

1H15 Financial Results Presentation



1H15 Results Overview



- ▶ Market conditions in the minerals sector **improved during 1H15**
- ▶ **8.5% increase** in the average number of REFLEX rental instruments on hire in 1H15 compared to the prior corresponding period
- ▶ **Growing number of SRUs on hire**, with further increases expected
- ▶ **Increasing adoption** of REFLEX HUB technology
- ▶ Activity in the oil and gas sector impacted by the fall in oil price
- ▶ 1H15 results impacted by \$12.1m abnormal gain due to:
 - ▶ \$14.2m profit on sale of remaining investment in SEH*; and
 - ▶ Additional \$2.1m provided in respect of the March 2014 product containment incident
- ▶ **Solid balance sheet** maintained and well positioned for 2015
- ▶ **Continued investment in product development** and commercialisation of new products to lower costs and increase efficiency of customers' operations

*Sino Gas and Energy (ASX:SEH)

1H15 Key Metrics



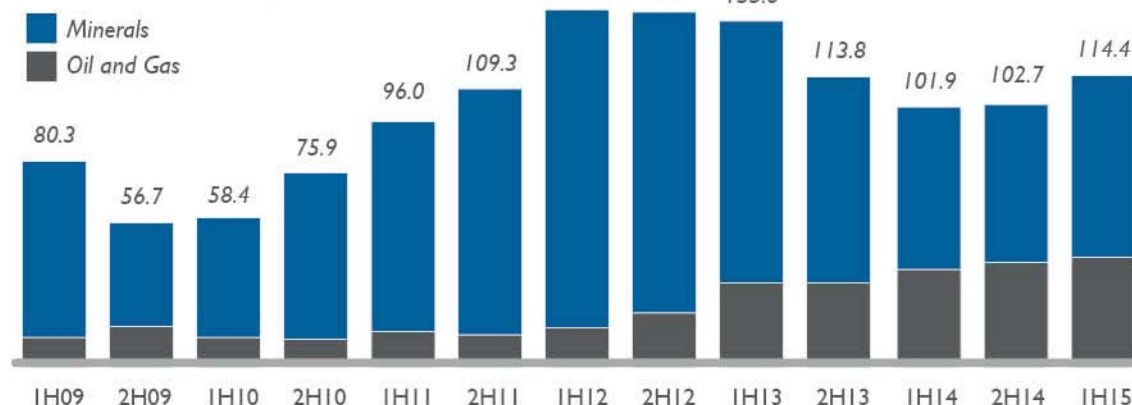
(\$m)	1H15	1H14	Var.
Statutory revenue	101.4	92.2	10%
Combined revenue*	114.4	101.9	12%
EBITDA	20.7	24.2	-14%
Normalised EBITDA	8.6	6.5	32%
NPAT	9.7	15.3	-37%
EPS (cents)	4.5	7.3	-38%
Operating cash flow	4.4	4.2	5%
Gearing (ND / (ND + E))	13.7%	12.9%	9%
Interest Cover (Normalised EBITDA / Interest Expense)	5 Times	4 Times	-
Net assets	190.8	207.1	-10%
Number of employees	585	561	4%

* Includes 30% of VES International JV revenue

Group Revenue



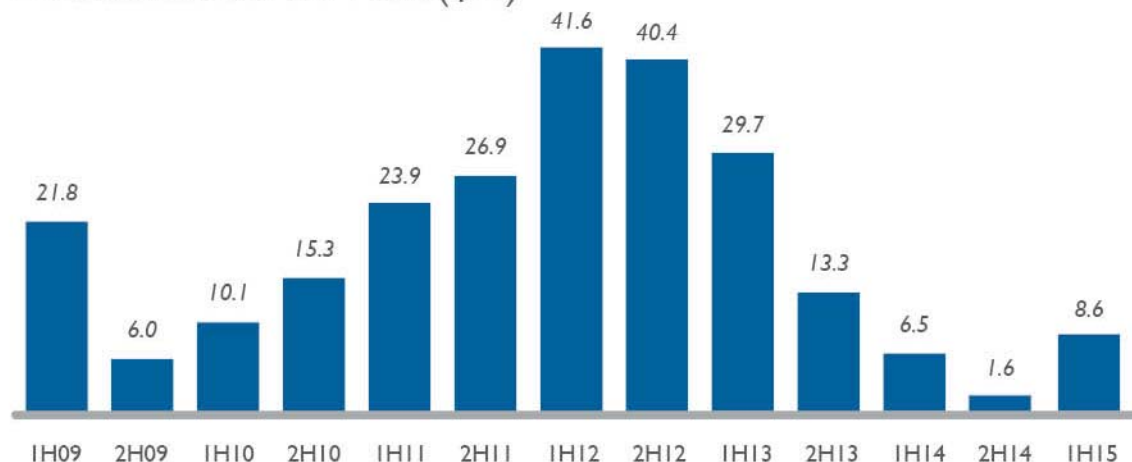
REVENUE (\$m)



Combined Revenue increased 12.3% to \$114.4 million:

- Minerals Division 62%;
- Oil & Gas Division 38% - Inclusive of VES revenue of \$13m (1H14: \$9.7m).

NORMALISED EBITDA (\$m)

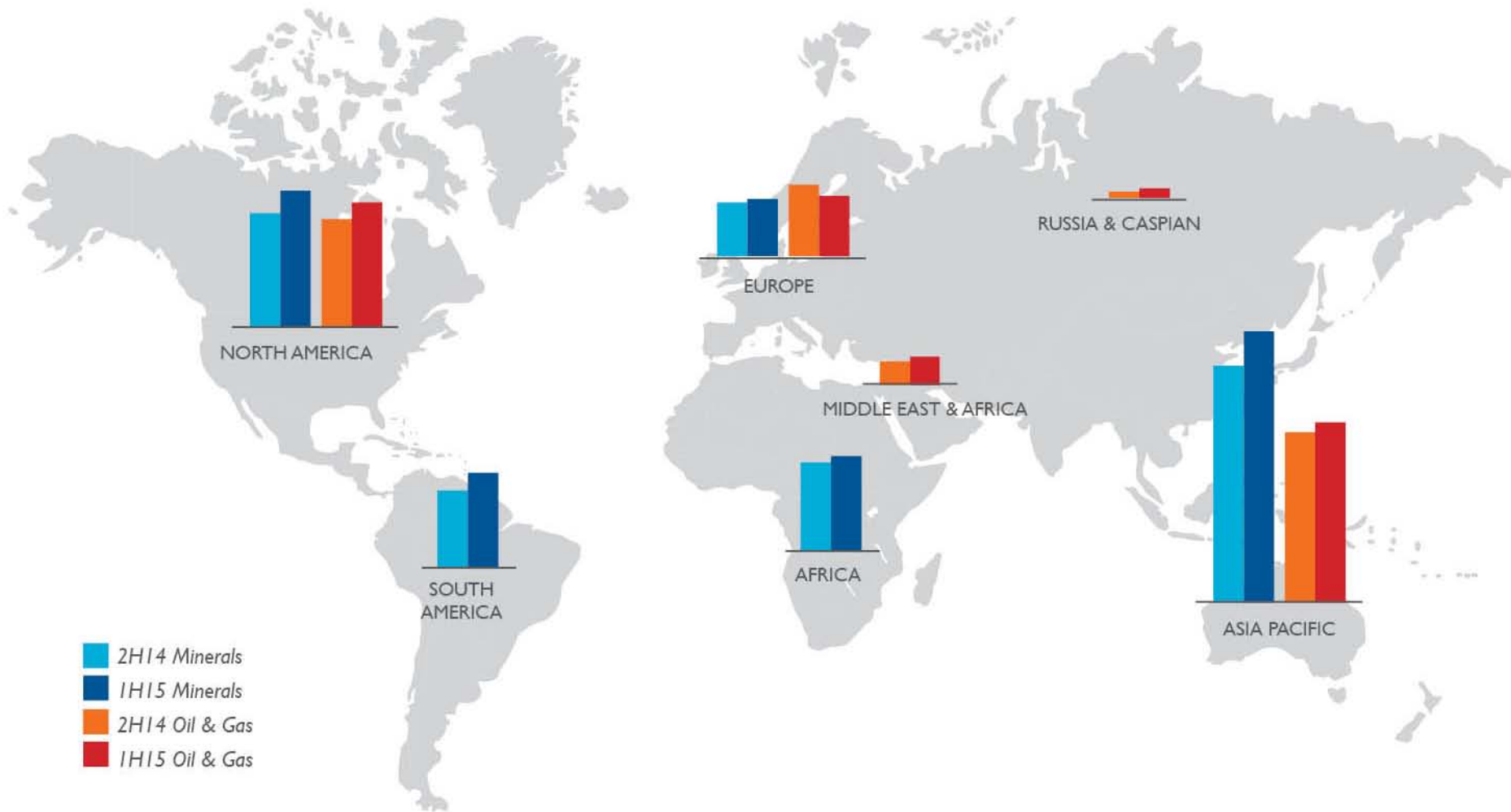


Includes 30% equity accounted VES NPAT.

Strong EBITDA margins in VES of 36% (1H14: 36%).

Signs of measured Minerals recovery continue into 2H15.

Global Business Increasing Combined Revenue



1H15 EBITDA Segment Result



(\$m)	1H FY15 Including One-Offs	1H FY15 One-Offs	1H FY15 Normalised	1H FY14 Normalised	Variance %
AMC Oil & Gas	(1.9)	2.1	0.2	(0.2)	200%
Oil & Gas R&D (Instrumentation)	(1.2)		(1.2)	(0.9)	-33%
VES JV	0.5		0.5	0.3	67%
Oil & Gas - incl VES JV	(2.6)	2.1	(0.5)	(0.8)	38%
Minerals	12.1		12.1	10.1	20%
Corporate	11.2	(14.2)	(3.0)	(2.8)	-7%
Combined EBITDA	20.7	(12.1)	8.6	6.5	32%

The 1H15 result includes profit on sale of remaining investment in SEH (\$14.2m), together with an additional amount provided for in relation to finalising the product containment incident announced to the market on 13 March 2014 (\$2.1m)

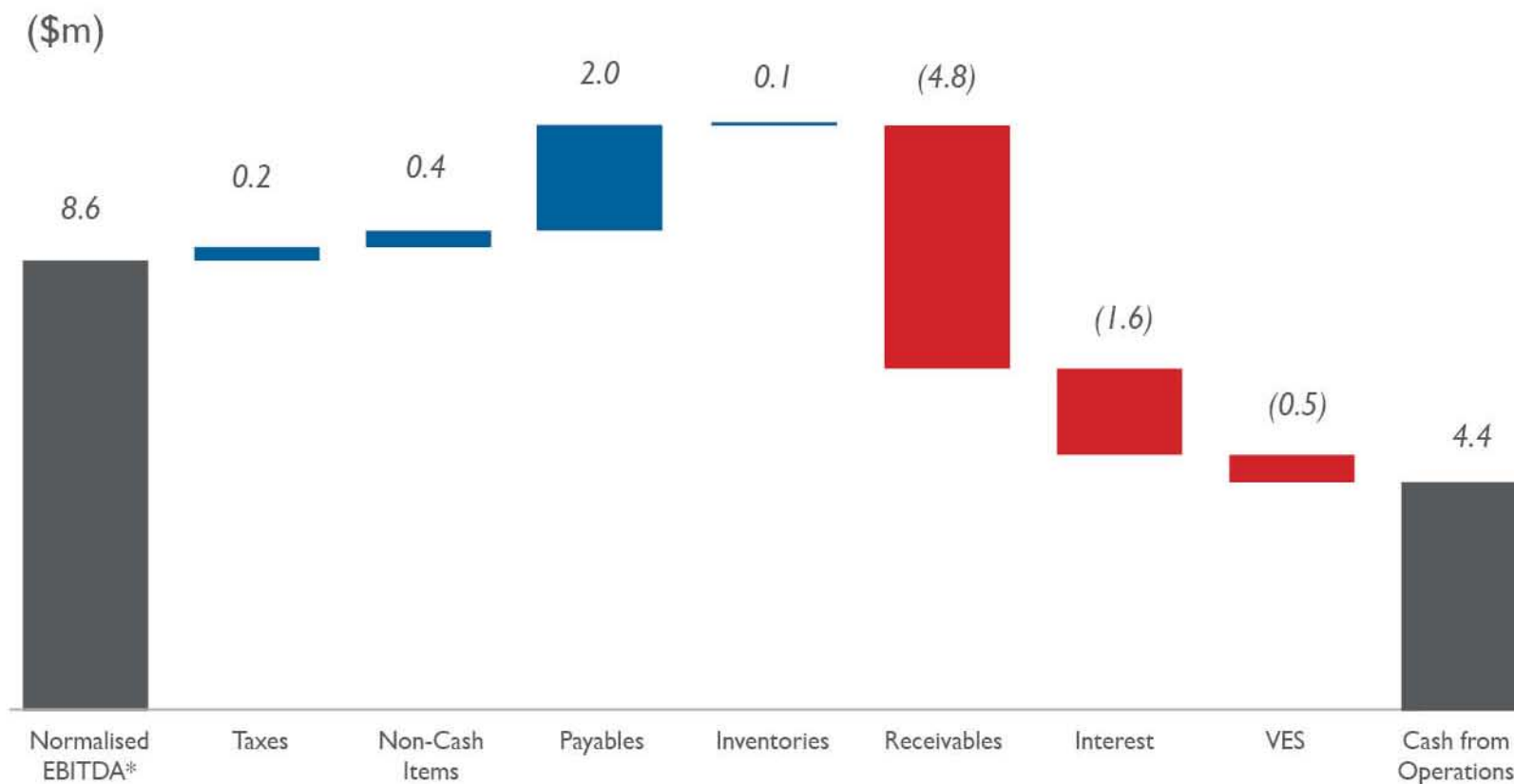
Balance Sheet



\$m	31 December 2014	30 June 2014
Net Cash	9.6	10.1
Receivables	46.0	39.8
Inventory	43.0	42.6
Investment in SEH	-	14.7
VES	31.4	26.3
Fixed Assets	59.2	47.2
Intangibles	63.5	62.3
Other assets / deferred tax	22.9	19.8
Total assets	275.6	262.8
Payables	19.9	17.3
Bank loans	39.7	49.7
HP finance	0.3	0.4
Other liabilities, provisions and current tax	24.9	18.5
Total equity	190.8	176.9
(CA - Inventory)/CL	1.17	1.31
CA/CL	2.04	2.36
Gearing (ND / (ND + E))	14.0%	18.5%

- Sale of our remaining SEH investment in 1H15
- VES investment increased due to strengthening USD
- Receivable increases due to increasing business and tougher collection environment
- 31 Dec 14 net debt \$30.4m; reduced from SEH proceeds. Comfortable gearing 13.7%
- Investment in Fixed Assets to support new business
- Increase in net deferred tax with increase in rental fleet

Working Capital Management



- \$4.4m of cash generated from \$8.6m normalised EBITDA profit
- Working capital outflow arising from the increase in business activity and a tougher collection environment – aiming to reverse this in 2H15

Minerals Division



Minerals Division

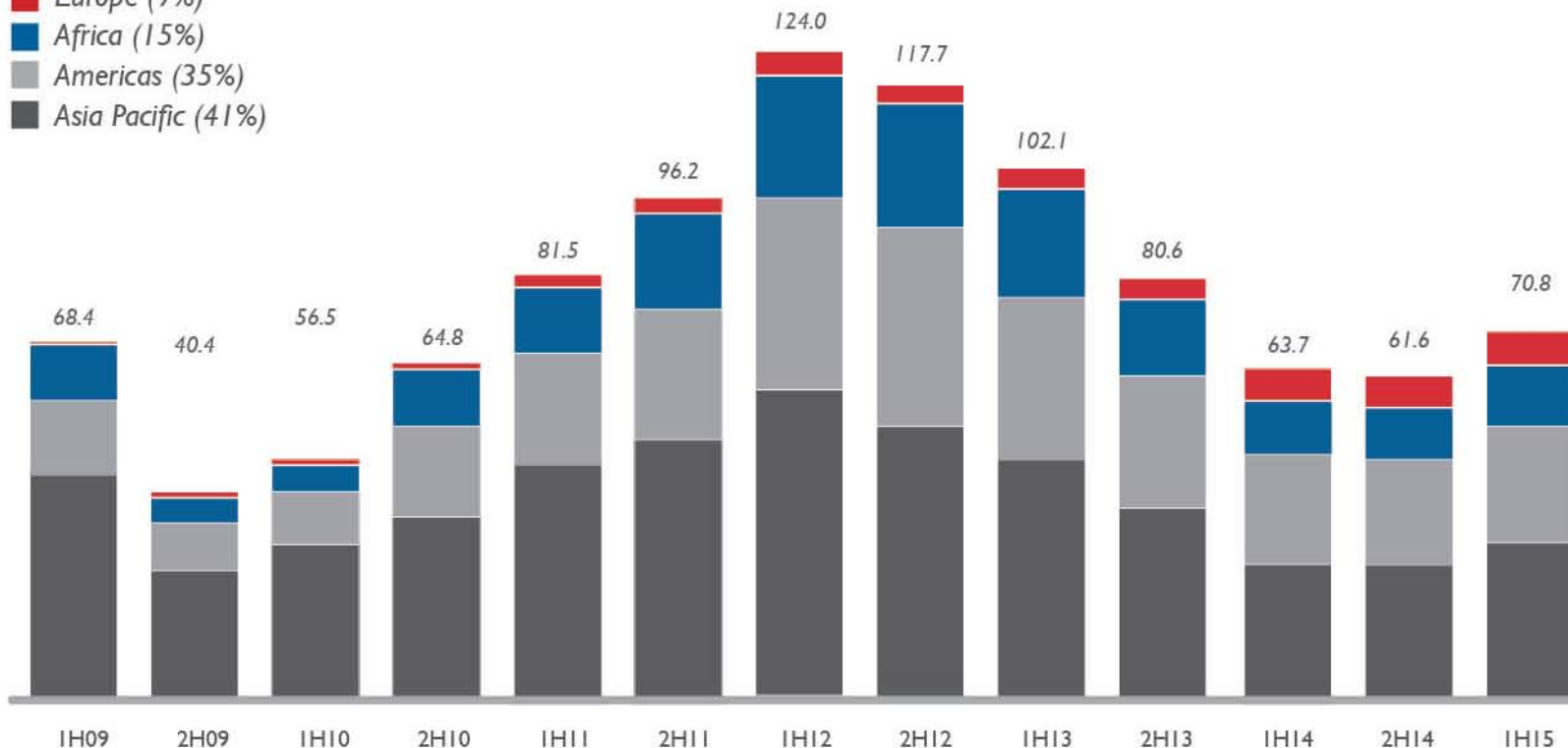
- **Increasing drilling activity** during the period, particularly with the return of some brownfields expenditure by the major resource companies
- REFLEX Rental fleet barometer average **+8.5% for 1H15** versus prior corresponding period
- Number of **SRUs on hire increased during seasonal holiday slowdown**; increased demand from Americas continues
- Continued **expansion of customer base**, together with greater exposure to resource companies and the production phase of the mining cycle
- Increased exposure and capabilities within **non mining applications**, including HDD and waterwell markets
- Increased adoption of **REFLEX HUB** – maintaining first mover advantage
- **2iC acquisition** integrated; ensures REFLEX is the provider of the most complete range of core orientation solutions
- Solutions driven product development and innovation continued during the period

Minerals Division



REVENUE (\$m)

- Europe (9%)
- Africa (15%)
- Americas (35%)
- Asia Pacific (41%)

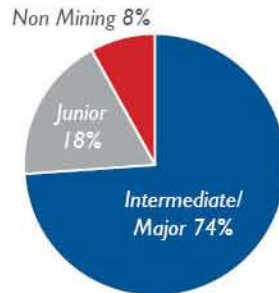


- Minerals Division contributed 62% of the Company's combined revenue
- 11% increase on the prior corresponding period

Minerals Division - Revenue Base



CUSTOMER



Customer Type defined as annual revenue:

Major: Greater than US\$500m
Intermediate: Greater than US\$50m
Junior: Less than US\$50m

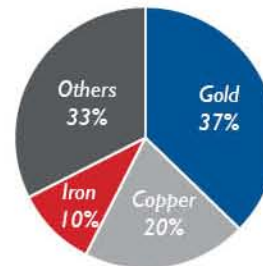
PROJECT PHASE



Drilling Phase defined as follows:

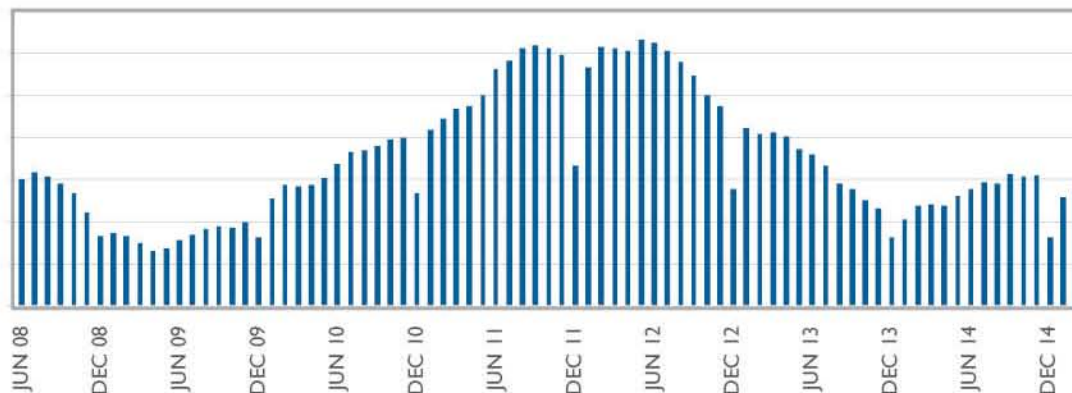
Exploration: Pre-inferred resource/greenfields
Development: Post-inferred resource moving towards indicated and measured resource
Production: In-Pit / Underground drilling, mine life extension drilling programmes, resource delineation drilling grade control, dewatering, etc.
Non Mining: Drilling in the Construction/Civil Industry, Non Mining Waterwell and Non Mining HDD.

COMMODITY

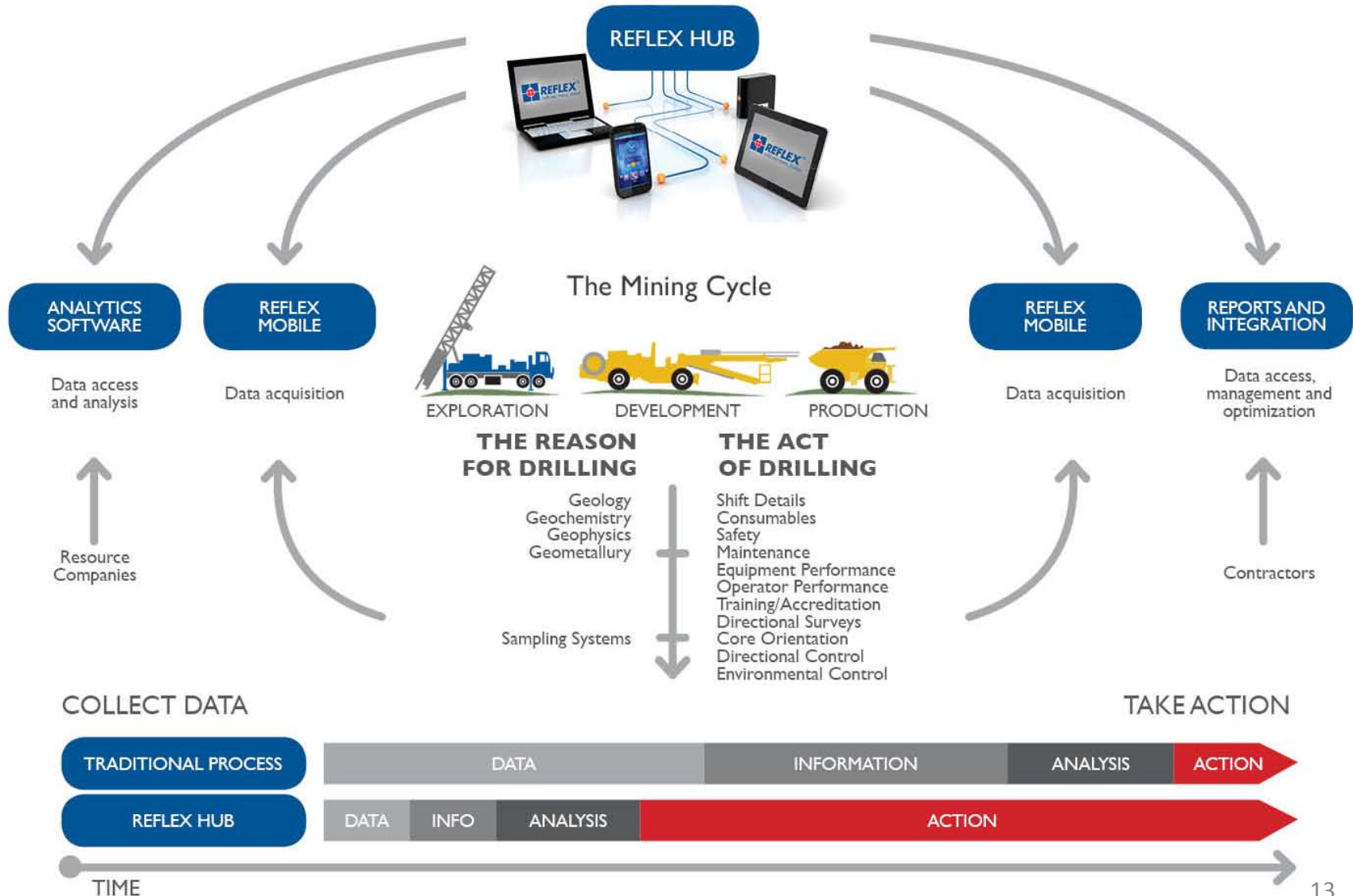


- Minerals revenue largely sourced from intermediate and major mining companies
- Majority of revenue from development and production projects
- Diverse mix of commodity exposures – largely gold/copper
- Outside of seasonal shutdown, month-on-month increases in units on rent from July 2014
- Rental fleet robust leading into the seasonal shut down in December
- Bounce back in January 2015 (stronger than January 2014)

NUMBER OF INSTRUMENTS ON RENT



Reflex HUB – increasing efficiencies



Oil & Gas Division



Oil & Gas Division

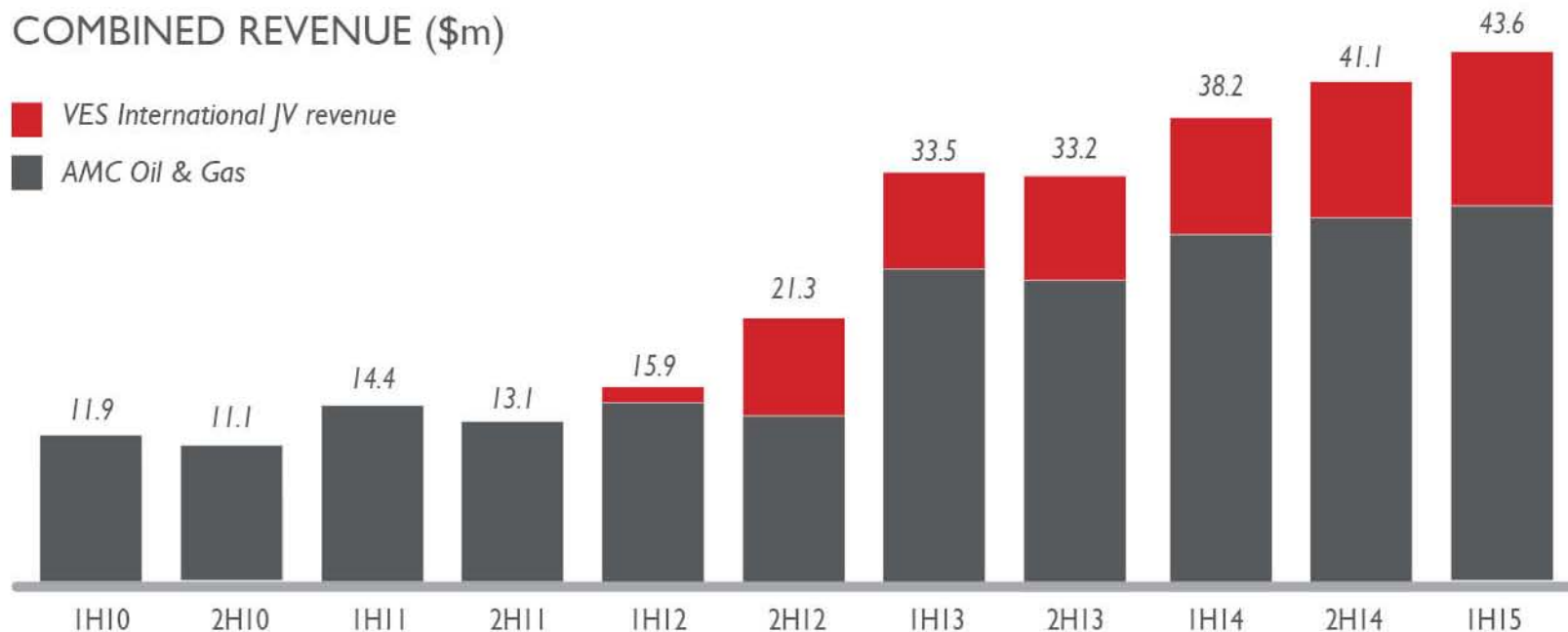


- **Record revenue** of \$43.6 million up 14% on prior corresponding period (1H14: \$38.2 million)
- During 1H15, continued **investment in AMC Oil & Gas** equipment, working capital and personnel
- **Strong revenue and EBITDA** performance by VES; **EBITDA margins** maintained at 36%
- Continued investment in **InFlex** technology to support VES - the fastest and most accurate downhole survey instrument in the Oil & Gas industry
- Drilling fluids, solids control & waste management are **multi-billion dollar markets;**
- **Diversification** strategy to grow the Oil & Gas Division to off-set cyclical downturns in minerals business. The recent collapse in oil price provides challenges in 2H15 and beyond.
- In the process of ensuring AMC Oil & Gas is structured appropriately for the current market conditions

Oil & Gas Division Combined Revenue



COMBINED REVENUE (\$m)



VES International



- ▶ Imdex has 30% interest in VES
- ▶ Strong performance in 1H15. 2H15 will be more challenging
- ▶ Focus on continued development of InFlex technology (formerly Target INS)

(\$m) unaudited		1H15	1H14
Revenue (100%)	USD	37.1	29.9
EBITDA (100%)	USD	13.3	10.9
Depreciation (100%)	USD	(4.0)	(3.8)
EBITA (100%)	USD	9.3	7.1
Interest (100%)	USD	(0.3)	(0.5)
Amortisation (100%)	USD	(4.0)	(3.8)
Tax (100%)	USD	(4.0)	(2.4)
NPAT (100%)	USD	1.1	0.4
Imdex 30% share	USD	0.2	0.1
Imdex 30% share	AUD	0.4	0.1
Other	AUD	0.1	0.2
Share of associate profits	AUD	0.5	0.3

Outlook & key priorities



FY15 outlook – cautiously optimistic

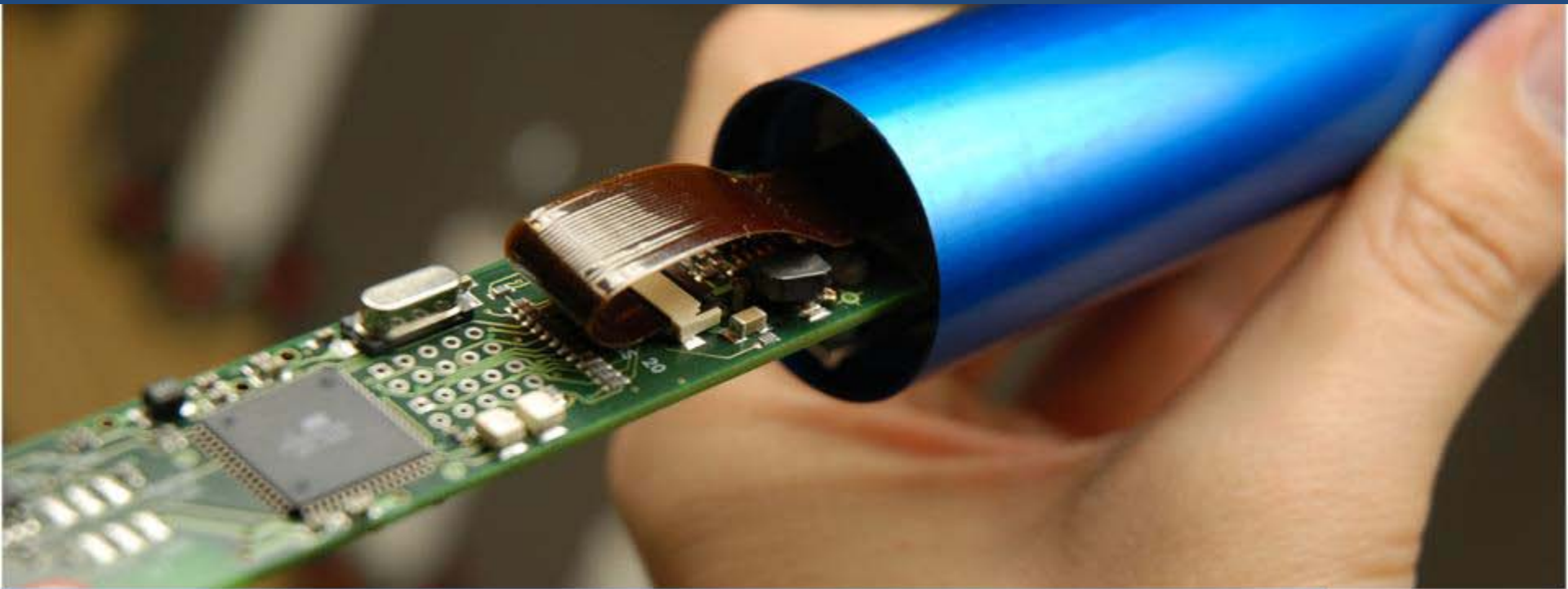


- Evidence of **increasing activity**. Cautious optimism for ongoing measured recovery in the Minerals Division
- Increased interest in new technologies provides a **strong platform** for further revenue growth through 2015 and beyond
- Alignment with customers focused on **maximising efficiency** and increasing productivity
- Ability to leverage Imdex's specialist expertise and **product development** capabilities
- Despite reduced expenditure in the energy sector due to the recent weakness of the oil price, a large **multi-billion dollar market** for drilling fluids and associated equipment remains
- Strongly positioned to capitalise on a number of opportunities within core markets **to improve the Minerals result for FY15**

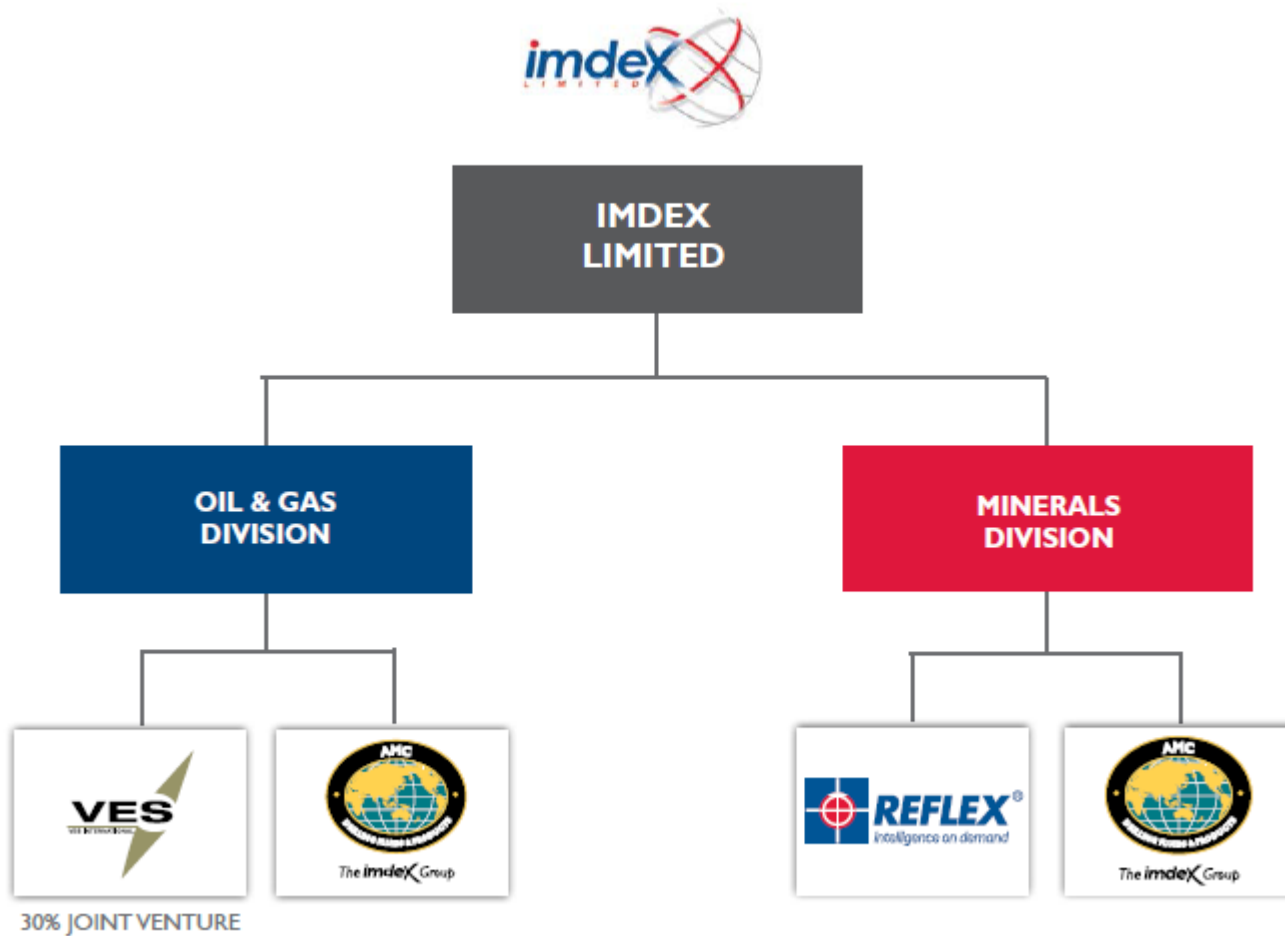
2H15: Key priorities

- **Marketing new technologies** to new and existing customers globally
- **Increasing sustainable revenue streams** via REFLEX HUB
- **Continue to provide solutions** to customers to increase the productivity and efficiency of their operations – increasing number of SRUs on hire – significant opportunities in the Americas
- Increasing exposure and capabilities within **non-mining applications**, including HDD and waterwell markets
- Increasing exposure to the **production/mining phase of the project life cycle** in the minerals sector
- **Increasing market share** in previously under-penetrated regions – focus on AMC fluids & REFLEX technologies
- Ensure AMC Oil & Gas is **structured appropriately** for the current operating conditions in the sector
- **Maintain strong cost discipline** and prudent working capital management

Appendices



Business Overview



Division Overview



REFLEX INSTRUMENTS

REFLEX's range includes downhole survey and core orientation instrumentation, together with data collection and management software, which enable the seamless integration of field operational data – readily accessed from any location.

The company's technologies are acknowledged for their reliability, ease of use and accuracy. REFLEX customers know more, get information faster and mine smarter.

Complementing these advanced technologies is REFLEX's unrivalled expertise in the analysis and interpretation of geo-scientific data.



AMC MINERALS

AMC Minerals manufactures and supplies quality drilling fluids, chemicals and equipment to customers within the mining, water-well, HDD, civil and tunnelling industries worldwide.

The company provides customer-specific solutions and on-site support to optimise the efficiency of operations – it has the flexibility to respond and adapt quickly to the needs of all customers.

Customers trust AMC as a partner for unrivalled support, quality products and environmental solutions.



AMC OIL & GAS

AMC Oil & Gas manufactures and supplies quality drilling fluids, products and completion chemicals, and equipment to customers within the conventional and unconventional oil and gas markets worldwide.

The company provides customer-specific solutions and on-site support to optimise the efficiency of operations. AMC has the flexibility to respond and adapt quickly to the needs of all customers – from small operations to the largest drilling programs.

Minerals Division - FY15 Growth Opportunities

MARKET PENETRATION	MARKET DEVELOPMENT	NEW PRODUCT DEVELOPMENT	DIVERSIFICATION
Ongoing development of existing range of AMC drilling fluids/equipment and REFLEX technologies	AMC fluids & REFLEX technologies, HDD & civil construction industries	Solids removal equipment – surface, underground & heli-portable – significant opportunities in the Americas	New REFLEX technologies, HDD & civil construction industries
Transitioned from regional to brand structure to increase customer focus	AMC fluids & REFLEX technologies – underpenetrated regions	New REFLEX technologies – REFLEX TN14 Gyrocompass, XRF, Connect, EZ-Gyro & REFLEX Rig Monitoring	New REFLEX HUB suite of products – resource companies
Strengthened operational leadership		New REFLEX HUB suite of products	
		In-field geoanalysis	

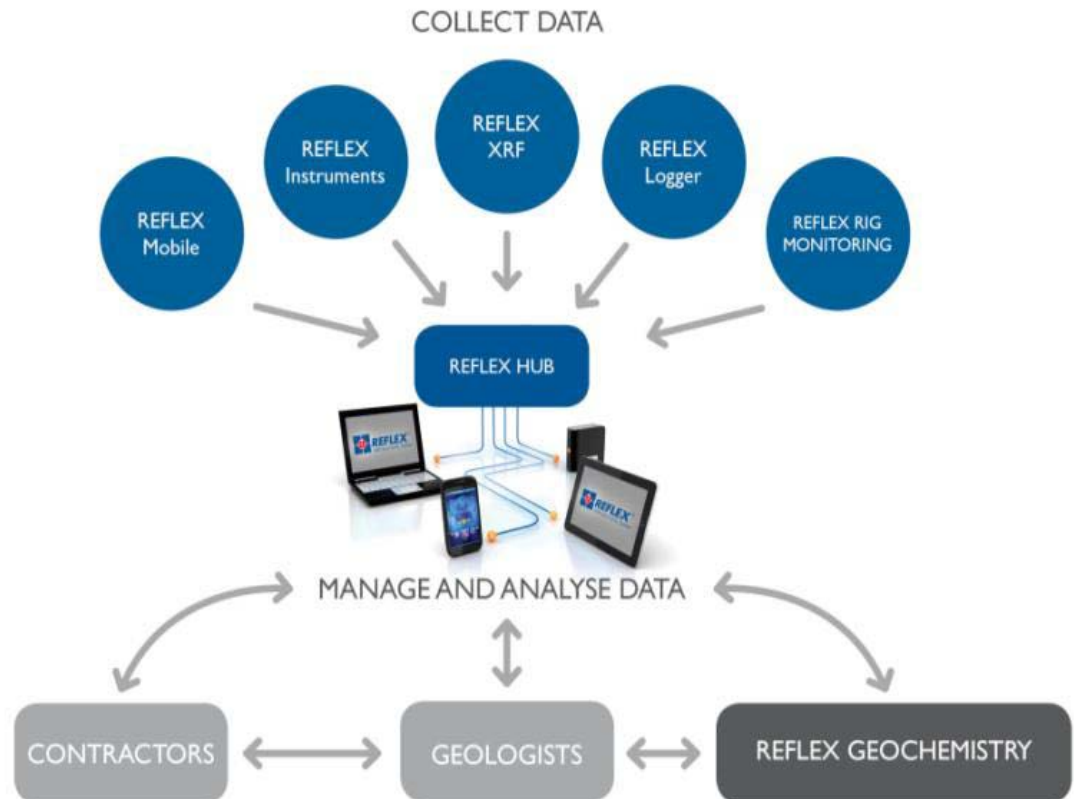
The REFLEX Competitive Advantage – Seamless & Integrated

**Leading Technology
developed within
total industry context**

**Market Penetration –
diverse markets and
customer base**

**Established Global
Presence**

**Multidisciplinary skill
set**



REFLEX HUB - Global customer base



Case Study: REFLEX HUB



*A productivity improvement enabler
for exploration drilling rigs*

Requirement

Timely access to reliable, accurate data relating to all drilling activity to enable better business management, forecasting and productivity improvements

Solution

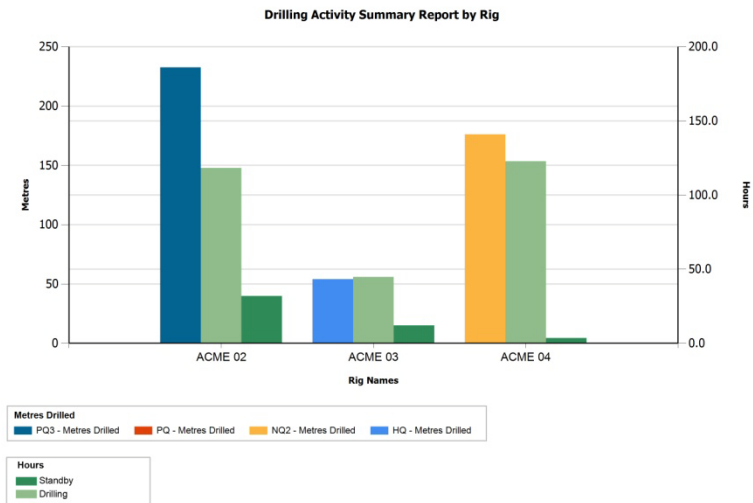
- **In-field data collection through mobile forms**
- **Schedule of Rates**
- **Production Planning**

Key elements of the REFLEX solution

- **Real-time reporting**
 - Daily Operations Report
 - Drilling Summary Report (cost summary)
 - Field Operations Daily and Weekly Production Reports
- **Secure access** to database through REFLEX HUB web portal
- **Data views**, exports and reports based on standard suite of reports

Drilling Activity Report by Rig

For the Period - 04-Feb-2015 To 11-Feb-2015



*"Our target is to get an **extra 30% production** out of the rigs, this is an **enabler** with which to do this."*
Manager Resource Geology and Reporting

SRU Growth Drivers & Benefits



Increasing number of **Solids Removal Units (SRU)** on hire due to:

- Unique sump-less technology
- Increasing adoption of the SRU technology in the US
- Increasing environmental regulation & awareness
- Increasing focus on reduction of cost, increasing drilling efficiency and improving safety of personnel
- Reduced water consumption; minimal drilling footprint; lower site set up & remediation costs
- AMEC Environment Award Winner – July 2014



Traditional drilling fluid sumps



No sumps – closed loop system

CUSTOMERS ARE EMBRACING ENVIRONMENTAL & ECONOMICAL BENEFITS



RioTinto



SRUs – quantifying the benefits



\$20,700 SAVINGS PER RIG PER MONTH
SRU, Pilbara, Western Australia



WATER COSTS REDUCED BY 90%
UG-SRU, Wallaby, Western Australia



DRILLING FOOTPRINT REDUCED BY 70%
HP-SRU, Flinders Ranges, South Australia



MUD WASTE CARTAGE COSTS REDUCED BY 96%
SRU, Morobe, Papua New Guinea



WATER USAGE REDUCED BY 75%
SRU, Nevada, USA

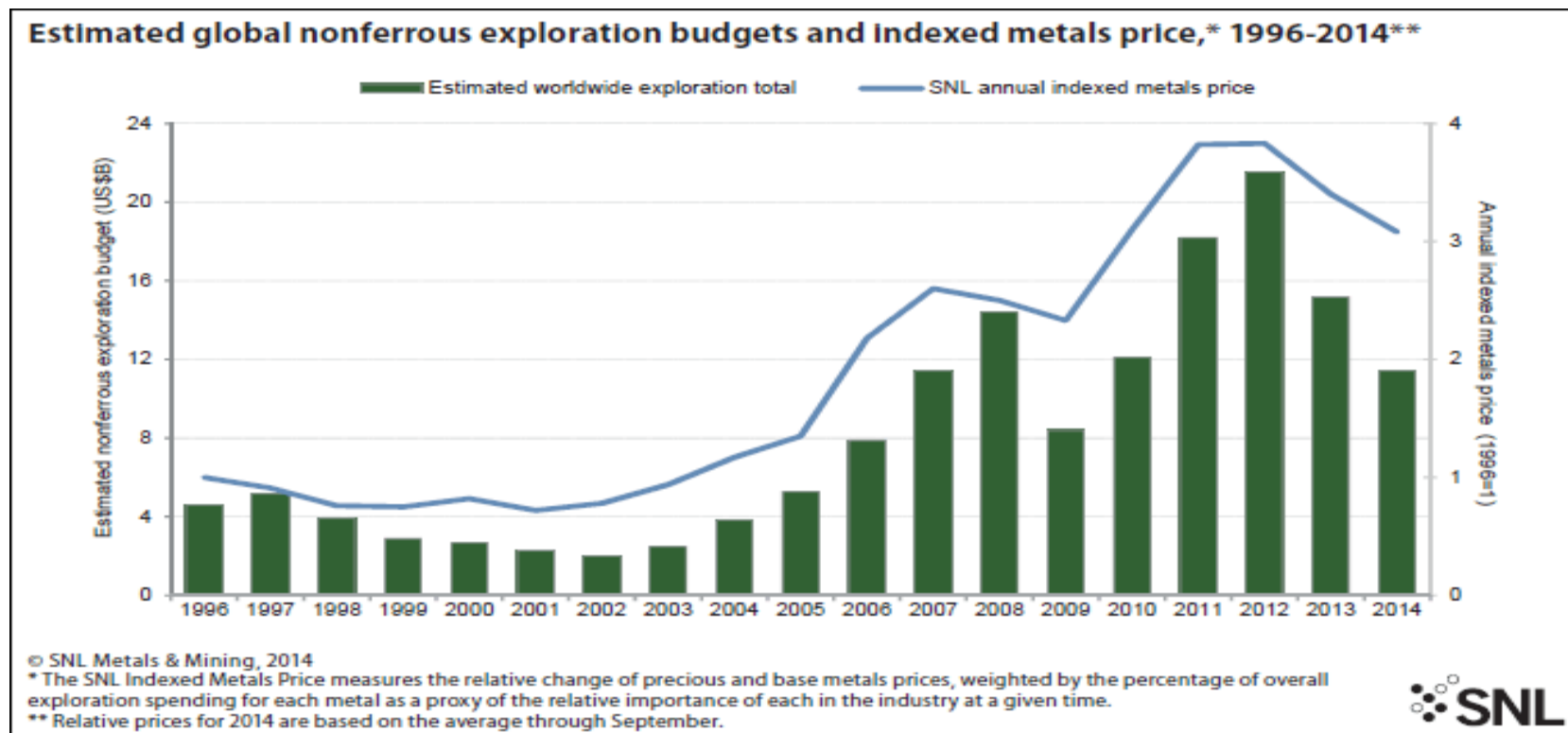


ENABLED SITE ACCESS
SRU, Private Farmland, Western Australia

Mineral Exploration Expenditure



Non ferrous



- Non ferrous exploration expenditure reduced by >US\$10bn over the last 2 years, back to 2007 levels
- Current activity largely driven by the Majors spending around existing brownfields projects
- In 2014, 39 Major companies accounted for 40% of the US\$10.74bn worldwide exploration total

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