



IMDEX NEWS



AMC, Heli-portable Solids Removal Unit

Shareholder Newsletter FY14

Dear Shareholders,

I am pleased to present Imdex's full year report for the 2014 financial year (FY14).

Imdex's performance over the 2014 financial year was adversely impacted by subdued activity within the minerals sector, underscoring the importance of our diversification strategies. It is pleasing to note our Oil & Gas Division generated record revenue for the year in line with these strategies. Unfortunately the Division was not profitable due to the product containment incident that impacted revenue and earnings in the 4Q14. Our Oil & Gas Division was profitable in July 2014 and we remain confident the Division will make a meaningful contribution to the Company's earnings in the future.

As we move into FY15, we are seeing evidence that the minerals market is improving, with month-on-month increases in Minerals revenue during the 4Q14. REFLEX instruments on hire are increasing, up 21% from 3Q14 and the number of solids removals units on hire is also rising.

Imdex's strategy of continuing to invest through the cycle means we are well positioned to benefit from an upturn in the minerals sector.

FY14 FINANCIAL SUMMARY

Following is a summary of Imdex's FY14 performance:

- Statutory revenue down 21% to \$183.5 million (FY13: \$232.8 million);
 - 31% decline in Minerals Division revenue reflecting the cyclical downturn in the minerals sector
 - 19% increase in revenue in Oil & Gas Division
- Combined revenue (excluding the interest) down 18% to \$204.6 million (FY13: \$249.4 million);
- Underlying EBITA of \$0.5 million¹ (FY13: \$35.2 million) reflecting the higher fixed cost base and continued investment in product development through the cycle;
- Gross margins largely maintained;
- EBITA loss of \$2.8 million (FY13: \$35.2 million profit), impacted by a number of one-off balance sheet adjustments and non-recurring items;
- Net profit after tax (NPAT) a loss of \$5.3 million (FY13: \$19.4 million profit);

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KEY PERFORMANCE INDICATORS

Combined FY14
revenue
18%
down from FY13

Minerals FY14
revenue
31%
down from FY13

Oil & Gas FY14
revenue
19%
up from FY13

- Net assets of \$176.9 million (30 June 2013: \$188.5 million);
- Positive operating cash-flow of \$2.9 million (FY13: \$39.0 million);
- Reduced gearing with net debt / capital of 18.5% (30 June 2013: 22%); and
- Positive signs of improvement in the minerals sector evident in 4Q14.

¹ Adjusted to exclude one-off items (totalling a net loss of \$3.2 million) as follows: \$24.1 million profit on the partial sale of Imdex's shareholding in Sino Gas & Energy Holdings (ASX: SEH); \$18.2 million of non-cash balance sheet adjustments (\$14.4 million of asset write downs and \$3.8 million of closure costs); and \$9.1 million of costs and provisions relating to the product containment incident as reported on 13 March 2014.

One-off balance sheet adjustments and non-recurring items

The FY14 results were negatively impacted by a number of one-off balance sheet adjustments and non-recurring items as noted above.

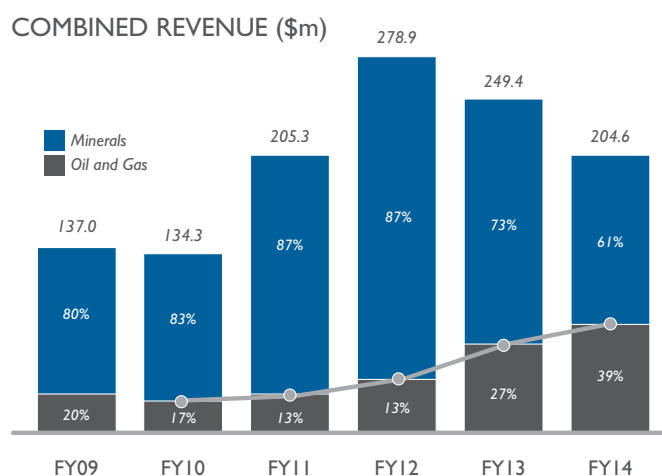
Asset write-downs and closure costs totalled \$18.2 million, largely relating to: the closure of AMC Oil & Gas Kazakhstan; goodwill impairment related to AMC Minerals in South America; the write off of capitalized R&D costs related to the MEMS Gyro development and debtors and stock provisioning.

As announced to the market on 13 March 2014, Imdex's subsidiary Australian Mud Company Pty Ltd, a global drilling fluids provider, undertook precautionary measures for the containment of an imported product used by a limited number of customers in drilling operations within Queensland, Australia. The measures were taken following notification that certain batches were contaminated with asbestos.

The containment incident has subsequently resulted in costs and provisions totalling \$9.1 million being brought to account in FY14. Imdex continues to pursue the recovery of costs associated with this incident.

During FY14, we partially disposed of our shareholding in Sino Gas & Energy Holdings (SEH) – a non-core asset – resulting in a profit on disposal of \$24.1 million. The remaining share of our investment in SEH was divested in July 2014 resulting in a further profit on disposal of \$14.2 million, which will be recognised in FY15.

The impact of these one-off balance sheet adjustments and non-recurring items to our FY14 financial results was a net loss of \$3.2 million.



Includes share of VES JV revenue \$21.1m (FY13: \$16.6m)

MINERALS DIVISION

Our Minerals Division generated \$125.3 million and contributed 61% of our combined full year revenue. This result represents a 31% decrease on the previous corresponding period (FY13: \$182.7 million).

Operational EBITA decreased 96% to \$1.6 million (FY13: \$43.2 million). As expected, the decline in revenue and EBITA reflects the subdued activity levels within the minerals market, which persisted throughout the majority of FY14. Prior to asset write-downs and closure costs mentioned earlier, EBITA was a profit of \$11.6 million.

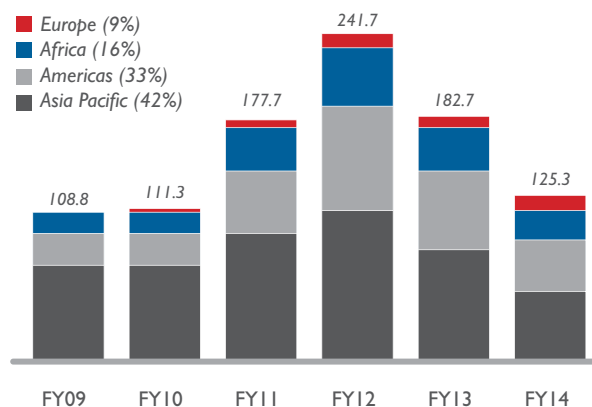
Notwithstanding challenging market conditions, our Minerals Division made significant progress with its technology development, successfully strengthened its operations and diversified its customer base.

Key operating highlights and achievements

Highlights and achievements for our Minerals Division throughout FY14 included:

- Continued product development during the minerals sector downturn producing an exciting pipeline of AMC fluids and REFLEX technologies;
- Growing industry demand and continued positive momentum with solids removal units (SRUs) – particularly in the Americas;
- Development of our underground and heli-portable SRUs and positive customer feedback from field trials;
- Increased throughput and continuing positive feedback with the marketing of REFLEX HUB;
- Expansion of our Company’s customer base, together with greater exposure to resource companies and the production phase of the mining cycle;
- Commercialisation of new REFLEX technologies – enhancing REFLEX’s leading product range;
- Adoption of REFLEX HUB by blue chip resource companies and mining service companies; and
- Increasing exposure and capabilities within non mining applications, including HDD and waterwell markets.

MINERALS REVENUE (\$m)



OIL & GAS DIVISION

Our Oil & Gas Division includes AMC Oil & Gas and a 30% share of Vaughn Energy Services (VES). The VES joint venture is the third largest provider of downhole survey services to the oil and gas market, operating primarily in the USA, Middle East and Latin America.

Financial performance

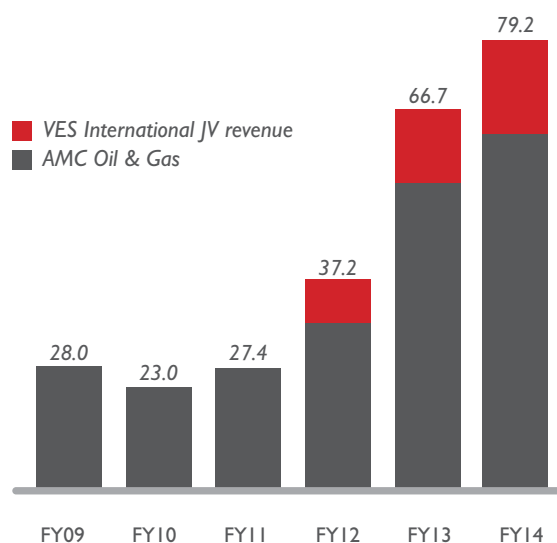
Our Oil & Gas Division generated \$79.3 million revenue in FY14, and contributed 39% of our Company's combined full year revenue. This result represents a 19% increase on the previous corresponding period (FY13: \$66.7 million). Operational EBITA was a loss of \$21.2 million (FY13: loss of \$4.1 million) resulting from one-off balance sheet adjustments totalling \$7.8 million and costs associated with product containment as outlined above which totalled \$9.1 million. The Division's underlying EBITA was a loss of \$4.3 million. This loss was principally due to the product containment incident and subsequent loss of revenue and profit in 4Q14, together with underperformance by AMC Germany.

It is important to note AMC Oil & Gas in Europe and the Middle East were both cash positive in 4Q14 and profitable in July 2014. AMC Oil & Gas in Asia Pacific was also profitable in July 2014.

Key operating highlights and achievements

- Record revenue levels for Oil & Gas, reflecting ongoing development of the Division;
- Further investment in equipment, working capital and talented personnel to support ongoing growth;
- Continuing strong revenue and EBITDA performance by the VES joint venture;
- Imdex Technology successfully relocated from Germany to California in the USA;
- Appointment of a new CEO of AMC Oil & Gas; and
- Investment in InFlex (previously known as the Target INS) resulting in the most accurate and fastest downhole survey instrument in the oil and gas industry.

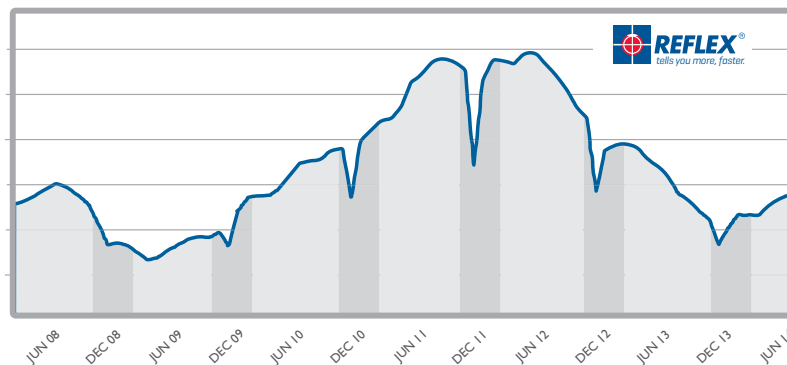
OIL & GAS COMBINED REVENUE (\$m)



OUTLOOK

The outlook for Imdex's minerals markets in FY15 is encouraging. Fourth quarter performance of our Minerals Division provides evidence of improving market conditions and provides confidence that market activity will continue to strengthen over the next 12 months. Equally, it is encouraging to note the 21% increase in the number of REFLEX rental instruments on hire in 4Q14, coupled with an increasing number of SRUs on hire and improving demand for REFLEX HUB.

NUMBER OF INSTRUMENTS ON RENT



The expected increase in activity levels is largely due to the return of some brown field expenditure and recent capital raisings by junior exploration companies, with some of these funds being converted into metres drilled. Assets divested by the major companies are also being acquired by smaller companies, with Imdex well positioned to benefit.

Growing customer interest in our new technologies provides an attractive platform for further sustainable revenue growth through FY15 and beyond, with customers focused on maximising the efficiency and productivity of their operations. Our technologies enable customers to achieve this and provide Imdex with a growing sustainable annuity revenue stream.

Activity within the energy sector remains robust and continues to offer substantial year-on-year growth opportunities for our Oil and Gas Division. As noted during the fourth quarter, the global drilling and completion fluids market is expected to increase by more than 20% to US\$13.5 billion during calendar year 2014, and the solids control and waste management market is forecast to grow by more than 15% to US\$4.3 billion. A small share of this market will make a significant contribution to our growth.

We have historically continued to invest in growth and diversification strategies through previous cycles, which have positioned our business well for long-term growth. At the same time, we maintain a disciplined approach to investments in new products and technologies. We are managing our inventory and working capital with care and will continue to manage costs in a measured and disciplined manner.

Moving into FY15, we are particularly encouraged by improving minerals market activity at the end of FY14 and into early FY15 as follows:

- Month-on-month increases in Minerals revenue during 4Q14;
- REFLEX rental instruments on hire are increasing, up 21% from 3Q14; and
- SRUs on hire are increasing.

We are in a strong position to capitalise on a number of opportunities within our core markets and forecast improved results for FY15.

KEY AREAS OF FOCUS AND GROWTH INITIATIVES FOR FY15

With our technologies and services supporting customers to increase the productivity and efficiency of their operations, during FY15 we will focus on the following growth initiatives:

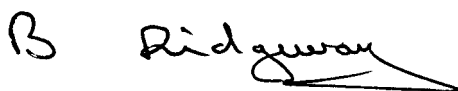
- Investing in our oil and gas business to accelerate the Division's growth;
- Marketing new technologies to new and existing customers globally;
- Increasing annuity revenue streams via REFLEX HUB;
- Supporting customers to increase the productivity and efficiency of their operations;
- Increasing exposure and capabilities within non mining applications, including HDD and waterwell markets;
- Leveraging our specialist expertise and product development capabilities;
- Increasing market share in previously under-penetrated regions; and
- Identification of strategic market opportunities and acquisitions. Accordingly, we are progressing the \$3 million equity acquisition of 2iC Australia Pty Ltd, a developer and supplier of patented exploration, production and technical downhole products.

Imdex is becoming a stronger, more diversified business to better meet the challenges presented by downturns in the minerals sector. At the same time, our Company is successfully growing its business in the oil and gas sector and is continuing to develop its innovative products and leading technologies. We are well on our way to becoming the minerals industry standard in providing innovative, simple-to-use technologies, which improve the productivity, efficiency and environmental impact of customers' day-to-day operations.

I would like to thank our Executive Management Team, Paul Evans, Mark Parsons, Derek Loughlin and Sven Maikranz for their leadership and dedication to our Company throughout a challenging year.

I would also like to extend my thanks to all of our global team for their hard work, innovation and expertise and I look forward with enthusiasm for what we can achieve during FY15. I would also like to thank Imdex's valued customers and shareholders for their ongoing support of our Company.

Yours Faithfully

A handwritten signature in black ink that reads "Bernie Ridgeway".

Bernie Ridgeway
Managing Director



Operational News & Case Studies

2014 ANNUAL GENERAL MEETING

Imdex's AGM will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia commencing at 11am on Thursday 16 October 2014

PROPOSED ACQUISITION, WILL STRENGTHEN REFLEX'S INTEGRATED RANGE OF TECHNOLOGIES FOR CUSTOMERS

Imdex is pleased to announce its proposed acquisition of 2iC – an Australian based developer and supplier of exploration, production and technical products.

2iC's portfolio of products and mechanical engineering expertise will complement REFLEX's capabilities and further enhance its leading range of technologies. This will firmly position REFLEX as the single provider of the most complete range of core orientation solutions, for mining and exploration, globally.

Commenting on the proposed acquisition, Chief Executive of REFLEX – Mr Derek Loughlin said:

"2iC's extensive patent portfolio provides an attractive opportunity for REFLEX and will fit well with our aggressive technology development profile."

Our REFLEX ACT IV, due for release in 2015, is a good example of what can be achieved when the expertise of our two companies is combined", added Mr Loughlin.

Executive Director of 2iC, Mr Gavin McLeod, supported this view and is looking forward to the Company's next phase of development with REFLEX.

"REFLEX has a well established global support and distribution network, which will significantly increase our ability to market existing tools such as our EZY-MARK, together with new technologies" said Mr McLeod.



AMC'S GAME CHANGING TECHNOLOGY WINS AMEC ENVIRONMENTAL AWARD FOR SRU

The environmental benefits of AMC's unique solids removal unit (SRU) were recognised at the AMEC Convention Award Winners' Dinner held at Crown Perth on 2 July 2014.

Craig Weston (General Manager AMC Asia Pacific – Minerals) said he was really pleased our SRU won the AMEC Environmental Award, as a lot of work has been invested in the technology to benefit customers within the global minerals industry.

'The SRU was developed with our customers to reduce their environmental footprint while enhancing the efficiency of their drilling operations. The unit has demonstrated significant reductions in water usage, site rehabilitation and contamination risks – at some sites customers have achieved a 90% reduction in water', said Mr Weston.

The AMEC Environment Award reflects the increasing importance of managing environmental impacts of mineral, mining and exploration projects. It recognises a company that goes above and beyond in its management of environmental impacts or is developing innovative methods to achieve better long-term environmental outcomes.

Mr Weston added the AMC SRU also provides significant economic benefits to customers, such as effective cuttings management, enhanced mud properties, less wear-and-tear to drilling components and reduced mud usage.



Craig Weston receiving the AMEC environmental award

SUCCESS WITH FIRST HELI-PORTABLE SRU

On the 7th March 2014 AMC delivered its first heli-portable SRU to a site located at Wilpena Pound in the Flinders Ranges, South Australia.

Once delivered the unit took 20 minutes to assemble. Lift, swing and set – the customer and drillers were impressed.



HELI-PORTABLE SRU CASE STUDY

Background

The customer's diamond drilling operation was in a remote location within the Flinders Ranges, South Australia. The site was not accessible by road and only a small footprint for drilling was available due to the steep hills and dense vegetation.

Key challenges

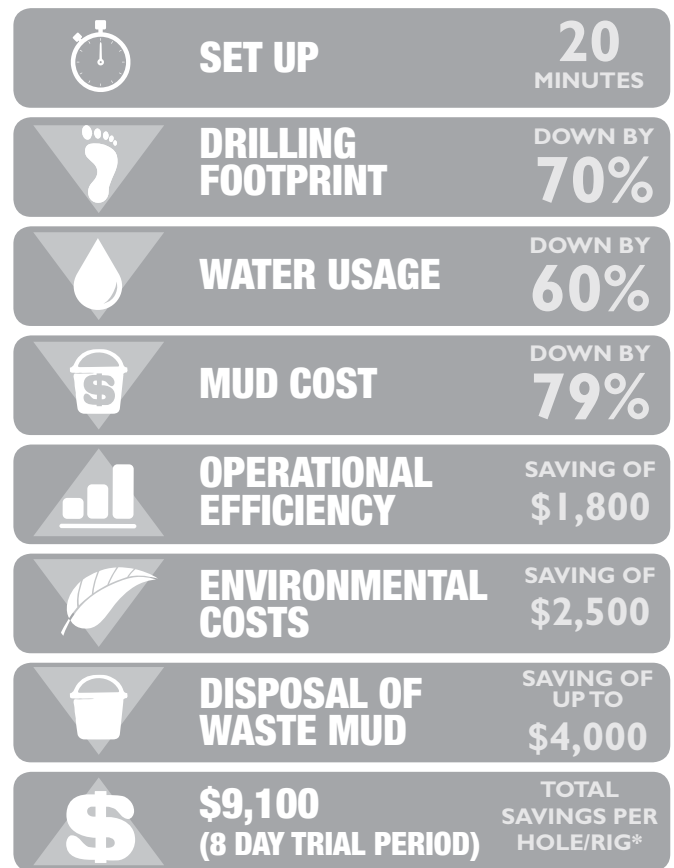
- Solids removal at a remote site – inaccessible by road
- Minimal drilling footprint
- Reducing environmental impact

Solution

The customer trialled AMC's heli-portable solids removal unit (HP-SRU) – the unit's light, highly mobile and compact design can be installed for operation at remote and inaccessible sites within four heli-lifts.

Results

Lifting and placement of AMC's HP-SRU was completed within 20 minutes following its delivery. The drill crew, geologist and pilot were impressed with how fast and easy it was to mobilise for operation – no aligning of nuts and bolts was required. The unit's compact design also reduced the drilling footprint by 70%; limited clearing of vegetation; eliminated the need to dig earthen sumps; and reduced the amount of water required by 60%.



*Does not include rental of the HP-SRU as the terms of the contact vary depending on the project.



Lift and swing HP-SRU into place in difficult sloped terrain

REFLEX EZ-GYRO SET FOR MARKET

A series of successful trials have been completed with the REFLEX EZ-Gyro. The instrument will be demonstrated at the ADIA Drill 2014 Conference, held in August at the Gold Coast in Queensland, prior to its official launch at the Mining Indaba Africa and PDAC in Canada early next year.

AMC GERMANY SECURES CSC CERTIFICATION

AMC Germany recently achieved approval for CSC certification for its mixing unit 2000 M, storage tank 30 ST and recycling unit mixing 1500R.

AMC can now provide this equipment with CSC certification – this is very attractive for customers, especially when equipment needs to be moved more than once. For example, shipment of a 1500R from the EU to Australia without CSC certification would cost approximately AUD\$14,000. With CSC certification the cost would be circa AUD\$3,000.



NEW SAFETY DATA SHEETS

Imdex worked with Chemwatch to develop an advanced online product labelling system. This initiative utilises GHS regulatory MSDS data from the Chemwatch database and displays it in a customised label format in four languages. This new system enables the Company to easily print product labels that are compliant to country regulatory requirements from any of its global locations.

NEW HEAD OFFICE

In May the majority of Perth based employees relocated to the new purpose-built building in Balcatta, Western Australia. REFLEX Technology and AMC laboratory employees are expected to move into building two at Balcatta during September 2014.

The modern building enhances communication and efficiency by bringing together employees based at Imdex Osborne Park and Northbridge offices. It is also an excellent facility for showcasing our new technologies and conducting customer training sessions, including AMC Mud Schools and REFLEX Geochemistry workshops.

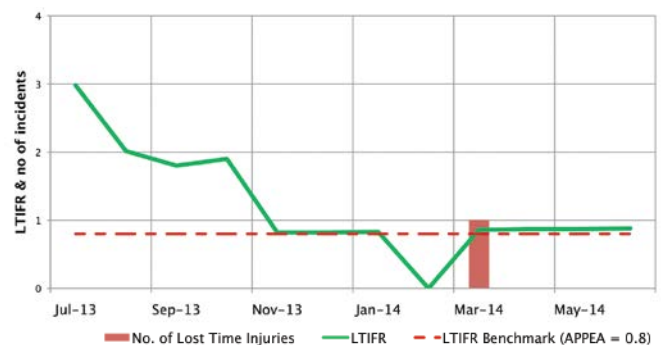


FOCUSING ON HEALTH AND SAFETY

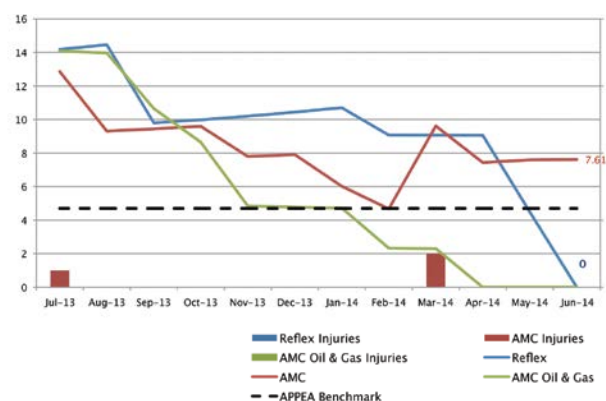
During FY14 Imdex maintained its focus on reducing the risk of injuries globally and successfully reduced its Total Recordable Injuries (TRIs) for the year. The Company also adopted the more stringent APPEA oil and gas industry results to benchmark its performance.

Over the last twelve months two medical treatment injuries and one lost time injury occurred.

IMDEX GROUP LOST TIME INJURY FREQUENCY RATE (LTIFR)
 June 2014 = 0.88 (incidents per million hours worked)



TOTAL REPORTABLE INJURY FREQUENCY RATE (TRIFR) BY DIVISION FY14





About Imdex Limited

Imdex is an ASX listed industrial company (ASX: IMD) with a market capitalisation of approximately \$133.6 million and 567 employees (as at 30 June 2014).

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 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, Middle East 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.