



Imdex News

Shareholder Newsletter 3Q17 / April 2017

3Q17 Highlights

Revenue

\$43.1 million up 39% on 3Q16 (\$31.0 million¹)

EBITDA

\$8.0 million up 196% on 3Q16 (\$2.7 million²)

44% increase in the number of instruments on hire
31 March 2017 versus 31 March 2016

Strong balance sheet

Appointment of new Non-Executive Director

Release of STRUCTURAL-IQ Solution

Successful appeal against Coretell and the Camteq Group

Outlook continues to be encouraging due to increased
budgets by resource companies

¹ From continuing operation (excluding oil and gas). ² Normalised continuing operations

Dear Shareholders,

I am pleased to report that the broader based recovery within the global minerals industry continued to gain momentum throughout the third quarter of the 2017 financial year (3Q17).

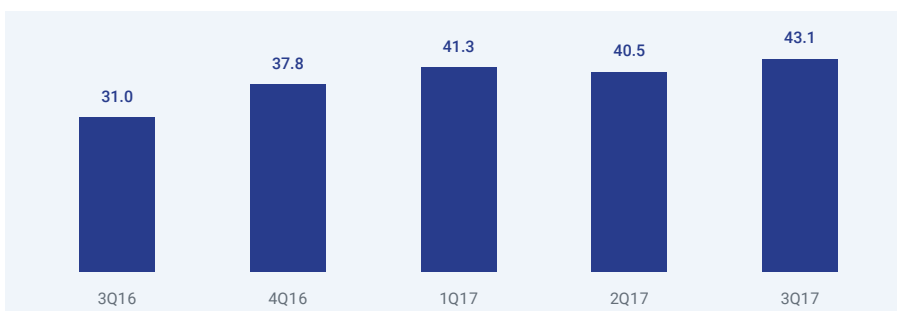
We saw a strong January start-up following the traditional holiday shut-down and activity continued to increase in all of the major mining regions in response to strengthening commodity prices. Demand for Imdex's newer technologies also made a positive contribution to our financial performance.

Financial Performance (UNAUDITED)

During 3Q17 our company generated revenue of \$43.1 million (3Q16: \$31.0 million¹). Our EBITDA was \$8.0 million and exceeded the prior corresponding period (pcp) (3Q16: \$2.7 million²) and the previous quarter (2Q17: \$6.4 million). As mentioned in our half-yearly results, 2Q17 was impacted by one-off costs totalling \$1.5 million and included foreign exchange, legal and internal digital transformation costs.

For the nine months to 31 March 2017, our revenue was \$124.8 million¹, an 18.6% increase on the previous year (9 months to 31 March 2016: \$105.2 million¹). Our year-to-date EBITDA was \$21.5 million, up 58% on the pcp (\$13.6 million²).

REVENUE FROM CONTINUING OPERATIONS (\$ MILLIONS)



It is important to note that we remain focused on cost discipline while driving sustainable earnings growth – not just cyclical growth – within the global minerals industry. One of the key elements of this strategy is generating additional revenue from the mining production phase. We have some exciting medium-term opportunities in this area and are actively pursuing them.

As also reported with our half-yearly results, we have a strong balance sheet, which we are using to support our growth strategy.

¹ From continuing operation (excluding oil and gas). ² Normalised continuing operations

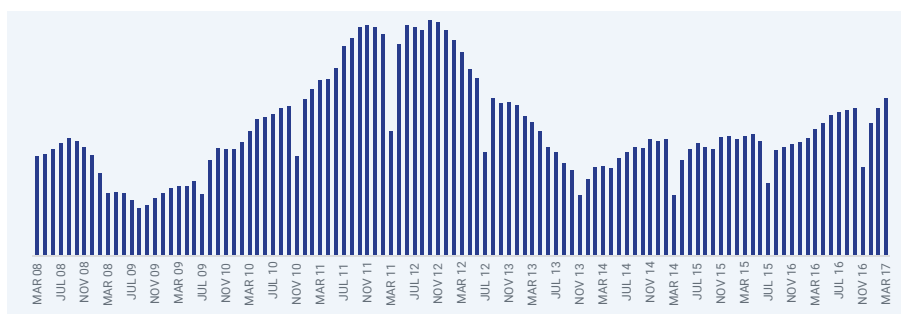
Index Instruments on Hire

I have mentioned previously that our number of instruments on hire is a useful indicator of market conditions. During the quarter our tools on active hire increased and as at 31 March 2017, the total was 44% higher than 31 March 2016 and is currently at the highest level since November 2012.

Demand has increased for our traditional technologies, together with our newer, more complex technologies that generally yield higher rental rates.

Our rental fleet is only one indicator of market conditions, however and I am pleased to say we have also seen a positive uplift in our drilling fluid sales and solids removal unit rentals, particularly in Europe and the Americas.

NUMBER OF REFLEX INSTRUMENTS ON HIRE - 31 MARCH 2017



Appointment of Non-Executive Director Ms Sally-Anne Layman

On 6 February we were delighted to welcome Ms Sally-Anne Layman to our Board of Directors. Sally-Anne has extensive experience within financial markets and the mining sector. Further information about her relevant professional qualifications and experience can be found at the following link or at the Board of Directors section of our website.

[IMD ASX Announcement Board of Directors](#)



STRUCTURAL-IQ Solution at the Mining INDABA

In the last edition of Imdex News, we included the launch of our STRUCTURAL-IQ Solution at the Mining INDABA Africa event held in Cape Town in February. Since the launch, interest in our STRUCTURAL-IQ has been strong.

Further information about this end-to-end structural logging solution is available at the following link:

[Structural-IQ Solution](#)

PDAC

In early March we exhibited at the PDAC convention in Toronto, Canada. This convention is one of the most significant industry events for our company – it also provides excellent insight regarding market conditions.

Encouragingly, the sentiment at the PDAC convention was more positive than it has been in recent years and a number of key clients indicated budget increases.

[PDAC Website](#)



Exercise of Detachable Warrants

As announced to the market on 13 March 2017, Bain Capital (formerly Sankaty Advisors LLC) provided notice that it would exercise its detachable Warrants in Imdex. We elected to equity settle these Warrants and accordingly, issued 37,041,867 shares to Bain Capital pursuant to the terms of the Warrants.

Bain Capital subsequently sold its entire shareholding in Imdex and has no residual shareholding in our company. To read the full announcement click on this link:

[IMD ASX Announcement](#)

AMC and REFLEX win appeal against Coretell and Camteq Group

We were pleased to announce the appeal by Coretell Pty Limited (Coretell, Mincrest Holding Pty (Camteq), Kleyn Investments Pty Ltd (Camteq International) and Director Nick Kleyn (the 'Camteq Group') was dismissed. On 3 April 2017, the Full Court of the Federal Court of Australia ruled in favour of Imdex subsidiaries AMC and REFLEX in an appeal heard in November 2016.

The Full Court reaffirmed our core orientation patent validity and also ordered that Coretell pay 90% of the legal costs of AMC and REFLEX in the appeal and upheld Justice McKerracher's costs orders from the original trial, including the payment of indemnity costs. These costs are estimated to exceed \$4 million dollars and the Full Court's decision clears the way for us to pursue a multi-million dollar damages award or an account of profits.

As a leading METS company we take the protection of our Intellectual Property rights very seriously and remain committed to defending those rights. The ASX announcement regarding this successful decision is available below:

[IMD ASX Announcement](#)

REFLEX IQ Logger opens can of new terms

Imdex's technology was recently featured in the Mining Journal.

"A quick and overwhelmingly positive market response to the introduction of new technology that fundamentally changes approaches to drill-core analysis has spurred creator Imdex to fast track work on connected advances".

[Click here to read the full article](#)

According to Terralogic Exploration's exploration technology manager Chris Gallagher, the IQ Logger "has allowed us to collect literally 10-times the structural data over traditional measurement systems and at a much higher quality".

"In my opinion, it is an essential tool for any drill based structural study," Gallagher said.



Imdex's Michelle Carey presenting at the PDAC Convention 2017

Euroz Rottneest Forum

On 16 March 2017 we presented at Euroz's annual conference at Rottneest. This is always a well attended event and an excellent opportunity to showcase our company to institutional investors. To view our presentation click on this link:

[IMD Presentation - Euroz Rottneest Conference](#)

Outlook & Key Areas of Focus

Conditions within the global minerals industry continue to improve. Activity within all of the major mining regions is continuing to increase; resource companies are well-funded and are indicating budget increases; and there remains a fundamental need to replace diminishing resources and reserves.

We are confident the global minerals industry has entered the early stages of a cyclical upswing resulting in a much stronger financial performance for the full year when compared to FY16.

Technology remains at the fore for resource companies and drilling contractors as the industry shifts towards operational efficiencies and real-time information continues to gain momentum. In such a market our investment in leading technologies and solution sets throughout the downturn is providing us with a first-mover competitive advantage and our IMDEXHUB-IQ is building as a key differentiator. We remain committed to our technology development program to enhance the productivity and efficiency of our clients operations with our research and development costs for FY17 at similar levels to FY16. We are likely to continue to invest at similar levels in FY18.

As mentioned earlier, we are committed to building a business that can deliver sustainable earnings growth for our shareholders beyond the cyclical upturn. For the balance of FY17 and the new financial year we will focus on: maintaining our market leadership position by continuing to provide innovative new technologies; leveraging our first mover advantage with cloud solutions, connectivity and established geoscience expertise; maximising our established global presence and significant operational leverage; expanding and diversifying our global client base including resource companies, drillers and service companies; gaining additional exposure to mining activities, which are less cyclical; and building a resilient business by becoming an integral part of our clients' operations.

Kind Regards



Bernie

Imdex Managing Director



Imdex News

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Imdex News

Imdex News is published quarterly to keep valued shareholders informed of our company's performance and operational highlights. Your feedback and questions are always welcome.

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About Imdex

We are a leading global METS* company. Our solution sets 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 mining industry.

For further information visit our [company website](#) or download our [Investor Fact Sheet](#) and [Company Overview](#).

**Mining equipment, technology and services*

