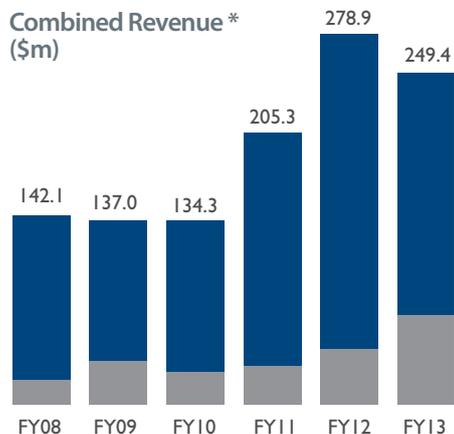


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Key Performance Indicators



*Includes Imdex share of VES Joint Venture revenue



Imdex News - FY13



Dear Shareholders,

It is my pleasure to present Imdex's full year shareholder newsletter for the 2013 financial year (FY13).

Imdex's performance throughout FY13 was negatively affected by:

- The cyclical slowdown in the minerals sector;
- Continued investment in the development of innovative products and technologies;
- Positioning for substantial growth in the oil and gas sector; and
- The extension of some development projects into FY14.

Due to the cyclical nature of the minerals industry, in recent years Imdex has adopted diversification strategies including plans to grow its business globally and expanding into new markets – specifically oil and gas.

The company has successfully advanced these strategies. As reported in the 3Q13 shareholder newsletter, Imdex is now a business which is increasingly diversified by geography, customer and commodity base, with high exposure to major and intermediate companies engaging in long-term projects, as well as a growing presence in the oil and gas sector offering material growth opportunities.

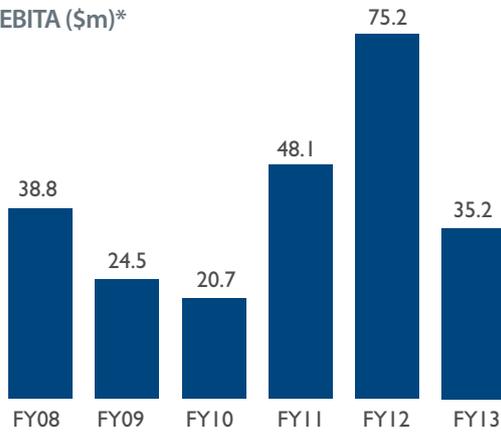
A good example of the benefits flowing from these diversification strategies is the strong revenue performance by Imdex's Oil & Gas Division. The Division achieved record revenue for FY13 and continued its trend of year-on-year revenue growth since FY10. It delivered 27% of FY13 Group revenue, representing significant progress towards Imdex's long-term goal of generating 30–40% of Group revenue from the Oil & Gas Division.

Such diversification strategies do not offset cyclical lows in the short-term, however the company's innovative products and technologies position it well, as customers increasingly look to reduce costs and improve productivity in their businesses.

Other important operational achievements in FY13 include the acquisition of ioGlobal, the global deployment of the company's solids removal units (SRUs) and the continued investment in people and equipment to support the growth of Imdex's Oil & Gas Division.

Provide Feedback 

EBITA (\$m)*

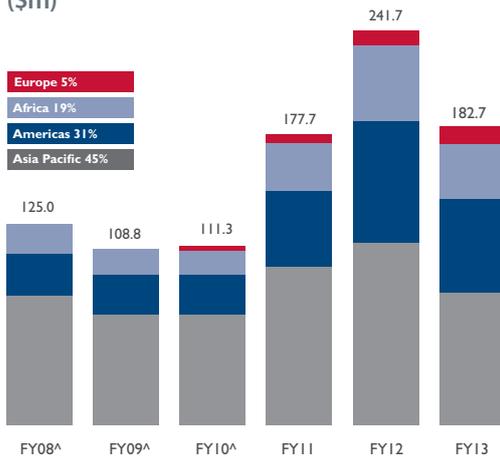


*Includes equity accounted VES Joint Venture result

The following is a summary of Imdex's FY13 performance:

- Statutory revenue down 14% to \$232.8 million (FY12: \$269.6 million);
- Combined revenue (excluding interest) down 11% to \$249.4 million (FY12: \$278.9 million);
- EBITA down 53% to \$35.2 million (FY12: \$75.2 million), including \$3.0 million of one off restructuring costs, with the majority of these costs incurred in 4Q13;
- Net profit after tax (NPAT) down 58% to \$19.4 million (FY12: \$45.8 million);
- Net assets \$188.5 million (30 June 2012: \$168.1 million);
- Operating cash-flow up 44% to \$39.0 million (FY12: \$27.1 million);
- Comfortable gearing levels with net debt/capital of 22.3% (FY12: 22.3%);
- Increased investment in product development; and
- Final fully franked dividend of 0.40 cents per share, total FY13 dividend of 2.90 cents per share fully franked (FY12: 7.25 cents per share fully franked).

Minerals Division - Revenue (\$m)



[^]Comparative purposes only. Regional structure adopted 1 July 10

Minerals Division

Imdex's Minerals Division consists of the AMC and Reflex (including ioGlobal) businesses. These businesses market innovative drilling fluids, chemicals, solids removal technologies, downhole instrumentation and data management solutions, together with geo-analytical consulting services and software, for the global minerals industry. AMC is the leading provider of drilling fluids to the global industry, and Reflex is the number one global supplier of downhole instrumentation to that industry.

FY13 divisional financial performance

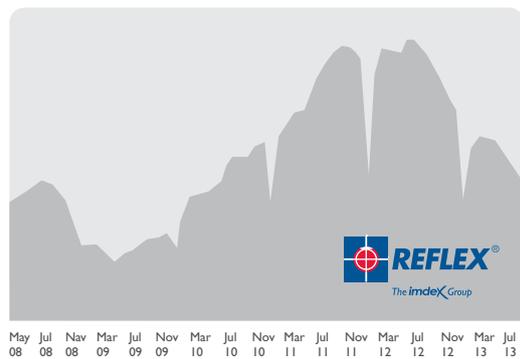
Imdex's Minerals Division generated revenue of \$182.7 million, contributing 73% of the company's combined full year revenue. This represents a 24% decrease on the record result achieved in the previous corresponding period (FY12: \$241.7 million). Operational EBITA was down 50% to \$43.2 million (FY12: \$85.7 million). The decline in both revenue and EBITA reflects subdued activity in the minerals sector as already noted.

While the introduction of some of Imdex's development projects was behind internal expectations, significant progress was made towards their commercialisation. The company continues to pursue market share growth in principal and underpenetrated mining markets, driven by Imdex's innovative products and leading technologies. Such products and technologies are assisting Imdex's direct and indirect customers reduce costs and increase operational efficiencies, helping them respond to increasingly challenging market conditions.

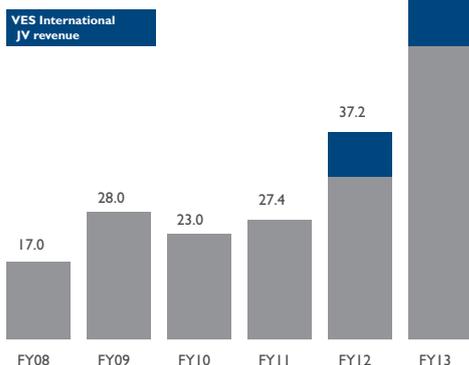
Provide Feedback



Reflex Rental Fleet
Number of instruments on rent



Oil & Gas Combined Revenue *
(\$m)



*Includes 30% of VES International JV revenue

Key operating highlights and achievements

Highlights and achievements for Imdex’s Minerals Division during FY13 included:

- The acquisition of ioGlobal effective 1 November 2012. This acquisition provides Imdex with a range of new and significant growth opportunities, enhanced technologies and product offerings;
- The integration, including the rebranding of the company’s products and services under the Reflex banner, is proceeding well;
- Deployment of Imdex’s Solids Removal Units (SRUs) to all principal mining regions globally;
 - Imdex continues to receive positive feedback from customers, however, the slowdown in the minerals sector resulted in customers being more cautious than anticipated about adopting new technologies in the short-term;
- Marketing of Reflex HUB (formerly ioHUB) and subsequent commissioning by a major global resource company and drilling services’ company in Western Australia. Positive customer feedback was received regarding the efficiency of the paperless reporting system;
- Ongoing development of Imdex’s underground SRUs;
- Commenced development of heli-portable SRUs to cater for geographically or logistically challenging sites and to meet industry demand;
- Increased market share in previously underpenetrated regions;
- Establishment of new manufacturing facilities in Brisbane, Calgary and Argentina, enhancing operational efficiencies by reducing lead times and overcoming import restrictions; and
- Reduced inventory levels reflecting the cyclical slowdown in the minerals sector.

Oil & Gas Division

Imdex’s Oil & Gas Division includes AMC Oil & Gas and a 30% share of VES International (formerly DHS Energy Services). The VES joint venture is the third largest provider of downhole survey services to the oil and gas markets, operating primarily in the USA, Middle East and Latin America. The AMC Oil & Gas and VES International businesses provide drilling fluids, production and completion chemicals, and downhole survey services to the conventional and unconventional oil and gas markets.

FY13 divisional financial performance

Imdex’s Oil & Gas Division contributed 27% of the company’s combined revenue for the full year, generating \$66.7 million. This result represents a 79% increase on the previous corresponding period (FY12: \$37.2 million). Operational EBITA improved by 47% to a loss of \$4.1 million (FY12: loss of

Provide Feedback
 


New AMC mud plant in Bremen, north-western Germany.

\$7.7 million) with AMC Oil & Gas incurring only a small component of this (less than \$1.0 million). This EBITA loss reflected high non-cash depreciation, amortisation and taxation charges in the VES International businesses and additional acquisition accounting adjustments.

With year-on-year revenue growth reported since FY10, Imdex will continue to achieve growth through improved performance in the VES joint venture and increased fluids and equipment sales/rentals in Europe, Middle East and Asia Pacific.

Key operating highlights and achievements

Highlights and achievements for Imdex's Oil & Gas Division during FY13 included:

- Record FY13 revenue, reflecting investment committed to the development of the Division in prior years driving growth;
- Continuing strong revenues and EBITDA performance by Imdex's VES International joint venture;
- Investment in equipment, working capital, and personnel with extensive oil and gas industry experience to support ongoing growth in the business;
- Establishment of a new mud plant in Bremen, north-western Germany. The facility has the capacity to mix and manufacture oil and water based muds. It can also be used for settling as part of the waste management recycling process;
- Continuing growth from the coal bed methane industry in Australia with an increased demand for sump-less drilling solutions to ensure environmental disturbance by drilling activities is minimised;
- The first explosion proof SRU placed into the coal bed methane industry in Queensland, Australia;
- Relocation of Imdex Technology Germany to California; and
- The expansion of VES International's presence in Latin America with the acquisition of a downhole survey business in Ecuador.

Outlook

Imdex has been working diligently in recently years to diversify the business by geography, product, customer and commodity base. This will enable the company to drive growth and also reduce its exposure to slowdowns, which are characteristic of the minerals sector. The Oil & Gas Division delivered 27% of FY13 revenue, representing significant progress towards the long-term goal of generating 30-40% of combined revenue from oil and gas.

While the company anticipates activity in the mining sector will remain subdued throughout FY14, Imdex is well placed to grow market share in underpenetrated regions and to benefit from the commercialisation of new products and technologies.

[Provide Feedback](#)

The company has historically continued to invest in its growth and diversification strategies through previous cycles, which has positioned the business well for long-term growth.

Imdex is managing inventory and working capital with care and will continue to look for opportunities to manage costs in a measured and disciplined manner. The company is also maintaining a disciplined approach to investments in new products and technologies.

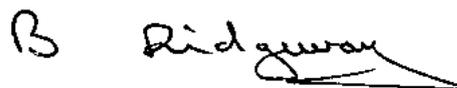
The oil and gas sector remains robust with significant opportunities for long-term growth. The investments made to date in equipment, working capital and qualified personnel have driven strong revenue growth and Imdex's Oil & Gas Division is well positioned to continue to deliver top line growth and will be profitable in FY14.

Key Areas of Focus and Growth Initiatives for FY14

- Strong cost discipline and prudent working capital management;
- Continuing to increase Imdex's market share in previously underpenetrated regions;
- Utilising Imdex's specialist technical expertise and product development capabilities;
- Expanding Imdex's data solution offerings to new and existing customers globally;
- Investing further and growing Imdex's oil and gas market presence to increase return on investment in this Division;
- Continued support of customers as they seek to increase efficiencies and reduce costs; and
- Capitalising on investment in Imdex's oil and gas equipment and SRUs.

Imdex is becoming a stronger, more diversified business to better meet the challenges presented by downturns in the minerals sector. At the same time, the company is growing its business in the oil and gas sector and is continuing to develop its innovative products and leading technologies. Imdex aims to become the industry standard in providing innovative, simple to use technologies, which improve the effectiveness and efficiency of customers' day to day operations.

Yours faithfully,

A handwritten signature in black ink that reads "Bernie Ridgeway". The signature is written in a cursive, flowing style.

Bernie Ridgeway

Managing Director

Provide Feedback 



Imdex Case Studies

Environmental Certification

Imdex's Head Office, AMC, REFLEX, AMC Equipment and AMC Oil & Gas Australia have all been recommended for Environmental certification to ISO14001. Once the certificate has been received they will be entitled to use the SGS ISO14001 certification mark, in addition to their current QA and OH&S certifications.

These successful environmental certifications meet a series of strategic targets to support Imdex's Oil & Gas and Equipment Divisions. The company is integrating environmental requirements into its operational procedures, to make environmental aspects a standard consideration in Imdex's day-to-day business.

CE Conformity Mark

REFLEX successfully completed the self-declaration process under the European directive and can now display the CE conformity mark on its REFLEX EZ-TRAC and EZ-COM units.

The CE conformity mark allows Imdex to supply its REFLEX EZ-TRAC instrument into the increasing number of European countries that require all goods to comply.

AUSMUL – a significant milestone for AMC

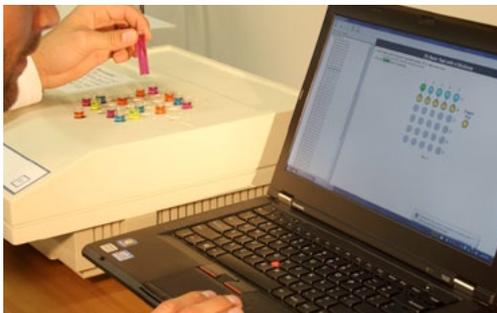
One of the key objectives when establishing the AMC drilling fluids laboratory in 2011 was the development of a synthetic, or oil based mud system. This type of high performance fluid system is considered the benchmark in drilling fluids and is the most widely used drilling fluid in offshore operations where millions of dollars rest on the performance of the mud on just one rig. Imdex's ability to offer this type of technology is essential when competing with the major mud companies.

During FY13, AMC Germany successfully implemented the company's own high performance AUSMUL system in the field, marking a significant milestone for AMC and its drilling fluids development team.

AMC COREWELL, a game changer for challenging drilling program

AMC's new COREWELL fluid system recently demonstrated its unique ability to maximise core recovery and minimise costs at a geologically and logistically challenging site in Papua New Guinea (PNG).

COREWELL is a sophisticated and multifunctional system, created by AMC's dedicated drilling fluids development team to enhance diamond coring and slim-hole drilling operations. The system is designed to maintain core integrity, improve side wall stabilisation and reduce circulation loss in fractured zones by forming a micro-network structure, similar to a three dimensional web, which layers out over the exposed formations encapsulating clay and shale surfaces to support and protect.



AMC drilling fluids laboratory.

Provide Feedback
 


At the Mount Kare trial the product costs between COREWELL and the original fluid system were very similar. The significant cost benefits came from improved efficiency and the reduction in the amount of product needed on the rig site.

AMC carried out trials with the assistance of Summit Development Ltd (Summit) and Quest Exploration Drilling (QED) at their site at Mount Kare, PNG. The site is characterised by highly fractured unstable ground, with limited mixing and recirculation systems and massive sulphides. Logistics also presents an additional and costly challenge as the only access to the remote and highly elevated site is via a twenty minute helicopter flight from Tari. The maximum load is circa 1000kg and flights are often hampered by weather conditions.

During the trial, COREWELL improved the overall percentage of the core recovered and on average the runs were longer. The product also demonstrated its ability to enhance hole stability and cuttings removal, while reducing the number and volume of products required onsite.

The top 100 metres of the trial site area is highly fractured and typically difficult to obtain full core recovery. There is a high percentage of clay within this zone, which tends to get ground out or washed away. When COREWELL was used these zones were largely kept intact, which will allow more reliable core analysis and more accurate resource evaluations.

COREWELL's ability to entrap unconsolidated soils and cuttings to prevent dispersion was particularly evident in the highly friable zones with high clay content. When these sections were drilled in the past, torque significantly increased. During the trial torque did not increase, which indicated clays were sufficiently encapsulated to control the swelling.

During the drilling process, the drill pipes were removed twice, once at approximately 78 metres to unblock the bit and the other at 178 metres reduce from PQ to HQ. In both cases the pipes were pulled out on the winch with no back reaming and went back to bottom without re-drilling. This was a significant improvement in hole stability and the overall efficiency of the operation.

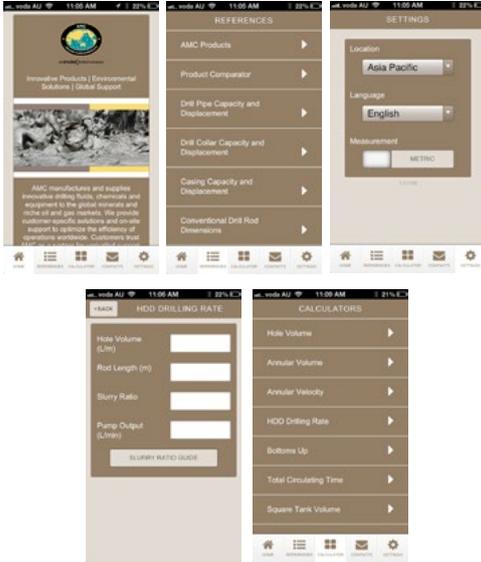
At the Mount Kare trial the product costs between COREWELL and the original fluid system were very similar. The significant cost benefits came from improved efficiency and the reduction in the amount of product needed on the rig site.

The amount of COREWELL used for the trial could have been transported to site in one or two helicopter lifts, whereas the products used for the previous mud system would have required one to two lifts per day, approximately 10 to 20 lifts for the hole, indicating a considerable cost saving for the customer.

Summit Resources Exploration Manager, Mr Karl Jensen, was very pleased with benefits flowing from use of the new COREWELL product.

'COREWELL has been a game changer for our drilling program, easing the chopper logistics support that we have to rely on in difficult terrain and poor weather conditions. Drill hole management has also vastly improved as drill holes have improved in both drilling rate and recovery. We are delighted with the results of the trial and hope to continue to support this product in our drilling campaigns as we try and unlock the mineral wealth of Mt. Kare.'

Provide Feedback 



AMC App

In keeping with Imdex’s objectives of improving the quality of all marketing collateral to reflect its premium brands, and utilising technology to enhance its marketing communications, the company has developed an interactive App for AMC (Minerals).

The App has a number of useful onsite calculations including, annular velocity, hole volume, annular volume and bottoms up calculations, together with product comparison charts with quick links to product data sheets and material safety data sheets. The APP also enables customers to readily access AMC contact and support details.

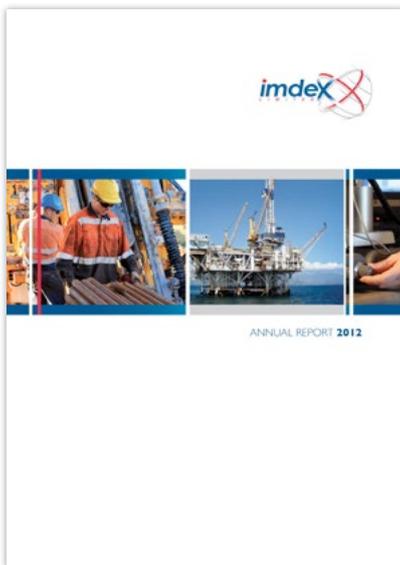
Australasian Reporting Awards

In June 2013, Imdex’s 2012 Annual Report was awarded a Bronze Award in the 2013 Australasian Reporting Awards.

This is a significant achievement as the awards included some of the biggest and best resourced companies in Australasia.

The award was made against very demanding criteria, which includes the reporting and disclosure of a company’s activities and results for the financial year.

The ARA was established 60 years ago to encourage effective communication of financial and business information.



Imdex’s 2012 Annual Report

[Provide Feedback](#)

About Imdex Limited

Imdex is an ASX listed industrial company (ASX: IMD) with a market capitalisation of approximately \$130.5million and 604 employees (as at 30 June 2013).

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

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

Further information can be found at www.imdexlimited.com

Imdex News - Shareholder Newsletter

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

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

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