

216 Balcatta Road  
Balcatta WA 6021  
Australia  
PO Box 1141  
Osborne Park WA 6916  
Australia

T +61 (8) 9445 4010  
F +61 (8) 9445 4042

imdex@imdexlimited.com  
www.imdexlimited.com

ABN 78 008 947 813

Innovative Technologies  
Integrated Solutions  
Global Support



24 September 2015

Company Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2001

Dear Sir/Madam

### **New Debt Financing Alternative**

Imdex Limited (Imdex or Company, ASX: IMD) is pleased to advise it has entered into a binding agreement with funds managed or advised by Sankaty Advisors LLC (Sankaty), which will result in a transfer to Sankaty of the debt owing to the Company's current financiers – Westpac Banking Corporation (Westpac) and HSBC Bank Australia Ltd and related banks (HSBC) – and the variation of the terms of such debt. This agreement is considered to be in the best interest of existing shareholders and Imdex's growth strategy.

### **Background**

On 21 August 2015, Imdex announced a placement to institutional and sophisticated investors to raise A\$28 million (before issue costs) (Placement), to be conducted via two tranches.

On 28 August 2015, the Company issued 32.4 million shares comprising Tranche 1 of the Placement, to raise approximately A\$6.5 million. The Company also announced a share purchase plan (SPP) to be offered to eligible shareholders, capped at A\$7 million.

A notice of general meeting, for a meeting to be held today (EGM) in connection with the Placement and SPP, was dispatched to all shareholders on 24 August 2015. At this meeting Imdex's Board was seeking (amongst other related matters) shareholder approval for the issue of Tranche 2 of the Placement comprising 107.6 million shares, to raise A\$21.5 million.

As set out in the announcement and investor presentation of 21 August 2015, proceeds from the Placement were to be applied towards a minimum \$25 million payment to the Company's current financiers, on or before 30 September 2015.

On 28 August 2015, Imdex announced that if a debt proposal and/or a transaction for the sale of the Company's non-core oil and gas assets materialised, in the best interests of shareholders, the Board would consider such proposals.

### **New Debt Financing Alternative**

Yesterday evening, Imdex entered into a binding agreement with Sankaty in connection with the acquisition by Sankaty of the debt owing to Westpac and HSBC, and the variation of the terms of such debt. This arrangement is a debt financing alternative to Tranche 2 of the Placement and SPP outlined above.

The terms of the agreement between Imdex and Sankaty includes a new three year A\$54 million facility (New Facility). This New Facility will replace the existing facility and provide additional capacity for financing costs, working capital and general corporate and ancillary purposes.

The New Facility will attract interest at 10.75% (8% cash, 2.75% PIK) and will be on more flexible terms than Imdex's current facilities. Sankaty will be issued warrants equivalent to 14.9% of Imdex's current issued capital (Warrants).



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These Warrants will be non-exercisable for a period of 12 months and may be settled by cash or by physical settlement at Imdex's option. The Warrants contain various anti-dilution protections.

Completion of the debt trade between Westpac, HSBC and Sankaty is scheduled to occur prior to 30 September 2015.

### ***Debt Financing Rationale***

Imdex's Board has determined that the debt refinancing is in the best interests of the Company's existing shareholders and is a superior alternative to raising capital through Tranche 2. The principal benefits of the debt financing alternative are set out below:

- Sankaty presents a complete solution as the New Facility will ultimately replace the existing debt facility and removes the \$25m loan amortisation requirement by 30 September 2015 ;
- Favourable impact on key financial metrics (EPS, NTA, net cash flow and cash balance) given the reduced dilution;
- The debt covenants in the New Facility are significantly more flexible than those under the existing Westpac/HSBC facility;
- The New Facility provides for an orderly sale of Imdex's non-core oil and gas assets; and
- The Company has the flexibility to avoid shareholder dilution with the right to settle the warrants in cash.

Commenting on Imdex's decision to proceed with the new debt financing alternative, Imdex Chairman, Mr Ross Kelly, said the Board had carefully considered all of its options and is confident this is the best decision for existing shareholders, while satisfying the current banks' debt reduction requirements. He also highlighted Imdex's intention to further reduce debt in the near-term.

"Strengthening our balance sheet remains a priority and this debt solution enables us to pursue the orderly sale of our non-core oil and gas assets and achieve full value for the Company."

Managing Director, Mr Bernie Ridgeway, said he is pleased with the outcome:

"The Sankaty Facility provides the time to dispose of non-core assets to reduce or eliminate debt and achieve our long-term growth strategy. We have more flexible covenants and greater headroom to implement our differentiated suite of technologies, particularly in the global minerals market."

We are continuing to see positive signs of improvement within this market and our Minerals Division is performing well. Our minerals divisional revenue was up 13% on the previous year and as at 31 August 2015, we are tracking to plan – largely due to growing demand for our technologies and their ability to reduce costs and increase efficiencies for our customers."

### ***Withdrawal of Resolutions at EGM and SPP***

As a consequence of the above, Tranche 2 of the Placement will be withdrawn and will not proceed. Accordingly, all of the resolutions that were to be put to the EGM scheduled for today will be withdrawn.

Further, the SPP offer made by the Company will also be withdrawn. Application monies received from shareholders for the SPP will be refunded as soon as practicable.

### ***About Sankaty Advisors***

Sankaty, an independently managed affiliate of Bain Capital, is a leading global credit specialist. The Company invests across the full spectrum of credit strategies including: leveraged loans; high-yield bonds; distressed debt; private lending; structured products; non-performing loans; and equities.

Yours faithfully  
**Imdex Limited**

A handwritten signature in blue ink, appearing to read "P. Evans", written over a horizontal line.

**Paul Evans**  
Company Secretary