



IMDEX NEWS



Shareholder Newsletter 3Q15

Dear Shareholders,

This edition of *Imdex News* provides an overview of Imdex's performance and operational achievements for the third quarter of the 2015 financial year (3Q15) and for the nine months ended 31 March, 2015.

As anticipated, our company's performance for 3Q15 was affected negatively by the widespread downturn of the oil and gas sector. Conversely, the minerals industry continued to display signs of improvement and our Minerals Division achieved 18% revenue growth on 3Q14.

The performance of the Minerals Division was underpinned by our commitment to provide innovative, simple to use technologies, which improve the effectiveness and efficiency of customers' day to day operations. The growing trend by companies to embrace new technologies that improve efficiency and reduce costs will continue to have a positive impact on our results.

Our rental tool fleet was up 23% on 3Q14 and we had a record number of solids removal units (SRUs) on hire at 31 March, 2015.

We are pleased to provide an overview of these results via a live teleconference, which you may join live or download at a later time. The teleconference will be held at 10:00am (AWST) on 23 April 2015. Dial-in numbers and conference codes are available on our website.

OVERVIEW OF GROUP PERFORMANCE

Our unaudited results for the nine months to 31 March 2015, were as follows:

- Combined revenue (*) of \$162.7 million, up from the previous corresponding period (9 months to 31 March 2014: \$154.7 million);
- EBITDA of \$20.6 million, down from the previous corresponding period (9 months to 31 March 2014: \$31.4 million); and
- Normalised EBITDA (***) of \$8.5 million, down from the previous corresponding period (9 months to 31 March 2014: \$9.6 million).

*Including Imdex's share of VES International (VES) revenue.

**Including equity accounted VES result; profit on sale of the balance of holding in Sino Gas and Energy (SEH) of \$14.2 million in 1H15; and an additional \$2.1 million provided in 1H15 to finalise the product containment incident.

The headline unaudited results for 3Q15 were as follows:

- Combined revenue (*) of \$48.3 million, down from the previous corresponding period (3Q14: \$52.8 million); and
- EBITDA loss of \$0.15 million, down from the previous corresponding period (3Q14: normalised \$3.3 million profit).

*Including Imdex's share of VES International (VES) revenue.

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KEY PERFORMANCE INDICATORS

Combined 3Q15
revenue

8%

down from 3Q14

Minerals 3Q15
revenue

18%

up from 3Q14

Oil & Gas 3Q15
revenue

40%

down from 3Q14

MINERALS DIVISION

Imdex's Minerals Division consists of AMC Minerals and REFLEX. AMC is a leading provider of drilling fluids, chemicals and solids removal technologies. REFLEX is a global supplier of advanced downhole instrumentation, innovative data management and data analysis solutions. REFLEX also provides geo-analytical software and consulting services to the global resources industry.

3Q15 Divisional Financial Performance

Our Minerals Division contributed 70% of combined revenue for 3Q15 and generated revenue of \$34.0 million. This result represents an 18% increase on the previous corresponding period (3Q14: \$28.7 million).

The revenue growth can be attributed to: a modest increase in drilling activity; ongoing adoption of our new REFLEX technologies; a greater number of SRUs on hire; and further market penetration by the Division's fluid business.

Operational Summary

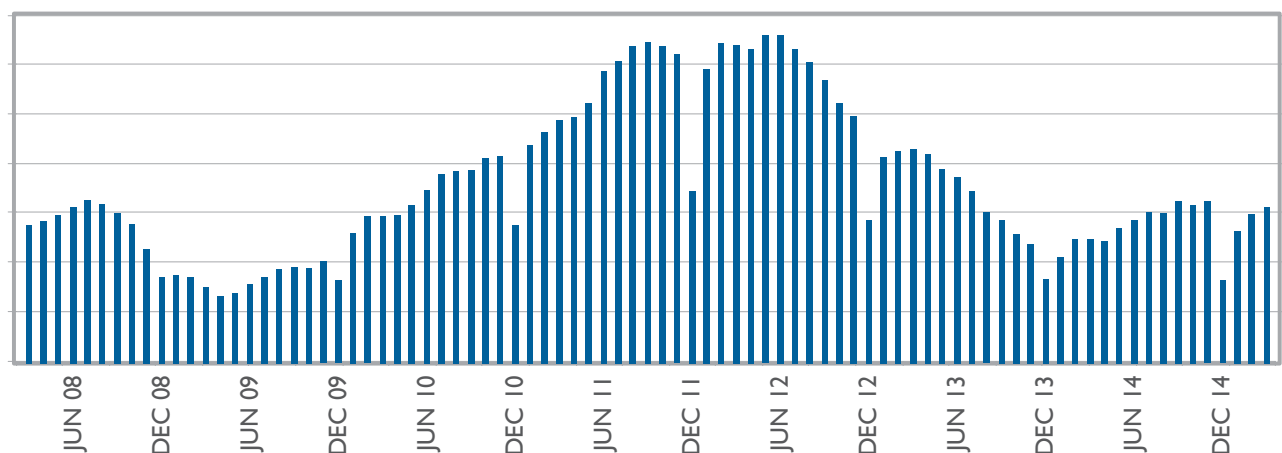
Market conditions remained challenging, however, we continue to see signs of improvement and the early stages of a cyclical upswing in minerals. The increase in activity is largely due to brownfield expenditure by the major resource companies.

Our REFLEX rental fleet is a good barometer of industry performance – it also demonstrates demand for our new technologies. As at 31 March, 2015, the average number of REFLEX rental instruments on hire was up 23% from the previous corresponding period.

It is also pleasing to report the number of SRUs on hire is continuing to increase – particularly in the Americas and we anticipate a 70% – 75% utilization rate by the end of FY15. The increase in demand for our SRUs is being driven by: greater customer awareness; their need to increase efficiencies and reduce operational costs; and tighter environmental restrictions.

Our fluids business also achieved market growth, particularly in South America – an area where we do not have market dominance and are planning to grow.

During 4Q15 we will continue to invest in our innovative products and technologies to take advantage of the opportunities within the global minerals market and changing industry trends. We anticipate a stronger finish to FY15 and further revenue growth in FY16 for our Minerals Division.



Key Operational Highlights

- **Solids Removal Units** – record number of units on hire with growing industry demand (see page 7);
- **REFLEX HUB** – release of two new secure modules that provide customers with total visibility of operating costs in real-time, together with enhanced planning capabilities (see page 8);
- **Customer base** – increasing exposure to resource companies and those in the production phase of the mining cycle supported by our new technologies;
- **REFLEX EZ-GYRO** – instruments have been dispatched to all of our operational regions and are in the early stages of contributing to Divisional revenue (see page 7);
- **Product Development** – continued throughout the period with increasing collaboration with customers to achieve their objectives (see page 8); and
- **Non-mining applications** – greater exposure to horizontal directional drilling, waterwell and civil engineering markets (see page 9).



OIL & GAS DIVISION

Imdex's Oil & Gas Division consists of AMC Oil & Gas and a 30% interest in Vaughn Energy Services International joint venture (VES).

The AMC Oil & Gas business manufactures and provides quality drilling fluids, products and completion chemicals to the oil and gas industry in the Eastern Hemisphere.

VES provides downhole survey services to the conventional and unconventional oil and gas markets worldwide. VES 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 contributed 30% of combined revenue for 3Q15, generating revenue of \$14.4 million. This result represents a 40% decrease on the previous corresponding period (3Q14: \$24.1 million).

AMC Oil & Gas revenue for 3Q15 was down 32% versus the previous period and our 30% share of VES revenue was down 37% versus the previous period. The decrease in revenue directly reflects the widespread downturn of the oil and gas industry.

While historically downturns within the energy sector have been shorter than those within the minerals industry, we are nevertheless taking prudent measures to align the Division with current market conditions. These measures ensure AMC Oil & Gas will be break-even by early FY16 and will not negatively impact our Group financial performance for the balance of the new financial year. Similarly, all restructuring costs will be included in the 2H15 AMC Oil & Gas results. VES is also taking appropriate cost cutting measures for these market conditions.

Operational Summary

As anticipated, AMC Oil & Gas and VES were impacted by the collapse in the oil price and sharp reduction of activity in the sector during the quarter. Customers reduced capital expenditure by cancelling or postponing drilling programs. Data taken from the Baker Hughes rig count highlights the severity of market conditions. The number of oil and gas rigs operating in the US land based market reduced by approximately 48% compared to previous corresponding period. The number of rigs deployed in international markets (outside of US and Canada) has held up significantly better, down circa 7% from March 2014.

Despite the current sharp reduction in activity levels in the sector, the oil and gas market remains large and provides growth opportunities for AMC Oil & Gas. Our strategy is to restructure this business for the current operating conditions, whilst pursuing the growth options and improving the financial performance of the business so that AMC Oil & Gas can be a meaningful contributor to Imdex Group profits.

As mentioned above, VES is in the process of removing costs from the business to reflect the significantly reduced demand for services. VES generates approximately 90% of its revenue from the land based market in the USA, which has been affected most by the reduction in rig count. Opportunities exist in international markets where the rig count reduction has been less severe.

OUTLOOK

The outlook for our company remains consistent with our IH15 newsletter.

We are seeing encouraging signs within the minerals industry and we expect these conditions to continue for the balance of 2H15. Companies are committed to increasing their efficiencies and reducing the cost of their operations and this focus provides opportunities for our company.

Our technological leadership and commitment to advance our research and development through cycles has successfully differentiated our company. We are now well positioned to capitalize on changing mineral industry demands and expect to achieve additional returns from our new technologies during the balance of FY15 and beyond.

The downturn of the energy sector will continue to negatively affect the performance of AMC Oil & Gas and VES for the balance of this financial year. As reported earlier, however, we are restructuring AMC Oil & Gas to align with market conditions and VES is taking similar action.

While we remain confident there are significant opportunities to grow our Oil & Gas Division in the long-term, we will continue to monitor the impact of the current operating environment to ensure our strategy remains appropriate and in the best interests of our shareholders.



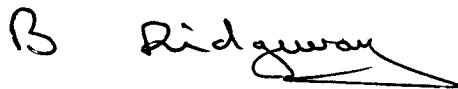
KEY AREAS OF GROWTH AND FOCUS FOR FY15

During 4Q15 we will remain focussed on:

- Maintaining and gaining market share through technology leadership;
- Continuing to diversify our customer base to include more resource companies; and
- Building a resilient and broad based business with a more sustainable revenue stream and greater emphasis on the production phase of the project life cycle.

More specifically, we will concentrate on:

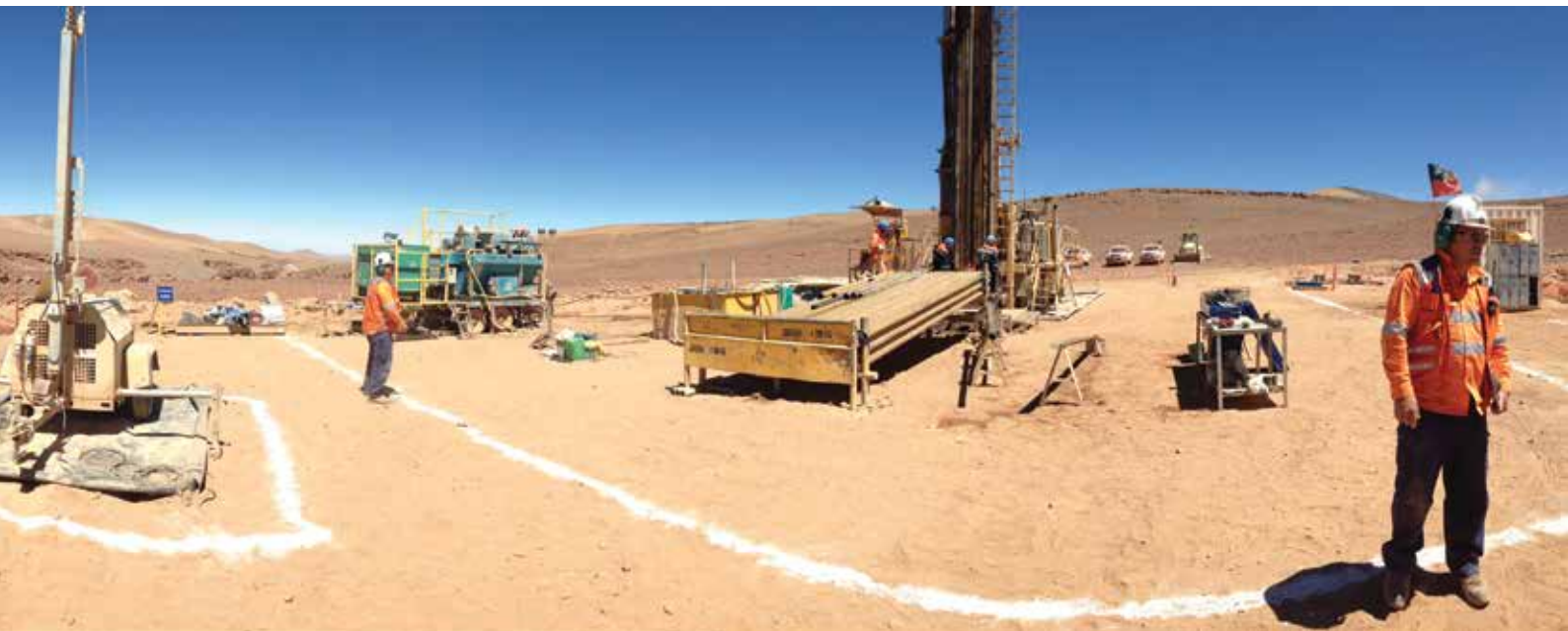
- Delivering on our organic growth initiatives, particularly the solids removal technology and growth for AMC Minerals in the Americas and Europe;
- Introducing REFLEX technologies that increase the efficiency and productivity of our customers' operations;
- Investing in product development to enhance our product range and maintain our technological leadership;
- Reducing our fixed costs and key areas of expenditure; and
- Ensuring AMC Oil & Gas is structured appropriately in response to the lower oil price.

A handwritten signature in black ink that reads "Bernie Ridgeway". The signature is written in a cursive style with a long, sweeping underline.

Bernie Ridgeway
Managing Director



Operational News & Case Studies



AMC's SRU on site in Chile

CASE STUDY:

AMC SRU SAVED 147,000L OF WATER IN 20 DAYS

AMC's customer had two exploration drill rigs operating near Taltal, some 3,900m above sea-level on the western edge of the Domeyko Mountain in Chile. Water was scarce and had to be carted by trucks 240km to the project site. Two AMC SRUs were trialled to reduce water usage and cartage costs. Following the twenty day trial, AMC's customer recorded significant operational and environmental efficiencies including a 60% reduction in water usage (147,500 litres) and a 65% reduction in cartage costs. The total savings during the trial were estimated to be at least US \$36,120.



REFLEX EZ-GYRO

CUSTOMERS VALUE EFFICIENCIES OF FIRST NORTH SEEKING DRILLER OPERATED GYRO

The REFLEX EZ-Gyro has generated strong customer interest as it costs approximately 25 – 30% less than a specialist surveying provider's daily rate.

The REFLEX GYRO was engineered to be highly accurate yet easy to use. The instrument utilises north seeking sensors, originally designed for aerospace operations, to provide azimuth and dip.

Drilling and resource companies can now obtain this critical data without the cost of engaging a north seeking gyroscopic instrumentation service provider.



RELEASE OF NEW REFLEX HUB MODULES ENABLE TOTAL VISIBILITY IN REAL TIME

REFLEX was pleased to release its new REFLEX HUB Schedule of Rates (SoR) and Production Planning modules in April 2015.

These secure modules enable total visibility of operating costs in real time, together with enhanced planning capabilities at a time when customers are scrutinising every dollar to maximise efficiencies.

The REFLEX SoR allows customers to track and monitor expenditure and contractor invoices on a shift by shift basis, which enables them to resolve any discrepancies in a timely manner.

REFLEX Global Project Manager – Data Solutions, Michelle Carey, said customers value the ability to accurately compare their current expenditure to what has been forecast.

“With the ability to input their own rates and measurement parameters, forecasting and invoicing is accurate and reliable,” said Carey. “The data on which this is based has prior approval which assures its accuracy.”

The REFLEX Production Planning module assists customers to track current versus planned activity and provides them with greater confidence that projects remain within budget and scope.

“Actual performance data is tracked in real time so any changes can be made as required”, explained Carey. “Customers can make immediate adjustments rather than risk incurring time delays and additional costs when issues are detected later.”

Further information regarding REFLEX HUB and the SoR and Production Planning modules can be found at www.reflexnow.com.

GOLDEN DATA STREAMS

The cost saving benefits of REFLEX’s technologies were recently highlighted in Mining Monthly Editor Noel Dyson’s article entitled “Golden Data Streams”, featured by *MiningNewsPremium.net*.

Dyson’s article reported how technology was being utilised at the Tropicana Gold Mine project to reduce operational costs such as mill electricity consumption – a significant cost at this remote location and one that can “decide the throughput of the plant or whether the mine has one mill instead of two.”

A range of data was collected utilising Tropicana’s automated lab on site and REFLEX’s technologies. This data, relating to the gold grade and mineralisation of ore, together with data from the mill, was then provided to REFLEX’s team of geoscientists for analysis and modelling.

REFLEX Global Product Manager – Data Solutions Michelle Carey said “REFLEX helped Tropicana establish a relationship between things they could measure in their ore and their real time lab and how their ore was getting processed through the plant.”

“Knowing what is going in you can predict how much power is going to be used by bits of their mill and the different recoveries based on the chemistry of their rocks”, she said.

While “Golden Data Streams” focused on the energy consumption of Tropicana’s mill, it suggested the use of such data collection and analysis could be applied to other parts of its operation to make it more efficient and profitable.

Noel Dyson’s complete article can also be found on REFLEX’s website – www.reflexnow.com.



CASE STUDY: AMC'S CUSTOM DESIGNED FLUID DELIVERS HDD PROJECT SUCCESS

AMC's custom developed fluid and technical support enabled the successful completion of a challenging horizontal directional drilling (HDD) borehole. The difficult geological formations of the borehole halted the operation at 1,700 feet, following multiple attempts by alternative fluids providers and engineering contractors.

Background

The HDD project required a gas line to be replaced across a cobble creek for PEMEX – Mexico's state owned petroleum company. PEMEX had used multiple contractors for this project without any success.

AMC's customer had spent three months losing tooling, including bit and mud motor assembly, to the formation. A number of approaches were utilised including bit and mud motor variations together with alternative mud programs. With the project not progressing, the customer's contract was under increasing pressure.

Success with AMC's Custom Designed Fluid

AMC's engineers in the USA and Mexico worked together to customise a solution for this unique borehole. Their principal focus was to develop a fluid that would maintain hole stability in the highly dense and unconsolidated formation.

The solution was a low shear rate viscosity (LRSV) fluid that would give exceptional cleaning results without relying on high pump rates and turbulent flow to move cuttings from the borehole. Unlike other LSRV options, this customised formula could be adjusted over time to accommodate the changes in the formation.



AMC Mud Engineers on site in Mexico

Project Outcome

The technical guidance of AMC's mud engineers and the development of the innovative fluid enabled the borehole to progress – they also increased the rate of penetration and improved production time to complete the project. AMC's solution delivered significant cost savings to the contractor, which were estimated to be USD \$120,000.



About Imdex Limited

Imdex is an ASX listed industrial company (ASX: IMD) with a market capitalisation of approximately \$78 million and 560 employees (as at 31 March 2015).

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.