Annual Report 2017

IMDEX | Real-time subsurface intelligence solutions
REAL-TIME
SUBSURFACE INTELLIGENCE SOLUTIONS

We are a leading global METS* company.

“Our solutions improve the process of identifying and extracting what is below the earth’s surface for drilling contractors and resource companies - we let clients know where it is and what it is...now.

Our vision is to be the leading provider of real-time subsurface intelligence solutions to the global minerals industry.”

Bernie Ridgeway
IMDEX Managing Director

* Mining equipment, technology and services
AMC supporting geothermal drilling at Scarborough beachfront, Western Australia.
About this Report

This report is intended to provide IMDEX’s shareholders with information on our company, for the financial year ended 30 June 2017.

This year, we have also produced an online Annual Report which is available on our website at www.imdexlimited.com/investors.

Our Corporate Governance Statement discloses the extent to which IMDEX has complied with the Australian Securities Exchange Corporate Governance Council’s ‘Corporate Governance Principles & Recommendations – 3rd edition’. This Statement is available at www.imdexlimited.com.

FY17 Annual General Meeting

Our Annual General Meeting will be held on 19 October, 2017 at 11:00 am (WST) at IMDEX’s Head Office located at 216 Balcatta Road, Balcatta, Western Australia.

Members of our Board and leadership team will be available to discuss the company’s performance and operations.

FY18 CORPORATE CALENDAR

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tr>
<td>31 December 2017</td>
<td>FY18 Half Year End</td>
</tr>
<tr>
<td>19 February 2018</td>
<td>FY18 Half Year Results Presentation and Webcast</td>
</tr>
<tr>
<td>30 June 2018</td>
<td>FY18 Year End</td>
</tr>
<tr>
<td>20 August 2018</td>
<td>Release of FY18 Financial Results</td>
</tr>
<tr>
<td>Dates to be confirmed</td>
<td>FY18 Full Year Roadshow</td>
</tr>
<tr>
<td>18 October 2018</td>
<td>FY18 Annual General Meeting</td>
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If there are any changes to these dates, the Australian Securities Exchange will be notified.

IMDEX Limited (IMDEX) ABN 78 008 947 813

Australian Securities Exchange (ASX)
Listing Date 24 September 1987
ASX Code: IMD

Registered Office 216 Balcatta Road, Balcatta, Western Australia 6021
Head Office 216 Balcatta Road, Balcatta, Western Australia 6021
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Highlights & Key Data

FY16

- Increased revenue and earnings
- Successful capital raising
- Paid out Bain Capital in full

FY17

- Strong balance sheet
- $30 million Bankwest facility secured on attractive terms
- 100% minerals focused
- Divestment of wholly owned oil and gas businesses
- REFLEX instruments on hire increased
- Commercialised new technologies
- Refreshed branding to align with vision

Board renewal
Appointment of new Non-Executive Chairman and Non-Executive Director
Key Data at 30 June

- FY17 Revenue: $176.2 million (↑)
- EBITDA: $31.5m (↑)
- NPAT: $3.6m (↑)
- Net Assets: $159.8m (↑)
- Revenue: $20.7m (↑)
- EPS (cents): 1.1 (↑)
- No. of shares on issue: 367.5m (↑)
- Operating Cash Flow: $6.2m (↓)
- Number of Employees: 437

Key Data

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue¹</td>
<td>176.2m</td>
<td>143.3m</td>
</tr>
<tr>
<td>EBITDA¹</td>
<td>31.5m</td>
<td>20.3m</td>
</tr>
<tr>
<td>NPAT</td>
<td>3.6m</td>
<td>-56.2m</td>
</tr>
<tr>
<td>EPS (cents)</td>
<td>1.1c</td>
<td>-23.1c</td>
</tr>
<tr>
<td>Operating Cash Flow²</td>
<td>20.7m</td>
<td>10.0m</td>
</tr>
<tr>
<td>Net Assets</td>
<td>159.8m</td>
<td>115.6m</td>
</tr>
<tr>
<td>Market Capitalisation</td>
<td>279.3m</td>
<td>52.2m</td>
</tr>
<tr>
<td>Shares on Issue</td>
<td>367.5m</td>
<td>248.6m</td>
</tr>
<tr>
<td>TRIFR (Per million hours worked)</td>
<td>6.2</td>
<td>4.11</td>
</tr>
<tr>
<td>Number of Employees ³</td>
<td>437</td>
<td>468</td>
</tr>
<tr>
<td>Banking Institutions</td>
<td>Bankwest</td>
<td>Bain Capital</td>
</tr>
<tr>
<td>Legal Advisors</td>
<td>Hopgoodganim</td>
<td>Hopgoodganim</td>
</tr>
<tr>
<td>Auditors</td>
<td>Deloitte Touche Tohmatsu</td>
<td>Deloitte Touche Tohmatsu</td>
</tr>
<tr>
<td>Share Registry</td>
<td>Computershare</td>
<td>Computershare</td>
</tr>
</tbody>
</table>

¹ Continuing Operations
² Continuing Operations and Excluding Financing Costs
³ FY16 included oil and gas employees
Our Company

**Strengths**
- Global presence
- Market leading brands
- World-class research and development capabilities
- IMDEX Solutions for exploration, mining and development
- IMDEXHUB-IQ™

**Client Benefits**
- Chain of custody
- Quality data
- Timeliness
- Streamlined processes

---

**IMDEXHUB-IQ™**

**IMDEX SOLUTIONS**
- Drilling Optimisation
- Downhole Navigation
- Structural Geology
- In-field Geoanalysis
- Driller Operable Geophysics

**ANALYTICS SOFTWARE**
- Data Access & Analysis

**REPORTS & INTEGRATION**
- Data Access, Management & Optimisation

**RESOURCE COMPANIES**

**CONTRACTORS**

1. Traditional Process
   - **DATA**
   - **INFO**
   - **ANALYSIS**
   - **ACTION**

2. IMDEXHUB-IQ™
   - **DATA**
   - **INFO**
   - **ANALYSIS**
   - **ACTION**

**COLLECT DATA**

(TIME)

**TAKE ACTION**
“Our company delivers IMDEX Solution Sets that include our leading REFLEX and AMC brands. We assist clients to reduce their costs and increase their productivity by providing end-to-end solutions across the full mining life cycle.”
Leading Brands

AMC
AMC redefines the way drilling fluids, equipment, technologies and software are used to optimise drilling programs – it strives to maximise productivity while enhancing safety and sustainability. AMC is also growing its presence within the horizontal directional drilling, waterwell and civil construction sectors.
For more information, visit www.amcmud.com.

REFLEX
REFLEX is a global supplier of advanced subsurface intelligence solutions comprising advanced downhole instrumentation, data management and analytical software for geological modelling.
For more information, visit www.reflexnow.com.

Company Structure
Global Business

At IMDEX we have operations in all of the key mining regions of the world.

Our global presence and comprehensive distribution network allow us to: provide local support to clients; have greater access to international mineral exploration markets; and efficiently introduce new solution sets to these markets.

During FY17 we opened a new facility in Peru, which is a growth area for the company. We also relocated a manufacturing facility from Calgary in Canada to Salt Lake City in the USA to better service our clients.
Our Operating Environment

FY17 Market Conditions

Increased activity in the minerals sector – particularly in Canada, Latin America, West Africa and Australia

Activity uplift initially associated with stronger gold price – now a broader-based recovery

Major, intermediate and junior companies well-funded with increased budgets

Large resource companies – continuing to focus on increasing efficiencies and cost reduction

New technologies are gaining momentum in order to drive efficiencies and productivity

Mining companies need to replace depleting reserves

Despite increased expenditure, gold and copper discoveries are not keeping up with production. Grades are decreasing and are deeper. Ore bodies are becoming more complex, resulting in longer lead times to develop.
Mechanical engineering at Imex’s head office
REFLEX Instruments on Hire

As more rigs return to work, additional instrumentation is required – all commodities

Instruments on hire increased during calendar 2014 to calendar 2016, despite a significant decrease in exploration expenditure over those three years

30 June 2017, 42% increase compared to 30 June 2016

Increased demand for and adoption of traditional survey and core orientation instrumentation, together with more recent technologies

Most newer technologies yield higher rental rates due to greater value add for clients
Revenue from continuing operations of $176.2 million, up 23% (FY16: $143.3 million)

EBITDA from continuing operations of $31.5 million, up 55% (FY16: $20.3 million)

Net profit after tax of $3.7 million (FY16: a loss of $56.2 million)

Operating cash flow from continuing operations (excluding financing costs) of $20.7 million (FY16: normalised $10.0 million), up 107%

Strong balance sheet – as at 30 June 2017, net assets increased by $44.2 million and net cash totalled $12.3 million

Successful capital raising – as announced to the market 5 September 2016

Secured a new $30 million Bankwest facility on attractive terms

Paid out the Bain Capital facility in full

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### MINERALS REVENUE ($m)

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Pacific</td>
<td>53.3</td>
<td>41.7</td>
<td>7.4</td>
<td>15.6</td>
<td>20.3</td>
<td>31.5</td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td>83.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMEA</td>
<td>177.7</td>
<td>241.7</td>
<td>182.7</td>
<td>125.4</td>
<td>142.3</td>
<td>143.3</td>
<td>176.2</td>
</tr>
</tbody>
</table>

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### EBITDA ($m)

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Pacific</td>
<td>53.3</td>
<td>41.7</td>
<td>7.4</td>
<td>15.6</td>
<td>20.3</td>
<td>31.5</td>
<td></td>
</tr>
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<td>Americas</td>
<td>83.6</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

\(^1\) Normalised minerals revenue - continuing operations
"We exceeded our financial targets for the year, achieving a 23% increase in revenue and a 55% increase in EBITDA. This positive outcome was due to improving market conditions globally, our regional expertise and further market penetration for our differentiated technologies."
## Summary of Financial Highlights

**FOR THE YEAR ENDED 30 JUNE 2017**  
*(AUDITED RESULTS)*

<table>
<thead>
<tr>
<th></th>
<th>2016 $'000</th>
<th>2017 $'000</th>
<th>16-17 Var</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE FROM CONTINUING OPERATIONS (EXCLUDING INTEREST INCOME)</strong></td>
<td>143,346</td>
<td>176,225</td>
<td>23%</td>
</tr>
<tr>
<td><strong>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION &amp; AMORTISATION (EBITDA) FROM CONTINUING OPERATIONS</strong></td>
<td>15,078</td>
<td>31,496</td>
<td>109%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>10.5%</td>
<td>17.9%</td>
<td>70.5%</td>
</tr>
<tr>
<td>Depreciation and impairment</td>
<td>(8,830)</td>
<td>(10,692)</td>
<td>21%</td>
</tr>
<tr>
<td>Amortisation</td>
<td>(592)</td>
<td>(583)</td>
<td>(2%)</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>10.5%</td>
<td>17.9%</td>
<td>70.5%</td>
</tr>
<tr>
<td><strong>Net interest expense</strong></td>
<td>(10,052)</td>
<td>(16,413)</td>
<td>63%</td>
</tr>
<tr>
<td><strong>Net profit/(loss) before tax</strong></td>
<td>(4,396)</td>
<td>3,808</td>
<td></td>
</tr>
<tr>
<td>Income tax expense/benefit</td>
<td>535</td>
<td>(1,243)</td>
<td>(332%)</td>
</tr>
<tr>
<td><strong>NET PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS</strong></td>
<td>(3,861)</td>
<td>2,565</td>
<td></td>
</tr>
<tr>
<td>Profit / (Loss) from discontinued operations</td>
<td>(52,392)</td>
<td>1,098</td>
<td></td>
</tr>
<tr>
<td><strong>NET PROFIT/(LOSS) AFTER TAX</strong></td>
<td>(56,253)</td>
<td>3,663</td>
<td></td>
</tr>
<tr>
<td>Basic earnings / (loss) per share from continuing and discontinued operations (cents)</td>
<td>(23.11 c)</td>
<td>1.14 c</td>
<td>-</td>
</tr>
<tr>
<td>Net Cash provided by Operating Activities</td>
<td>(6,567)</td>
<td>13,071</td>
<td></td>
</tr>
<tr>
<td>Cash on hand</td>
<td>12,977</td>
<td>19,379</td>
<td>49%</td>
</tr>
<tr>
<td>Net Assets</td>
<td>115,593</td>
<td>159,820</td>
<td>38%</td>
</tr>
<tr>
<td>Total Borrowings</td>
<td>44,159</td>
<td>7,147</td>
<td>(84%)</td>
</tr>
<tr>
<td>Net Tangible Assets per Share</td>
<td>22.03 c</td>
<td>27.07 c</td>
<td>23%</td>
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IMDEX Board of Directors

For further information refer to pages 4 to 20 in the Directors’ Report within our 2017 Financial Report or on our website at www.imdlexlimited.com/about-us/board-of-directors
Our Board of Directors has extensive professional expertise, business experience and technical knowledge of financial markets and the mineral exploration, mining and technology industries.

Key priorities for the Board included: de-risking the balance sheet; replacing the Bain Capital facility; safety; and strategy development to support sustainable earnings growth for shareholders.

FY17 Developments

On 1 July 2016, Anthony Wooles commenced as Non-Executive Chairman following the retirement of Ross Kelly on 30 June 2016.

Mr Wooles is a highly qualified and successful professional who has held executive and advisory roles with leading private and public companies. He also has extensive knowledge of financial and capital markets. In his advisory capacity Mr Wooles has worked closely with companies including BHP Minerals; Coles Myer; Telstra; Coca-Cola Amatil; FAL and Western Power.

His professional qualifications include: a Bachelor of Commerce (Economics) from Deakin University, a Graduate Diploma of Securities Analysis from the Securities Institute of Australia and a MBA (Finance) from the Wharton School of the University of Pennsylvania.

On 6 February 2017 Sally-Anne Layman joined IMDEX’s Board as a Non-Executive Director.

Ms Layman has extensive experience within the mining sector and financial markets with significant international and cross commodity experience. She spent twelve years with Macquarie Group Limited (Macquarie), including four as Division Director in North America. Her most recent role was Division Director & Joint Head of the Perth office for the Metals, Mining & Agriculture Division.

Ms Layman is a Certified Practicing Accountant and worked in this capacity at Western Metals Ltd and Normandy Yandal Ltd. Prior to moving into finance, she undertook various mining roles including Production Engineer/Alternate Underground Manager at Great Central Mines Limited and Mining Engineer at Mount Isa Mines Limited.

Her professional qualifications include a Bachelor of Engineering, Mining Engineering from Curtin University, Western Australia and a Bachelor of Commerce, Accounting and Finance from the University of Southern Queensland. She is also an accredited dealer by the Australian Financial Markets Association and holds a First Class Mine Managers Certificate of Competency by the Department of Mines and Petroleum, Western Australia.

Ms Layman is an active member of the Australian Institute of Company Directors, the Australian Financial Markets Association and CPA Australia.
Dear Shareholders,

A Positive Year

On behalf of the IMDEX Board of Directors I’m pleased to present the company’s Annual Report for the 2017 financial year. It was a positive year and I have enjoyed being part of the dynamic team at IMDEX.

During the first half of FY17 we successfully addressed the sub-optimal capital structure of the company by way of an equity raising and new debt facility. Details can be found in the Managing Director’s Report on page 27. We further divested the majority of the company’s oil and gas interests and wrote off the balance.

These outcomes allowed our Management Team to focus clearly on our core minerals business, where we have a significant competitive advantage due to our cutting edge R&D, global presence, market leading solutions and IMDEXHUB-IQ™ enabled technologies.

Our minerals business generated $176.2 million in revenue, a 23% increase on the company’s 2016 result. Group EBITDA from these continuing operations was $31.5 million, pleasingly a 55% increase on the previous year.

Our commitment to technology leadership is enabling IMDEX to significantly upgrade our customer value proposition. Our end-to-end IMDEX Solution Sets, incorporating both our AMC products and REFLEX connected technologies, provide critical outcomes that enhance the efficiency of clients’ operations and support key decision making for exploration, mining and production.
IMDEX’s safety performance for the year was, however, disappointing. Our internal target for the year was a 5% reduction on our FY16 total reportable injury frequency rate (TRIFR), which was 4.11 injuries per million hours worked. Unfortunately we did not achieve this target. Keeping our people safe is absolutely critical, hence the Board and Management Team will heighten its focus on safety performance for the balance of FY18 and beyond.

In addition to leveraging improving market conditions and pursuing strong organic growth, we have identified exciting opportunities for significant growth through market extension within the minerals industry. This potential involves leveraging our established R&D capabilities and key client relationships in order to support the mining and production phases of our clients’ operations.

We will of course remain alert to acquisitions that complement both our core business and our growth strategies, always with the objective of delivering sustainable earnings growth.

These growth initiatives will be pursued with close attention to administrative efficiencies and operating leverage.

I would like to acknowledge the expertise and counsel that the Board has contributed to the progression of IMDEX throughout the year. Similarly, my thanks to our leadership team and employees, led by Managing Director, Bernie Ridgeway.

Importantly, on behalf of the Board, I would like to express our gratitude to the valued shareholders of IMDEX. Whilst the company will not be issuing a dividend for the 2017 financial year we remain committed to returning to an attractive dividend policy in the very near future.

Kind regards

Anthony Wooles
Chairman
During FY17, our safety performance was measured against the WA Worksafe Mining Services (Other) and WA Chemical Manufacturing safety benchmarks.

Our internal target was a 5% reduction on our FY16 total reportable injury frequency rate (TRIFR) of 4.11 injuries per million hours worked. Unfortunately we did not meet this target; however, our safety results remain better than the industry benchmarks. As set out in the graph below, our TRIFR for the year was 6.4 and our lost time injury frequency rate (LTIFR) was 3.2.

Throughout the year all of our locations were working towards a 4 Star QHSE rating, which recognises an advanced QHSE culture. It is pleasing to report the majority of our global locations have now achieved this rating. Other initiatives included: promoting the importance of incident and injury reporting globally; best practice injury management; and utilising our Quality Alert System to support continuous improvement.

**TRIFR** = Number of total recordable injuries / diseases for each one million hours worked.

**LTIFR** = Number of lost time injuries / diseases for each one million hours worked.

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**TOTAL REPORTABLE INJURY FREQUENCY RATE (TRIFR) & LOST TIME INJURY FREQUENCY RATE (LTIFR)**

![Graph showing TRIFR and LTIFR trends from July 2016 to June 2017](image-url)
Corporate Governance

The Australian Securities Exchange Corporate Governance Council sets out best practice recommendations, including corporate governance practices and suggested disclosures (ASX Recommendations).

ASX Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the ASX Recommendations and to give reasons for not following them.

Unless otherwise indicated the ASX Recommendations including corporate governance practices and suggested disclosures, have been adopted by our company for the full year ended 30 June 2017. We also provide a Corporate Governance section on our website, which includes the relevant documentation suggested by the ASX Recommendations.  

Risk Management

The identification and proper management of risk within IMDEX is an important priority for the Board and management.

The Board has sought to minimise the business’ risks by focusing on the company’s core business. The Board is responsible for ensuring that the company’s risk management systems are adequate and operating effectively.

An annual review of the risks faced by the company is undertaken. For future reporting periods the Managing Director and Chief Financial Officer will attest to the adequacy of the system of risk oversight, management and internal control on a formal basis every six months.

The Board believes that through the Board itself, the Audit Committee, the Internal Audit Function and external auditors there is adequate oversight of the company’s risk management and internal controls.
Dear Shareholders,

I am pleased to provide our shareholders with IMDEX’s Annual Report for the financial year ending 30 June 2017 (FY17).

Market Conditions

Conditions within the global minerals industry were positive for our company during FY17. Access to funding and commodity prices are traditionally the biggest drivers on activity levels in the minerals sector and it is pleasing to note both are currently favourable.

Resource companies, large and small, are well-funded and commodity prices have been slowly moving in a positive direction.

We witnessed the beginning of the recovery in the minerals market in 4Q16, which was largely due to the stronger gold price and associated capital raisings, however since that time, it has become a broader-based recovery. We are confident we are in the early stages of a cyclical upswing, which is supported by increased activity in all major mining regions globally.

In addition to funding and commodity prices, the uplift in activity is being driven by a fundamental need to replace reserves. Mining companies are depleting reserves at a faster rate than they are replacing them resulting in increased exploration budgets. The Major Gold Discoveries and Major Copper Discoveries graphs sourced from S&P Global Market Intelligence on page 13 of this report, illustrate this point.

Mine Digitisation

Another key observation regarding our market conditions is the pace in which new technologies are gaining momentum within our industry to drive efficiencies and productivity. Resource companies and service providers are harnessing digital technology to ensure better, faster and safer mining. For instance, advanced sensing technology and real-time operational data are being used to inform decision-making. Equipment is being automated for increased productivity, while predictive algorithms are enhancing the precision and speed of operations.

We are excited and proud to be collaborating with such progressive companies to transform their operations and our industry as a whole.

Financial Performance

We exceeded our financial targets for the year, achieving a 23% increase in revenue and a 55% increase in EBITDA. This positive outcome was due to improving market conditions globally, our regional expertise and further market penetration for our differentiated technologies. Further information regarding our revenue and earnings can be found on pages 16 to 19 of this report and our 2017 Financial Report.

It is also pleasing to note our operating cash flow from continuing operations for FY17, prior to financing costs, was $20.7 million – this represents a 107% increase on the normalised equivalent in FY16.

As at 30 June 2017 our balance sheet was in a stronger position than the previous corresponding period - net assets had increased by $44.2 million and we had net cash of $12.3 million.
The balance sheet was strengthened by a capital raising whereby we issued approximately 81.82 million shares at a price of $0.55 per share to raise $45 million. The share issue was significantly oversubscribed and the funds raised were applied to debt reduction.

As announced to the market on 28 December 2016, we also secured a $30 million banking facility with Bankwest to replace the Bain Capital facility (formerly Sankaty Advisors LLC), which attracted an interest rate of 10.75%.

The Bankwest facility currently has attractive terms and as at 30 June 2017, was drawn to $7.1 million. This facility reduces by $1.0 million per quarter.

Operating Achievements

During FY17 we continued to strengthen our product and service offering for the global minerals industry – the key operating achievements included:

- The sale of wholly owned oil and gas businesses - IMDEX is now a 100% minerals focused business;
- An increase in the number of REFLEX instruments on hire;
- Continued investment in research and development resulting in the commercialisation of new technologies;
- The continued globalisation and growth of AMC;
- Our internal digital transformation project; and
- Rebranding to align with our IMDEX solution selling and company vision.

Sale of Wholly Owned Oil and Gas Businesses

During the second half we completed the sale of our wholly owned oil and gas businesses - AMC Oil & Gas and Wildcat Production Chemicals Australia - in line with our strategy of focusing on sustainable earnings growth via our minerals business. We also wrote-off $3.2 million associated with our oil and gas technology.

All material costs associated with the divestment of these businesses were accounted for in the 2016 financial year and a non-recurring benefit of $2.1 million was recorded in FY17.

REFLEX Instruments on Hire

Our REFLEX rental fleet has traditionally been a lead indicator of market conditions within the minerals industry – as more rigs return to work, more instruments are required. As at 30 June 2017, the number of REFLEX instruments on hire was up 42% compared to 30 June 2016. The increase in demand was for traditional survey and core orientation instrumentation, together with our more recent technologies, which generally yield higher rental rates due to the additional value they provide clients.

It is also pleasing to note that our REFLEX instruments on hire increased in calendar 2014 to calendar 2016, despite significant decreases in exploration expenditure over those three years. We believe this is affirmation of our differentiated technologies.

Research and Development

In line with our commitment to delivering leading real-time technologies, we continued to invest in research and development, which resulted in the commercialisation of new products for our clients. A good example is the release of our IMDEXHUB-IQ™ early in the second half of FY17.

This complete Software-as-a-Service solution for the collection, storage and reporting of critical operational, geological and assay data, provides us with a significant advantage over our competitors. I am also pleased to report that there have been a number of examples where clients have chosen IMDEX technologies over competitors due to our connectivity and the ability to view data from anywhere, anytime.

Our commitment to ongoing research and development throughout the cycles has also resulted in an exciting pipeline of solution sets spanning exploration, development and mining. The development of these IMDEX solution sets, which incorporate AMC and REFLEX products and technologies, are designed to improve our clients operations and provide more sustainable earnings growth for our shareholders.
Digital Transformation Project

Consistent with the differentiated technologies and cloud capability we are delivering to the minerals industry, our company is undergoing an internal digital transformation. This is an exciting project that will enhance our systems and processes – and importantly, will allow us to significantly improve our customer service and business outcomes.

Rebrand

We are excited to officially launch our new branding and logos on 10 October 2017.

Over the past 3 – 4 years we have been successfully repositioning ourselves as a technology company with a vision of being the leading provider of real-time subsurface intelligence solutions to the global minerals industry. This transformation commenced with the acquisition of ioGlobal and our ability to connect our market leading technologies to the IMDEXHUB-IQ™ to provide accurate and timely data.

Our rebrand was undertaken to align our corporate branding with our company’s vision and focus on IMDEX solution selling.

Outlook

The outlook for IMDEX remains positive and we anticipate a stronger financial performance in FY18. The global minerals industry is in the early stages of a cyclical upswing and activity has increased across all major mining regions. Furthermore, across the industry there remains a fundamental need to replace diminishing reserves; resource companies are generally well-funded; and new technologies are gaining momentum within the industry to drive greater efficiency and productivity – we are delivering these real-time or near real-time technologies and have a significant first mover advantage. Our company is committed to maintaining this advantage through its investment in research and product development during FY18.

A Great Team

We have an expert and highly capable team of people who combine their skills to work together for the benefit of our company. It is a pleasure to work with them all.

Looking after our employees is vital and we will be focusing on improving our safety performance in FY18 and beyond.

To all of IMDEX’s team – our shareholders, employees, clients and industry partners – thank you for your dedication and for being part of our business during FY17. We remain committed to achieving our vision of being the leading provider of subsurface intelligence solutions to the global minerals industry.

Kind regards

Bernie Ridgeway
IMDEX Managing Director
Executive Management Team

Mr Bernie Ridgeway
Managing Director (May 2000)

- Bachelor of Business and Qualified Chartered Accountant
- Member of the Institute of Chartered Accountants Australia and the Australian Institute of Company Directors
- Non-Executive Director of Sino Gas and Energy Holdings Limited
- Over 31 years’ experience with public and private companies as a business owner, Director and Manager.

Mr Paul Evans
Chief Financial Officer and Company Secretary (since October 2006)

- Chartered Accountant
- Fellow of the Institute of Chartered Accountants in Australia
- Extensive experience in commercial, general management and financial roles - industry experience covering the media, manufacturing, mining services and telecommunications industries.
Mr Troy Giesler
General Manager, AMC

- 5 years in senior management positions at IMDEX
- Over 31 years’ experience within the drilling industry
- 19 years with MI-Swaco, including 7 years as Global Business Line Manager for the company’s HDD, mining and waterwell operations
- Bachelor of Science from Colorado State University with a major in Business Administration.

Mr Derek Loughlin
Chief Executive, REFLEX

- 11 years in executive management positions at IMDEX
- 28 years’ experience within the drilling industry
- 17 years with leading drilling company Boart Longyear in engineering, operations, sales and global exports, working in Ireland, Australia and Germany
- Honours Degree in Mining Engineering from the Camborne School Of Mines, UK; Diploma of Executive Development at the International Institute for Management and Development in Lausanne.

Tim Price
General Manager of Engineering and Product Development

- 6 years with IMDEX
- 31 years’ experience in engineering and product development
- 20 years with Scientific Drilling International holding positions from Design Engineer to Senior Vice President of Engineering
- 11 years combined Executive and Senior Management experience at IMDEX and Scientific Drilling International
- 5 years in Aerospace and Semiconductor Test Industries
- 7 US patents granted for Oil and Gas Instrumentation
- Master of Science in Electrical Engineering from California Polytechnic State University, San Luis Obispo
- Bachelors of Science in Electronic Engineering from California Polytechnic State University, San Luis Obispo
- Member Tau Beta Pi National Engineering Honor Society.
AMC supporting regional sites
Global Workforce

During FY17 our global workforce reduced by 7% to 437 people (FY16 468), which reflects the divestment of our wholly owned oil and gas businesses, together with increased activity for our minerals business. Additional personnel were principally within sales and operations.
Diversity & Equal Opportunity at IMDEX

At IMDEX we value diversity in our workforce. We seek to employ, retain and develop employees for the long-term, assisting in their development and the development of the culture and values of our company.

This is done by promoting the value of different perspectives, ideas and benefits brought by engaging employees from all available talent. Our Diversity Policy can be found on our website at www.imdexlimited.com/about-us/corporate-governance.

Our company is also committed to providing equal opportunities for all employees. We ensure employment decisions are made solely on the basis of merit, taking into account relevant skills, qualifications, experience and ability, and without bias or prejudice - further information can be found within our Code of Conduct Policy at www.imdexlimited.com/about-us/corporate-governance.
The IMDEX Way

The IMDEX Way sets out the key principles and expected behaviours that govern our company’s decision making, business practices and employee reward programs.

Integrity
Communicating openly and honestly. Avoiding activities or organisations that are unethical, harm people or the environment.

Teamwork
Working collaboratively, safely and with respect for diversity within IMDEX’s Group to achieve the best results for the Company, clients and colleagues.

Accountability
Taking responsibility for and delivering on IMDEX’s commitments to the Company, clients and colleagues.

Being Dynamic
Maintaining an efficient global Company with the flexibility to provide localised client solutions and the adaptability to react quickly to new opportunities and change.

Innovation
Leveraging IMDEX’s advanced technologies and research and development capabilities to deliver innovative, leading edge products and services that optimise client operations.

Continuous Improvement
Pursuing IMDEX’s strategy of ongoing growth and reward for shareholders, clients and employees through continuous improvement of the Company’s products, services and work practices.
**Our Focus for FY18**

- Achieving and exceeding financial and EVA targets for FY18
- Delivering the technology and product development roadmap for FY18
- Prioritising our new product development projects to generate organic growth
- Pursuing our initiatives in the production / mining phase for transformational growth
- Developing our branding and sales capability to achieve revenue growth
- Strengthening our business to support solution selling and IMDEX Solution Sets
- Successfully delivering the IMDEX Digital Platform roadmap for FY18
- Enhancing our HSE performance
- Identifying and mitigating quality risks
## Company History

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>17 Dec 1980</td>
<td>Australian company Pilbara Gold NL incorporated</td>
</tr>
<tr>
<td>21 July 1985</td>
<td>Pilbara Gold NL changed name to IMDEX Limited</td>
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<tr>
<td>24 Sept 1987</td>
<td>IMDEX Limited listed on the ASX</td>
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<tr>
<td>1988</td>
<td>Formation of Australian Mud Company</td>
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<tr>
<td>1997</td>
<td>Acquisition of Surtron Technologies Pty Ltd and Ace Drilling Supplies</td>
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<tr>
<td>2001</td>
<td>Joint venture formed with IMDEX and Rashid Trading Establishment (RTE) in Saudi Arabia</td>
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<tr>
<td>1 July 2005</td>
<td>Sale of IMDEX Minerals</td>
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<tr>
<td>1 Aug 2005</td>
<td>Acquisition of African based company Samchem</td>
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<tr>
<td>1 Aug 2006</td>
<td>Acquisition of Swedish based REFLEX Group of Companies and United Kingdom based company Chardec</td>
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<tr>
<td>1 May 2007</td>
<td>Acquisition of Swedish based company Flexit</td>
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<tr>
<td>1 July 2007</td>
<td>Ace merged with REFLEX. IMDEX finalised the sale of its interest in IMDEX Arabia to RTE.</td>
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<tr>
<td>1 July 2007</td>
<td>Acquisition of Canadian based Poly-Drill and a 75% interest in Kazakhstan based Suay Energy Services</td>
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<tr>
<td>31 Oct 2007</td>
<td>Sale of Surtron Technologies</td>
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<td>1 Nov 2007</td>
<td>Acquisition of Chilean based company Southernland</td>
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<tr>
<td>1 Jan 2008</td>
<td>Acquisition of German based company System Entwicklungs</td>
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<tr>
<td>1 July 2008</td>
<td>Acquisition of the remaining 25% of Kazakhstan based Suay Energy Services</td>
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<tr>
<td>1 Sept 2008</td>
<td>Acquisition of Australian based company Wildcat Chemicals Australia</td>
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<tr>
<td>1 July 2010</td>
<td>New regional structure implemented and business reporting streamlined into Minerals and Oil &amp; Gas Divisions</td>
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<tr>
<td>1 Sept 2010</td>
<td>Acquisition of Australian based companies Fluidstar and Ecospin</td>
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<tr>
<td>1 Mar 2011</td>
<td>Acquisition of German based company Mud-Data</td>
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<tr>
<td>1 July 2011</td>
<td>Formation of DHS Services joint venture</td>
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<tr>
<td>1 July 2011</td>
<td>Acquisition of Australian based company Australian Drilling Specialties Pty Ltd</td>
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<tr>
<td>1 Aug 2011</td>
<td>Acquisition of Brazilian based company System Mud Indústria e ComércioLtda</td>
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<tr>
<td>1 Jan 2012</td>
<td>Acquisition of Vaughn Energy Services (VES) by IMDEX's DHS Services joint venture</td>
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<tr>
<td>1 Nov 2012</td>
<td>Acquisition of ioGlobal Pty Ltd, ioAnalytics Pty Ltd and ioGlobal Solutions Inc. (together ioGlobal)</td>
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<tr>
<td>1 Dec 2012</td>
<td>DHS Services and Vaughn Energy Services rebranded as VES International</td>
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<tr>
<td>1 Sept 2014</td>
<td>Acquisition of 2iC</td>
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<tr>
<td>30 June 2015</td>
<td>Divestment of Suay Energy Services</td>
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<tr>
<td>2016</td>
<td>Divestment of AMC Oil &amp; Gas</td>
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REFLEX EZ-GYRO™ in Mexico