

24 April 2023

IMDEX Formalises Investment in Analytics Software Company Krux

Leading global Mining-Tech company, Imdex Limited (IMDEX or the Company) is pleased to provide an update on its cornerstone investment in Krux Analytics Inc (Krux).

Krux is a Calgary-based company that develops advanced drilling analytics software, with application for real time exploration and production drilling data. Its market-leading solution collects, aggregates and analyses drilling activity data - originated manually or collected via sensors adjacent to or embedded within the drill rig. The Krux solution is agnostic, complementing a wide variety of drilling rigs and drilling operations.

Krux is also incorporating KruxDAQ™, a unique Measure While Drilling (MWD) offering, that originates data directly from rig systems outputs into its existing platform. Combining MWD data with forms-based activity data provides richer information regarding drilling performance and productivity. This information can be used to drive improvements that are valuable to both drilling and resource companies.

Summary of Transaction

On 13 January 2023, IMDEX announced it had entered into a Heads of Agreement (the Agreement) to acquire a 40% interest in Krux for \$6.5m cash¹. The Agreement was subject to further due diligence, mutual board approvals and customary conditions. The parties have now completed this process and will be proceeding with this initial investment.

The parties have also agreed a mechanism that provides for the remaining 60% of equity in Krux (or alternatively, Krux's material assets including intellectual property) to be transferred to IMDEX after a three-year period. During this time, IMDEX and Krux will collaborate to accelerate software development projects and identify ways to deliver greater value to customers. An IMDEX representative will join Krux's board as a director. The transaction structure ensures Krux's growth ambitions are supported, while providing clarity for both parties regarding future intent.²

In line with IMDEX's disciplined approach, the final consideration is dependent on the quality of revenue achieved by the Krux team – particularly SaaS revenue - with the value the remaining 60% equity calculated based on a revenue multiple of circa 4.5x³ which will be funded by cash reserves or the combination of cash reserves and the issue of IMDEX shares.⁴

¹ All references to dollars are AUD at 21 April 2023 exchange rate. The transactions will be completed in CAD, with initial investment at CAD6m. Completion of the acquisition of the initial investment is expected to occur on 24 April and is subject to the payment of consideration and other standard transaction obligations in accordance with the formal agreements entered into by the parties. Shareholder approval will not be required in relation to the transaction.

² The parties have entered into formal agreements governing the rights and obligations of the parties in respect of their investment in Krux and the conduct of the Krux business. This includes the ability for Krux's existing shareholders to require IMDEX to purchase the remaining 60% of Krux equity, or alternatively for IMDEX to acquire all of Krux's assets (including intellectual property), at prices based on pre-agreed formulae which have regard to the value of the revenue achieved by Krux in the third year of the minority investment period.

³ Dependent on contribution of SaaS revenue to overall revenue at year 3 and subject to an overall cap of \$75m

⁴ The final purchase of either the remaining 60% equity stake in Krux or Krux's material assets will be funded via IMDEX's cash reserves, with IMDEX having the right to pay (at its election) up to 75% of the purchase price by way of an issue of

Summary of Acquisition Benefits for IMDEX

Krux's unique software development expertise and proven product offering provide an opportunity to:

- Support the digitisation of IMDEX's Drilling Optimisation business, complementing the Company's existing fluids and equipment with a sensor and data aggregation layer;
- Provide a pathway for the IMDEX MOBILE™ customers to transition to a more advanced platform, including dashboarding capability, while retaining existing benefits;
- Accelerate the ability for IMDEX MOBILE™ and Krux customers to incorporate drill rig sensor streams, including MWD;
- Gain additional exposure to enterprise customers, particularly in North and South America; and
- Enhance IMDEX's drilling data origination and analysis capabilities. Specific examples include:
 - Auto-generation of drilling productivity metrics;
 - Digital sustainability monitoring and reporting;
 - In-hole correlation of drilling parameters with geology data to inform improved drill productivity; and
 - Predictive analytics and simulation for more efficient drilling and maintenance programs.

Commenting on the investment IMDEX Chief Executive Officer, Mr Paul House, said:

"The talented Krux team are a strong strategic and cultural fit with IMDEX. The Krux offering occupies a clear industry leadership position which we are pleased to support. We look forward to working collaboratively to provide additional value and answer products to customers."

Krux Analytics Inc. Chief Executive Officer, Jody Conrad added:

"This investment will accelerate the growth of the Krux platform and strengthen our position as leaders in real-time data collection for the mining industry. It reflects strong strategic alignment and importantly, an excellent cultural fit. We remain committed to staying agnostic and providing the best solutions to our customers, regardless of what other hardware or software they use. With this investment, we are excited to take our platform to new heights and continue delivering value."

This announcement has been approved for lodgement by the IMDEX Company Secretary.

IMDEX shares to the vendors (with the value of IMDEX shares to be based on a VWAP over the five trading day period prior to Krux shareholders exercising their rights to require IMDEX to purchase the equity stake or IMDEX proceeding with the asset purchase).

ABOUT IMDEX™

IMDEX is a leading global Mining-Tech company, which enables successful and cost-effective operations from exploration to production.

The ASX listed company (ASX Code: IMD and ABN: 78 008 947 813) develops cloud-connected sensors and drilling optimisation products to improve the process of identifying and extracting mineral resources for drilling contractors and resource companies globally.

IMDEX's unique end-to-end solutions for the mining value chain integrate its leading AMC™ and REFLEX™ brands. Together they enable clients to drill faster and smarter, obtain accurate subsurface data and receive critical information in real-time.

For further information visit www.imdexlimited.com

FURTHER INFORMATION

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Forward-looking statements

This announcement contains forward-looking statements. These statements can be identified by words such as "anticipate", "may", "will", "expect", "intend", "estimate", "opportunity", "plan", "potential", "project", "seek", "believe", "could", "future and other similar words that involve risks and uncertainties. There is no guarantee that formal documentation will be entered into, or any agreement completed, in a timely manner and on the proposed terms or at all. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Company does not undertake to update or revise forward-looking statements, regardless of whether any new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and ASX requirements.