Imdex Limited

FY11 Results Presentation
15 August 2011

Bernie Ridgeway – Managing Director
Paul Evans – Chief Financial Officer

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

Disclaimer

This presentation has been prepared by Imdex Limited ("the Company"). It contains general background information about the Company's activities current as at the date of the presentation. It is information given in summary form and does not purport to be complete. The distribution of this presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions.

This presentation is not (and nothing in it should be construed as) an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security in any jurisdiction, and neither this document nor anything in it shall form the basis of any contract or commitment. The presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

The Company has prepared this presentation based on information available to it, including information derived from publicly available sources that have not been independently verified. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, correctness or reliability of the information, opinions and conclusions expressed.

Any statements or assumptions in this presentation as to future matters may prove to be incorrect and differences may be material. To the maximum extent permitted by law, none of the Company, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it.

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

Today's presenters

Bernie Ridgeway
Managing Director

Paul Evans
Chief Financial Officer / Company Secretary

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

Today's agenda

- Overview → Bernie Ridgeway
- FY11 financial performance → Paul Evans
- Operational review → Bernie Ridgeway
  - Minerals Division
  - Oil & Gas Division
- Strategy and outlook → Bernie Ridgeway

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

Imdex's best ever results

- Record revenue and EBITA
- Record financial performance in all major mining regions
- Record number of Reflex instruments on rent
- Business structured to enable immediate response to increased demand
- Exciting technology development and new product pipeline
- Strong balance sheet with low gearing even after acquisitions
- Record operating cash flow
- Strategic bolt-on acquisitions add to margin and geographic footprint
- New growth initiatives to drive revenue and EBITA higher

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

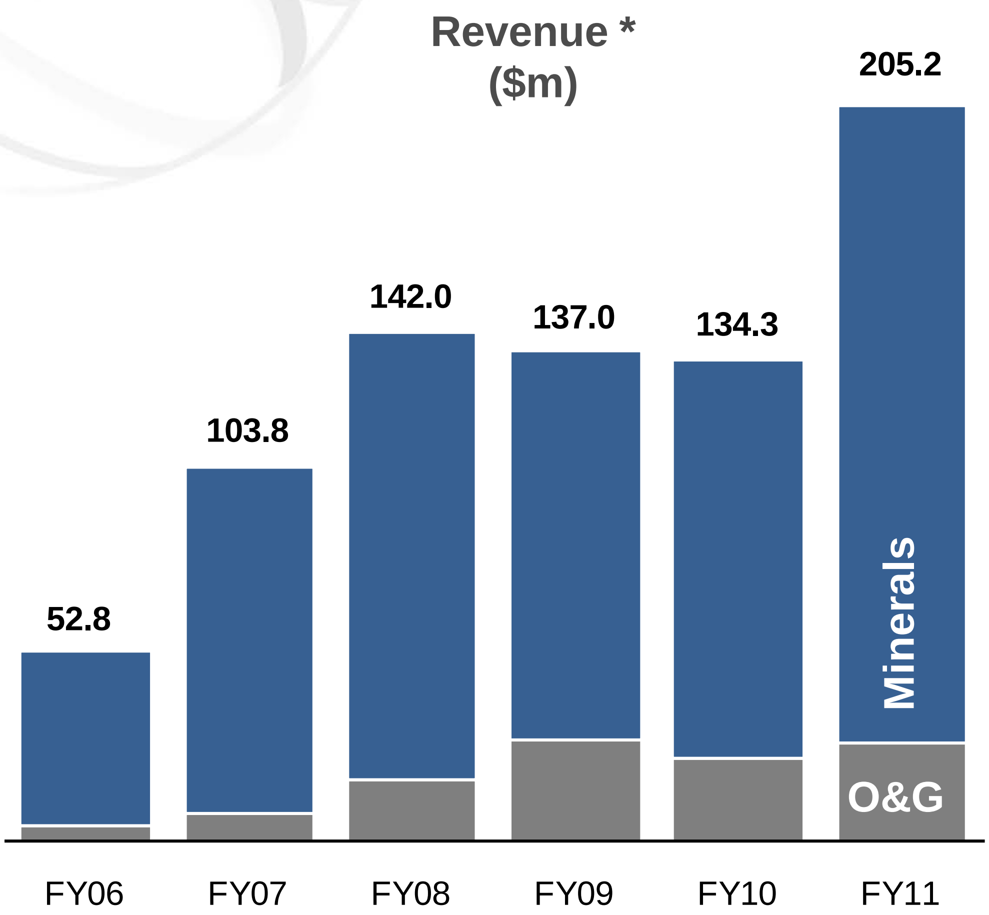
Exceptional financial performance

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%

imdex LIMITED

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

Record revenue

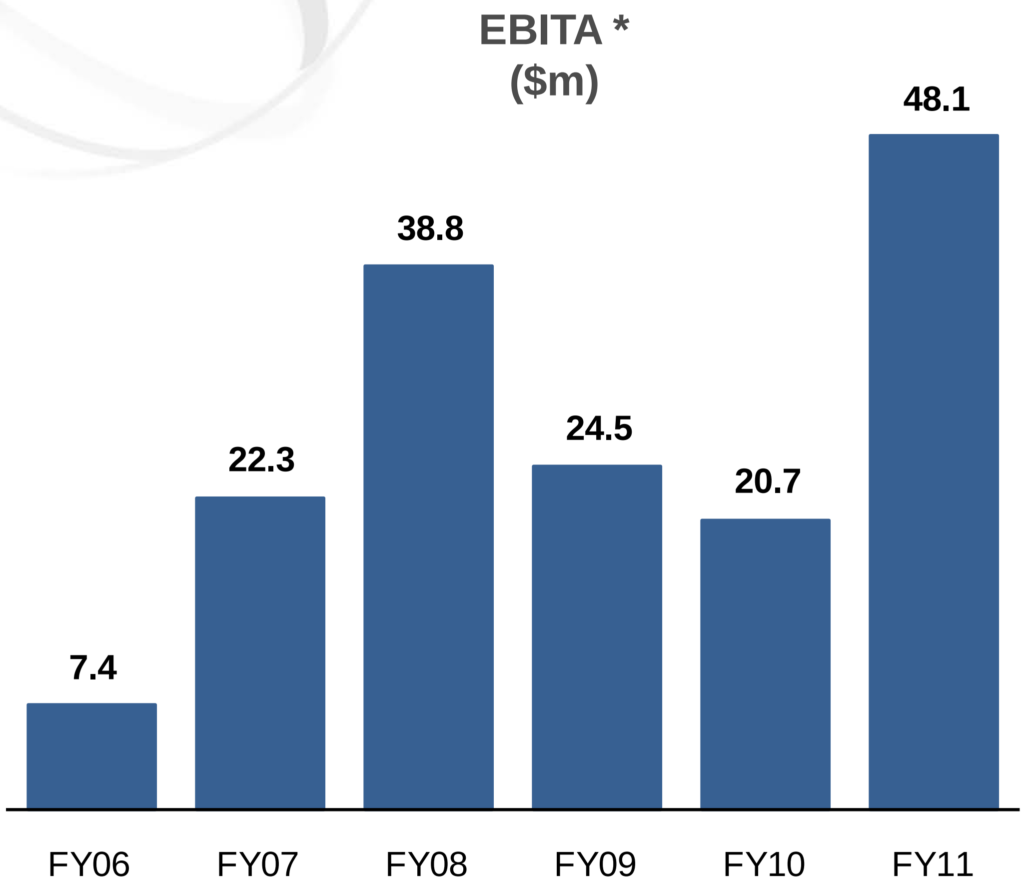


* excludes other income & discontinued operations

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

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

Record EBITA



* excludes discontinued operations and non-operational items

- ↑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%

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

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**	-
NPAT / Weighted av shares on issue (cents)	***(11.05)***	***14.69***	-
Cash flow from operations	5.7	35.9	530%↑

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

Strong balance sheet

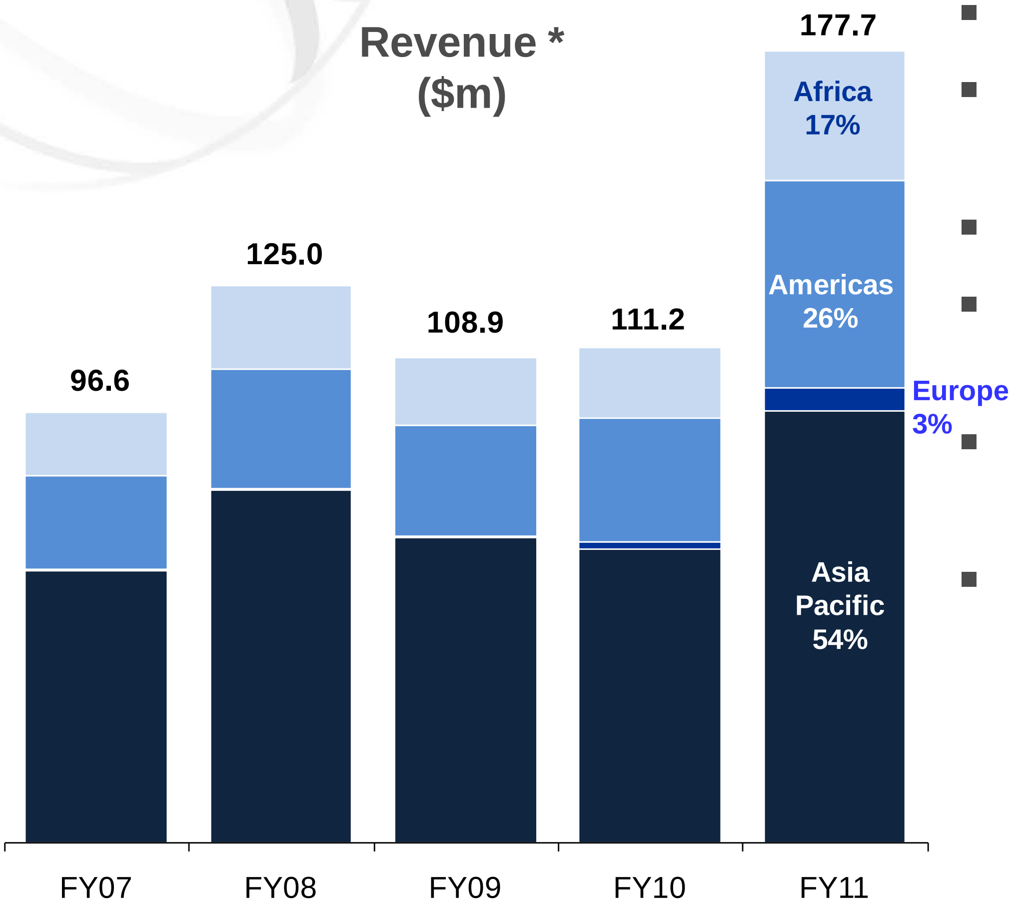
($millions)	Jun 10	Jun 11
Net cash	9.0	18.4
Receivables	41.2	50.2
Inventory	28.6	40.6
Investment in SEH	6.8	16.1
Fixed assets	13.6	17.3
Intangibles	50.0	55.9
Other assets / Deferred tax	14.2	20.6
Total Assets	**163.4**	**219.1**
Payables	25.7	32.8
Commercial bills	19.5	25.9
Bank loan – Canada	5.7	6.9
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

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

Minerals Division



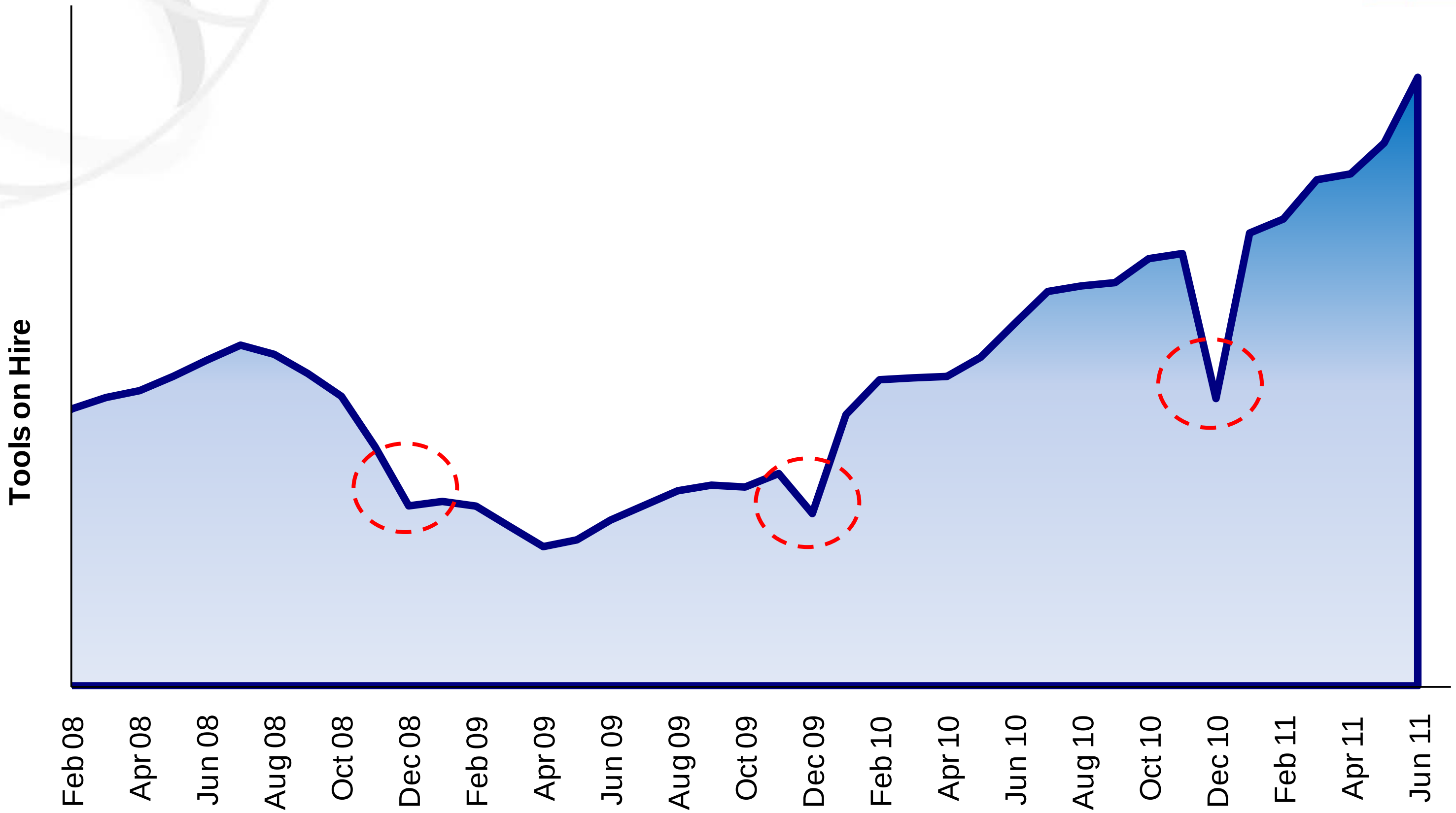
NB: Regional structure adopted 1 July 10 – Comparatives have been reconstructed using assumptions for illustrative purposes

* excludes other income & discontinued operations

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

- ↑ 60% on FY10
- Record mining Reflex fleet numbers
- Reflex continues to gain market share
- AMC brand rolled out globally
- Regional structure delivering cross selling advantages
- Seamless integration of Fluidstar into AMC
- Subject to no deterioration in end markets, upward trend in revenue/ margin expected to continue
  - Proposed acquisition of ADS
  - Proposed acquisition of System Mud (Brazil)
  - Organic growth in all major mining regions

Record Reflex rental fleet



- Reflex rental fleet at June 2011 ↑79% on previous peak in July 2008
- Seasonal slowdowns over December/January - highlighted
- New records set in July and August 2011

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

Acquisition of Australian Drilling Specialties (ADS)

- Purchase price $12.0m, $6.0m cash and $6.0m shares on settlement
- Will be immediately earnings accretive
- Effective date 1 July 2011
- Unaudited results for FY11
  - Turnover $9.3m
  - EBITA $2.4m
- Benefits to the Imdex Group
  - Enhance drilling fluids manufacturing capability
  - Increase margin by vertical integration
  - Access to IP and product formulations
  - Ownership of polymer technology
  - Expansion of product offering
  - Increased control over supply chain
  - Increase oil & gas expertise

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

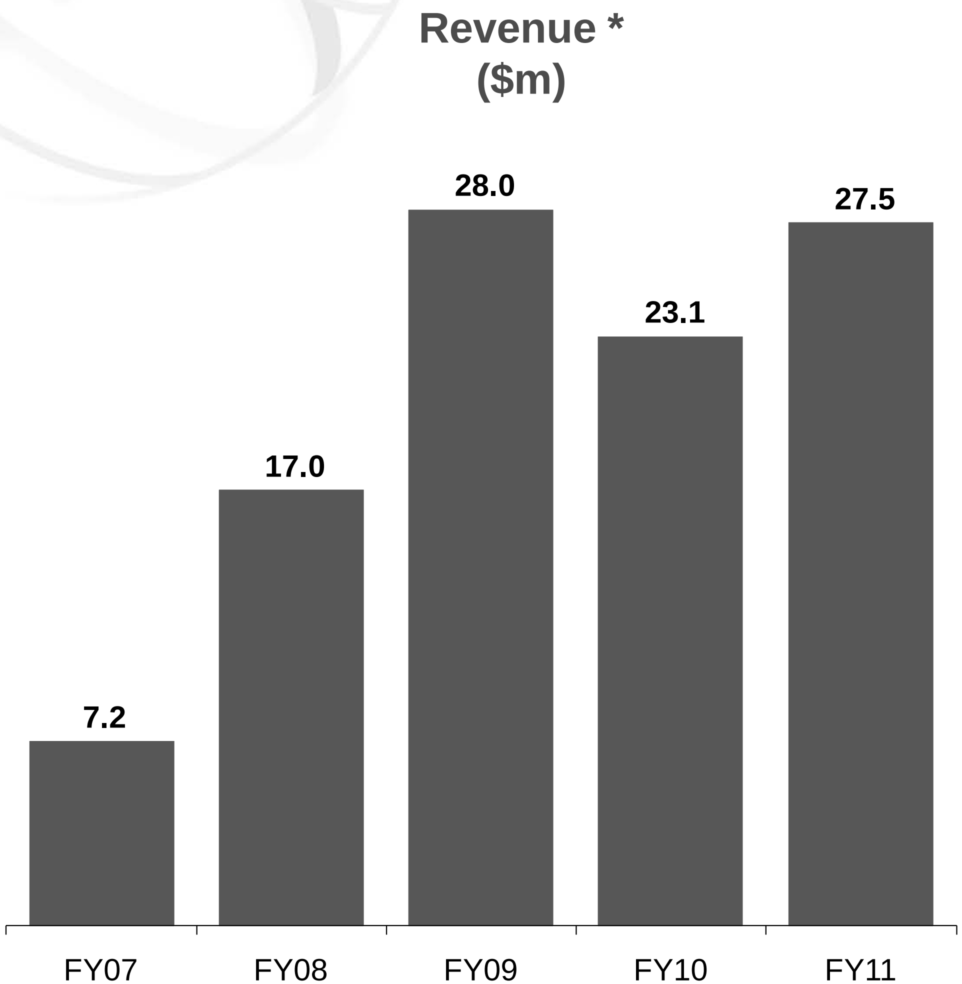
imdex LIMITED

Acquisition of System Mud (Brazil)

- Purchase price ~$9.0m
  - ~$4.0m cash and ~$3.9m shares on settlement (@ $2.40 per share)
  - ~$1.1m in cash/shares after 2 years (@ $3.50 per share)
- Will be immediately EPS accretive
- Effective date 1 August 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

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

Oil & Gas Division

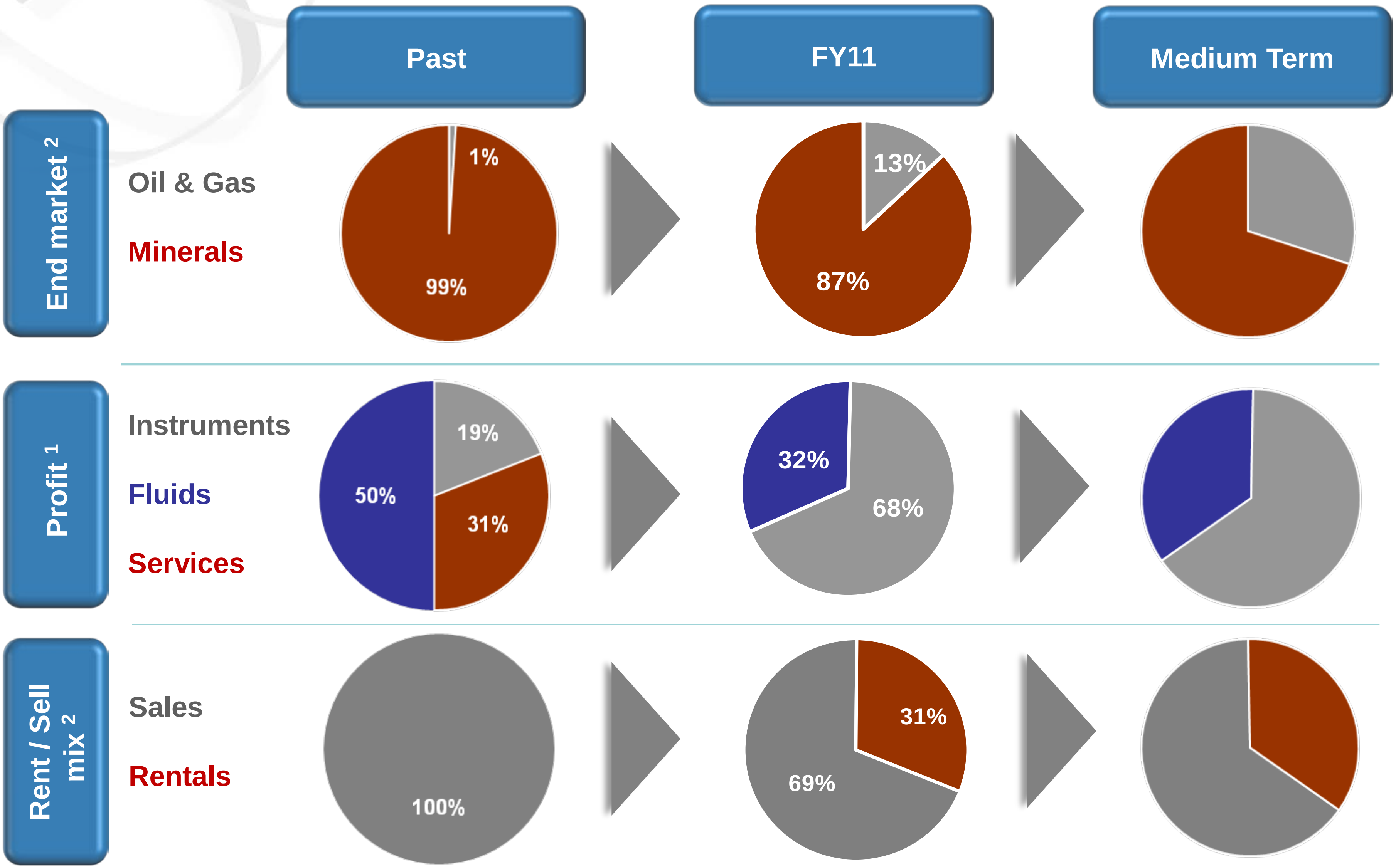


* excludes other income & discontinued operations

- ↑ 19% on FY10
- Fluids & chemicals impacted by floods in Australia
- Instrumentation services growth via DHS JV (oil & 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

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

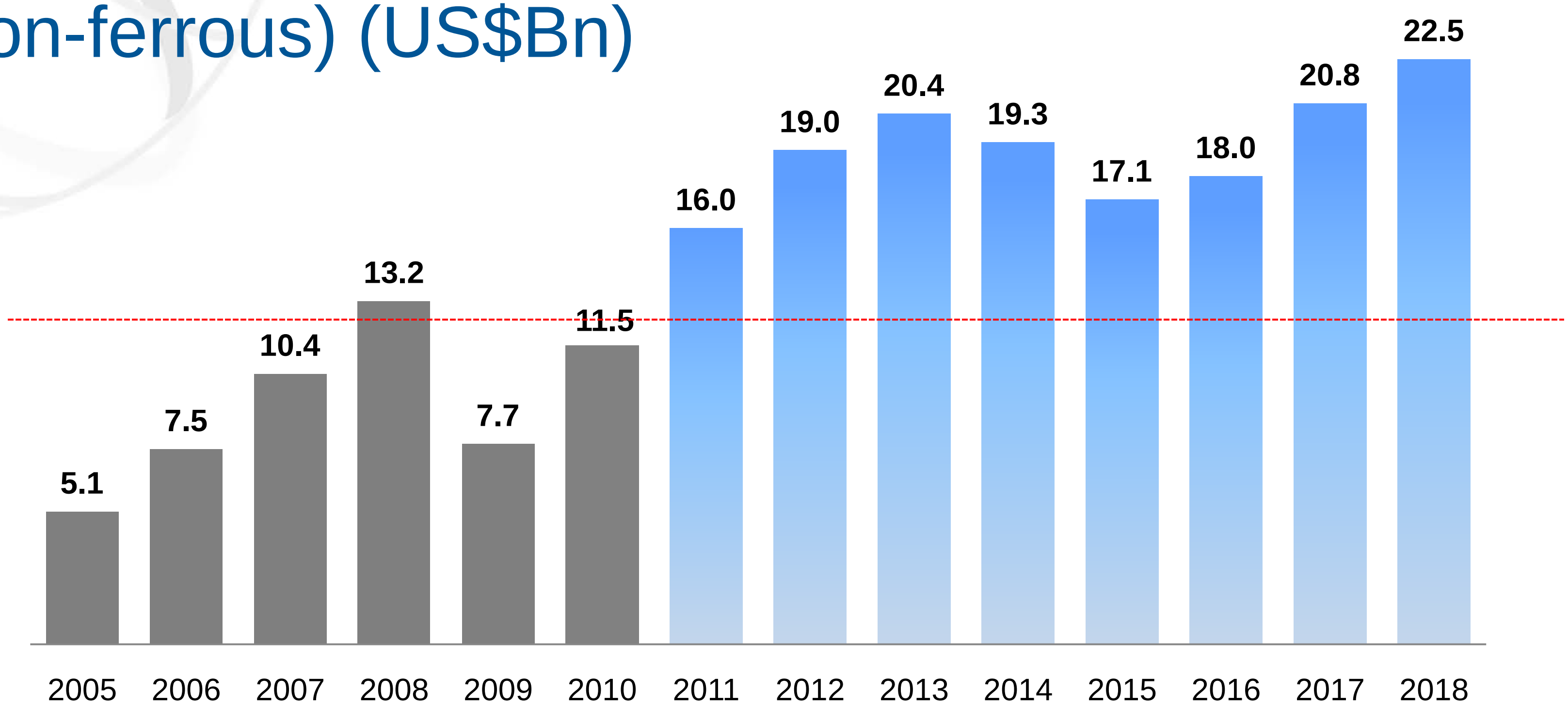
On track with strategy



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

[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

- ↑40% on CY10 to highest level ever
- Due to industry capacity constraints, likely flow into subsequent years
- Future levels expected to be maintained above this peak

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

Key business drivers and outlook

Mineral exploration spend	Even after recent volatility in global financial markets, commodity prices remain robust Exploration activity levels and spend currently at record levels
Client rig utilisation %	Current high utilisation levels expected to continue subject to no material deterioration in end markets
Level of Reflex rentals	Reflex rental fleet records set in FY11
Development of new instrumentation	R&D and product development spending continued on both mining and oil & gas instrumentation Further releases expected in FY12 and beyond
Key growth strategy	Increasing # of preferred supplier agreements
Revenue and cost synergies	2 global brands (AMC and Reflex) Regional structure = more effective cross selling

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

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
    - Mud-Data acquisition drives Oil & Gas fluids & equipment growth in Europe
    - DHSO joint venture drives Oil & Gas instrumentation/services growth
    - ADS acquisition assists margin growth, control over supply chain and IP/technology ownership
    - System Mud acquisition increases representation and presence in Brazil
    - 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

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