



Imdex Limited

UBS Emerging Companies Conference

Sydney, 23 October 2008

- **Imdex Snapshot**
- Fluids & Chemicals
- Down Hole Instrumentation
- FY08 Results Summary
- Post 30 June 2008 Highlights
- Strategy & Outlook
- Appendices

Imdex Snapshot



- Core business - the **manufacture, supply and distribution** of high quality **drilling fluids and down hole instrumentation**
- Attractive end markets – mining & primarily late stage exploration and **oil & gas**
- **Global Reach** – nine acquisitions in 3 years have created true international reach and geographic diversity and technology leadership
- Quality **customer base** including global distribution and supply agreements with Sandvik, Boart Longyear, Major Drilling, Layne Christensen and Swick
- **Extracting benefits** from new products, synergies and expanded manufacturing capability
- Strong business model with significant upside
- Management delivering on our growth strategy

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Fluids & Chemicals – Overview



- Drilling Fluids and Chemicals (DFC)
 - Main uses: Cool and lubricate the drill bit, keep the drill hole open and return cuttings to the surface
 - Primarily servicing the global resources industries – diamond drilling (late stage exploration/development)
 - Building market share in the Australian and international onshore Oil and Gas, CBM, Water Well and Civil industries
 - Manufacture and sell
 - Consumable
 - Differentiating factor is service
 - Distribution and supply agreements with Sandvik, Boart Longyear, Major Drilling, Layne Christensen and Swick
 - Main competitors: M-I (Smith International / Schlumberger), Halliburton (Baroid) and Baker Hughes – almost entirely focused on oil & gas



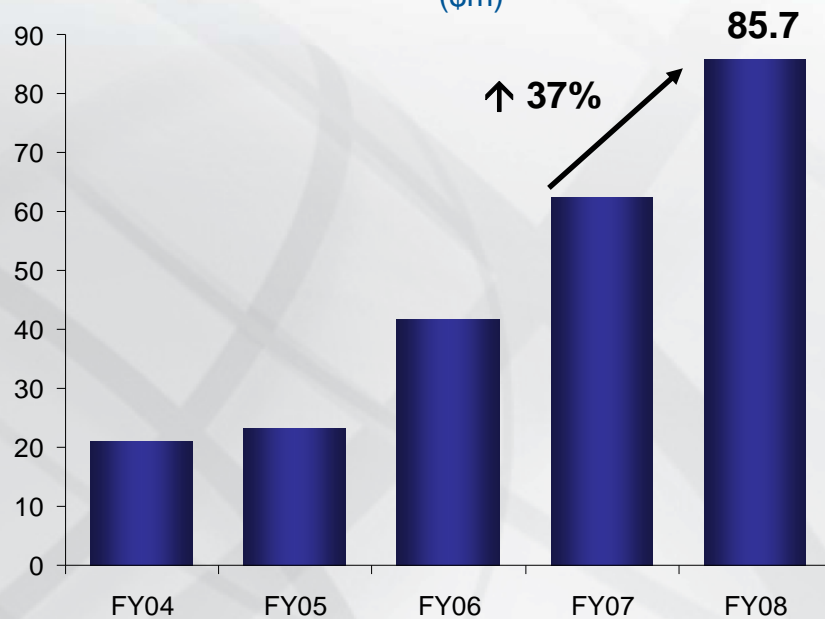
Australian Mud Company products in characteristic green packaging

DFC – Revenue Growth



Fluids and Chemicals Revenue

(\$m)



- Strong organic growth
- Balanced global presence
- Facilities being upgraded and expanded to reduce costs and meet demand:
 - Samchem (Africa)
 - Southernland (Latin America)
- Growth experienced from global alliances
- Strengthened management team to maintain/extend superior customer service

Company	Country	% Acquired	Date
Poly-Drill	Canada	100%	1 July 07
Suay	Kazakhstan	75%	1 July 07
Suay	Kazakhstan	25%	30 June 08
Southernland	Chile	100%	1 Nov 07

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Down Hole Instrumentation – Overview



- Down Hole Instrumentation (DHI)
 - Types of tools
 - Down hole survey
 - Steering
 - Core orientation
 - Unique/leading technology in resources sector globally
 - Entering oil & gas industry
 - Manufacture and rent/sell
 - Differentiating factors are technology and service
 - Speed and accuracy of data
 - Minimum disruption to drilling process
 - Distribution and supply agreements with Sandvik, Boart Longyear, Major Drilling, Layne Christensen and Swick

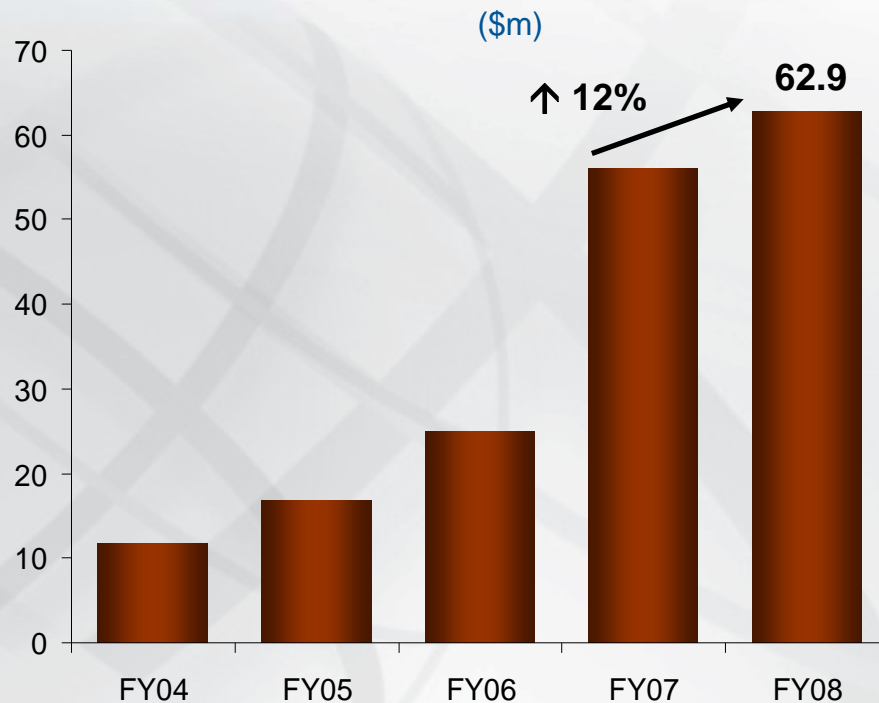


Demonstration of Reflex tools to customers

DHI – Revenue Growth



Down Hole Instrumentation Revenue



- Divestment of Surtron for \$20m cash on 1 Nov 07
- Acquisition of 100% of SEG (Germany) 1 Jan 08

- Entry into oil & gas market with industry specific down hole instrumentation
- Continuing to grow rental business
- Maintained technology leadership:
 - Digital down hole survey instrumentation
 - Electronic core orientation tool
 - MEMS digital, solid state down hole gyro survey system
- Growth experienced from global alliances
- Strengthened management team
- Competitors in mining industry generally are small, under resourced privately owned companies
- Competitors in oil & gas industry are large privately owned, well resourced US based companies – technology not rented or sold to the market

Our Customers



And a broad range of medium to smaller sized clients globally

Our Skill Set



- Quality people
 - Industry respected operational personnel
 - Experienced locally based management
- Customer service
- Strong brands
- IP ownership
- Own manufacture = control of supply
- Scalability
 - Low labour component
 - High revenue per employee
 - Strong global distribution channels
- Quality products
 - Powerful R&D capability



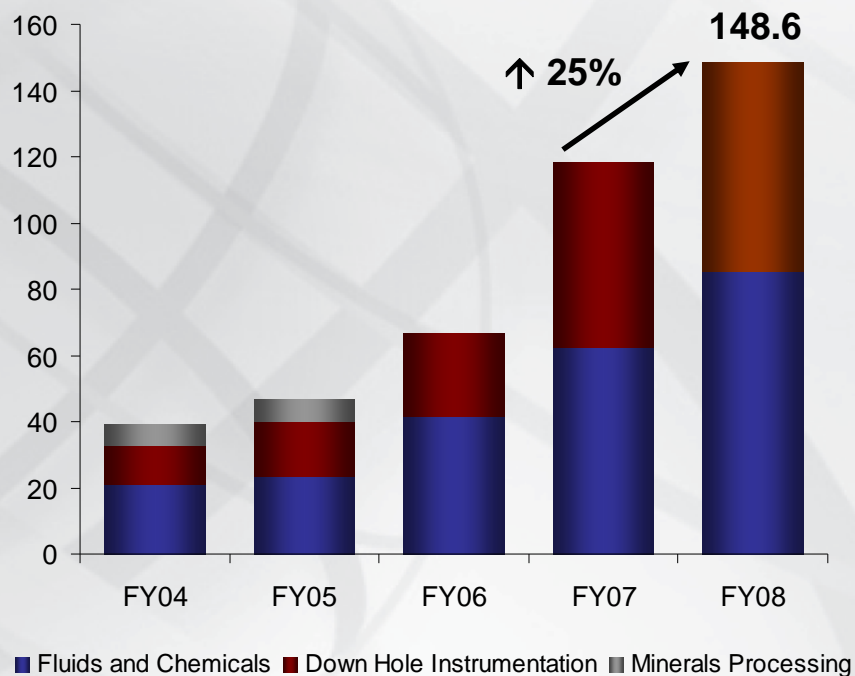
Drilling fluids research and development

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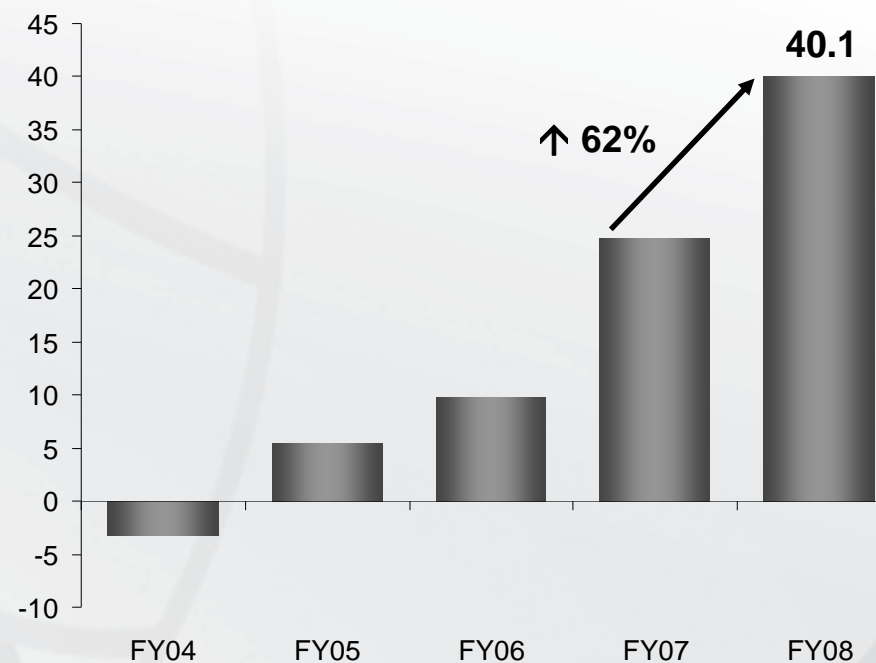
FY08 – Results Highlights



Normalised Revenue by Division (\$m)

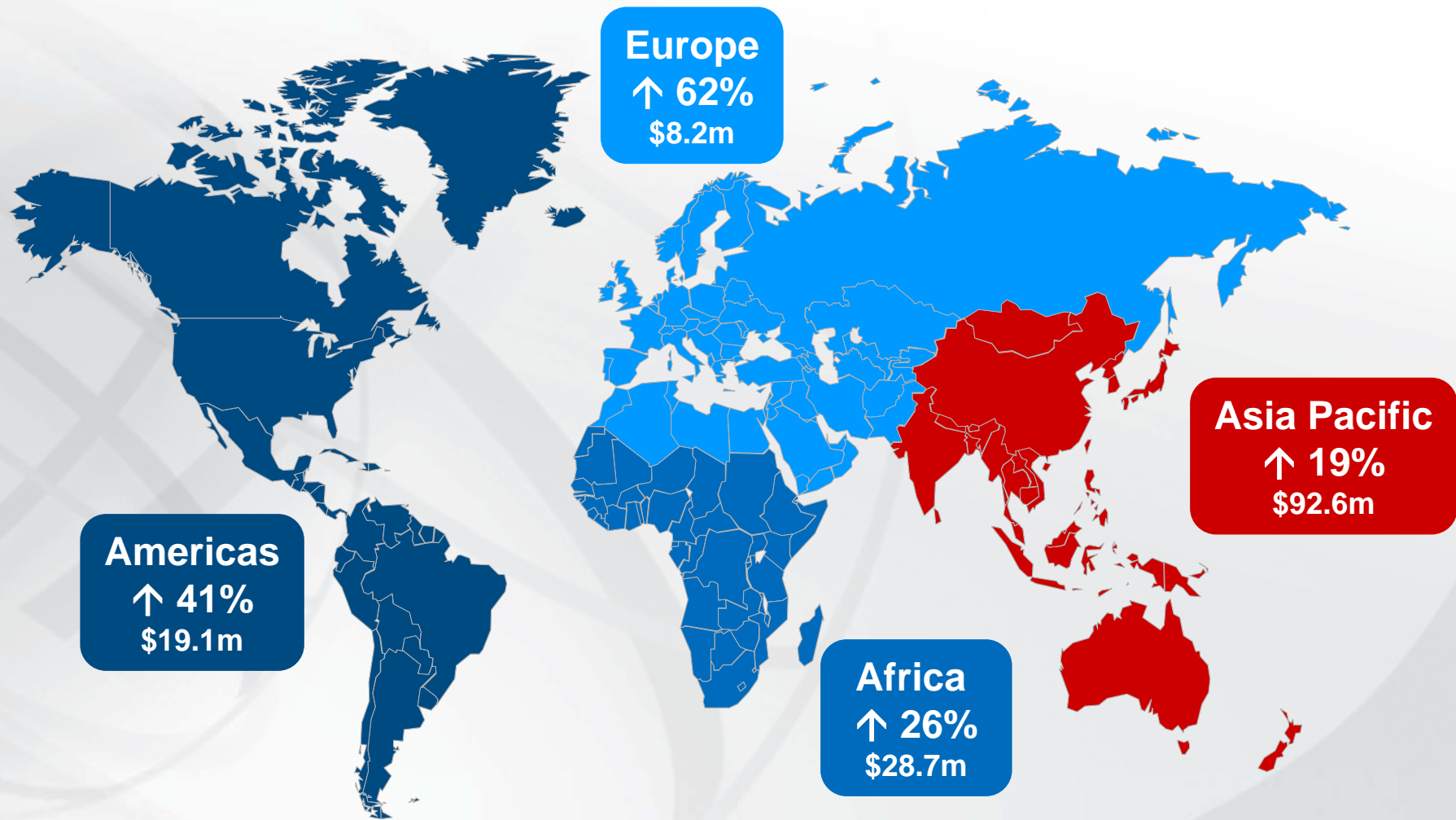


Normalised EBITA (\$m)



Normalised results include discontinued operations and exclude non-operational items

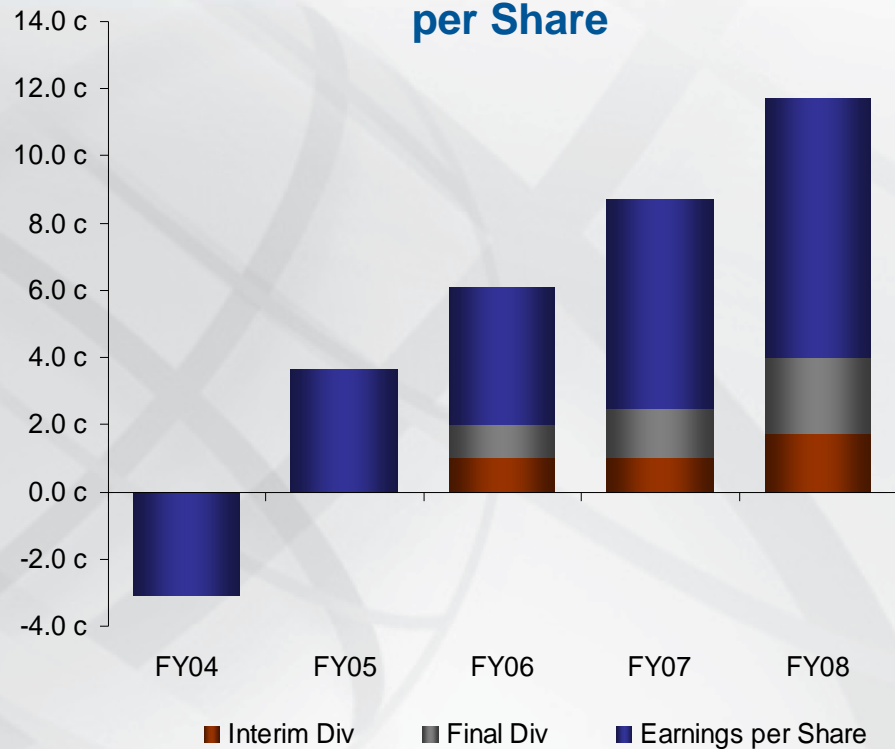
FY08 strong revenue growth across all geographies



FY08 – EPS, DPS and ROE Growth

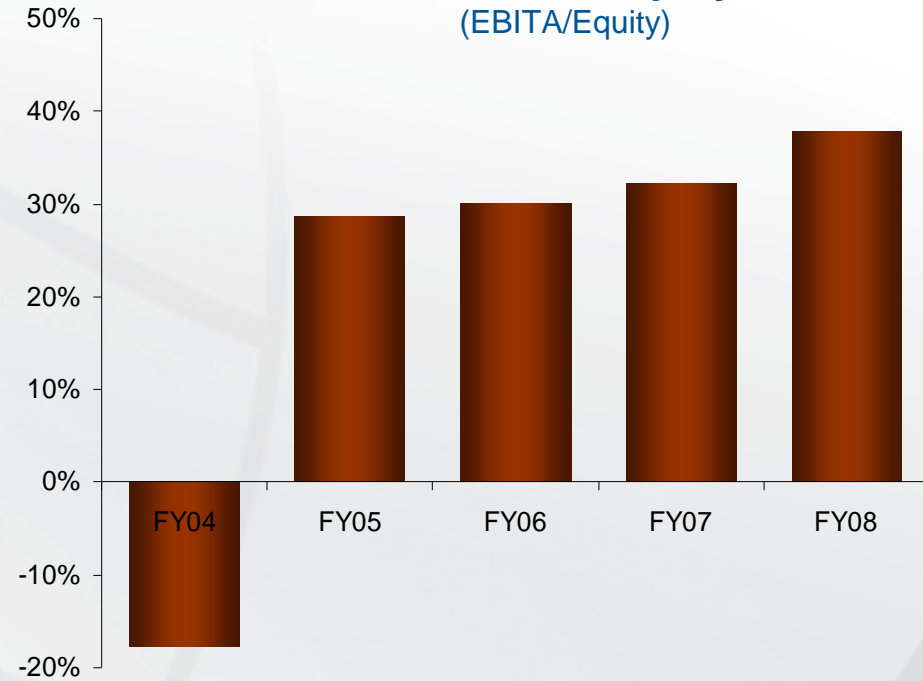


Normalised Earnings & Dividends per Share



Normalised results include discontinued operations and exclude non-operational items

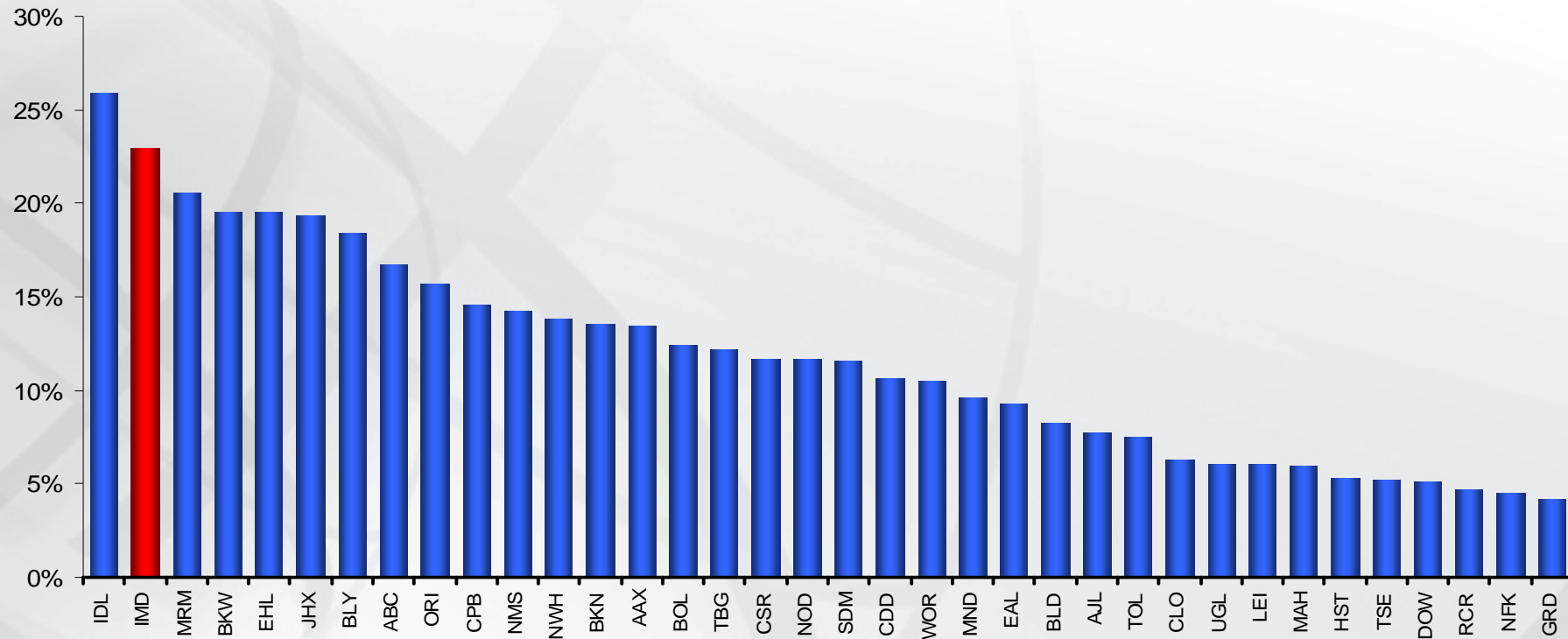
Return on Equity (EBITA/Equity)



Index is delivering attractive Returns on Equity

How We Compare?

Forced ranking by EBIT margin, FY08A



Source: ABN AMRO Construction & Engineering Sector Research dated 3 September 2008

Strong Balance Sheet



	June 08 \$000's	June 07 \$000's	% Change
Current Assets	86,008	73,196	18%
Non-Current Assets	7,140	13,207	(46%)
Intangibles	79,915	63,443	26%
Total Assets	173,063	149,846	15%
Current Liabilities	(41,989)	(38,747)	8%
Non-Current Liabilities	(25,431)	(34,485)	(26%)
Equity	105,643	76,614	38%

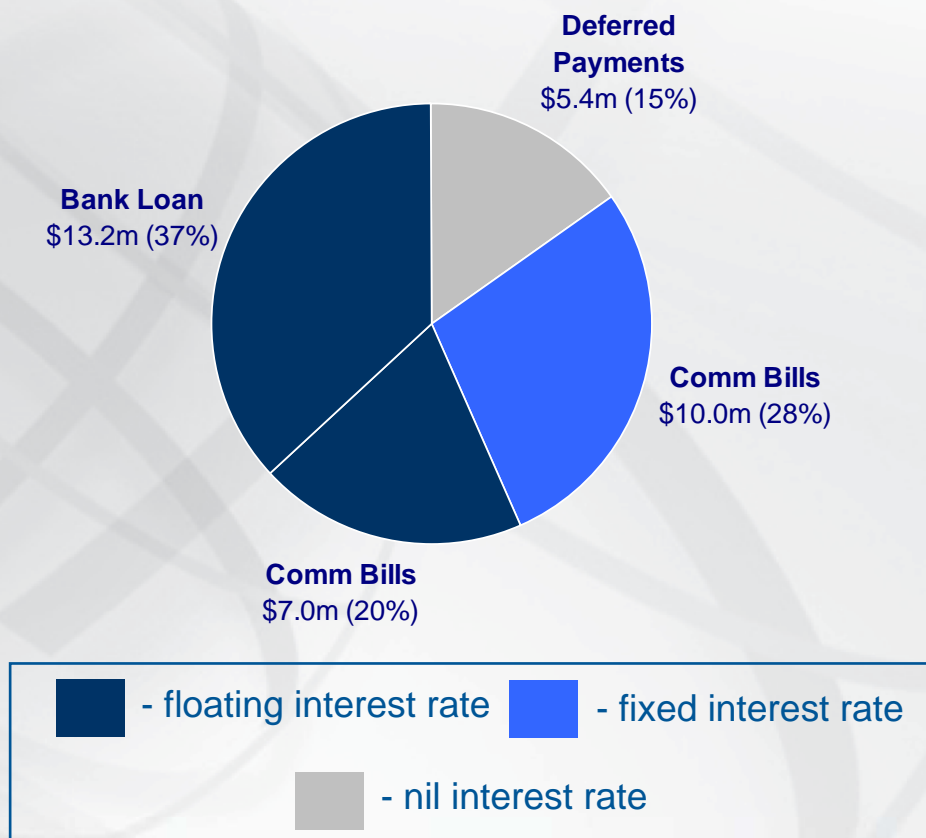
<i>Debt to Equity D/(D+E)</i>	25%	35%
<i>Quick Ratio (CA – Inventory)/CL</i>	1.53	1.53
<i>Current Ratio CA/CL</i>	2.05	1.89

- Strong cash position (\$13.2m)
- Growth in assets due to acquisitions and organic business growth
- Goodwill/intangible assets due to acquisitions: includes IP and technology assets
- Recent acquisitions funded by operating cash flows and debt
- SGE:
 - Investment \$4.5m book value (15m shares at cash cost \$300k);
 - Secured Loan \$13.0m (being repaid in cash in FY09)
- Net debt of \$22.3m at 30 June 2008
- Vendor finance reduced to \$3.1m on 31 July 08. Payable 31 July 2009
- Gearing 25% at 30 June 2008

Low Gearing



Composition of Debt at 30 June 2008



- Total debt as at 30 June 08 of \$35.6m (30 June 07 - \$40.4m)
- Gearing down to 25% (30 June 07 – 35%)
- Gearing reduced further to 24% on 31 July 08 with the repayment of \$2.3 million deferred payment
- Commercial bills are AUD based with \$10m capped at 7% p.a.
- Bank loan is SEK based and bears interest at ~7% per annum
- Deferred payments have no cash interest payments
- 43% of debt - fixed interest rates

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Post 30 June 2008 Highlights



- Acquisition of **Wildcat Chemicals** (effective 1 September, 2008)
 - Cost \$1.8m paid in cash at settlement
 - FY08 revenue was \$2.8m and EBIT of approximately \$300,000
 - Provides manufacturing of drilling fluids & chemicals on the east coast of Australia
 - Increases growth in the oil & gas sector through the addition of completion and production chemicals to the range
 - In some cases, same customer base as Imdex current onshore oilfield business in Australia
 - Potential to export knowledge and technology to niche markets in the international onshore oil & gas business
 - Enhances revenue and margins

Post 30 June 2008 Highlights



- Acquisition of **Australian Drilling Specialities** (scheduled for 1 January, 2009)
 - Cost \$12m (\$6m cash and the issue of 5.45m Imdex shares at \$1.10 per share)
 - FY08 revenue approximately \$10m generating pre tax profit of around \$2m
 - Increases control over and expands manufacturing capability
 - Access to technology and ownership of IP
 - Provides for additional growth in the oil & gas sector
 - Enhances margins
 - Six months contribution to profits in FY09

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What makes Imdex different?



Industry Exposure

Focus on late stage exploration

Majority of Imdex business is with late stage operators and oil & gas clients. Whilst there is a slow down at junior end of market, experience to date suggests that rigs previously being used by the juniors are being taken up by the majors

Strong customers

Our customers have robust order books

Diversified commodity exposure

Our customers drill for a broad range of commodities, in particular gold, copper, uranium and iron ore

We are further exposed to the Oil & Gas industry including CBM

Operational Strength

Labour costs ABN AMRO research shows Imdex as having one of the lowest labour components and highest EBITs in our industry sector

Capital Low capex levels due to vertical integration

IP Ownership of leading technology

Service Outsourcing the opposition

Distribution Global reach including alliances

Balance Sheet Strength

Gearing Gearing of 25% at Jun 08 dropping to 24% at Sept 08

Operating cash flows Op cash before tax up 18% to \$25.6m at Jun 08

Strategy



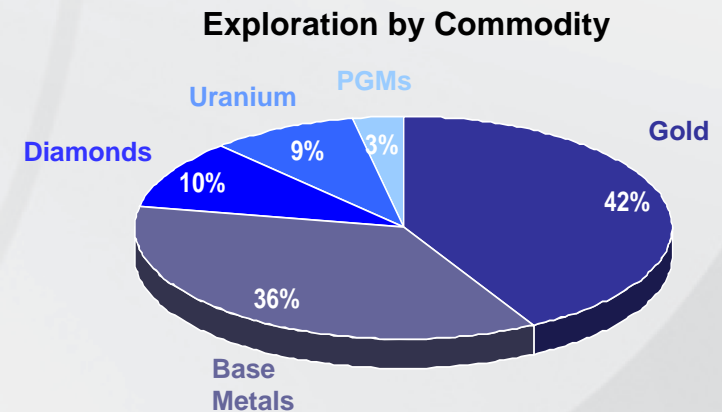
- **Core Strategy** – two divisions supplying drilling fluids and down hole instrumentation to two end markets: Mining and Oil & Gas, incl. CBM

- Imdex will continue to focus on:
 - Revenue and earnings growth
 - Operating cash flow
 - Sound treasury and financial management
 - Diligent cost control and adherence to systems and processes
 - Building and enhancing customer relationships
 - Support our global alliances
 - Diversifying further into oil & gas
 - Continue to invest in R & D
 - Expand drilling fluids manufacturing facilities in local jurisdictions
 - Continue to implement rental model in down hole instrumentation for both mining and oil & gas

Resources – Exposure to Long Term Growth Industries

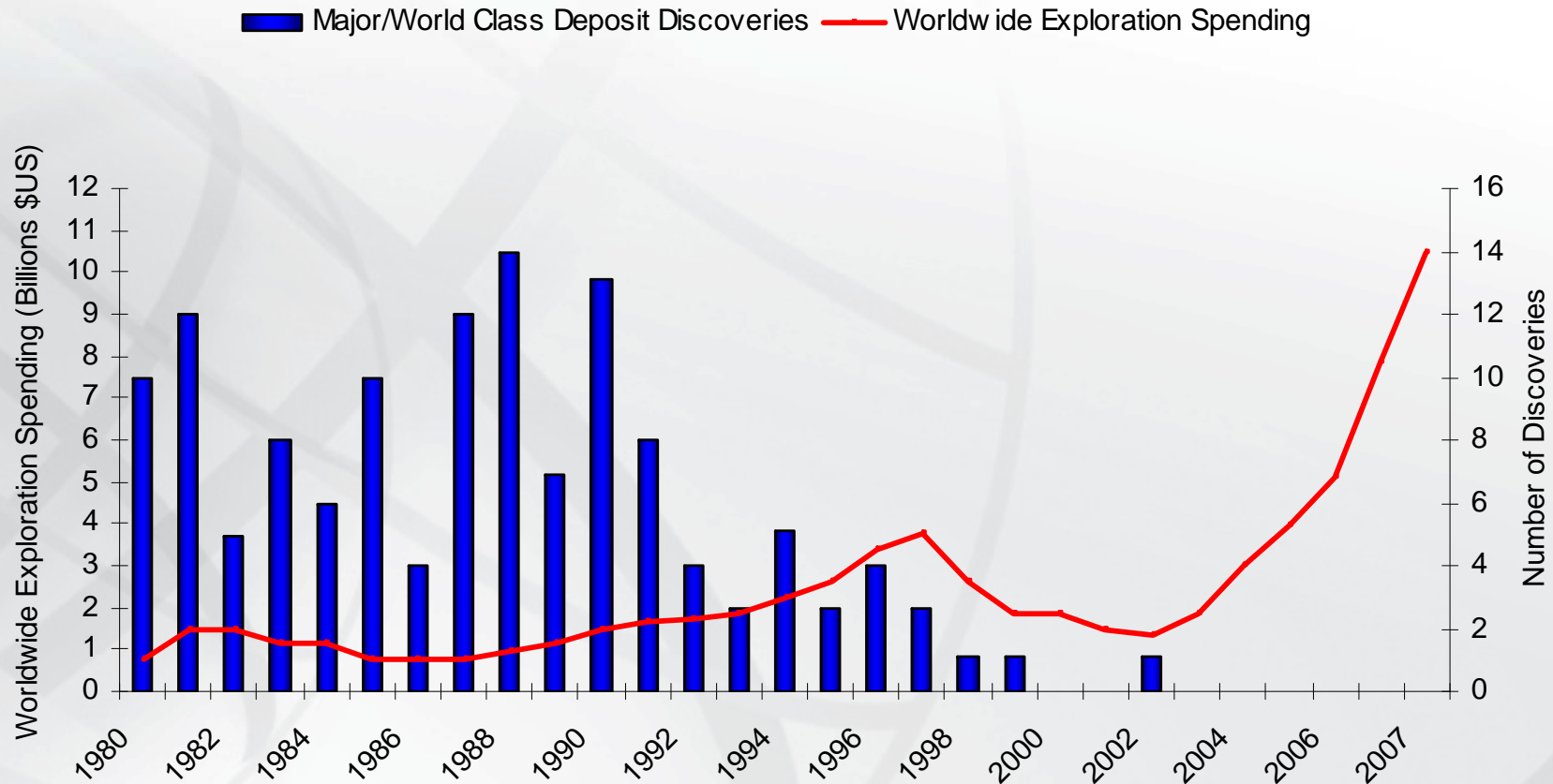


- Record minerals exploration spend
- Increased production activity
- US\$14.0B in 2008 - up 33% on US\$10.5B in 2007
- Robust demand for drilling fluids and down hole instrumentation – essential components of exploration and development
- Industry capacity constraints supporting continued growth:
 - Deeper and more complicated ore bodies
 - Longer timeframes from discovery to production
 - Rising exploration, development and production costs
 - Dearth of new discoveries



Source: MEG 2007 research (2008 data pending)

Resources – Low Discovery Rates Driving Greater Reliance on Exploration

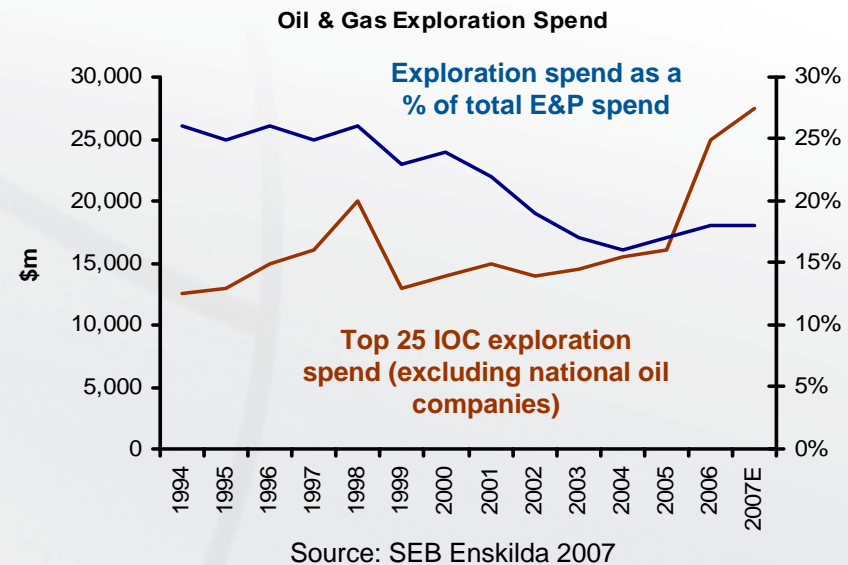


Source: Metals Economics Group & UBS

Oil & Gas - market outlook for growth in global exploration spend



- Strong investment into exploration and development of new reserves
- Significant uplift in exploration spend over past 4 years
- Worldwide exploration spend in 2007 was ~US\$332b (approx. 30 times that of minerals sector)
- Interest in new exploration in all parts of the industry – highest for 30 years
- Complex exploration places a premium on technologies that improve performance and reduce risk
- Imdex is well positioned to benefit from this long-term opportunity through our developing technology portfolio and competitive drilling fluids

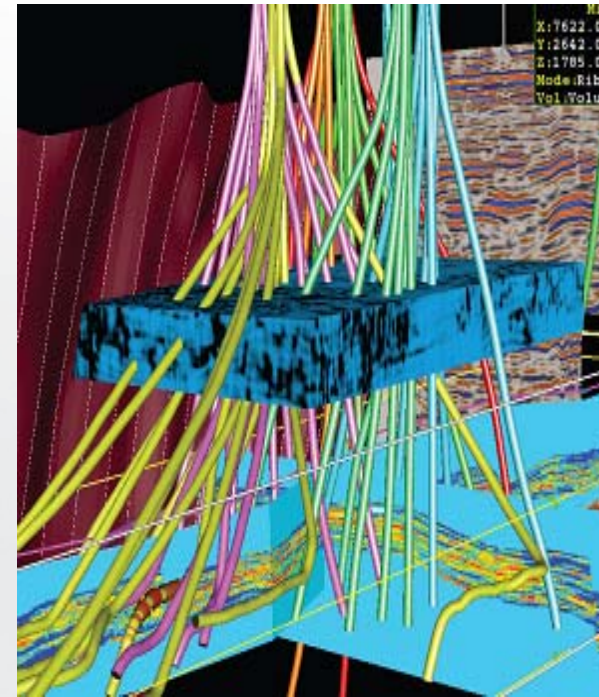


Major Growth Initiative

Down hole instrumentation – oil & gas industry



- Penetrate **oil & gas** down hole instrumentation market (Estimated market size US\$500m p.a.)
- Major service providers are Scientific Drilling and Gyrodata who use their proprietary technology (not available to other service providers)
- Imdex is beginning to provide **world class competing technology** to the independent service providers as follows:
 - **Target INS** – true inertial navigation system with north seeking capability
 - **GyroSmart** – MEMS based, solid state gyro
 - **High Temperature Multishot Tool** – multishot survey instrument
 - **Drop Tool** – stand alone gyro system



3D representation of multiple drill holes in close proximity

1Q09 Highlights (unaudited)



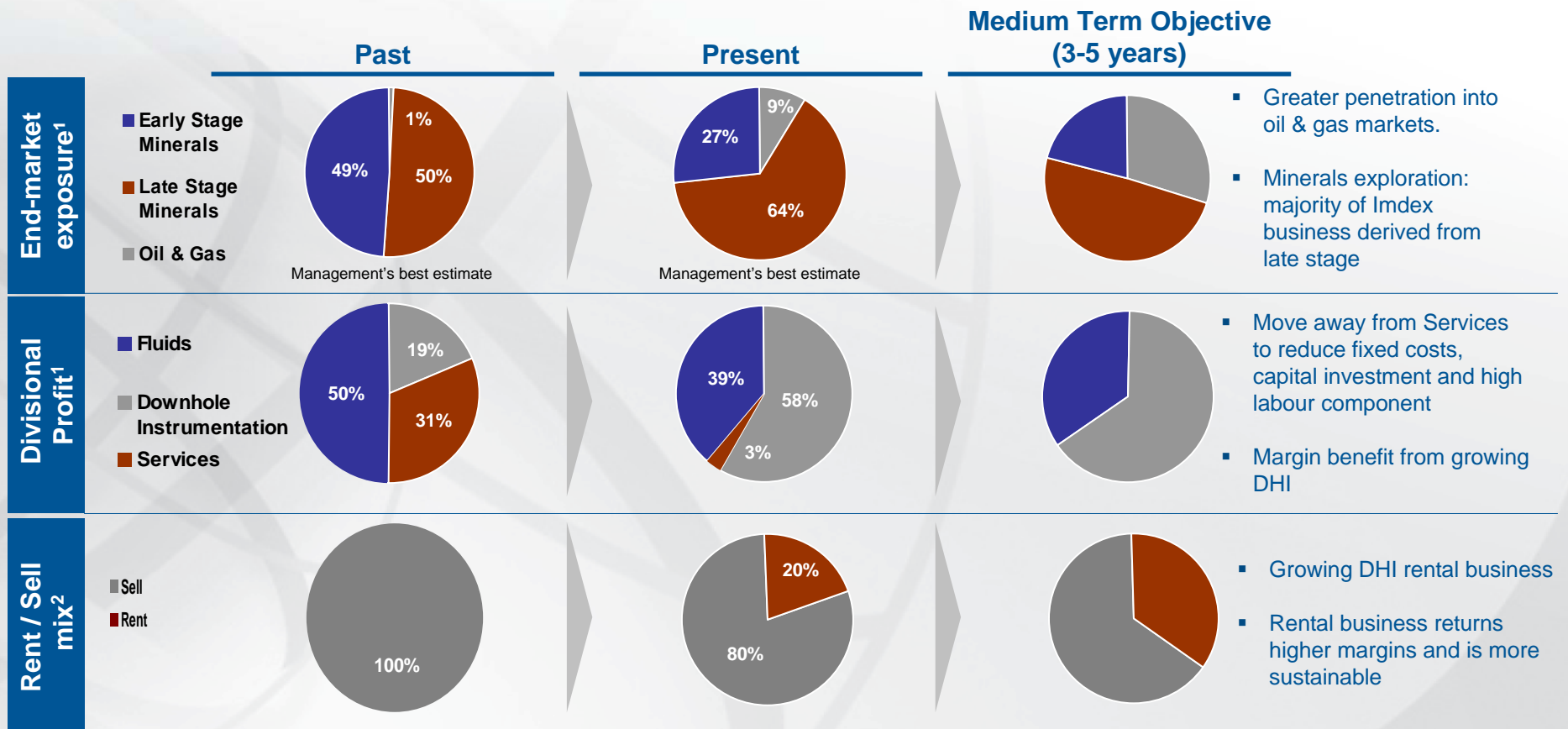
- 1Q09 revenue up 12% to \$43.2 million (1Q08: \$38.6 million)
- EBITA margins were in line with expectations
- DFC performed strongly
 - 1Q09 revenue up 25% to \$25.7 million exceeded budget (1Q08: \$20.5 million)
 - Trading conditions robust in the Asia Pacific region, Africa and Canada
- DHI performed strongly
 - 1Q09 revenue of \$17.5 million (1Q08: \$18.0 million including Surtron of \$4.9 million)
 - Continued implementation of rental model and greater proportion of rentals in 1Q09 v pcp
 - Trading conditions were robust across all major mining regions

The Board maintain their earnings guidance of FY09 revenue growth between 15% - 20% at margins similar to FY08

Looking forward – what will Imdex look like in the medium term



Strong relationships, leading technology, sustainable growth and attractive end-markets



¹ Based on actual or anticipated EBITA contribution
² Based on actual or anticipated Revenue contribution

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Appendix – FY08 Results Overview



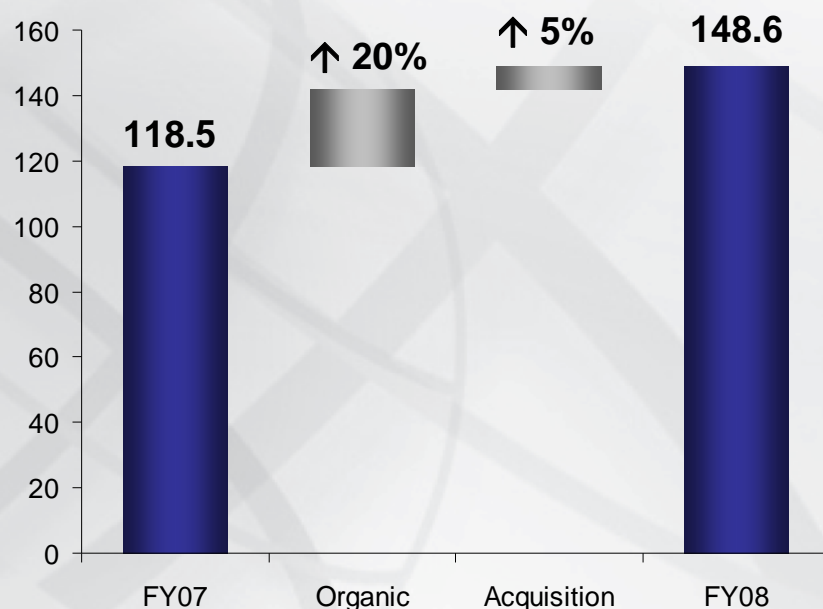
	FY08 \$000's	FY07 \$000's	Change
Fluids and Chemicals Revenue	85,711	62,353	↑ 37%
Down Hole Instrumentation Revenue (incl Surtron)	62,882	56,139	↑ 12%
Normalised Revenue	148,593	118,492	↑ 25%
EBITA (incl Surtron trading, excl profit on disposal)	40,071	24,707	↑ 62%
EBIT (incl Surtron trading, excl profit on disposal)	34,016	21,277	↑ 60%
Profit on sale of Surtron (before tax)	12,139	-	-
Net Profit after Tax	32,002	13,518	↑ 137%
Earnings per Share (continuing operations)	11.22c	7.72c	↑ 45%
Return on Equity	38%	32%	↑ 19%
Operating Cash Flow before Tax	25,323	21,533	↑ 18%

Appendix – FY08 Revenue Growth



Normalised Revenue Growth

(\$m)



Normalised results include discontinued operations and exclude non-operational items

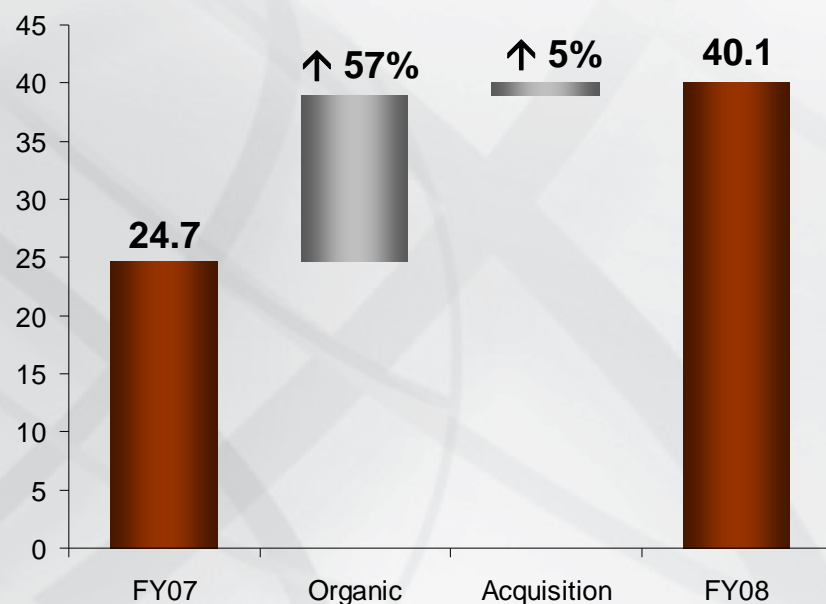
- 25% revenue growth – 20% organic growth and 5% acquisition growth
- Organic growth - all geographic areas
- Highest organic growth - AMC and Reflex
 - The growth in AMC was driven by increased mining and mineral exploration activity - Asia Pacific and Africa
 - Reflex's growth driven by increased market penetration - Asia Pacific, Africa and Canada

Appendix – FY08 EBITA Growth



Normalised EBITA Growth

(\$m)



Normalised results include discontinued operations and exclude non-operational items

- 62% EBITA growth – 57% organic growth and 5% acquisition growth
- Growth in margins achieved by:
 - Growing economies of scale
 - Controlling back office costs, particularly in newly acquired operations
 - Continued implementation of the Index business model in all overseas operations

Appendix – Senior Management – breadth and depth



Strong operational management

Gary Weston	<i>Group GM – founder of AMC and over 30 years experience, Imdex and Baroid</i>
Derek Loughlin	<i>Divisional Manager – Instrumentation – 19 years experience, Boart Longyear and others</i>
Paul Mander	<i>Divisional Manager – Fluids – 17 years industry experience, Boart Longyear and others</i>
Peter Jacobs	<i>GM Reflex – 21 years experience, Boart Longyear and others</i>
Richard Parfitt	<i>Vendor of Chardec, ex Schlumberger. Full time – Product Development</i>
Dag Billger	<i>GM Flexit/R & D Manager – PhD, qualified scientist, MEMS gyro expert</i>
Peter Wright	<i>GM Latin America – over 20 years, incl Latin America, African experience with Ausdrill</i>
Nick Santarelli	<i>Oilfield Manager – over 20 years industry experience, Baker Hughes and others</i>
Joe Barker	<i>GM Samchem – 25 years experience, Baroid and others globally</i>
Dieter Goetze	<i>Technical Manager, SEG – over 40 years of tech. development, inertial navigation systems</i>
John Sullivan	<i>Key Account Manager – many years experience, Boart Longyear and others</i>

Appendix – Board of Directors



- **Non Executive Chairman, Ian Burston AM**
 - Appointed Chairman 2000
 - Experienced leader of many mining and exploration companies including Hamersley Iron, Kalgoorlie Consolidated Gold Mines, Aurora Gold Ltd and Portman Limited
 - Current Chairman of NRW Holdings and Director of Mincor Resources
- **Managing Director, Bernard Ridgeway B Bus (ACCTG) ACA, AICD**
 - Appointed MD in 2000
 - Led the turnaround performance over recent years & key driver of Imdex's current strategy
 - Hands-on management style with extensive expertise in finance, administration, marketing and business development
- **Non Executive Director Ross Kelly BE(Hons) FAICD**
 - On the Board of the WA Football Commission
 - Former Chairman of Clough Limited, Sumich Group Limited, Orbital Engine Corporation Limited, Beltreco Limited and a former director of Aurora Gold Ltd, PA Consulting Services Ltd and the Fremantle Football Club
 - Specialised in the mining and heavy process industries
 - Consulted to many of Australia's major mining companies and Government
- **Non Executive Director Kevin Dundo BCom, LLB**
 - Practicing lawyer – specialising in the commercial and corporate areas
 - Expertise in M & A within resources, mining service and financial services sectors
 - Current director of Intrepid Mines and Computercorp Limited
 - Previous director of St Barbara Mines and Defiance Mining Corporation
- **Non Executive Director Magnus Lemmel B.A.**
 - Appointed in 2006 in conjunction with the Reflex acquisition
 - Management consultant based in Brussels, with business interests in Sweden
 - Former Senior VP Ericsson Telecommunications, CEO Federation of Swedish Industries and Director General for Enterprise Policy of the European Commission
 - European and international network brings significant value to the Board

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