

Imdex Limited

Annual General Meeting

20 October 2011

Providing Quality Drilling Fluids and Leading Down Hole Instrumentation to the World



Today's AGM

Providing Quality Drilling Fluids and Leading Down Hole Instrumentation to the World



Your directors

- Ross Kelly Chairman
- Bernie Ridgeway Managing Director
- Kevin Dundo Non-Executive Director
- Magnus Lemmel Non-Executive Director
- Betsy Donaghey Non-Executive Director

Agenda

- Welcome
- Chairman's address
- Managing Director's address
- Resolutions and voting
 - Resolution 1 : Annual Financial Report, Directors' & Auditor's Reports
 - Resolution 2 : Re-election of Magnus Lemmel
 - Resolution 3 : Issue of Performance Rights to Bernie Ridgeway
 - Resolution 4 : Ratification of issue of 3,206,770 Shares
 - Resolution 5 : Ratification of issue of shares - Staff Options
 - Resolution 6 : Remuneration Report
- Close of Meeting

Chairman's address

Ross Kelly

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FY11 saw Imdex achieve it's best ever results...

- Record financial performance in all major mining regions
- Record number of Reflex instruments on rent
- FY11 revenue ↑53% to \$205.2m (FY10 - \$134.3m)
- EBITA excluding non-operational items ↑132% to \$48.1m (FY10 - \$20.7m)
- Strong balance sheet with low gearing even after acquisitions
- Record operating cash flow
- Exciting technology development and new product pipeline
- Strategic bolt-on acquisitions add to margin and geographic footprint
- New growth initiatives to drive revenue and EBITA higher

...with records continuing in 1Q12

Managing Director's address

Bernie Ridgeway

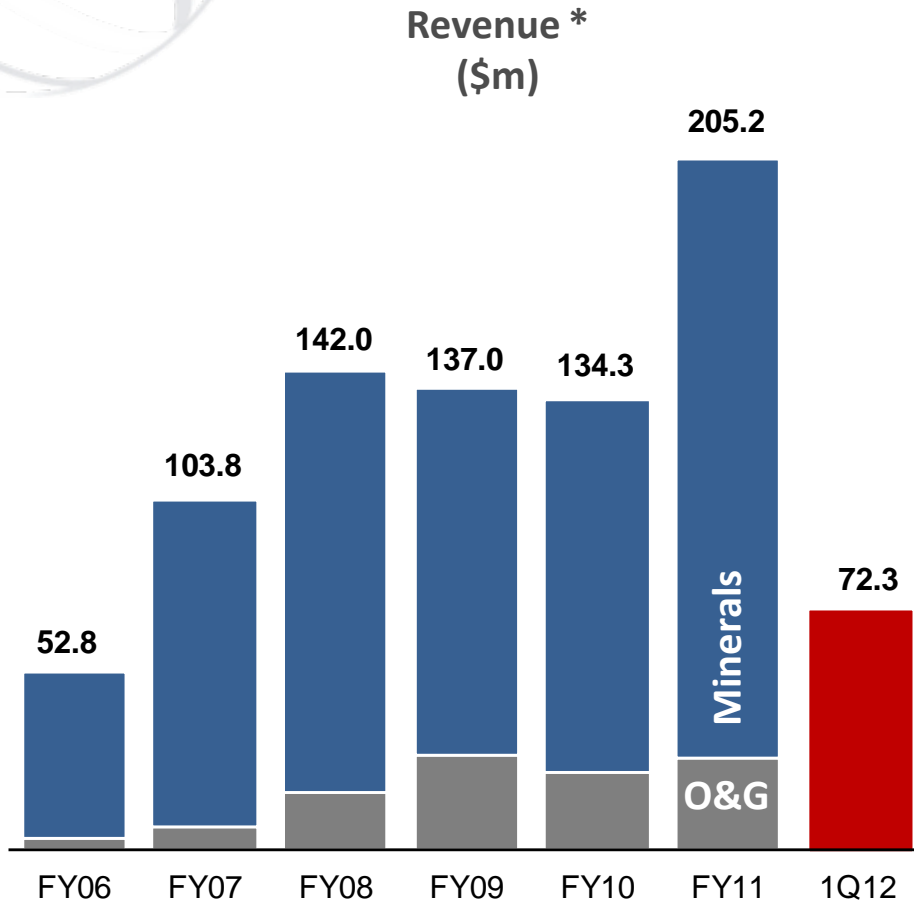
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Exceptional growth in FY11

Key indicator	FY10	FY11	Change
Revenue	\$134.3m	\$205.2m	↑53%
EBITA (excl non-operational items)	\$20.7m	\$48.1m	↑132%
NPAT (excl non-operational items)	\$9.8m	\$29.0m	↑196%
Operating cash flow	\$5.7m	\$35.9m	↑530%
Gearing (net debt / capital)	19.6%	13.4%	↓
Interest cover	27 times	17 times	
Total dividend (fully franked)	-	4.5 cents per share	
Number of employees (incl part time)	300	399	↑33%

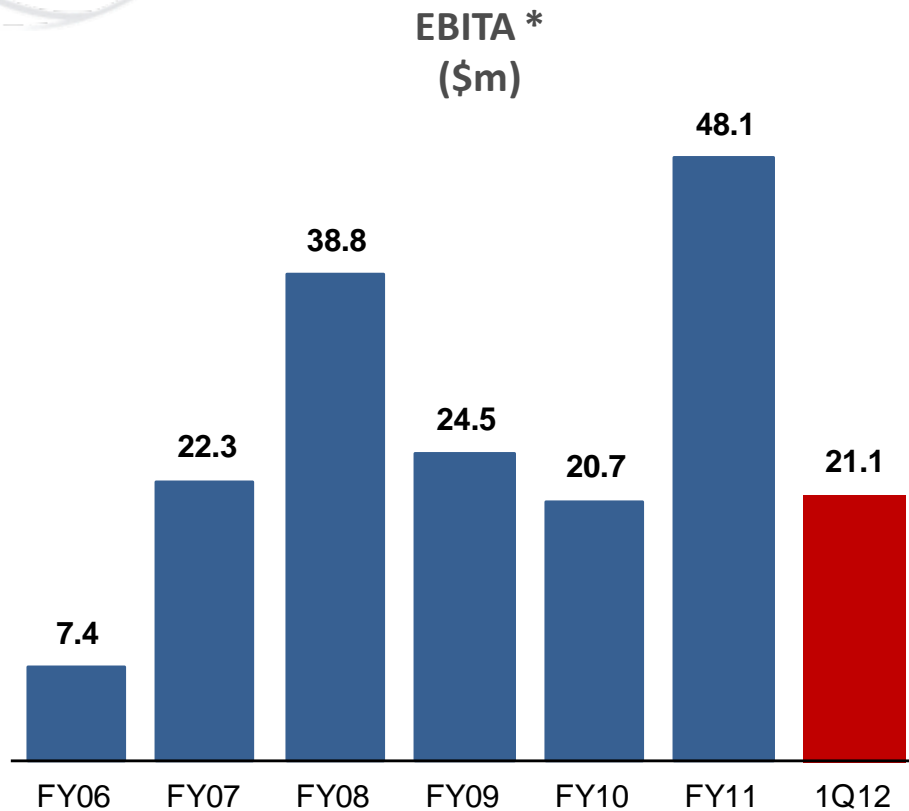
Record revenue



* excludes other income & discontinued operations
1Q12 numbers are unaudited

- ↑53% on FY10
- ↑ 44% on pre GFC record revenue of \$142m
- Minerals division
 - 87% of total revenue
 - Strong performance
- Oil & Gas division
 - 13% of total revenue
 - Solid performance given floods impact in central and north eastern Australia

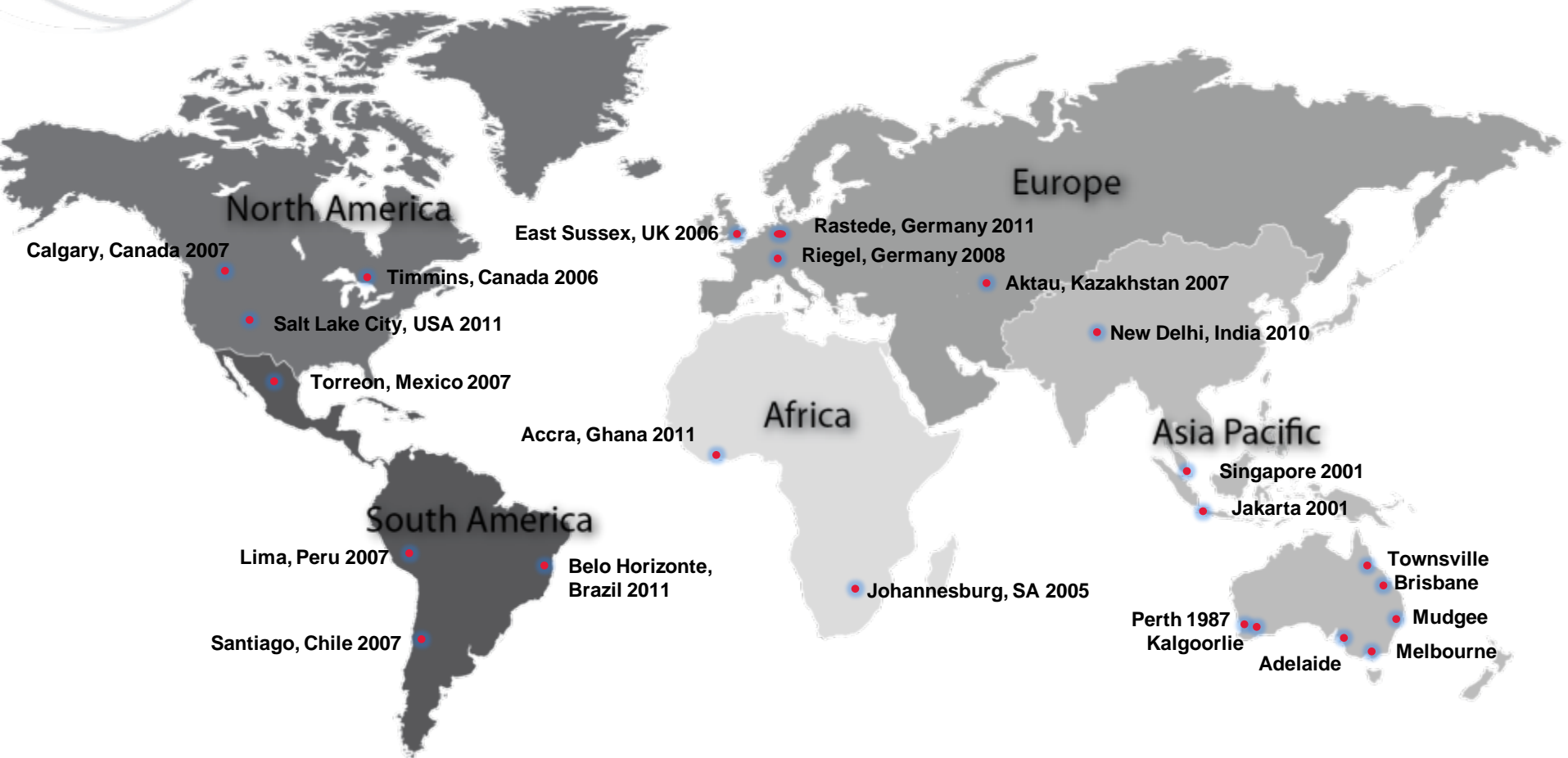
Record EBITA



* excludes other income & discontinued operations
1Q12 numbers are unaudited

- ↑132% on FY10
- Strong minerals performance in all major mining regions drove EBITA growth
- ↑ 24% on pre GFC record of \$38.8m
- EBITA margins continued to improve to 23.5%

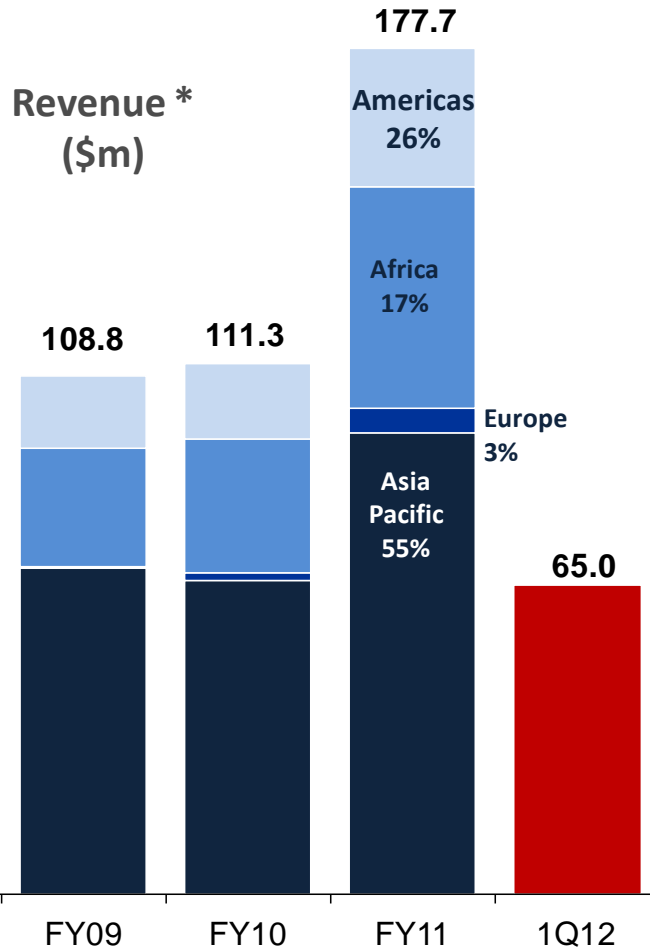
Imdex's global footprint



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Minerals division



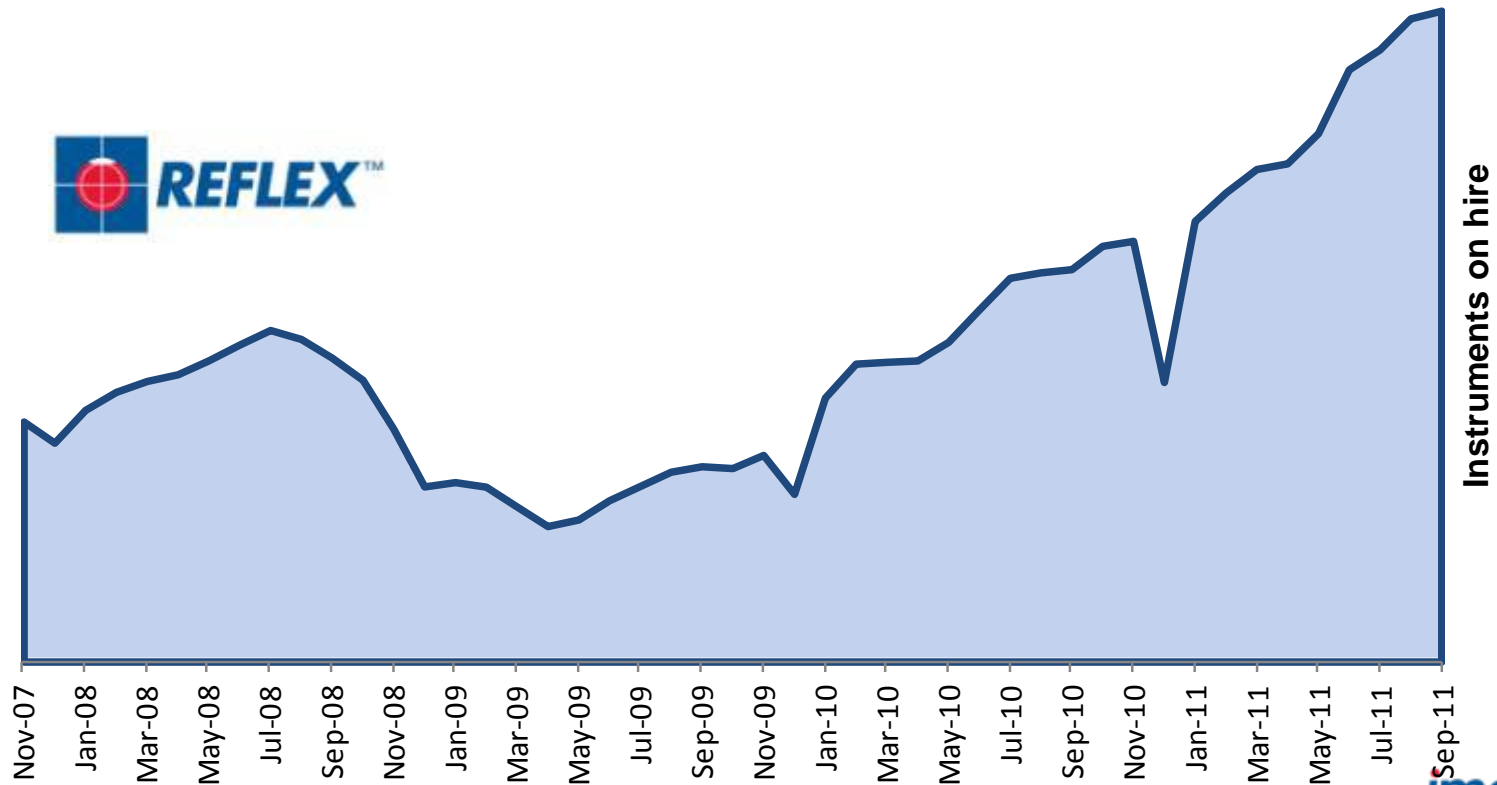
Regional structure adopted 1 July 10 – Comparatives reconstructed using assumptions for illustrative purposes

* excludes other income & discontinued operations

- ↑ 60% on FY10
- Record mining Reflex fleet numbers
- AMC and Reflex continue to gain market share
- AMC brand rolled out globally
- Regional structure delivering cross selling advantages – same customer base for fluids and instrumentation
- Subject to no deterioration in end markets, upward trend in revenue/margin expected to continue
 - Acquisition of ADS – 1 July, 2011
 - Proposed acquisition of System Mud (Brazil)
- Organic growth in all major mining regions

Record Reflex rental fleet

- 96% above previous peak
- Seasonal slowdowns over December/January
- Further growth expected in FY12 as new products rolled out



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Proposed acquisition of System Mud (Brazil)

- Purchase price ~\$9.0m
- Will be immediately EPS accretive
- Effective date 1 August 2011. Completion expected late October or early November 2011
- Forecast CY11 results
 - Turnover \$7.5m
 - EBITA 1.4m
- Benefits to the Imdex Group
 - Access to expanding Brazilian market and strengthen position in Latin America
 - Strategically placed to service global customers
 - Platform for growth of Reflex brand and cross selling



Market leading solids control technology

- Solids removal and fluid property management
- Small environmental site footprint
- Reduced site set up and remediation costs
- Reduced water consumption
- Less wear and tear to drilling components by abrasive fluid
- Quicker to mobilise



Traditional drilling fluid sumps

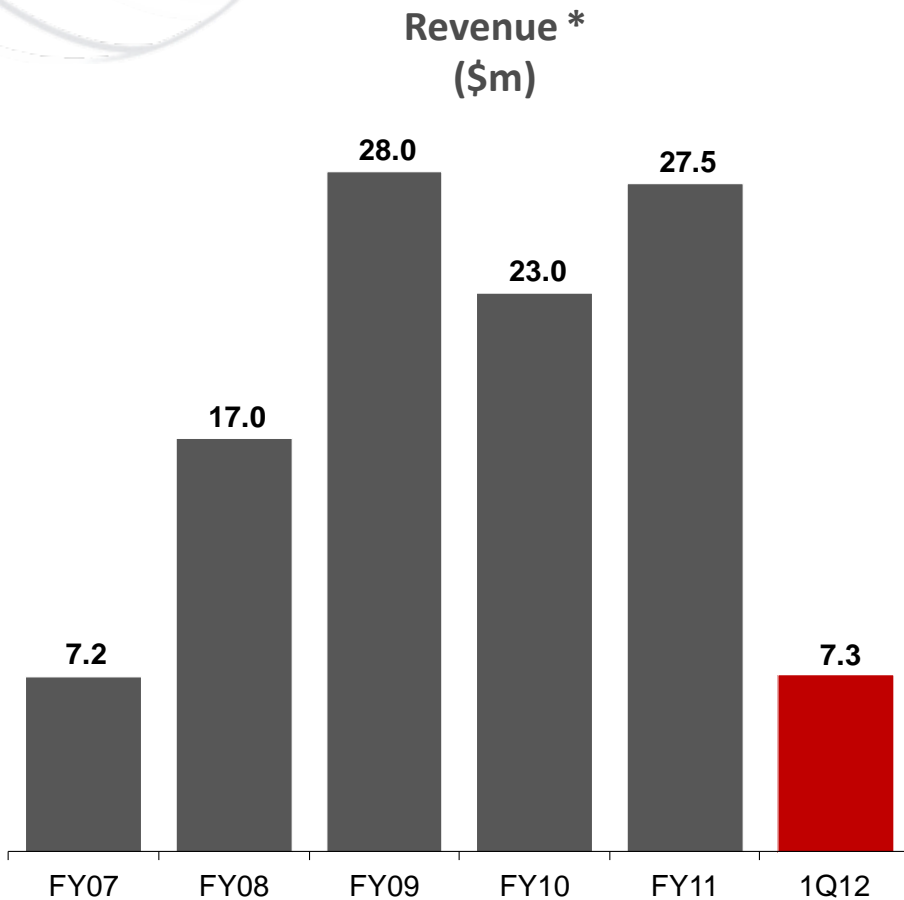


No sumps – fully enclosed system



No environmental damage

Oil & Gas division



* excludes other income & discontinued operations

- ↑ 19% on FY10
- Fluids & chemicals impacted by floods in Australia
- Instrumentation services growth via DHS JV (oil and gas globally)
- Continued product development on existing/new instrumentation
- Integration of Mud-Data into AMC brand complete
- Subject to no deterioration in end markets, upward trend in revenue / margin expected to continue
 - DHSO JV effective 1 July 2011
 - Expansion of Mud-Data in European market
 - Drilling fluids and completion/production chemicals

DHS Oil & Gas Services JV to drive global growth

- DHSO (majority owned by Lime Rock), is a 50:50 joint venture based in Dubai
- DHSO has exclusive global licence to Imdex technology
- Imdex sells instrumentation to the JV at cost + margin
- Initial target market the Middle East then expand globally
- Main competitors – Scientific Drilling International, Gyrodata
- Global onshore and offshore surveying and steering market ~US\$500m to US\$600m
- Aggressive growth planned over next 5 to 7 years



AMC Oil & Gas Europe fully integrated

- Based in Rastede, Northern Germany (near Bremen)
- Drilling fluids and chemicals and equipment
- Strong markets – oil & gas, geothermal and civil industries
- Solids control and high quality equipment for oil & gas and geothermal



Strong balance sheet

(\$millions)	Jun 10	Jun 11
Net cash	9.0	18.4
Receivables	41.2	50.2
Inventory	28.6	40.6
Investment in SEH	6.8	16.1
Fixed assets	13.6	17.3
Intangibles	50.0	55.9
Other assets / Deferred tax	14.2	20.6
Total assets	163.4	219.1
Payables	25.7	32.8
Commercial bills	19.5	25.9
Bank loan – Canada	5.7	6.9
Bank loan – Sweden	2.9	1.0
Vendor finance	-	2.8
HP Finance	3.9	1.3
Provisions and current tax	11.2	23.0
Total equity	94.5	125.4
(CA – Inventory)/CL *	1.03	1.05
CA/CL *	1.58	1.62
Gearing (net debt / capital)	19.6%	13.4%

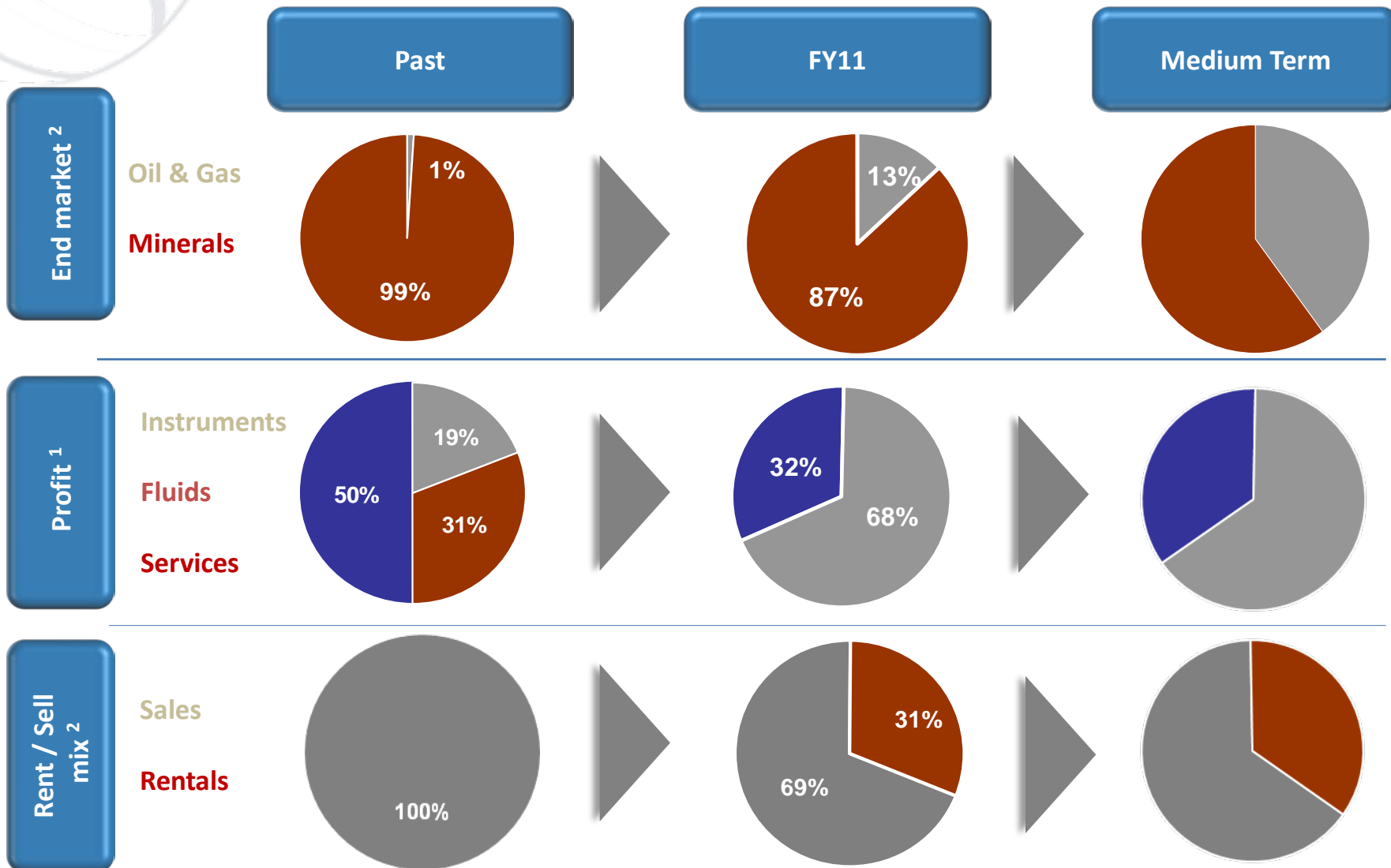
- Strong cash position
- Invested in working capital to support increased sales/rentals
- Investment in SEH remains non core
- Deferred tax on unrealised instrumentation profits
- Interest cover of 17 times (EBITA over net interest income)
- Low gearing
- Net debt of \$19.5m

* Using CIBC and Westpac assumed repayment terms not statutory disclosure

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On track with strategy



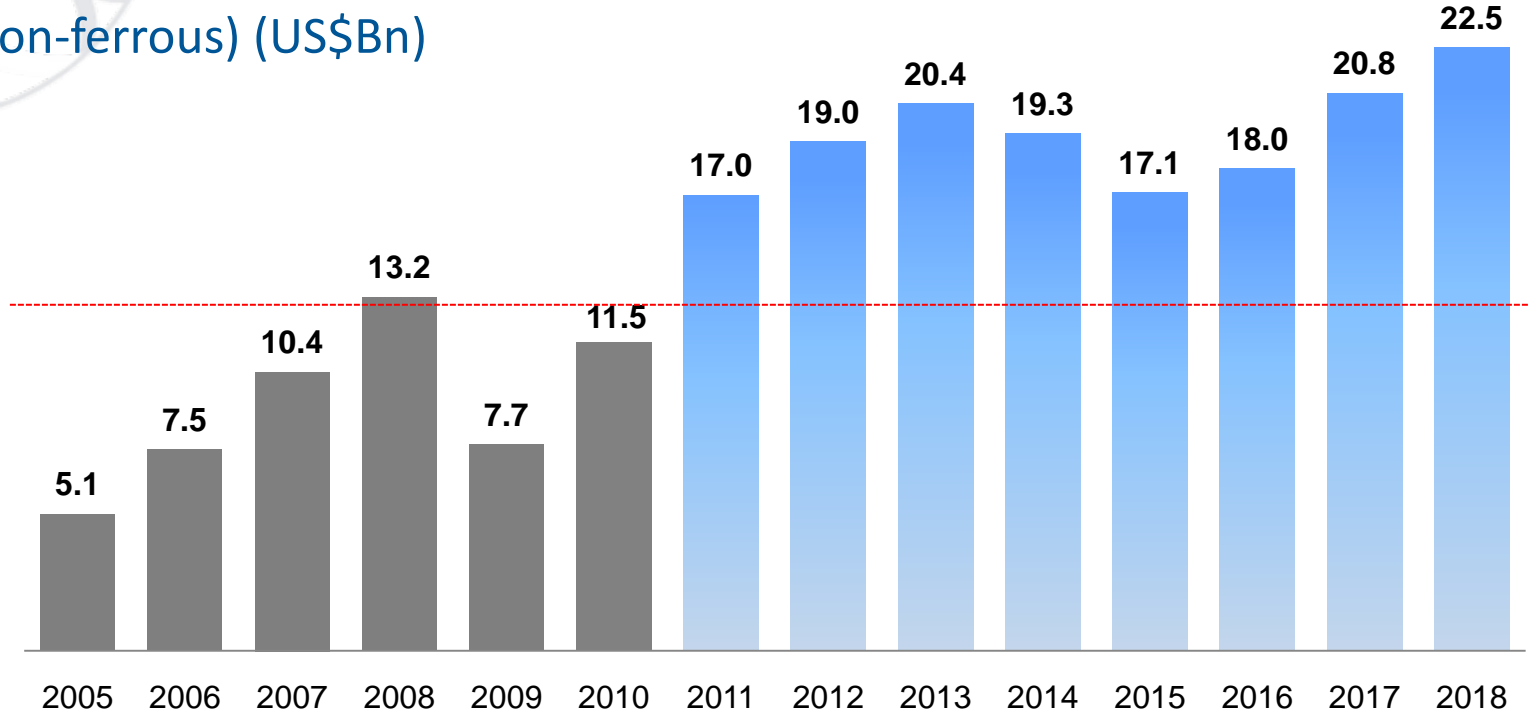
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¹ Based on actual or anticipated EBITA

² Based on actual or anticipated revenue

Increasing estimated global exploration spend

(non-ferrous) (US\$Bn)

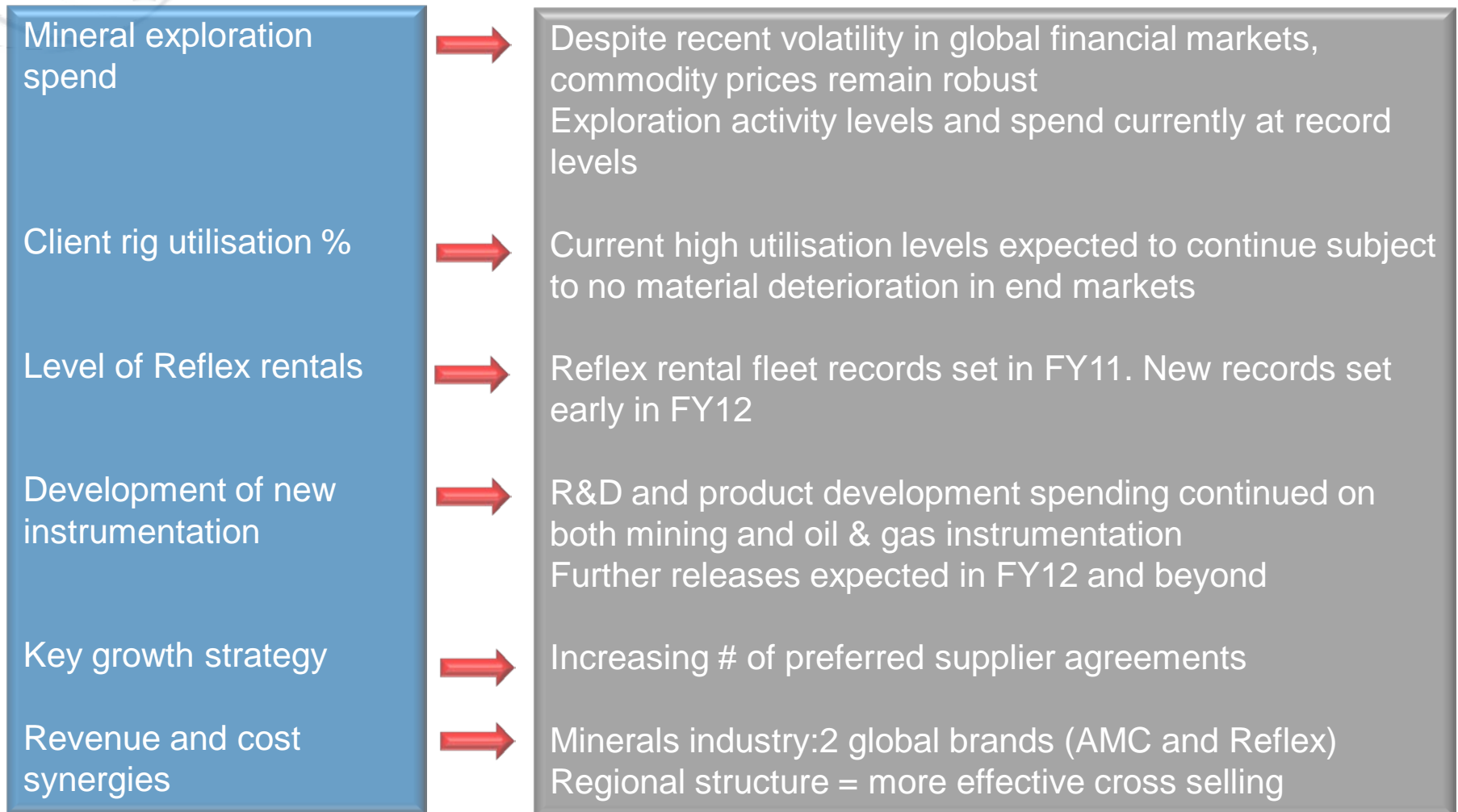


Source: Metals Economics Group (2005-2011); McKinsey analysis (2012-2018) Reproduced with permission from Boart Longyear

- ↑ 50% on CY10 to highest level ever
- Due to industry capacity constraints, likely flow into subsequent years
- Expenditure focused on gold and copper. Excludes coal and iron ore
- 1/3 of estimated CY11 spend is by majors on long term projects

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Key business drivers and outlook



Summary

FY11 – Imdex's best ever results

- Record revenue and earnings
- Record Reflex rental numbers
- Strong balance sheet
- Record operating cash flows
- Full year dividend of 4.5 cents per share

Attractive growth opportunities to drive further growth

- AMC Oil & Gas Europe drives fluids and equipment growth in the region
- DHSO joint venture drives Oil & Gas instrumentation/services growth globally
- System Mud acquisition increases representation and presence in expanding Brazilian market
- New technology/products in mining and oil & gas, including solids control
- Further organic growth across all global regions
- FY12 expected to be higher than FY11 assuming no material change to end markets



Resolutions and other formal business



Appendix

Profit & loss

(\$millions)

	FY10	FY11	Var %
Revenue (excl interest income)	134.3	205.2	53%↑
EBITDA	24.9	53.8	116%↑
Depreciation	(4.2)	(5.7)	37%↑
EBITA	20.7	48.1	132%↑
Amortisation	(6.4)	(6.8)	7%↑
Net interest expense	(0.7)	(2.8)	260%↑
Tax expense	(3.8)	(9.5)	154%↑
NPAT before non recurring items	9.8	29.0	196%↑
Impairment	(34.0)	-	-
Forex on SEH loan	(0.7)	-	-
Tax effect of non recurring items	3.4	-	-
Statutory NPAT	(21.5)	29.0	-
<i>NPAT / Weighted ave shares on issue (cents)</i>	<i>(11.05)</i>	<i>14.69</i>	<i>-</i>
Cash flow from operations	5.7	35.9	530%↑

Our business

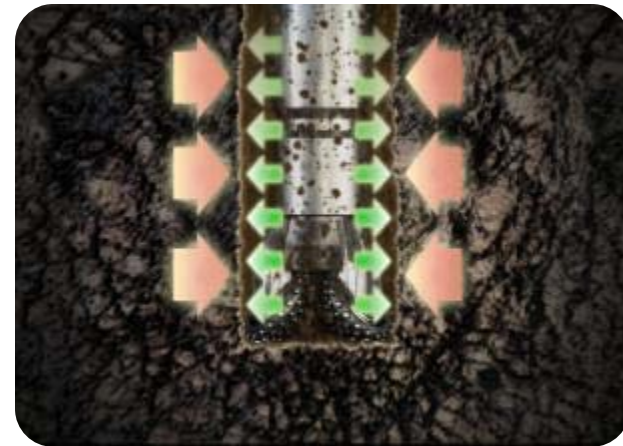
<p>Market</p>	<p>Minerals *87% of our business</p>		<p>Oil & Gas *13% of our business</p>	
<p>Product</p>	 <p>Fluids</p>	 <p>Instruments</p>	 <p>Fluids</p>	 <p>Instrumentation service</p>
<p>Brand</p>				

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Drilling fluids

- Cools and lubricates the bit and drill rods
- Clears cuttings from the face of the bit and carries them to the surface
- Supports the formation through hydrostatic pressure
- Protects the drill rods and reduces excessive wear
- Plasters the hole with a semi-impermeable filter cake



Reflex main product line



EZ Shot



Single shot magnetic down hole survey instrument

EZ Trac



Multi shot magnetic down hole survey instrument

Reflex Gyro



Non-magnetic down hole survey instrument

ACT II



Digital, electronic core orientation tool

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