



REFLEX IQ-Logger

Dear Shareholders,

Our Company had a positive start to the 2017 financial year (FY17) achieving increased revenue and earnings, a growing number of instruments on hire and excellent safety performance. We also significantly strengthened our balance sheet and progressed negotiations for a traditional banking facility with lower interest costs.

Operational highlights included good progress with our technology development programme and vision as the leading provider of real-time subsurface intelligence solutions.

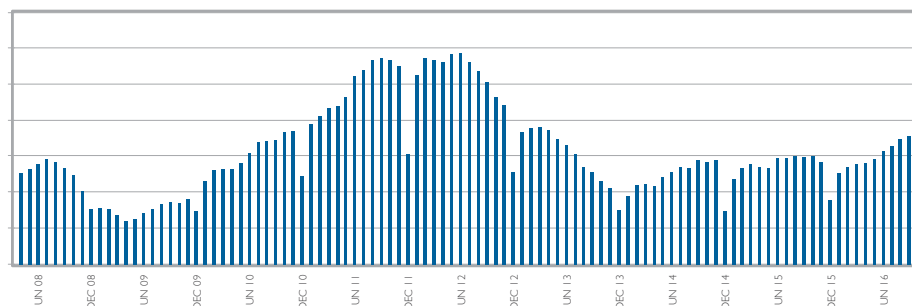
## Financial Performance (unaudited)

Our first quarter (IQ17) revenue from continuing operations was up 5.8% to \$41.3 million (IQ16: \$39 million). EBITDA for the quarter was \$8 million, which represents an increase of 32.4% on the previous corresponding period (IQ16: \$6 million).

This uplift in revenue and earnings was due to increasing global exploration activity and was principally related to brownfield projects within the gold sector.

## REFLEX Rental Fleet

NUMBER OF REFLEX INSTRUMENTS ON HIRE AS AT 30 SEPTEMBER 2016



The increase in exploration activity was reflected in our REFLEX rental fleet. As at 30 September 2016, the average number of instruments on hire was 17% higher than IQ16 and 16% higher than the previous quarter. Demand increased for our traditional survey and core instrumentation, together with our more recent technologies.

The benefits of our leading technologies, which are highly accurate, driller operable and easy to use, continue to provide us with competitive advantages in the market. These advantages, coupled with real-time connectivity and advanced analytics, allows us to offer exciting end-to-end solutions to our clients.

## IQ17 Overview

- Revenue from continuing operations of \$41.3 million, up 5.8% (IQ16: \$39 million)\*
- EBITDA from continuing operations of \$8 million, up 32.4% (IQ16: \$6 million)\*
- Equity raising via a two tranche placement and SPP to raise \$45 million
- All proceeds (less costs) from placement and SPP will be applied to debt reduction
- Significantly improved capital structure
- Progress towards approval for a traditional banking facility with lower interest costs
- Restructuring and cost out programme implemented with the full benefits being progressively realized in FY17
- 17% increase in the average number of REFLEX rental instruments on hire in IQ17 versus IQ16 and a 16% increase on the previous quarter
- Commercial deployment of REFLEX IQ-Logger and ongoing product development
- Ongoing focus on the sale of our remaining AMC Oil & Gas business

\*Unaudited

## Key Data

AS AT 30 SEPTEMBER 2016

ASX Listed	IMD
Market Cap	AUD \$165.8 million
Shares on Issue	285.9 million
TRIFR	2.38*

\* Per million hours worked

## Capital Raising

On 5 September 2016, our Board announced a capital raising to reduce debt and strengthen our balance sheet.

The two tranche placement was offered to qualified institutional and sophisticated investors at an issue price of A\$0.55 to raise \$40 million before issue costs. We also provided eligible shareholders with the opportunity to acquire new shares in our Company at the same price as the placement via a share purchase plan (SPP). The SPP was capped at A\$5 million.

As announced previously, support for the raising was strong and the placement was significantly oversubscribed. Similarly the SPP has been allocated in full with final settlement on 24 October 2016. All proceeds (less costs) from the placement and SPP will be applied to debt reduction.

## New Banking Facility

During the quarter we commenced negotiations for a traditional banking facility with lower interest costs to replace the Bain Capital facility (formerly Sankaty), which attracts an effective interest rate of 10.75%.

We are confident of a positive outcome and our objective is to pay out the Bain Capital facility in full by the end of calendar 2016.

## Oil & Gas Division

In the last edition of *Imdex News*, we reinforced our strategic decision to divest our oil and gas assets to focus on the minerals industry where we have a differentiated position in the market.

As an update on our progress with this strategy, we are continuing to negotiate the orderly sale of AMC Oil & Gas and have closed all loss making regions. Costs associated with the sale and closures were expensed in FY16 and will not have a material impact on our FY17 results.

Similarly, our share of Vaughn Energy Services (VES) was written-off in FY16 and our oil and gas technology developed outside of VES remains classified as Assets Held for Sale. There is potential to realize value for these assets, as and when industry conditions improve.

## Director Search

We have engaged Heidrick & Struggles to assist with the search for a new Non-Executive Director to replace Betsy Donaghey following her decision to retire at our Annual General Meeting (AGM).

The AGM will be held on 25 November 2016 at our Head Office located at 216 Balcatta Road, Balcatta Western Australia. The meeting will commence at 11am (AWST).

## Imdex Remuneration Committee

As an immediate step to ensure the remuneration of our Executive Management Team is aligned with shareholder interests, the Committee has undertaken an independent benchmarking study conducted by Willis Towers Watson.

The information obtained from this study confirmed that remuneration for the Imdex Chief Executive Officer and Chief Financial Officer is broadly in line with peer companies. For other key management personnel, the Committee has set executive remuneration taking into account internal relativities and business performance. The Committee expects to refine Imdex's executive remuneration and incentive programme so that it supports the Company's strategic objectives and performance priorities for FY18.

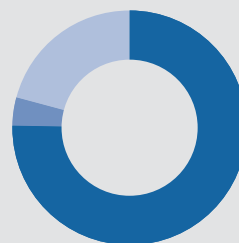
## Outlook

Market conditions remain encouraging for our Company, largely due to the stronger gold price, an increase in profits from the gold miners and an increase in resource company capital raisings.

Traditionally there is a lag of approximately 6 – 12 months between the money being raised and it being deployed in the ground, therefore we are expecting a measured recovery throughout the balance of FY17.

### Share Register

TOP 75% OF SHAREHOLDERS ANALYSIS



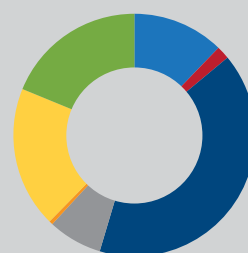
- Institutional Investors: 75%
- Directors, Employees & Related Parties: 4%
- Retail & Others: 21%

### Top Shareholdings

AS AT 30 SEPTEMBER 2016

Fidelity Investments 9.77%,  
Wilson Asset Management 7.79%,  
Perennial Value Management 5.59%,  
Antares Capital 5.46%, Braeside Capital 5.44%

### Employees by Region



TOTAL EMPLOYEES AT 30 SEPTEMBER 2016: 399

- Africa
- Asia Pacific
- Australia
- Europe
- Middle East
- North America
- South America

### Analyst Coverage

EUROZ  
SECURITIES LIMITED

Hartleys

CANACCORD BGF

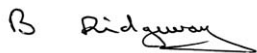
As activity does increase, we are in a stronger position to benefit:

- We have well established operations in all of the key mining regions of the world and strong market share with our product line brands AMC and REFLEX;
- Our strategic investment in driller operated instrumentation, real-time data solutions and geoscience expertise throughout the industry downturn complement our traditional product offering and provide our Company with a first mover advantage;
- Our unique proprietary technologies offer economic benefits to clients, which they cannot achieve via traditional cost cutting measures;
- We have undertaken a restructure and cost out programme to optimize our core business; and
- The raising de-risks our balance sheet and the capital structure is more sustainable for our Company in the long-term.

As mentioned previously, we are in a strong position to move forward with a reset capital and organizational structure that will allow us to take full advantage of the minerals cycle upswing.



Kind Regards



Bernie

*Imdex Managing Director*

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“It is often difficult to succinctly explain what we do, as we have a diverse portfolio of leading products that offer industry specific benefits for all stages of exploration and mining. But simply put, our technologies let drillers and resource companies know what is going on below the ground as accurately and quickly as possible. It is this intelligence that enhances the efficiency and profitability of their operations.”

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## Our Strategy

- Focus on markets where we have a clear competitive advantage
- Develop leading technologies and Imdex solutions
- Expand and diversify our global client base
- Engage, develop and retain talented people
- Build a resilient business by becoming an integral part of clients' operations

## Our FY17 Objectives

- Achieve or exceed financial targets
- Achieve or exceed sales targets
- Prioritize product development priorities and capabilities and commercialize new products
- Improve systems and processes to assist the business with our growth strategy

## OPERATIONAL NEWS & CASE STUDIES

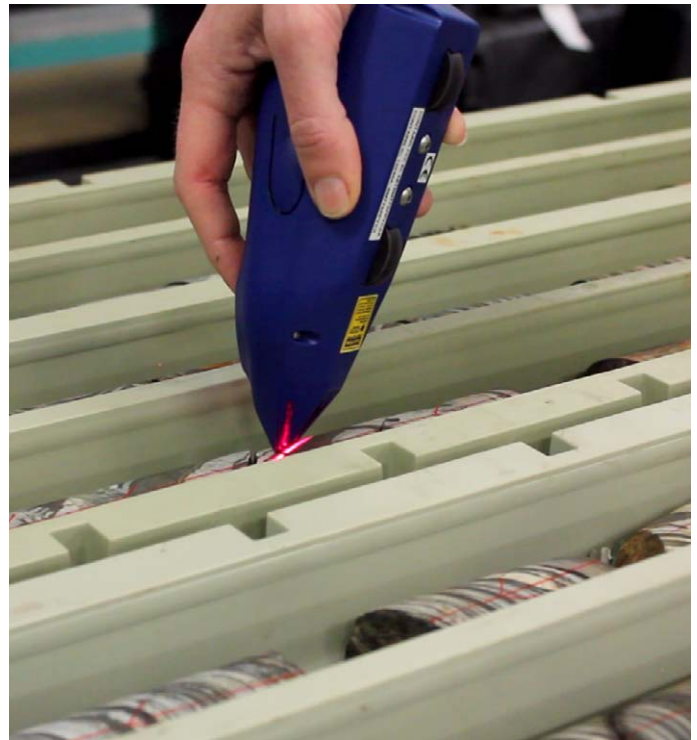
### New Direction for Core Logging

REFLEX's new IQ-Logger was featured in the *Mining Journal* recently as one of the most exciting products at the 35th International Geological Congress (IGC) in Cape Town, South Africa.

The core scanner allows geologists to collect structural readings on diamond drill core at 10 times the speed of current practice. The workflow is simplified and significantly less arduous, the data accuracy and auditability are greatly improved. QA/QC are completed at the point of data collection and transferred digitally from the field, without opportunity for manipulation or error.

The IQ-Logger is used by simply running the device along an orientation line of diamond drill core. Depth is recorded as it progresses and orientation measurements are taken at the press of a button. REFLEX's IQ-Logger software instantly shows the structural readings via a stereographic projection on a computer screen (and wireless connection).

By improving ease of use, the device is expected to increase the number of companies using core orientation. The downstream impact will provide geologists with more accurate data and more time for analysis, leading to improved drill hole planning and mine design.



*IQ-Logger*

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### CASE STUDY - AMC BORE HOLE STABILISER

At a recent project in Western Australia, AMC's new product BORE HOLE STABILISER delivered crucial hole stability and a significant 34% reduction in total annual drilling costs for the client.

Shear zones and reactive clays at the site were causing substantial productivity losses together with increased costs for the operator. AMC's BORE HOLE STABILISER successfully consolidated the formation, eliminating the need for crews to insert PVC casing.

The product reduced the cost of PVC casing, redrills and lost drilling consumables due to stuck rods. AMC's BORE HOLE STABILISER also improved productivity as drill crews did not need to install casing and reduced vehicle movement from underground to surface.



### AMC BORE HOLE STABILISER

AMC BORE HOLE STABILISER is a multifunctional product formulated specifically for air drilling applications including Drill & Blast. It helps prevent a wide range of down-hole problems including poor collaring, hole decay or sidewall instability. AMC BORE HOLE STABILISER also provides a degree of lubrication to the hole and will improve the lifting capacity of the air stream for cuttings transportation. AMC BORE HOLE STABILISER's unique formulation enables it to penetrate deep into the surrounding strata where it will bond friable, fragmented materials significantly reducing the need for excess conditioning, expensive redrills or casing.

[CLICK TO READ MORE](#)





Michael Chism (Right) (General Manager of AMC USA) receiving the awards

## AMC USA Perfect Record Award & Award of Merit

AMC USA LLC was recognised with the *Perfect Record Award* and the *Award of Merit* at the Utah Safety Council Annual Meeting and Awards Luncheon on 19 August 2016.

The *Award of Merit* is given to companies that have shown a dedication to safety and no injuries for 5 years. The *Perfect Record Award* was received for no injuries in the last fiscal year.

## Celebrating 10 Years

In August 2016 we celebrated the 10 year anniversary of REFLEX's integration into our Imdex Group and its significant contribution to the minerals sector.

From a suburban garage in Sweden, REFLEX has metamorphosed repeatedly to remain at the forefront of mining technology.

Built on a foundation of innovation, REFLEX's technologies have played a key role in a range of significant events and projects globally.

In addition to being an integral part of the discovery and definition of many of the greatest ore bodies of the past 40 years, REFLEX has developed the advanced technologies that have ensured successful outcomes in a range of significant global projects and events. Some of these projects include: the connection of the Eurotunnel on 1 December 1990; testing the stability of the underground structures at Ground Zero after the 9/11 disaster in 2001; and saving 33 lives with the assistance of REFLEX's survey instruments after the Chilean Mine disaster in 2010.

REFLEX's growth has been organic and via strategic acquisitions.

Flexit was acquired in 2007, a Swedish company with the world's first MEMS gyroscope in development. In 2012 ioGlobal joined our team, a company recognised for its innovative, cloud-based data platform, together with advanced data analysis and geochemical consulting. More recently 2iC was acquired, which added mechanical core orientation solutions amongst other technologies to enhance the efficiency of drilling.

The combination of these technologies and strengths have created a unique business with the ability to provide real-time, subsurface intelligence to the minerals sector globally.

Derek Loughlin (Chief Executive – REFLEX) said:

*"We are proud of our achievements and the impact they have had in changing the inefficiencies of the industry."*

*"Recent industry recognition through a number of awards has supported our belief in the technical excellence of our solutions, while industry uptake has highlighted their relevance in the current market."*

In-field analysis and real-time access to information are central to the ongoing advancement of our industry and we are well positioned to lead the industry as it becomes an active participant in a connected world.



'Breaking through' The Channel Tunnel

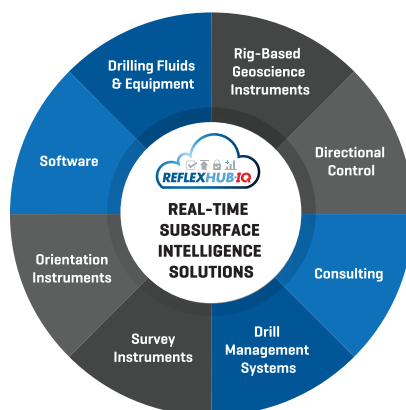


REFLEX celebrating 10 years as part of the Imdex Group

# ABOUT IMDEX LIMITED

## At Imdex, our vision is to be the market leader in real-time subsurface intelligence solutions

We deliver leading technologies to the global minerals industry and targeted non-mining applications via our REFLEX and AMC brands. We do this to create long-term value for our shareholders, solutions that enhance our clients' operations and rewards for our employees.



## Global Business

Imdex is an established business operating in diverse geographical markets. Our Company's global presence and comprehensive distribution network allows us to: provide local solutions to clients; have greater access to international markets; and efficiently introduce new technologies to these markets.



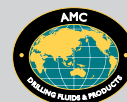
## Our Clients & Industry Partners

At Imdex we support some of the largest resource companies and drilling contractors worldwide. We also provide an innovative edge to global industry collaboration initiatives.



## Strong Brands

Together AMC and REFLEX offer an integrated range of products and services to enhance clients' operations.



AMC is the leading provider of innovative drilling fluids, chemicals and solids removal technologies to the global drilling industry. The Company is also growing its presence within the horizontal directional drilling, waterwell and civil construction sectors.

[www.amcmud.com](http://www.amcmud.com)



REFLEX is a global supplier of advanced subsurface intelligence solutions comprising instrumentation, data management and analytical software for geological modeling.

[www.reflexnow.com](http://www.reflexnow.com)

## 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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