    |
| <b>Basic earnings / (loss) per share from continuing operations (cents)</b>    | <b>9.24 ¢</b>  | <b>(2.50 ¢)</b> | <b>(10.44 ¢)</b> | <b>-</b>       |
| <b>Net Cash provided by Operating Activities</b>                               | <b>38,970</b>  | <b>2,914</b>    | <b>8,814</b>     | <b>202%</b>    |
| Cash on hand                                                                   | 9,979          | 10,070          | 8,417            | (16%)          |
| <b>Net Assets</b>                                                              | <b>188,452</b> | <b>176,922</b>  | <b>160,816</b>   | <b>(9%)</b>    |
| <b>Total Borrowings</b>                                                        | <b>63,986</b>  | <b>50,141</b>   | <b>41,840</b>    | <b>(17%)</b>   |
| <b>Net Tangible Assets per Share</b>                                           | <b>57.52 ¢</b> | <b>54.06 ¢</b>  | <b>45.42 ¢</b>   | <b>(16%)</b>   |



# imdex board

**Imdex's Board of Directors has extensive professional expertise, business experience and technical knowledge of the mineral exploration, mining, oil and gas and technology industries.**

Members of the Board are well respected in these sectors and play an active role in the generation and management of the Company's strategic planning.

The objective of Imdex's Board is to provide an acceptable rate of return to the Company's shareholders and takes into account the interests of its employees, customers, suppliers, lenders and the wider community. The Board must at all times act honestly, fairly and diligently in all respects in accordance with the law applicable to Imdex. Furthermore, the Board will at all times act in accordance with all relevant Imdex policies. Each of the Directors, when representing Imdex, must act in the best interest of Imdex's shareholders and in the best interests of the Company as a whole.

The Board has a process to enable the Chairman to discuss and evaluate with each Director their contribution to the Board and to enable that Director to comment on all facets of the operation of the Board – Chief Executives are also subject to formal annual reviews of their performance.

## FY15 DEVELOPMENTS

During FY15 Mr Magnus Lemmel took the decision to retire from his directorship of Imdex – effective 30 June 2015. The Company enjoyed Mr Lemmel's counsel as Non-Executive Director for the past nine years and wishes him well for the future.

On 3 July 2015, Mr Ivan Gustavino was appointed Non-Executive Director. Mr Gustavino has 25 years' experience developing global technology businesses and will make a valuable contribution to Imdex's development as a provider of leading technologies.

Further information relating to the Board of Directors, including details of meetings and remuneration can be found on pages 4 to 18 of Imdex's FY15 Financial Report.



# board member profiles



**Mr Ross Kelly**  
**AM BE (HONS) FAICD**

**Chairman**

Age 77 years

- ♦ Appointed as Chairman 15 October 2009
- ♦ Bachelor of Electrical Engineering with Honours
- ♦ Fellow of the Australian Institute of Company Directors
- ♦ Consultant to a number of major Australian companies in the mining, offshore gas, oil refining, steel, construction and heavy process industries
- ♦ Previously advisor to the Western Australian Government on water policy and reform
- ♦ Previously Councillor of the Australian Institute of Company Directors and member of the Advisory Board of the Curtin University Graduate School of Business
- ♦ Previously Chairman and Non-Executive Director of Clough Limited, Sumich Group Limited, Orbital Corporation Limited, Beltreco Limited, Fraser Range Granite NL and Director of Aurora Gold Limited, PA Consulting Services Ltd and the Fremantle Football Club Ltd.



**Mr Bernie Ridgeway**  
**B.Bus (ACCTG) ACA**

**Managing Director**

Age 61 years

- ♦ Appointed to the Board 23 May 2000
- ♦ Bachelor of Business and Qualified Chartered Accountant
- ♦ Member of the Institute of Chartered Accountants Australia and the Australian Institute of Company Directors
- ♦ Non-Executive Director of Sino Gas and Energy Holdings Limited
- ♦ Over 29 years' experience with public and private companies as a business owner, Director and Manager.



**Mr Magnus Lemmel**  
**B.A.**

**Non-Executive Director**

Age 75 years

- ♦ Appointed to the Board 19 October 2006
- ♦ Management consultant based in Brussels, Belgium, involved in small business development in Sweden. Former Chairman of FiberformVindic Holding AB, previously the largest Index shareholder
- ♦ Previously Senior Vice-President of Ericsson Telecommunications, Chief Executive Officer of the Federation of Swedish Industries and Director General for Enterprise Policy of the European Commission.





**Mr Kevin Dundo**

**B. Comm, LLB**

**Non-Executive Director**

Age 63 years

- ♦ Appointed to the Board 14 January 2004
- ♦ Bachelor of Commerce and Bachelor of Laws
- ♦ Member of the Law Society of Western Australia, Law Council of Western Australia, Australian Institute of Company Directors and a Fellow of the Australian Society of Certified Practicing Accountants
- ♦ Practicing lawyer, specialising in commercial and corporate law and in particular, mergers and acquisitions, with experience in the mining services and financial services industries
- ♦ Director of Red 5 Limited and Synergy Plus Limited
- ♦ Previously a Director of ORM Limited.



**Ms Betsy Donaghey**

**B.S. Civil Engineering, M.S. Operations Research**

**Non-Executive Director**

Age 57 years

- ♦ Appointed to the Board 28 October 2009
- ♦ Bachelor of Civil Engineering A & M University, Texas, and Master in Operations Research University of Houston
- ♦ Extensive experience within the energy sector, including 19 years with BHP Billiton and 9 years with Woodside Energy
- ♦ Non-Executive Director of Australian Renewable Energy Agency
- ♦ Previously Non-Executive Director of St Barbara Limited.



**Mr Ivan Gustavino**

**B. Bus**

**Non-Executive Director**

Age 56 years

- ♦ Appointed to the Board 3 July 2015
- ♦ Bachelor of Business from the Curtin University of Technology, Western Australia
- ♦ 25 years' experience developing global technology businesses
- ♦ Extensive experience as a corporate advisor within the resources sector
- ♦ Previously a co-founding shareholder and Director of Surpac Software, now Dassault Systèmes GEOVIA Inc.

# chairman's report



**Mr Ross Kelly**  
**AM BE (HONS) FAICD**  
Chairman

Dear Shareholders,

On behalf of the Board, I am pleased to present Index's 2015 Annual Report; summarising a challenging year, yet one highlighted by continued development of our differentiated product range for the minerals sector.

## FY15 PERFORMANCE SUMMARY

During the 12 months ending 30 June 2015 (FY15), our company achieved a total combined revenue of \$208.6 million – this result represented a 2% increase on the previous financial year (FY14: \$204.6 million).

Our underlying EBITDA from continuing operations increased 45% to \$11.6 million (FY14: \$8.0 million) and statutory EBITDA was loss of \$3.8 million – down 21% on the previous year (FY14: a profit of \$4.8 million). Our earnings were impacted significantly by a number of one off impairments – principally associated with the restructure of AMC Oil & Gas.

It is significant that despite challenging conditions, our Minerals Division achieved a 13% increase in revenue and its average number of instruments on hire was up 14% on FY14.

## LONG-TERM STRATEGY

For the past eight years, our diversification strategy to achieve sustainable revenue and earnings growth has included: expansion into new markets – particularly oil and gas to counter the cyclical nature of the minerals industry; and investment in leading technologies through those cycles to maintain our competitive advantage.

## EXPANSION INTO NEW MARKETS, PARTICULARLY OIL AND GAS

As mentioned above, our strategy to grow our oil and gas business was based on reducing the impact of minerals industry downturns and the size of the global oil and gas markets – even a small portion of these multi-billion dollar markets would yield additional returns for Index.

Accordingly, we committed substantial investment in the necessary equipment and personnel to grow the business and we were making solid

progress. AMC Oil & Gas was gradually gaining market share and the Division had achieved year-on-year revenue growth since FY10.

Unfortunately, towards the end of the first half of FY15, market conditions were impacted by the collapse of the oil price and subsequent downturn of the energy sector. The 55% decrease in active land-based oil and gas rigs in the US – since September 2014 – provides some context to the severity of the downturn.

While we remain confident the sector provides long-term opportunities, AMC Oil & Gas is still a relatively small player. During times of lower activity competition is intensified and the larger well-established oil and gas businesses have the ability to bundle services and erode profitability at the lower end of the market.

With this in mind, your Board and Executive Management Team took the decision to downsize capacity in our oil and gas business. The process was completed within FY15 and AMC Oil & Gas is forecast to be breakeven from IQ16. We will also seek to divest our non-core oil and gas assets.

Our decision to divest our oil and gas business was not only a response to the downturn and highly competitive landscape – it was also influenced by our success in introducing our differentiated product range into the minerals market (particularly into the production phase) and our firm belief that once established, these technologies will reduce the impact of cyclical minerals industry downturns on our company.

## INVESTING IN LEADING TECHNOLOGIES

Since our acquisition of ioGlobal in 2012, our development as a mining technology company, as opposed to a mining services company, has accelerated. Our combined products, services and expertise, together with investment through the cycles, have resulted in a leading portfolio of technologies and a differentiated position within our minerals market.

It was very pleasing to see the benefits of this position throughout FY15. Customers are beginning to move away from inefficient



reporting systems and data collection processes and, in time, our real-time technologies will become an integral part of their day-to-day operations. We are confident this industry shift will provide us with long-term sustainable revenue streams.

## STRENGTHENING OUR BALANCE SHEET

As at 30 June 2015 net assets were \$160.8 million (30 June 2014: \$176.9 million); operating cash-flow had increased 202% to \$8.8 million (FY14: \$2.9 million); and our gearing levels were 17.2% based on net debt/ (net debt + capital) (FY14: 18.5%).

Despite our robust history, and as part of the process of renegotiating covenants for FY16, the decline of the global oil and gas sector caused our bankers – Westpac Banking Corporation (Westpac) and HSBC Bank Australia Ltd (HSBC) to require a minimum reduction of \$25 million in our banking facility by 30 September 2015. This requirement subsequently led to the capital raising and new debt financing alternative we announced to the market on 21 August and 24 September 2015 respectively.

On 28 August 2015, Imdex issued 32.4 million shares and successfully raised approximately A\$6.5 million. Our Company then entered into an agreement with Sankaty Advisors LLC (Sankaty) on 24 September 2015. This agreement resulted in a new Sankaty facility (New Facility) that replaced all of the Westpac and HSBC debt and provided additional capacity for financing costs, working capital and general corporate and ancillary purposes.

These decisions are never easy, however, the raising was successful; we have satisfied the requirements of our banks and our company has the headroom to pursue its growth strategy in FY16 and beyond.

Strengthening our balance sheet remains a priority and we now have more flexible covenants that enable us to pursue the orderly sale of our non-core oil and gas assets and achieve full value for our Company.

## CORPORATE GOVERNANCE

Your Board remains committed to best practice recommendations in all aspects of corporate governance. Further information pertaining to corporate governance within our company is provided on page 23 to 27 of Imdex's Financial Report.

This year we had a number of changes to your Board. Magnus Lemmel retired following nine years as a Non-Executive Director and we welcomed Ivan Gustavino on 3 July 2015. I am grateful for Magnus' valuable contributions and enjoyed his company as an accomplished businessman and fellow Director.

We are all looking forward to working with Ivan – his experience as a corporate advisor both within the resources sector and as a developer of global technology businesses makes him an ideal fit for this phase of Imdex's development.

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**“Our development as a mining technology company, as opposed to a mining services company, has accelerated.”**

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## THE YEAR AHEAD

Signs of improvement within the global minerals industry were evident throughout FY15; however, the fundamentals affecting this market suggest that recovery will be gradual. As mentioned earlier, we are fortunate to have a unique product offering that will assist customers to reduce costs and achieve efficiencies in the short-term and hence become an integral part of their operations.

During FY16 we will continue to work closely with customers and prudently invest appropriate levels of expenditure to develop our leading technologies for the minerals market. This expenditure is expected to generate accelerating revenue growth and incremental increases in profits.

## STRONG MANAGEMENT TEAM

I would like to thank our Managing Director, Bernie Ridgeway and Chief Financial Officer and Company Secretary, Paul Evans, for their tireless dedication and hard work. Their response to the tight bank-imposed deadlines was magnificent and should also be acknowledged.

I also offer my thanks to our Executive Managers and their global teams for their commitment and achievements throughout a difficult year. To my fellow Board Members, I thank you for your contributions and I look forward to working with you in FY16. Our Board has always been closely involved with the business and this year was certainly no exception.

Finally, on behalf of Imdex's Board and all employees, I would particularly like to thank all of our customers and shareholders for their loyalty and support.

Yours faithfully



Mr Ross Kelly

Chairman

# corporate governance

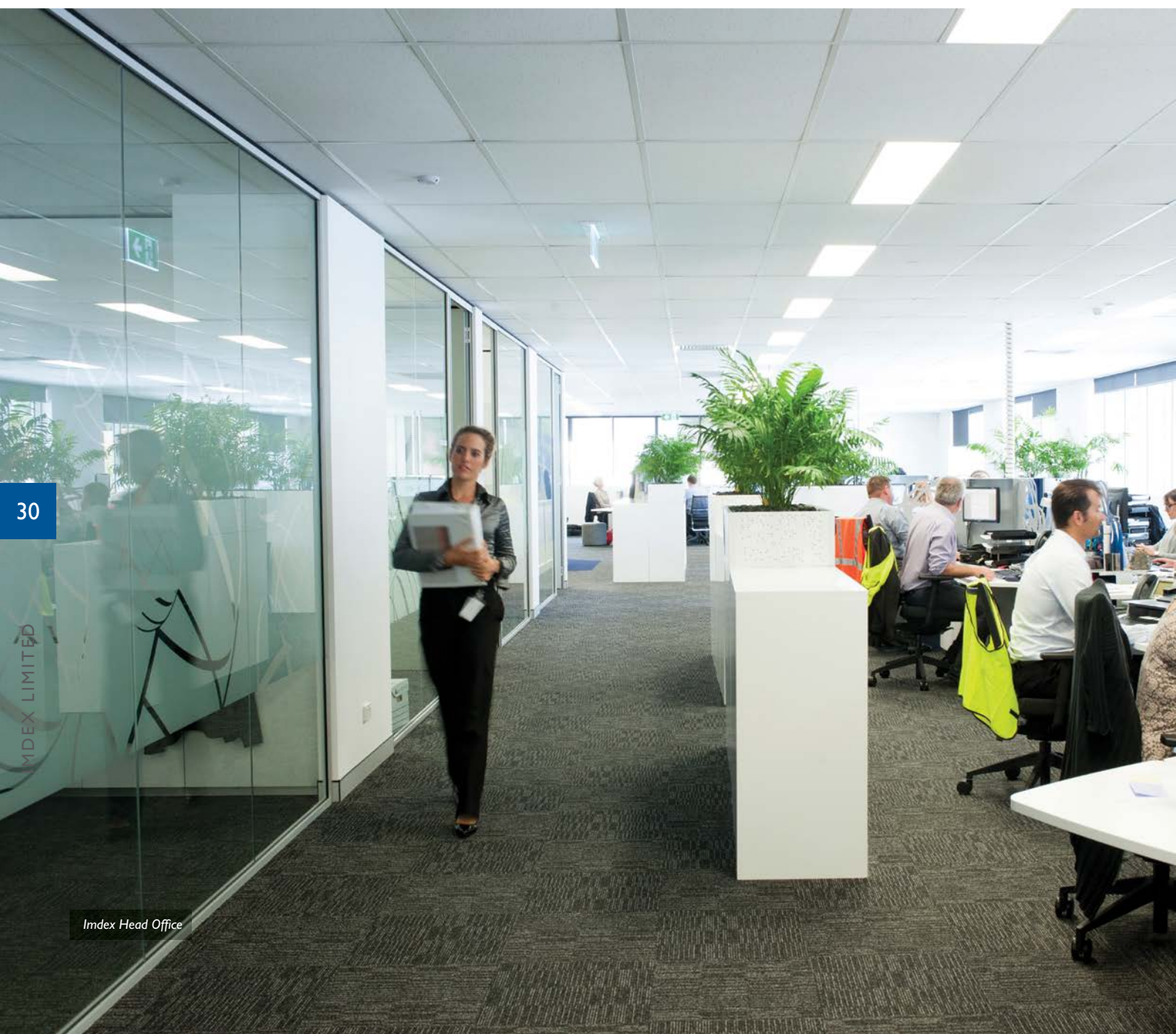
**Imdex's Board and Executive Management Team strive to achieve best practice in all aspects of corporate governance.**

The Company's practices and disclosures are underpinned by the Australian Securities Exchange Corporate Governance Council recommendations. The key principles include:

- ♦ Laying a solid foundation for management and oversight;
- ♦ Structuring the Board to add value;
- ♦ Promoting ethical and responsible decision-making;

- ♦ Safeguarding integrity in financial reporting;
- ♦ Making timely and balanced disclosure;
- ♦ Respecting the rights of shareholders;
- ♦ Recognising and managing risk; and
- ♦ Remunerating fairly and responsibly.

Further information relating to Imdex's Corporate Governance during FY15 can be found on pages 23 to 27 of the Company's Financial Report.





# managing risk

## The identification and management of risk is central to delivering long-term value to Imdex's shareholders.

Each year, as part of the Company's annual strategic planning cycle, the Board reviews and considers the risk profile for the entire organisation.

Imdex has also established a formal framework for governance of managing risk. The principal aim of Imdex's risk management governance structure is to: enhance the system of internal control to create a culture of risk-informed decision making to manage business risks; enhance the value of shareholder investments; and safeguard assets.

The Company is committed to an effective risk management process, which enables management to operate a risk-based approach in establishing internal control systems to effectively identify, mitigate and/or control significant risks.

The risk management framework is used to provide governance for the identification, assessment and management of risks.

Risks are rated using a methodology outlined in ISO 31000:2009 – Risk Management – Principles and Guidelines. When a risk is assessed as material, it is reported to the senior management group on a monthly basis until it is satisfactorily mitigated.

All employees globally are responsible for being aware of potential business and operational risks and the supporting risk management framework established by the Audit, Risk and Compliance Committee (ARCC).

Employees are also requested to promptly communicate significant issues to their line manager in accordance with the Group's risk management framework.

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## All employees globally are responsible for being aware of potential business and operational risks.

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Each business unit is responsible for incorporating risk management activities and controls into their daily operations and to monitor risks relating to the unit. The risk management framework incorporates the following factors:

- ♦ Consideration of other ASX principles on corporate governance as they relate to risk management;
- ♦ Consultation with the Board, senior management and the leadership group in identifying the business risk areas;
- ♦ Consideration of the Imdex quality assurance, quality control and health and safety risk assessment system to ensure a common language is used across both operational and commercial environments;
- ♦ Development of a corporate risk register to record and manage risks by assigning an owner, designing mitigating treatments and then applying the treatment; and
- ♦ Identification of areas where additional work is required by an internal audit and/or business unit to reduce risk exposure.



# managing director's report



Mr Bernie Ridgeway  
B.Bus (ACCTG) ACA  
Managing Director

Dear Shareholders,

The 2015 financial year (FY15) provided many challenges for our company and the markets in which we operate. I am pleased to report, however, our Minerals Division achieved some encouraging results including a 13% increase in revenue and a 14% increase on the average number of instruments on rent, which assisted in driving a 45% increase in normalised EBITDA.

These positive results are largely due to our leading technologies; commitment to reducing costs and increasing efficiencies for our customers; and the expertise and hard work of our global team.

## OVERVIEW OF GROUP PERFORMANCE

Following is a summary of our company's FY15 performance:

- ♦ Statutory revenue up 3% to \$188.2 million (FY14: \$183.5 million);
  - ♦ 13% increase in Minerals Division revenue reflecting improving market conditions and increasing uptake of Imdex's new technologies;
  - ♦ 15% decrease in revenue in the Oil & Gas Division due to the widespread downturn of the energy sector;
- ♦ Combined revenue (excluding interest) up 2% to \$208.6 million (FY13: \$204.6 million);
- ♦ Underlying EBITDA of \$11.6 million (FY14: \$8.0 million);
- ♦ Statutory EBITDA loss of \$3.8 million (FY14: a profit of \$4.8 million), impacted by a number of one-off balance sheet adjustments and non-recurring items;
- ♦ Net profit after tax (NPAT) a loss of \$22.5 million (FY14: a loss of \$5.3 million)
- ♦ Net assets of \$160.8 million (30 June 2014: \$176.9 million);
- ♦ Positive operating cash-flow of \$8.8 million (FY14: \$2.9 million); and
- ♦ Reduced gearing with net debt / capital of 17.2% (30 June 2014: 18.5%).

## ONE-OFF ITEMS

Our FY15 results were impacted negatively by a number of one-off items, the majority of which were non-cash.

Equipment write-downs totalled \$18.0 million. Inventory write-offs, debtor provisioning and restructuring costs – principally associated with the restructuring of the Oil & Gas Division – were \$9.5 million.

The product containment incident reported to the market on 13 March 2014, was concluded during FY15 with a final provision of \$2.1 million. In July 2014, we divested the remaining share of our investment in Sino Gas & Energy Holdings (SEH) – a non-core asset – resulting in a profit on disposal of \$14.2 million.

The impact of these one-off items to our FY15 financial results was a net loss of \$15.4 million.

## MINERALS DIVISION

Our Minerals Division contributed 68% of combined revenue for FY15 and generated revenue of \$141.1 million. This result represents a 13% increase on the previous corresponding period (FY14: \$125.3 million).

Despite challenging market conditions, our Minerals Division performed well during FY15 and the average number of REFLEX instruments on hire was up 14%.

This positive result by the Minerals Division was driven by: a modest increase in brownfield drilling activity by the major resource companies; additional market share gained by the company's fluids business and growing demand for our new technologies. The company was particularly encouraged by this growing demand, as the new technologies provide a unique platform to increase revenue and earnings in FY16 and beyond – even if market conditions remained static.

During FY15 our Minerals Division continued to make significant progress with its pipeline of product development and marketing of new technologies. The Division also successfully commenced diversifying its customer base to include additional resource companies and non-mining applications.

## KEY FY15 OPERATIONAL HIGHLIGHTS

- ♦ Commercialisation of the REFLEX EZ-GYRO, the world's first north seeking driller operated gyro;
- ♦ Successful marketing of new REFLEX technologies;
- ♦ Increasing uptake of REFLEX HUB by large resource companies and mining service companies;
- ♦ Expansion of customer base, together with greater exposure to resource companies and the production phase of the mining cycle;
- ♦ Increasing demand for AMC's Solids Removal Units – particularly in the Americas;
- ♦ Greater exposure to non-mining applications including horizontal directional drilling and waterwell markets;
- ♦ Increased collaboration with customers to reduce their costs and increase operational efficiencies.
- ♦ Continued product development producing a strong pipeline of new AMC and REFLEX technologies; and
- ♦ The acquisition of 2iC Australia Pty Ltd (2iC), effective 1 September 2014.

## OIL & GAS DIVISION

Our Oil & Gas Division contributed 32% of combined revenue for FY15, generating revenue of \$67.4 million. This result represents a 15% decrease on the previous corresponding period (FY15: \$79.3 million).

AMC Oil & Gas revenue for FY15 was down 19% versus the previous period and our 30% share of VES revenue was down 4% versus the previous period. The decrease in revenue directly reflected market conditions.

As anticipated, the collapse of the oil price and widespread downturn of the oil and gas sector had an adverse impact on our Oil & Gas Division during 2H15.

Notwithstanding the growth potential as the energy sector stabilises, we have restructured AMC Oil & Gas to align with current market conditions – VES has also taken similar action. Significant costs have been taken out of these businesses and the Oil & Gas Division is forecast to be breakeven from, and including, 1Q16 – all restructuring costs are included in the 2H15 AMC Oil & Gas results.

The Board of Imdex has also made a strategic decision to divest its oil and gas assets including AMC Oil & Gas and its 30% share in VES. The funds from this divestment will be applied to further debt reduction and working capital.

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**“Our Minerals Division achieved some encouraging results including a 13% increase in revenue and a 14% increase on the average number of instruments on rent which assisted in driving a 45% increase in normalised EBITDA.”**

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## POST 30 JUNE 2015 EVENTS

The decline of the global oil and gas sector resulted in our company reviewing its funding requirements. Banking covenants for FY16 have been reset; however, they were conditional on a \$25 million debt reduction by 30 September 2015.

We successfully satisfied this debt reduction requirement via a share placement (announced to the market 21 August, 2015) and a debt refinancing agreement with Sankaty Advisors LLC (Sankaty) (announced to the market on 24 September, 2015).

The terms of the agreement with Sankaty include a new three year A\$54 million facility, which replaced debt owing to the Westpac Banking Corporation and HSBC Bank Australia Ltd. The New Facility offers more flexible terms and provides additional capacity for financing costs, working capital and general corporate and ancillary purposes.

We are now in a strong position to strengthen our balance sheet with the orderly sale of our oil and gas assets, while focusing on our core markets within the minerals industry.

## OUTLOOK

The outlook for our minerals markets in FY16 remains encouraging yet challenging. Fourth quarter performance of our Minerals Division provides further evidence market conditions are gradually improving – divisional revenue increased 7% from 3Q15; the average number of REFLEX rental instruments on hire increased quarter-on-quarter since 2Q15; and demand for SRUs remains strong with significant orders forecast for 1Q16 and beyond.

The modest increase in activity within the minerals industry continues to be underpinned by brownfield expenditure, principally by large resource companies and is expected to continue at a measured rate throughout FY16.

Encouragingly, the interest in our new technologies is continuing to gain momentum. Customers are increasingly focused on utilising technology to reduce costs and increase the efficiency of their operations – our technologies enable them to achieve this and provide the company with a growing and sustainable annuity revenue stream.

Our investment in technology development through the cycle means we can generate additional revenue and earnings from changing customer needs in the short-term and remain well positioned to benefit from the upturn in the minerals sector.







The outlook for the energy sector remains uncertain for the short-term; however as outlined earlier, our Oil & Gas Division has been restructured for current market conditions and is forecast to be breakeven from and including IQ16. We will continue to monitor the impact of the current operating environment to ensure our strategy remains appropriate and in the best interests of our shareholders.

## KEY AREAS OF FOCUS AND GROWTH INITIATIVE FOR FY16

We have successfully developed a pipeline of leading technologies and services to support customers within the minerals industry. During FY16 we will leverage our advantages within the minerals sector and focus on the following initiatives:

- ♦ Pursuing the orderly sale of our oil and gas businesses;
- ♦ Commercialising new technologies that are currently being trialled or are in the later stages of development;
- ♦ Marketing new technologies to new and existing customers via our established global operations;
- ♦ Increasing annuity revenue streams via REFLEX HUB;
- ♦ Working closely with and supporting customers to increase the productivity and efficiency of their operations;
- ♦ Diversifying our customer base to include additional resource companies and non-mining applications, including HDD and waterwell markets;
- ♦ Leveraging our specialist expertise and product development capabilities; and
- ♦ Increasing market share in previously under-penetrated regions.

While we continue to seek and invest in growth opportunities, we will do so with a strong focus on cost discipline and prudent working capital management.

## A UNIQUE COMPANY AND TALENTED TEAM

While FY15 was a challenging year, we are fortunate to occupy a unique position within the minerals market. Our commitment to developing progressive technologies provides us with a competitive advantage – this was evidenced by our minerals results in FY15 and we anticipate incremental gains in FY16 and beyond.

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**“Just as the internet revolutionised so many aspects of our lives and business operations, Imdex’s technologies can achieve this for the minerals industry...”**

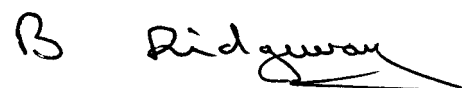
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Just as the internet revolutionised so many aspects of our lives and business operations, Imdex’s technologies can achieve this for the minerals industry – improvements of just several percent can equate to substantial savings and greater efficiency. Although the industry is traditionally slow to embrace change, the benefits cannot be ignored and we are beginning to see growing momentum.

We would not be in this position without the hard work and unique skills of our talented team.

I would like to thank our Executive Management and all of our employees globally – they should be very proud of how they have guided and supported our company throughout the year, and as always, I look forward to all we can achieve in FY16. I would also like to thank Imdex’s valued customers and shareholders for their ongoing support of our Company.

Yours faithfully



**Mr Bernie Ridgeway**  
Managing Director

# executive management team



**Mr Paul Evans**

Chief Financial Officer and Company Secretary

- ♦ Chartered Accountant
- ♦ Fellow of the Institute of Chartered Accountants in Australia
- ♦ Chief Financial Officer and Company Secretary since 17 October 2006
- ♦ Extensive experience in commercial, general management and financial roles
- ♦ Industry experience covering the media, manufacturing, mining services and telecommunications industries.



**Ms Pamela Italiano**

Chief Executive, AMC Minerals

- ♦ 23 years' experience within the minerals and oil and gas industries – companies included Schlumberger; Fugro (formerly WGC), BHP Billiton, Glencore (formerly Inco), MMG and MPI
- ♦ Extensive management and global leadership experience with a focus on strategy, profitability and business development
- ♦ Experience implementing new technologies within the minerals and oil and gas sectors
- ♦ Bachelor of Science majoring in geology and geophysics, Masters in Exploration Geoscience (Petrology & Petrophysics).



**Mr Derek Loughlin**

Chief Executive, REFLEX

- ♦ 29 years experience within the drilling industry
- ♦ 9 years in executive management positions at Imdex
- ♦ 17 years with leading drilling company Boart Longyear in engineering, operations, sales and global exports, working in Ireland, Australia and Germany
- ♦ Honours Degree in Mining Engineering from the Camborne School Of Mines, UK
- ♦ Diploma of Executive Development at the International Institute for Management and Development in Lausanne.



**Mr Sven Maikranz**

Chief Executive, AMC Oil & Gas

- ♦ 20 years within the oil and gas industry, including 17 years with MI-Swaco and Schlumberger
- ♦ Extensive management and leadership experience with a focus on driving profitability, business turnarounds and start-ups
- ♦ 14 years on international assignments in Asia, Europe and the USA
- ♦ Executive Masters of Business. Masters of Business and Masters in Chemistry.



# global team

During FY15 Imdex had a greater focus on the capabilities of its global team to optimise the Company's global reach, synergies between business units and efficiencies across regions.

## WORKFORCE COMPOSITION

It has been important for Imdex to remain agile and responsive to changing market conditions, while maintaining a balanced global workforce and its unique skills set.

As at 30 June 2015, Imdex employed 524 people globally – a 7.5% reduction from the corresponding previous period (FY14: 567). The reduction was principally due to the restructure of AMC Oil and Gas to align with market conditions.

The Company's voluntary turnover of 14.4% (FY14: 13%) demonstrates stability in the core workforce and employees' commitment to Imdex's strategies.

Imdex's annual report to the Workplace Gender Equality Agency confirmed compliance with the Workplace Gender Equality Act 2012 (Act). The Company's report can be found at [www.wgea.gov.au](http://www.wgea.gov.au).

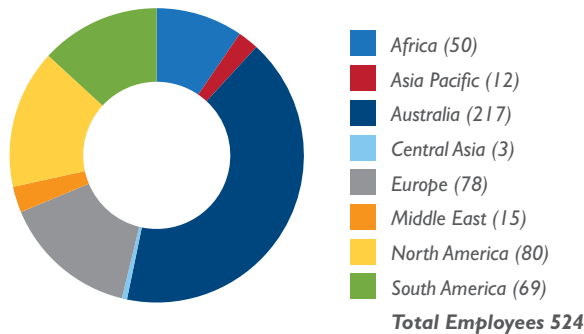
Female representation within Senior Management has increased from 11% in FY14 to 22% in FY15 and will increase to 30% in FY16. The Company also continues to value the expertise and guidance of a female Director.

## STRATEGIC RECRUITMENT

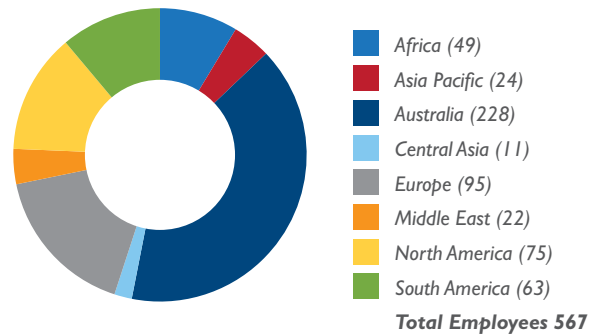
During the year Imdex continued to take advantage of a less competitive labour market by attracting high-calibre people. Strategic recruitment campaigns secured specialised talent in the areas of technology and business development to maintain the Company's competitive advantage through technological leadership. To support this strategy, Imdex strengthened its research and development capabilities, particularly within REFLEX, and secured a key executive for the newly created senior role of Head of Information and Innovation.

Governed by the Recruitment and Selection Policy and capitalising on the global labour market, candidates have been selected on merit and in compliance with equal employment opportunity legislation.

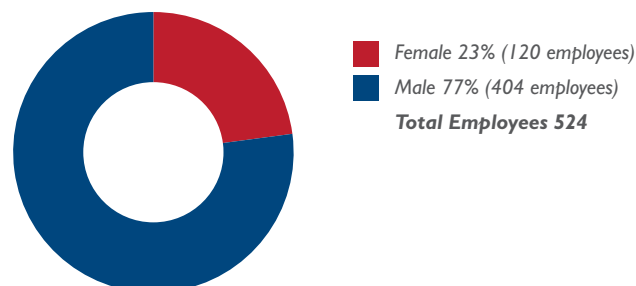
## FY15 EMPLOYEES BY REGION



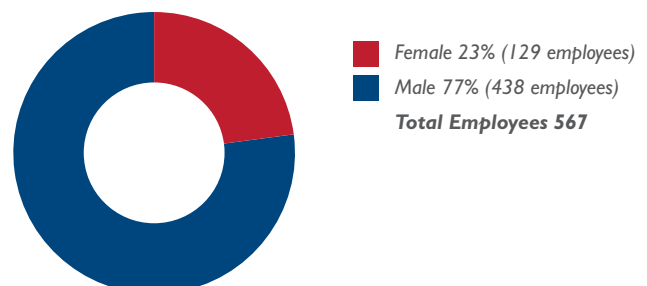
## FY14 EMPLOYEES BY REGION



## FY15 EMPLOYEES BY GENDER



## FY14 EMPLOYEES BY GENDER



## HIGH PERFORMING AND RESULTS-DRIVEN CULTURE

In order to develop Imdex's high performing and results-driven culture, the Company has focused on promoting the following in FY15:

- ♦ Values – The Imdex Way comprises six guiding principles that govern the Company's decision making, performance reviews and employee reward programs – further information can be found on page 14;
- ♦ Performance and Development Review system – a review of performance against FY15 objectives, setting objectives for FY16 and the alignment of individual behaviours to the Imdex Way;
- ♦ Code of Conduct – a minimum standard of conduct for all employees globally, to promote a fair and equal workplace that is free from discrimination and to ensure the protection of Imdex's intellectual property; and
- ♦ Training – enhancing training programs to develop existing employees and, where possible, provide employees with career opportunities. An example is the global mud training for AMC Oil & Gas and the development of a similar global program for AMC Minerals.

## PERFORMANCE-BASED REWARD

Imdex's reward framework remains unchanged, however, market conditions and business performance has been appropriately factored into its application in FY15 as follows:

- ♦ Global salary reviews were awarded to a limited number of employees and there were no executive remuneration increases;
- ♦ The Short Term Incentive Plan (STIP) remained in place, however, payments were only made to a limited number of employees who met the FY15 targets and no executive bonuses were paid; and
- ♦ The Long Term Incentive Plan (LTIP) remained in place and enables eligible Imdex employees to have a greater involvement with, and share in, the future growth and profitability of Imdex.

## ADVANCING TECHNOLOGY IN HR

Throughout FY15, Imdex adopted comprehensive technologies to support and engage its global workforce. Key improvements included:

- ♦ Transition of the Human Resources Information System onto the integrated Imdex Enterprise Resource Planning platform;
- ♦ Expansion of the Document Management System globally; and
- ♦ Introduction of an e-Learning Platform in the Cloud, which makes training easy to access by all employees globally.



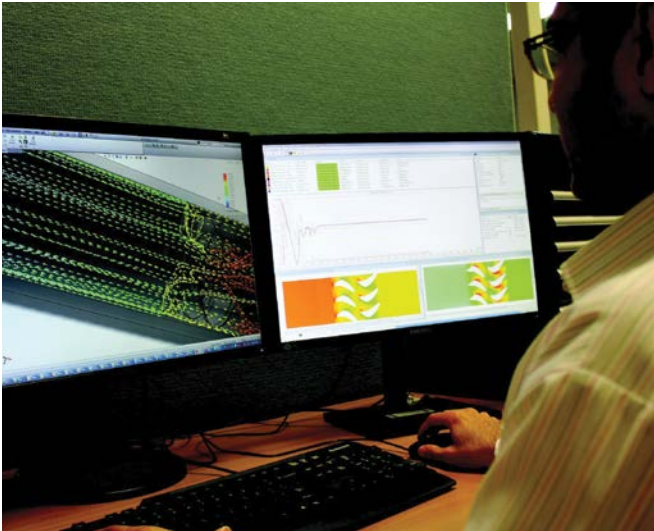
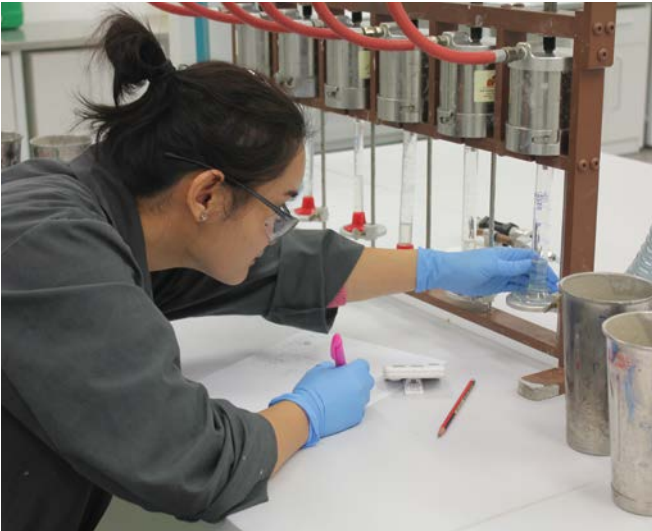
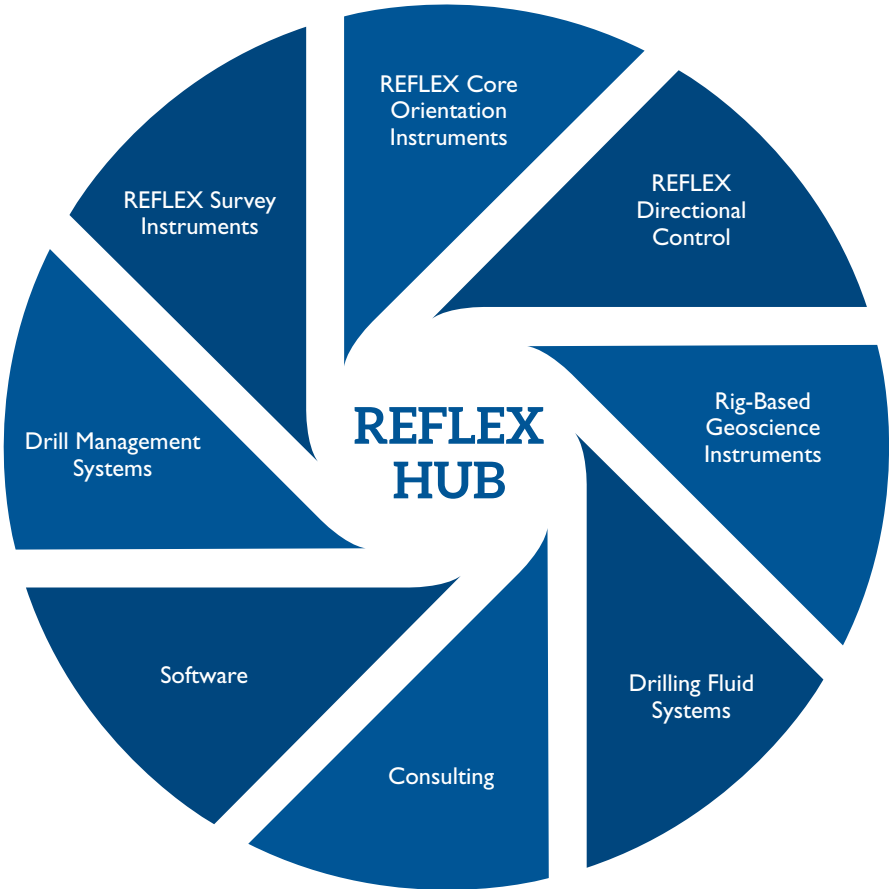


# technologies & services

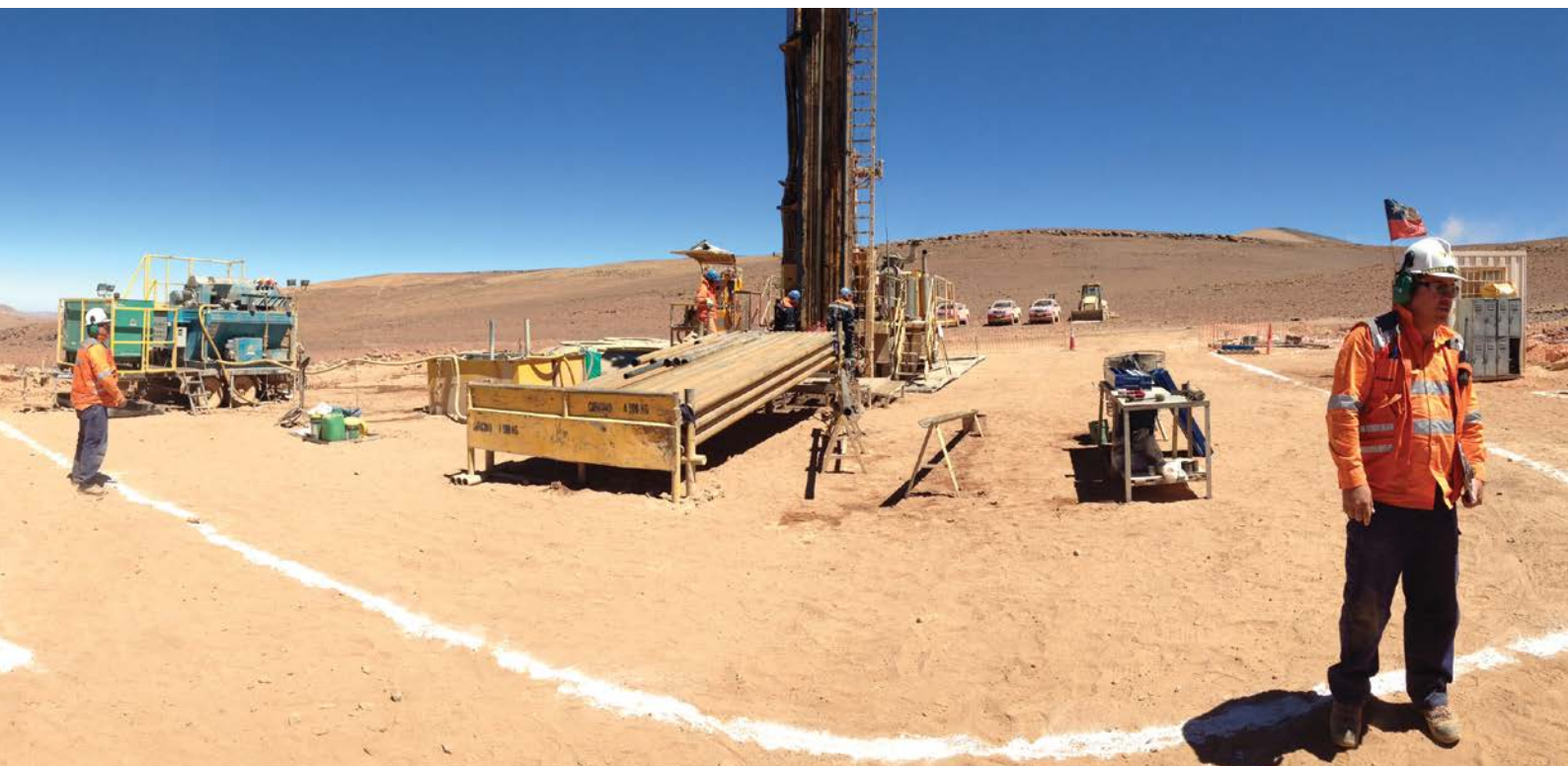
| BRANDS                                                                              | PRODUCT & SERVICE RANGE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | MARKET                                                                         |
|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
|    | <p>REFLEX ACT III: Digital core orientation</p> <p>REFLEX HT ACT: Digital core orientation</p> <p>REFLEX EZ-Shot: Single-shot magnetic survey</p> <p>REFLEX EZ-Trac: Multi-shot magnetic survey</p> <p>REFLEX HT EZ-Trac: Multi-shot magnetic survey</p> <p>REFLEX Maxibor II: Optical survey</p> <p>REFLEX Gyro: Gyroscopic survey</p> <p>REFLEX HT Gyro: Gyroscopic survey</p> <p>REFLEX TN14 Gyrocompass: Rig aligner</p> <p>REFLEX EDR: Rig monitoring</p> <p>REFLEX XRF: On-site geoanalysis</p> <p>REFLEX HUB: Data management solutions</p> <p>REFLEX Geochemistry: Geochemical data analysis</p> <p>ioGAS: Geochemical data analysis software</p> <p>Customised downhole motors</p> | <p>Global mining / mineral exploration, HDD and civil construction markets</p> |
|  | <p>Drilling fluids and chemicals</p> <p>Fluid containment and transfer equipment</p> <p>Waste management equipment</p> <p>Solids removal units (surface, underground &amp; heli-portable SRUs)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                |

| BRANDS                                                                              | PRODUCT RANGE                                                                                                                                                               | MARKET                             |
|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
|  | <p>Drilling fluids and production chemicals market</p> <p>Fluid containment and transfer equipment</p> <p>Waste management equipment</p> <p>Solids control units (SCUs)</p> | <p>Global oil &amp; gas market</p> |
|  | <p>Inflex (formerly Target INS)</p> <p>Gyroflex survey tool</p>                                                                                                             |                                    |

# Integrated Real-Time Solutions to Enhance Customer Operations



# a year in review – news & case studies



## Case study: AMC SRU saved 147,500L of water in 20 days

AMC's customer had two exploration drill rigs operating near Taltal, some 3,900m above sea-level on the western edge of the Domeyko Mountain in Chile. Water was scarce and had to be carted by trucks 240km to the project site. Two AMC SRUs were trialled to reduce water usage and cartage costs.



Following the twenty day trial, AMC's customer recorded significant operational and environmental efficiencies including a 60% reduction in water usage (147,500 litres) and a 65% reduction in cartage costs. The total savings during the trial were estimated to be at least US\$36,120.





# Release of new REFLEX HUB modules enable total visibility in real time

REFLEX was pleased to release its new REFLEX HUB Schedule of Rates (SoR) and Production Planning modules in April 2015.

These secure modules enable total visibility of operating costs in real time, together with enhanced planning capabilities at a time when customers are scrutinising every dollar to maximise efficiencies.

The REFLEX SoR allows customers to track and monitor expenditure and contractor invoices on a shift by shift basis, which enables them to resolve any discrepancies in a timely manner.

REFLEX Global Project Manager – Data Solutions, Michelle Carey, said customers value the ability to accurately compare their current expenditure against what has been forecast.

“With the ability to input their own rates and measurement parameters, forecasting and invoicing is accurate and reliable,” said Michelle. “The data on which this is based has prior approval which assures its accuracy.”

The REFLEX Production Planning module assists customers to track current versus planned activity and provides them with greater confidence that projects remain within budget and scope.

“Actual performance data is tracked in real time so any changes can be made as required”, explained Michelle.

“Customers can make immediate adjustments rather than risk incurring time delays and additional costs when issues are detected later.”

## Golden data streams

The cost saving benefits of REFLEX’s technologies were recently highlighted in Mining Monthly Editor Noel Dyson’s article entitled “Golden Data Streams”, featured by MiningNewsPremium.net.

Dyson’s article reported how technology was being utilised at the Tropicana Gold Mine project to reduce operational costs such as mill electricity consumption – a significant cost at this remote location and one that can “decide the throughput of the plant or whether the mine has one mill instead of two.”

A range of data was collected utilising Tropicana’s automated lab on site and REFLEX’s technologies. This data, relating to the gold grade and mineralisation of ore, together with data from the mill, was then provided to REFLEX’s team of geoscientists for analysis and modelling.

REFLEX Global Product Manager – Data Solutions Michelle Carey said “REFLEX helped Tropicana establish a relationship between things they could measure in their ore and their real time lab and how their ore was getting processed through the plant.”

“Knowing what is going in you can predict how much power is going to be used by bits of their mill and the different recoveries based on the chemistry of their rocks”, she said. While “Golden Data Streams” focused on the energy consumption of Tropicana’s mill, it suggested the use of such data collection and analysis could be applied to other parts of its operation to make it more efficient and profitable.



# Case study:

## AMC's custom designed fluid delivers HDD project success

AMC's custom developed fluid and technical support enabled the successful completion of a challenging horizontal directional drilling (HDD) borehole. The difficult geological formations of the borehole halted the operation at 1,700 feet, following multiple attempts by alternative fluids providers and engineering contractors.

### BACKGROUND

The HDD project required a gas line to be replaced across a cobble creek for PEMEX – Mexico's state owned petroleum company. PEMEX had used multiple contractors for this project without any success.

AMC's customer had spent three months losing tooling, including bit and mud motor assembly, to the formation.

A number of approaches were utilised including bit and mud motor variations together with alternative mud programs. With the project not progressing, the customer's contract was under increasing pressure.

### SUCCESS WITH AMC'S CUSTOM DESIGNED FLUID

AMC's engineers in the USA and Mexico worked together to customise a solution for this unique borehole. Their principal focus was to develop a fluid that would maintain hole stability in the highly dense and unconsolidated formation.

The solution was a low shear rate viscosity (LRSV) fluid that would give exceptional cleaning results without relying on high pump rates and turbulent flow to move cuttings from the borehole. Unlike other LSRV options, this customised formula could be adjusted over time to accommodate the changes in the formation.

### PROJECT OUTCOME

The technical guidance of AMC's mud engineers and the development of the innovative fluid enabled the borehole to progress – they also increased the rate of penetration and improved production time to complete the project.

AMC's solution delivered significant cost savings to the contractor, which were estimated to be US\$120,000.



HDD rig in action

## Successful deployment of DET CRC Lab-at-Rig™ in Victoria

A press release issued by the Deep Exploration Technologies Cooperative Research Centre (DET CRC) summarised the “successful deployment” of its Lab-at-Rig™ system at a drilling program in western Victoria.

The program, conducted in conjunction with Geoscience Australia, has two principal objectives: to “reveal the hidden mineral potential of Australia’s buried but prospective geology”; and refine the DET CRC’s Lab-at-Rig™ system, which provides geochemical and mineralogical information on drilling samples as they are recovered.

Commenting on the concept testing, DET CRC CEO Richard Hillis

said: “This drilling program is providing an important field test and an opportunity to ‘pull through’ the new technologies that will be required to explore the 80% of the Australian continent where mineral deposits are hidden beneath barren cover;”

The DET CRC release also highlighted how new technologies such as the Lab-at-Rig™ “seek to inform drilling decisions and, in due course, to replace time-consuming and expensive lab-based assays of drilling samples.”

Our company is working closely with the DET CRC and its partners to deploy the trailer-mounted X-Ray fluorescence and X-Ray diffraction system, which provides near real-time geochemistry and mineralogy during diamond drilling.

The program is utilising the REFLEX Connect and Terra portable analyser technology, coupled with sampling workflows and data management through the REFLEX HUB, all deployed in a mobile unit. Data is delivered to Geoscience Australia geologists during drilling, giving important early information about the location of key geological horizons before detailed geological logging of the core.

REFLEX’s Lab-at-Rig™ project leader, Mr James Cleverly, said it was exciting to be able to log into the REFLEX HUB from Perth and see that the drill rig in Victoria had crossed a critical boundary.

“Our team will use the learnings from this concept testing to further refine the prototype development of the Lab-at-Rig™ system,” Mr Cleverly said.

## Customers value efficiencies of first north seeking driller operated gyro

The REFLEX EZ-Gyro has generated strong customer interest as it costs approximately 25 – 30% less than a specialist surveying provider’s daily rate.

The REFLEX GYRO was engineered to be highly accurate yet easy to use. The instrument utilises north seeking sensors, originally designed for aerospace operations, to provide azimuth and dip.

Drilling and resource companies can now obtain this critical data without the cost of engaging a north seeking gyroscopic instrumentation service provider.



REFLEX EZ-GYRO



# REFLEX TN14 Gyrocompass and REFLEX Gyro used in Crossrail project

REFLEX technologies were utilised for their accuracy during critical stages of London's £15 billion Crossrail development project.

The project has been described as among the most significant infrastructure projects undertaken in the United Kingdom. Approximately 200 million passengers are expected to travel on the Crossrail, which will run from Reading in the west, through London to Shenfield in the east. The new line will pass through 40 stations and will reduce journey times substantially.

The Crossrail comprises 26 miles of new tunnels passing under some of the most expensive and historic real estate in London. To reduce the risk of damage to these buildings, compensation and permeation grouting techniques were applied to unconsolidated ground. These techniques involve high pressure injection of grout under buildings to strengthen underlying formations and reduce their permeability. The spacing and pattern of the injection ports are vital, therefore grout injection holes had to be accurately drilled to a planned pattern.



The REFLEX TN14 Gyrocompass was used to accurately establish the correct starting point for each injection hole. The instrument provided a live azimuth and inclination reading to guide the driller while aligning the rig. The data was available on a personal digital assistant via blue-tooth and was then exported for quality assurance.

The REFLEX GYRO was used to survey the trajectory of the holes. This instrument is not affected by magnetic disturbance, such as metal or underground power cables, which made it ideal for this project. The survey data retrieved could also be quickly exported as a .csv file and easily imported into the client's CAD or planning software.

The tunnelling phase of the Crossrail project is near completion and it is expected to be operational in 2019.



REFLEX TN14 Gyrocompass



## Case study: AMC's SRU limited risks of spills in protected area

### BACKGROUND

A uranium drilling project, located in Canada's Patterson Lake South, presented a number of unique environmental and technical challenges for the resource company.

The uranium mining project is located within a lake surrounded by protected native land. The site is also within the migratory range of the Beverly Caribou herd – a major source of sustenance for the Denesuline communities. As an environmentally sensitive area, strict environmental policies apply to protect the natural environment, prevent contamination of the lake and the impact of drilling must be kept to an absolute minimum.

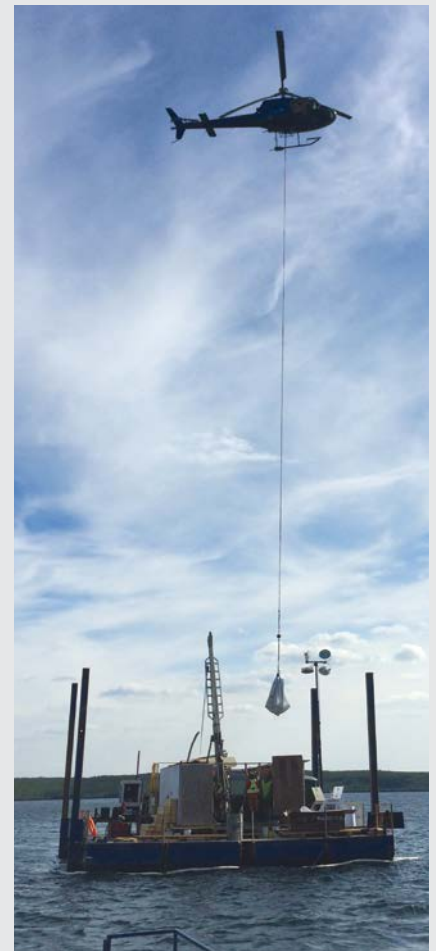
Logistical difficulties presented further challenges at this site. Being in an isolated location, with drilling operations mounted on barges on the lake, there is no infrastructure for mobilisation of equipment and management of fluid and drilling waste is costly and time consuming. This also presents a higher risk of

environmental contamination through spills and leaks off the barge.

### RESULTS

The barge mounted SRUs reduced costs associated with mud usage and transportation of fluids; increased operational efficiencies; and importantly, enabled cleaner and safer operations within this environmentally sensitive area. Feedback from the customer also highlighted the high level of training and support provided by AMC, ensuring smooth set up and operation.

- ◆ Reduced environmental footprint and risk of contamination;
- ◆ Mud consumption reduced by 65-90%;
- ◆ 65-90% Reduction in mud consumption;
- ◆ Fluid transport cost savings up to A\$120,000/month;
- ◆ Easy cuttings disposal; and
- ◆ Cleaner and safer operating environment.



AMC's SRU



## Introducing Salesforce

In July 2015, we commenced the introduction of Salesforce to support our AMC Minerals and REFLEX operations globally.

Salesforce is a well-established customer relationship management (CRM) system and valuable sales tool. The system will enhance communication between our business units and provide efficient access to a broader range of customer information. Importantly, it will also

enable us to monitor communication with our customers and provide better support. Other benefits will include:

- ♦ Greater visibility for planning, forecasting, reporting and prioritising;
- ♦ A central repository for industry information;
- ♦ A support framework for our account management teams; and
- ♦ Greater customer visibility for our global operations.

Salesforce is an important tool to assist us work more closely with our customers to provide technologies and services to support their operations.

## REFLEX – Intelligence on demand

During 1Q15, REFLEX enhanced its branding to align with its new portfolio of technologies and solutions for its expanding customer base.

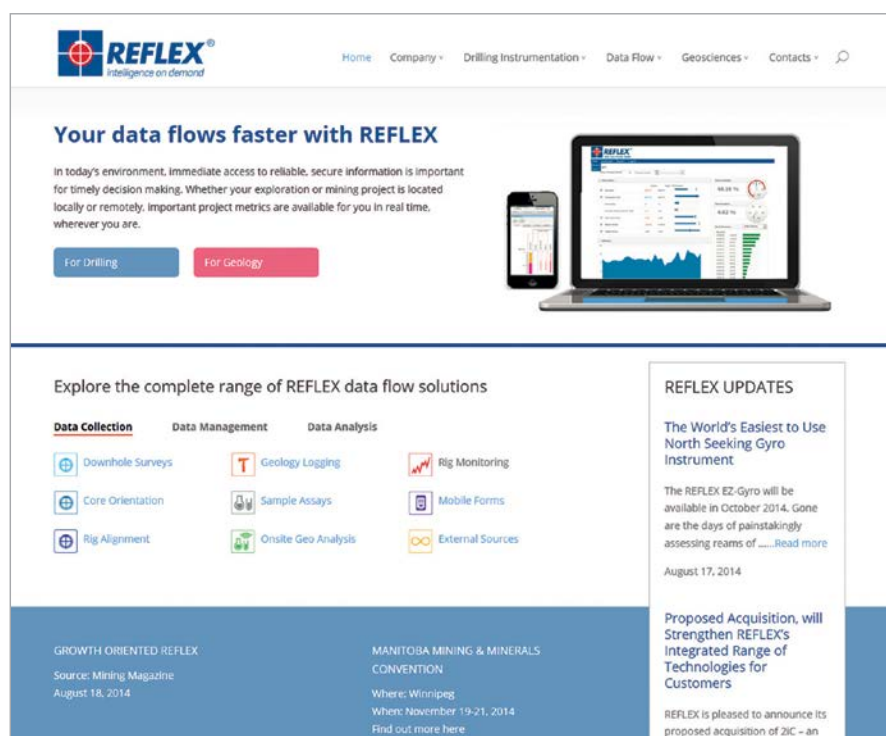
REFLEX's branding is based on the company's positioning statement – to be the minerals industry standard for increasing productivity through transformational technologies.

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.







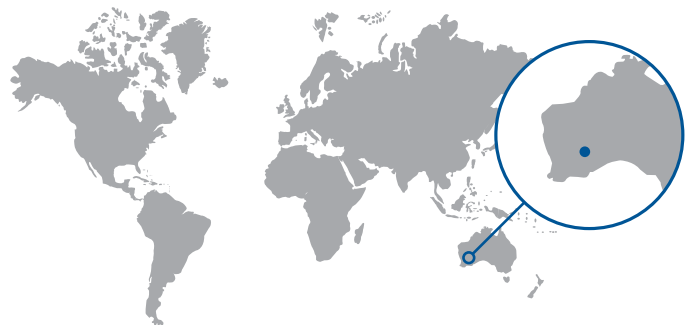
# Case study: SRU significantly reduced water costs for underground drilling operations

## 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 utilising the UG-SRU. Net savings per rig per month were estimated to be A\$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.

## 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.



# quality, health, safety & environment

## The FY15 Regional QHSE Plan

During FY15, Imdex launched its Regional QHSE Plans to ensure QHSE risks were managed and controlled appropriately and consistently at all global locations. A key objective was to further elevate and improve the company's QHSE culture by regional and location managers driving improvement.

The minimum global QHSE requirements included the following:

- ♦ Six monthly QHSE risk assessments
- ♦ Location personal protective equipment assessment
- ♦ Maintaining a legal register
- ♦ Hazard identification KPIs
- ♦ Quarterly workplace inspections
- ♦ Monthly safety meetings
- ♦ Confined space identification and program
- ♦ Emergency response whilst travelling
- ♦ Emergency response plan development and drills
- ♦ Journey plans.

The plans were monitored monthly and progress was measured through scorecards – similar plans are being introduced for FY16 and are well supported by the Regional Managers.

## Observation Program

As part of the Regional QHSE Plans, Imdex introduced a QHSE Observation program to raise employee hazard awareness. Every employee was required to report observations during the year and attend safety meetings. These KPIs also formed part of the FY15 employee performance reviews.

The image shows two documents from Imdex. On the left is an 'OBSERVATION CARD' with fields for Observation Title, Business Unit, Location, Reporter, Date, Supervisor of Observation Area, and a section for Completing an observation category below & one observation type on back of card. It includes checkboxes for Improvement, Noncompliant, Success, Environment, Safe, and Unsafe. Below these are fields for Description, Immediate Action Taken (including discussion & agreement), Further Action Recommended (Record below), and No Further Action Required. At the bottom, it says 'Supervisor to ensure all cards are entered into the Quality Alert system' and 'QA Reference:'. On the right is a grid titled 'OBSERVATION TYPES' with 20 numbered icons representing various hazards: 1. Working at Height, 2. Uncontrolled Energy/Pressure, 3. Lifting Equipment, 4. Communications, 5. Trip/Slip Hazard, 6. Others Working in Area, 7. PPE, 8. Manual Handling, 9. Hazardous Substance, 10. House Keeping, 11. Tools & Equipment, 12. Environmental Impact, 13. Unclear Plan/Procedure, 14. Pinch Points, 15. Electricity, 16. Unguarded, 17. Traffic Movement, 18. Confined Space, 19. Health, and 20. Other.



# Injury Performance

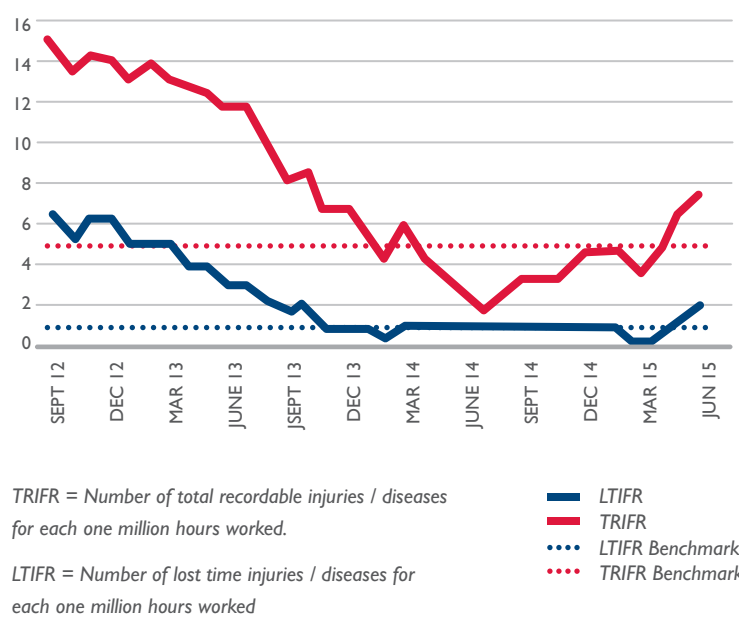
Imdex has increased its safety performance benchmarks for its global operations by using APPEA oil and gas industry results, rather than the WorkSafe benchmarks.

The graph (right) benchmarks Imdex's performance from September 2012 to 30 June 2015 against the stringent APPEA oil and gas industry results.

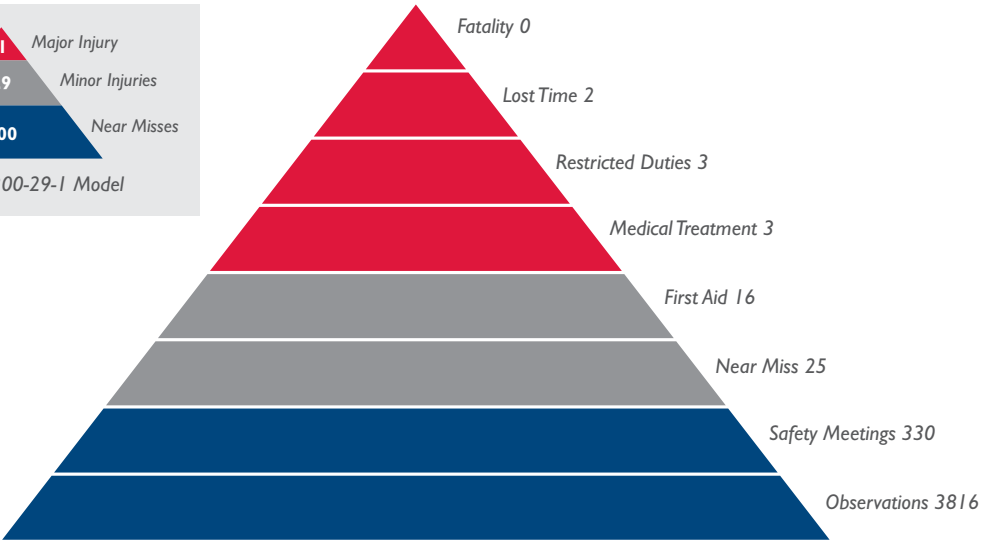
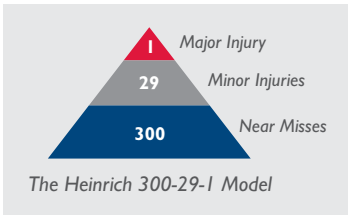
The graph shows a significant decrease in injury rates since Sept 2012. Unfortunately two lost time injuries occurred during FY15, with a combined total of 53 days lost.

Imdex's TRIFR result was 7.51 injuries per million hours worked and the Company's LTIFR result was in line with the APPEA result was 1.885 injuries per million hours worked.

TOTAL REPORTABLE INJURY FREQUENCY RATE (TRIFR) & LOST TIME INJURY FREQUENCY RATE (LTIFR)



## IMDEX GROUP - FY15 STATISTICS



Data shown in red and grey sections is number reported in FY15  
Data in blue section is number completed in FY15



## New GHS Compliant Chemical Labelling System

During the year considerable work was completed to create a globally harmonised scheme (GHS) and REACH\* compliant labelling system. This system takes regulatory and chemical information from the existing state-of-the-art Chemwatch Safety Data Sheet system, then compiles product labels as needed in the required language for the selected country.

This solution enables Imdex's regional distributors to efficiently print compliant labels in the national language.

*\*REACH is a European Regulation (No 1907/2006) concerning chemicals and their safe use. It aims to improve the protection of human health and the environment through a system of Registration, Evaluation, Authorisation and Restriction of Chemicals. As a European Regulation REACH applies directly in all 28 Member States of the European Union. It also applies to Iceland, Liechtenstein and Norway as member countries of the European Economic Area.*



## Environment

As a provider of products and services, Imdex does not have a material impact on the environment. The Company works closely with its customers to develop innovative products to reduce the environmental impact of their operations. Examples of these products include:

- ♦ Solids removal units that enable sumpless drilling and significantly reduce water consumption;
- ♦ Environmentally friendly drilling fluid products;
- ♦ Recycled packaging options;
- ♦ Dust suppression products; and
- ♦ Paperless daily drill reports.

No significant environmental aspects were reported during FY15. Similarly no Field Notices or fines were received by Imdex or its global subsidiary companies for environmental pollution.

## New ISO Environmental Certifications

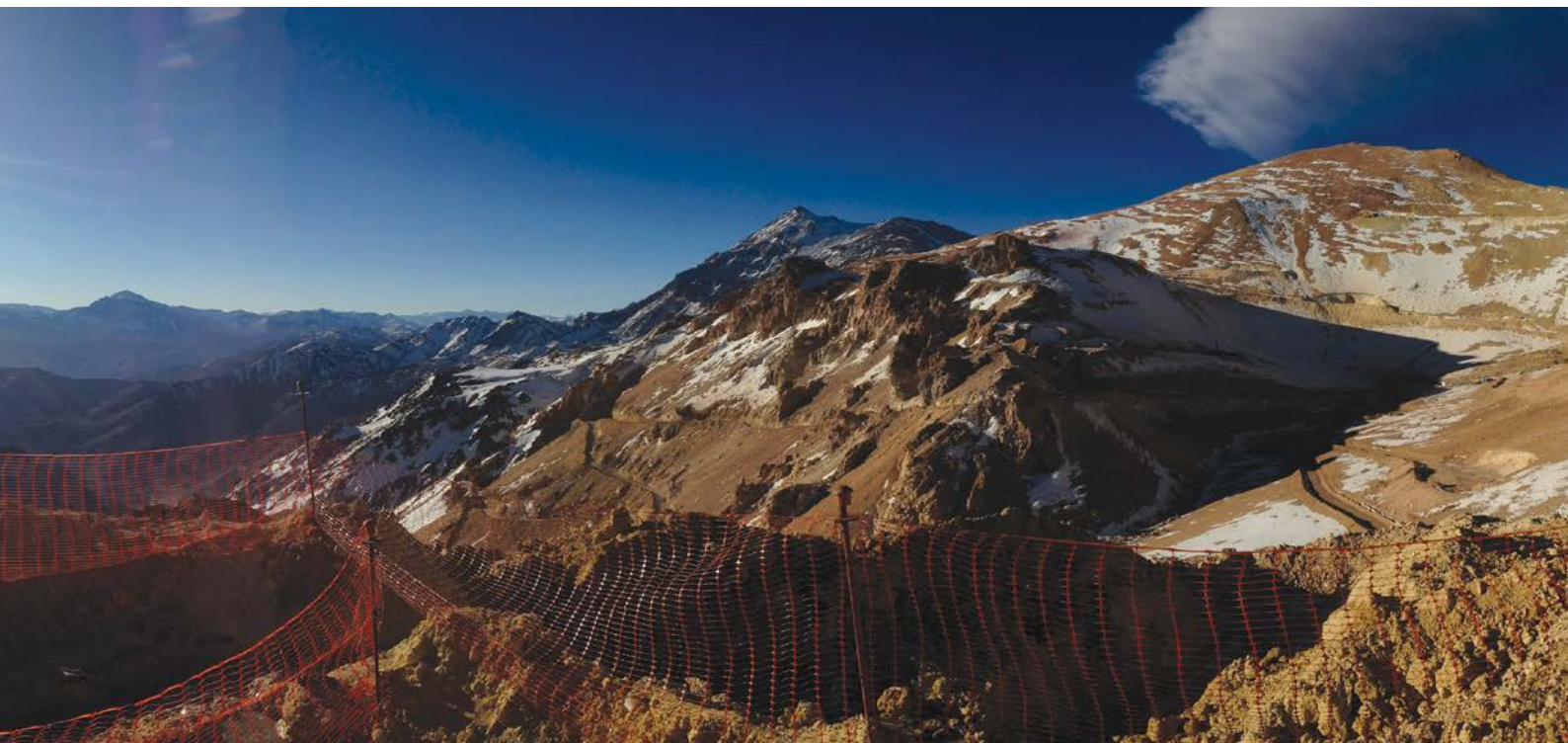
The Company was pleased to introduce Imdex Limited Global Certificates for Quality (ISO9001), Safety (OSHAS 18001) and the Environment (ISO14001). Its 53 individual certifications were audited and successfully maintained globally.

These certifications ensure Imdex's integrated QHSE systems are adhered to and remain valid and effective throughout its global operations.

## ISO Certifications

Imdex added the following certifications during FY15:

- ♦ AMC & REFLEX (Brisbane) certified to ISO14001, in addition to existing ISO 9001 and OHSAS 18001 ISO14001 certifications;
- ♦ AMC Oil & Gas Brisbane certified to ISO 9001, ISO14001 and OHSAS 18001;
- ♦ AMC Calgary Canada certified to OHSAS 18001, in addition to existing ISO 9001 certification;
- ♦ AMC Itajai Brazil certified to OHSAS 18001, in addition to existing ISO 9001 certification; and
- ♦ AMC Johannesburg South Africa certified to OHSAS 18001, in addition to existing ISO 9001 certification.





# community involvement

Imdex actively supports local work experience students to provide them with valuable skills in the workplace related to their career directions.

The company also supports events and initiatives undertaken by its regional operations to assist their local communities and charity fundraisers.

Support during FY15 included:

## The Movember Foundation

The Movember Foundation is a leading global organisation supporting men's health. The Foundation is committed to saving and improving the lives of men affected by prostate cancer, testicular cancer and mental health problems. Each November men are challenged to grow moustaches to spark conversation and raise vital funds for its men's health programs.

## Breast Cancer Care WA

Breast Cancer Care WA is a Western Australian charity that provides personalised emotional, practical and financial support and care to women and men affected by breast cancer. The charity's biggest annual fundraiser is Purple Bra Day – where people raise money by wearing the iconic purple bra on the outside of their clothes. Money raised provides support to those affected by breast cancer.

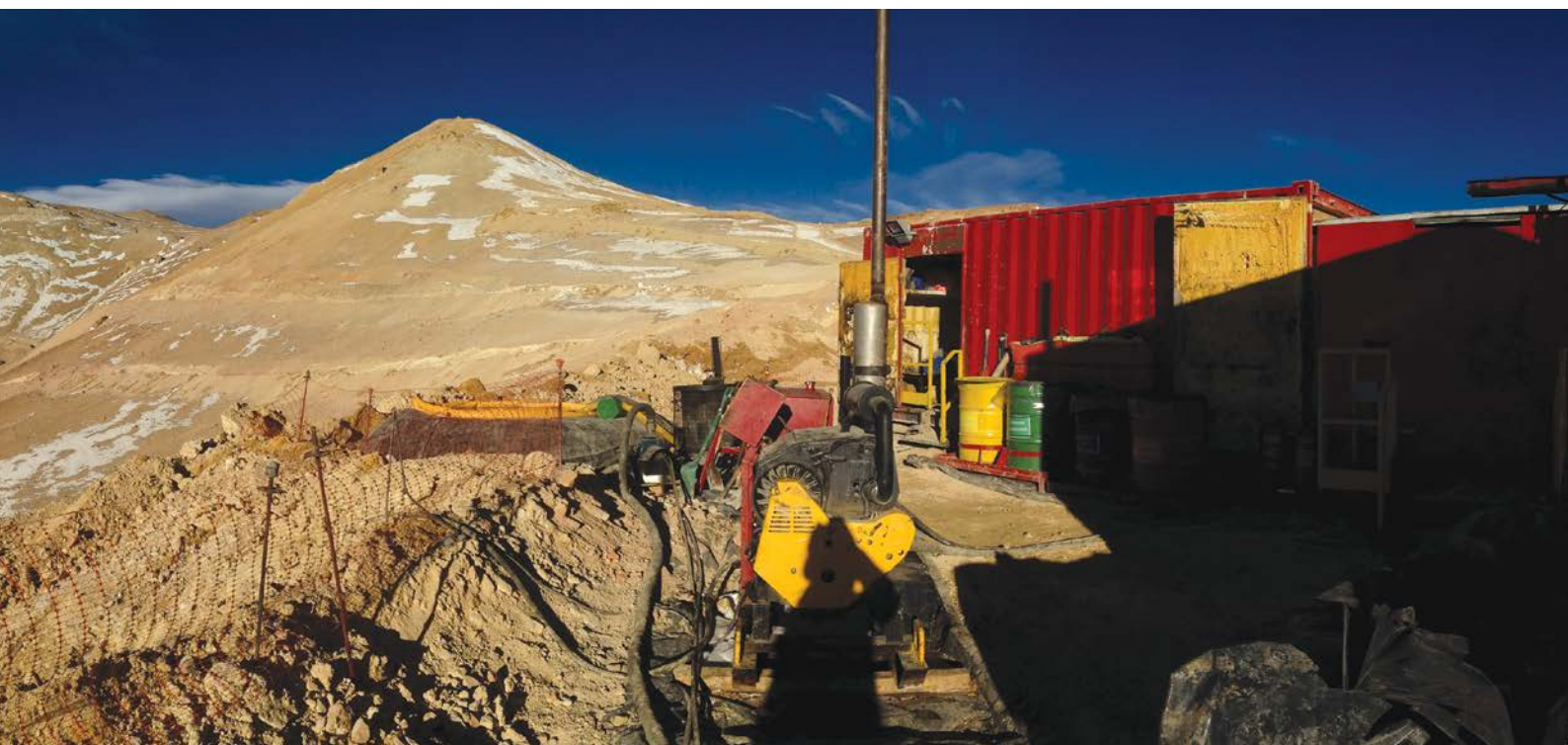
## Epworth Children's Village – South Africa

The Epworth Children's Village is a therapeutic community that develops the lives of children who are disadvantaged socially, intellectually, emotionally or educationally. The community also focuses on remedies and rehabilitation for hurt, abused and damaged children. Its principal services include:

- ♦ Effective community outreach;
- ♦ Service delivery to schools;
- ♦ Support and mentorship to other smaller organisations;
- ♦ Assessment and therapy;
- ♦ Training for professionals, parents; and
- ♦ Running children's therapeutic residential care.

## Santa's Shoe Box Project

The Santa Shoebox Project originated in Cape Town. The boxes are distributed to more than 1000 recipient facilities, through more than 60 satellites around South Africa and Namibia. The success of the Project can largely be attributed to its personalised nature – donors give gifts to children whose names, ages and genders are known.





# FY16 key areas of focus

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Pursuing the orderly sale of our oil and gas businesses

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Commercialising new technologies that are currently being trialled or are in the later stages of development

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Marketing new technologies to new and existing customers via our established global operations

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Increasing annuity revenue streams via real-time data solutions

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Working closely with and supporting customers to increase the productivity and efficiency of their operations

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Diversifying our customer base to include additional resource companies and non-mining applications, including HDD and waterwell markets

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Leveraging our specialist expertise and product development capabilities

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Increasing market share in previously underpenetrated regions

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# company history

|                   |                                                                                                                                                                                               |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 17 December 1980  | Australian company Pilbara Gold NL incorporated                                                                                                                                               |
| 21 July 1985      | Pilbara Gold NL changed name to Imdex Limited                                                                                                                                                 |
| 24 September 1987 | Imdex Limited listed on the ASX                                                                                                                                                               |
| 1988              | Formation of Australian Mud Company                                                                                                                                                           |
| 1997              | Acquisition of Surtron Technologies Pty Ltd and Ace Drilling Supplies                                                                                                                         |
| 2001              | Joint venture formed with Imdex and Rashid Trading Establishment (RTE) in Saudi Arabia                                                                                                        |
| 1 July 2005       | Sale of Imdex Minerals                                                                                                                                                                        |
| 1 August 2005     | Acquisition of African based company Samchem                                                                                                                                                  |
| 1 August 2006     | Acquisition of Swedish based REFLEX Group of Companies and United Kingdom based company Chardec                                                                                               |
| 1 May 2007        | Acquisition of Swedish based company Flexit                                                                                                                                                   |
| 1 July 2007       | Ace merged with REFLEX. Imdex finalised the sale of its interest in Imdex Arabia to RTE. Acquisition of Canadian based Poly-Drill and a 75% interest in Kazakhstan based Suay Energy Services |
| 31 October 2007   | Sale of Surtron Technologies                                                                                                                                                                  |
| 1 November 2007   | Acquisition of Chilean based company Southernland                                                                                                                                             |
| 1 January 2008    | Acquisition of German based company System Entwicklungs                                                                                                                                       |
| 1 July 2008       | Acquisition of the remaining 25% of Kazakhstan based Suay Energy Services                                                                                                                     |
| 1 September 2008  | Acquisition of Australian based company Wildcat Chemicals Australia                                                                                                                           |
| 1 July 2010       | New regional structure implemented and business reporting streamlined into Minerals and Oil & Gas Divisions                                                                                   |
| 1 September 2010  | Acquisition of Australian based companies Fluidstar and Ecospin                                                                                                                               |
| 1 March 2011      | Acquisition of German based company Mud-Data                                                                                                                                                  |
| 1 July 2011       | Formation of DHS Services joint venture                                                                                                                                                       |
| 1 July 2011       | Acquisition of Australian based company Australian Drilling Specialties Pty Ltd                                                                                                               |
| 1 August 2011     | Acquisition of Brazilian based company System Mud Indústria e Comércio Ltda                                                                                                                   |
| 1 January 2012    | Acquisition of Vaughn Energy Services (VES) by Imdex's DHS Services joint venture                                                                                                             |
| 1 November 2012   | Acquisition of ioGlobal Pty Ltd, ioAnalytics Pty Ltd and ioGlobal Solutions Inc. (together ioGlobal)                                                                                          |
| 1 December 2012   | DHS Services and Vaughn Energy Services rebranded as VES International                                                                                                                        |
| 1 September 2014  | Acquisition of 2iC                                                                                                                                                                            |
| 30 June 2015      | Divestment of Suay Energy Services                                                                                                                                                            |

## Innovative Technologies Integrated Solutions Global Support

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 shareholders. The company achieves this through its extensive industry knowledge and commitment to product development, ensuring innovative, simple to use and fit-for-purpose technologies.

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