

Annual Report 2018

IMDEX | Real-time subsurface intelligence solutions







Real-time Subsurface Intelligence Solutions

We are a global mining equipment, technology and services (METS) company.

Our IMDEX solutions 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 minerals industry.

"Our integrated solutions 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 at all stages of exploration, development and mining."

B *Ridgeway*

Bernie Ridgeway

IMDEX Managing Director

IMDEX Limited (IMDEX)

ABN 78 008 947 813

Australian Securities Exchange (ASX)

Listing Date: 24 September 1987

ASX Code: IMD

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About this Report

This report is intended to provide IMDEX's shareholders with information about our company, for the financial year ended 30 June 2018. An online version will be available on our website at www.imdexlimited.com/investors.

All reference to dollars within this report are Australian dollars, unless otherwise stated.

Our Corporate Governance Statement, which is also available at www.imdexlimited.com/about-us/corporate-governance, discloses the extent to which IMDEX has complied with the Australian Securities Exchange Corporate Governance Council's 'Corporate Governance Principles & Recommendations – 3rd edition'.

FY18 Annual General Meeting

Our Annual General Meeting will be held on 4 October 2018 at 11:00 am (AWST) at IMDEX's Head Office located at 216 Balcatta Road, Balcatta, Western Australia.

Members of our Board and leadership team will be available to discuss the company's performance and operations.

Corporate Calendar

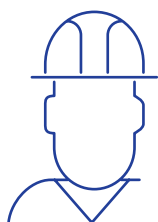
4 October 2018	Annual General Meeting
15-17 October 2018	Macquarie Western Australia Forum
12-13 November 2018	UBS Australasian Conference
31 December 2018	FY19 Half Year End
18 February 2019	FY19 Half Year Results Presentation and Webcast
19-22 February 2019	1H19 Road Show
30 June 2019	FY19 Year End
19 August 2019	Release of FY19 Financial Results
20-23 August 2019	FY19 Full Year Road Show
3 October 2019	FY19 Annual General Meeting

If there are any changes to these dates, the Australian Securities Exchange will be notified.

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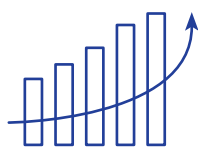
2018 Highlights



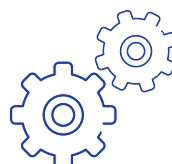
IMPROVED SAFETY
PERFORMANCE IN FY18



CONTINUED INVESTMENT
IN R&D AND THE
COMMERCIALISATION OF
NEW TECHNOLOGIES THAT
GENERATE ADDITIONAL
REVENUE



INCREASED REVENUE 24%
AND EBITDA 35%



OPTION TO ACQUIRE
CoreVIBE™ AND
MagHAMMER™ DRILLING
PRODUCTIVITY
TECHNOLOGIES



MAINTAINED ROBUST
BALANCE SHEET AND THE
ABILITY TO DRIVE ORGANIC
AND TRANSFORMATIONAL
GROWTH WITHIN THE
MINING VALUE CHAIN



ACCELERATED DRILL AND
BLAST PROJECT IN
COLLABORATION WITH ORICA,
ANGLO AMERICAN AND TECK
RESOURCES, WHICH WILL
PROVIDE GREATER EXPOSURE
TO THE MINING PHASE



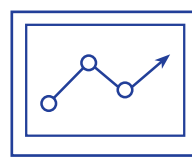
CYCLICAL UPSWING
OF GLOBAL MINERALS
INDUSTRY CONTINUED
WITH A STEADY
INCREASE IN
DRILLING ACTIVITY



PROGRESSED OUR
TRANSITION TOWARDS
ONE IMDEX – ONE
PROVIDER OF INTEGRATED
SOLUTIONS THAT INCLUDE
LEADING AMC AND
REFLEX BRANDS



REFLEX INSTRUMENTS
ON HIRE AT 30 JUNE 2018
INCREASED 10% ON
30 JUNE 2017



ADVANCED DIGITAL
TRANSFORMATION
PROGRAM

Key Data at 30 June



	FY 2018	FY 2017
Revenue	218.5m	176.2m
EBITDA	42.4m	31.5m
NPAT	21.1m	3.7m ¹
EPS (cents)	5.7	1.1
Operating Cash Flow	15.9m	13.1m
Net Assets	186.1m	159.8m
Market Capitalisation	458.4m	279.3m
Shares on Issue	369.7m	367.5m
TRIFR (Per million hours worked)	4.28	6.2
Number of Employees	529	437
Banking Institutions	Bankwest	Bankwest
Legal Advisors	Hopgoodganim	Hopgoodganim
Auditors	Deloitte Touche Tohmatsu	Deloitte Touche Tohmatsu
Share Registry	Computershare	Computershare

¹ Includes \$16.2m (non-cash \$11.5m) of financing costs in relation to the Bain Capital debt which was fully repaid

Our Company

A Substantial Competitive Advantage

Leading Brands

AMC and REFLEX are dominant within the global minerals industry and have a reputation for quality and ease-of-use

Integrated End-to-End Solutions

IMDEX is a single provider enabling clients to increase efficiencies and reduce the cost of their operations



Operational Leverage

IMDEX is the leading provider of real-time subsurface solutions with an established global presence in all key mining regions of the world

Intellectual Property

IMDEX has world-class research and development capabilities and a portfolio of protected technologies

Client Intimacy

IMDEX values its long-standing relationships with resource companies and drilling contractors. The company collaborates with these clients to enhance and support their operations

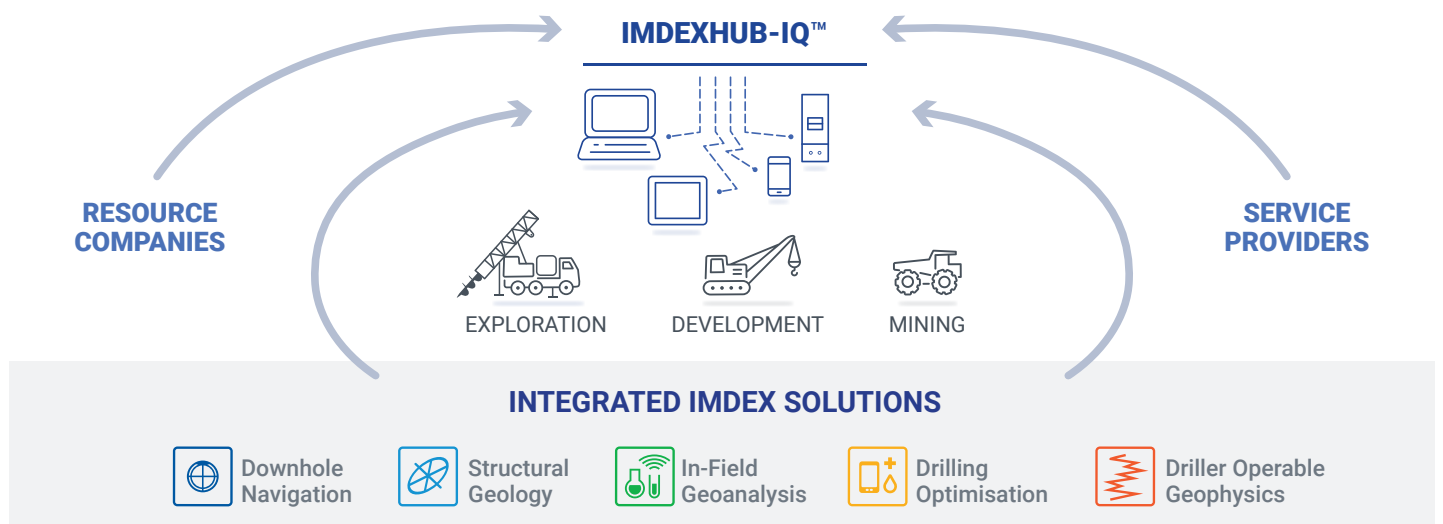


Sustainable Earnings Growth

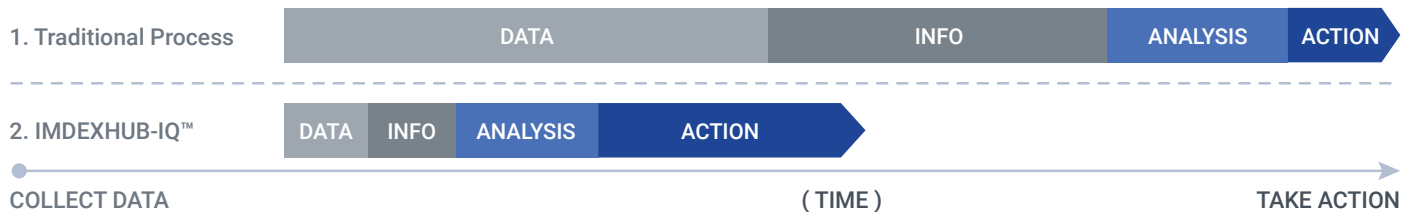
IMDEX is developing solutions for all phases of the mining value chain including exploration, development and mining



QUALITY DATA & CHAIN OF CUSTODY



STREAMLINE PROCESSES & TIMELY INFORMATION



Leading Brands

IMDEX has two leading brands – **AMC** and **REFLEX**. Together they provide a unique product and service offering to clients globally.

Company Structure



AMC redefines the way drilling fluids, equipment, technologies and software are used to optimise drilling programs – it strives to maximise productivity while enhancing safety and sustainability. AMC is also growing its presence within the horizontal directional drilling, waterwell and civil construction sectors.

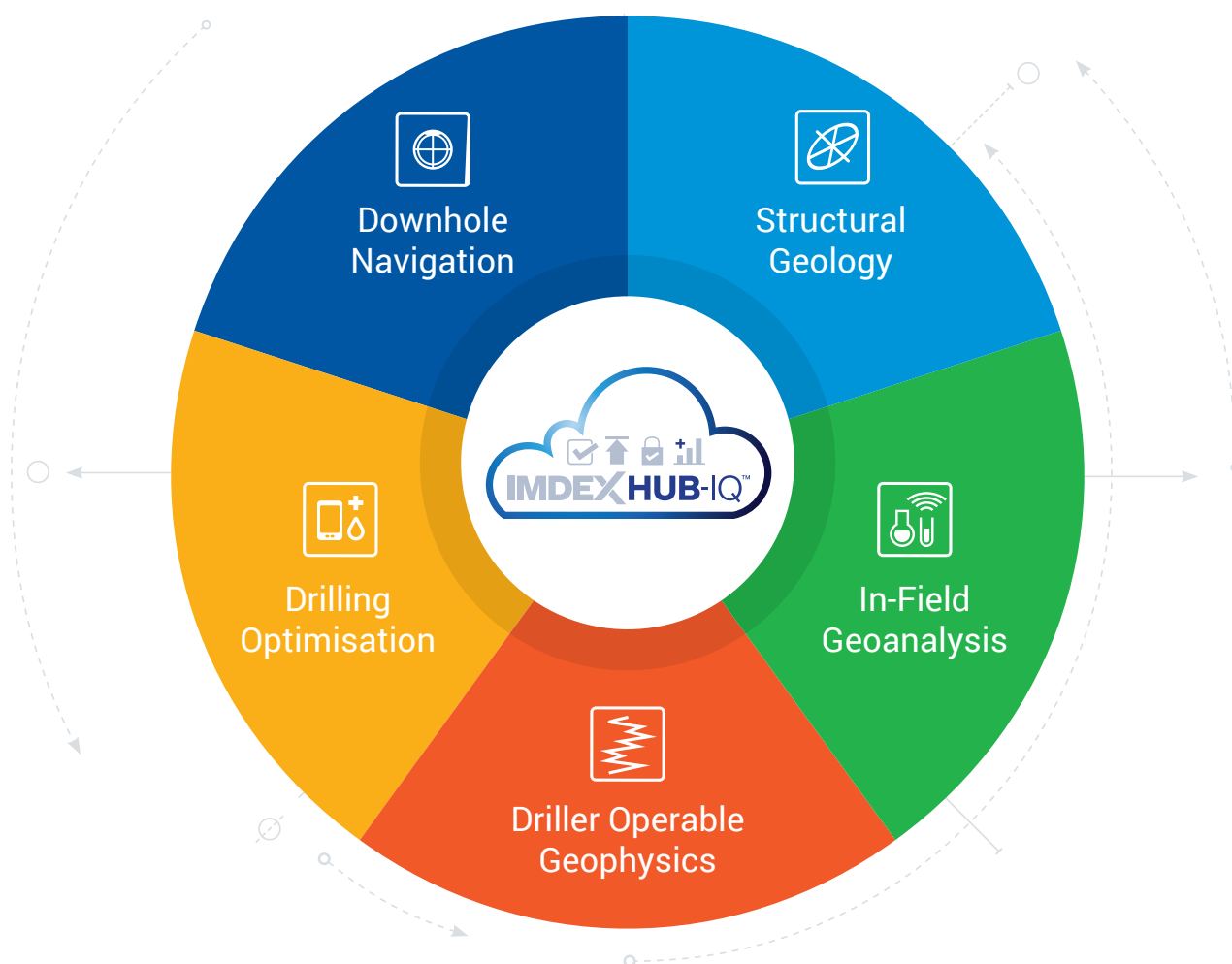
For further information, please visit www.amcmud.com



REFLEX technologies include downhole instrumentation, data management and analytical software for geological modelling. These market leading technologies – recognised for their ease of use and accuracy – are complemented by unrivalled expertise in geo-scientific data analysis and interpretation.

For further information, please visit www.reflexnow.com





Integrated End-to-End Solutions

Our company delivers IMDEX solutions that integrate our leading AMC and REFLEX brands. We assist clients to reduce their costs and increase their productivity by providing end-to-end solutions across the full mining life cycle.

Central to these solutions is our IMDEXHUB-IQ™ – an award winning cloud-based web portal that collects, stores and provides critical operational data in real-time. This data is protected through a validated chain of custody and secure database and can be accessed from any internet connection to smart phone, tablet or PC.

At IMDEX we have operations in all of the key mining regions of the world.



Operating Leverage

Our global presence and comprehensive distribution network allow us to: provide local support to clients; have greater access to international mineral exploration markets; and efficiently introduce new solution sets to these markets.

Intellectual Property

Our world-class research and development facilities are located in Perth, Western Australia and San Luis Obispo in North America. We engage a team of talented engineers and geoscientists who are leaders in their field to develop and commercialise innovative solutions for the global minerals industry.

Managing and protecting this intellectual property (IP) is vital and our company takes all possible measures to safeguard and defend our unique and competitive position in the market. These measures include: a dedicated IP Manager; registering patents, trademarks and designs; vigilant management of trade secrets and confidential information; internal IP training for all employees; ensuring the freedom to operate; and scanning the environment for competitor activities.

Client Intimacy

At IMDEX we support some of the largest resource companies and drilling contractors worldwide. We also provide an innovative edge to global collaboration initiatives that are working towards future industry needs. Industry research partnerships include the CSIRO, Olympus, DET CRC, MINEX CRC and CRC ORE.

Sustainable Earnings Growth

Our company has a clear objective of delivering sustainable earnings growth for shareholders. To achieve this we have a two-tiered strategy that includes:

Organic growth – protecting and building our core business; and

Transformational growth – extension into new market segments within the mining value chain, for example drilling productivity and drill and blast applications.

Our Operating Environment

FY18 Market Conditions

Broad-based recovery in the minerals sector globally

Recovery spanned all key mining areas – particularly the Americas

Commodity prices strengthened and were generally at the highest level in a little over three years. Potential US – China trade war adversely impacted commodity prices towards the end of FY18

Major, intermediate and junior companies were well funded with increased budgets

Mineral exploration/development drilling increased steadily

Exploration was principally associated with brownfield projects – some greenfield activity was evident

Resource companies continued to focus on increasing efficiencies and cost reductions

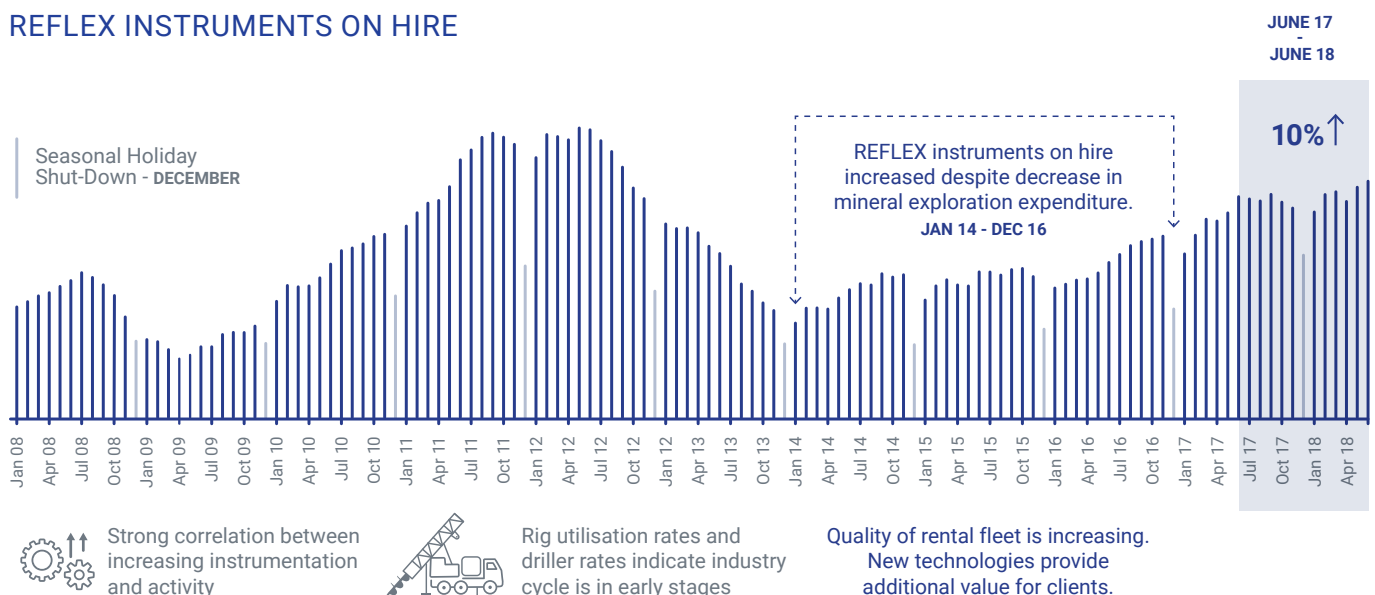
New technologies continued to gain momentum in order to achieve efficiencies and drive productivity

Mining companies need to replace diminishing reserves

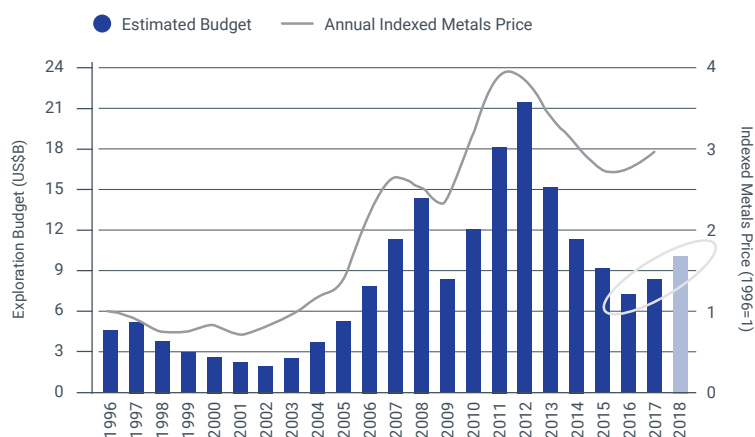
Increased investment in junior explorers by major resource companies

Risk appetite of resource companies is likely to increase as mine life remains an issue

REFLEX INSTRUMENTS ON HIRE



WORLD MINERAL EXPLORATION



CY18 budgets forecast to increase by 15 – 20% to US\$10bn

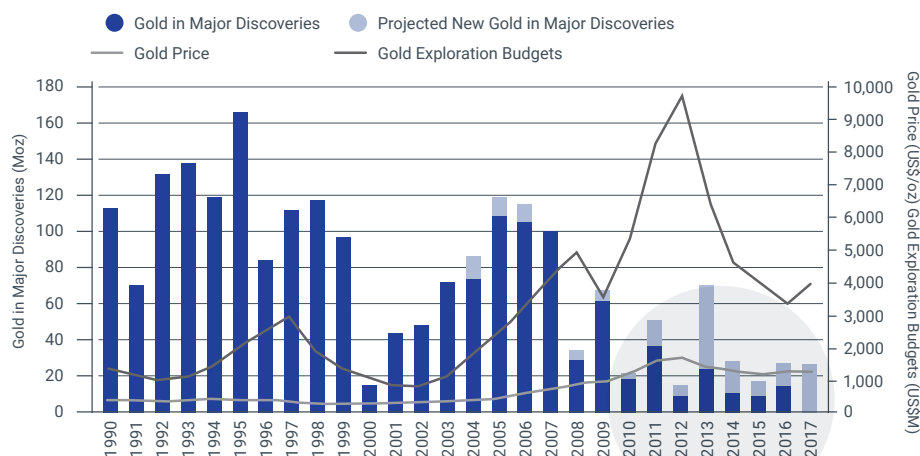
The Americas attracted >50% of expenditure, Asia/Pacific – 17.5%, Africa – 14%

Gold/copper represent >70% of global expenditure.

Gold/base metals >80%

Source: S&P Global Market Intelligence

GOLD IN MAJOR DISCOVERIES (1990 – 2017)



US\$54.3b gold exploration past 10 years

215.5 Moz Au, 41 discoveries

US\$32.2b in the preceding 18 years 1,726 Moz Au in 222 discoveries

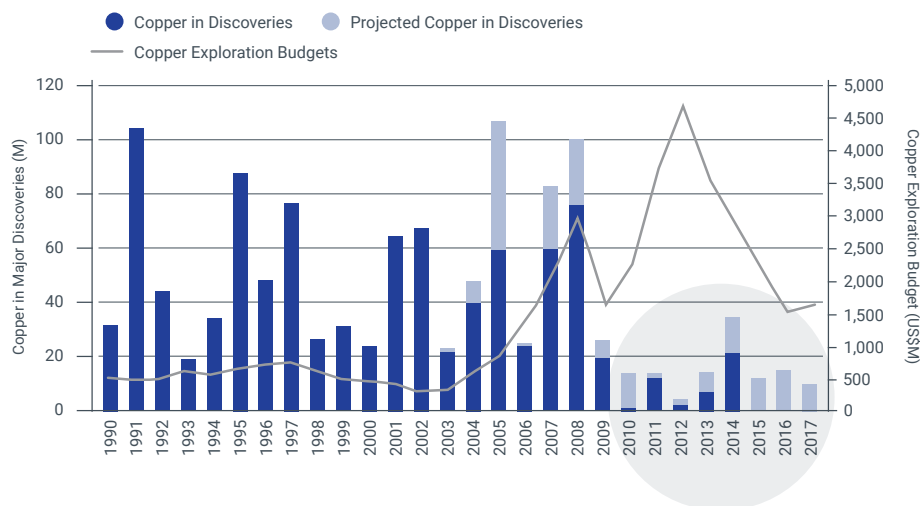
Easy deposits found – 263 major discoveries in past 28 years, 139 in 1990s and contain most of discovered gold

New mines – under cover, deeper, more drilling, more expensive and longer development time

Mined Au ore grades 2005 – 2015 declined from 2.44g/t to 1.83g/t, trending lower

Source: S&P Global Market Intelligence – Data as of July 25 2018

COPPER IN MAJOR DISCOVERIES (1990 – 2017)



US\$26.6b spent on Cu exploration over past 10 years – 140 Mt Cu in 29 discoveries

US\$12.4b spent over preceding 18 years - 862.8 Mt in 191 discoveries

Mined Cu ore grades 2005 – 2017 declined (0.74% to 0.59%)

Declining grades, more material moved and processed, water and energy consumption, achieve the same unit of produced metal

Size of mines increasing as low grade Cu deposits are typically larger ore deposits – larger economies of scale, increases waste rock removal, explosives consumption, tailings generation and area of local habitat disturbance

License to operate remains a challenge

Source: S&P Global Market Intelligence – Data as of July 25 2018

FY18 Financial Performance

Revenue from continuing operations of \$218.5 million, up 24% (FY17: \$176.2 million)

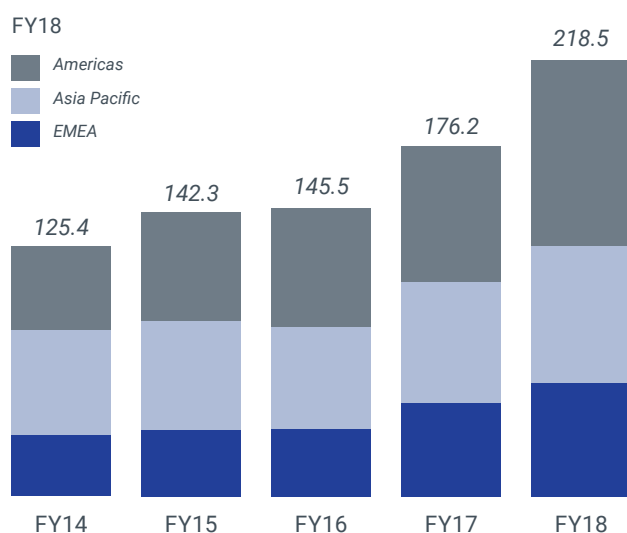
EBITDA from continuing operations of \$42.4 million, up 35% (FY17: \$31.5 million)

Net profit after tax of \$21.1 million, up 470% (FY17: \$3.7 million)

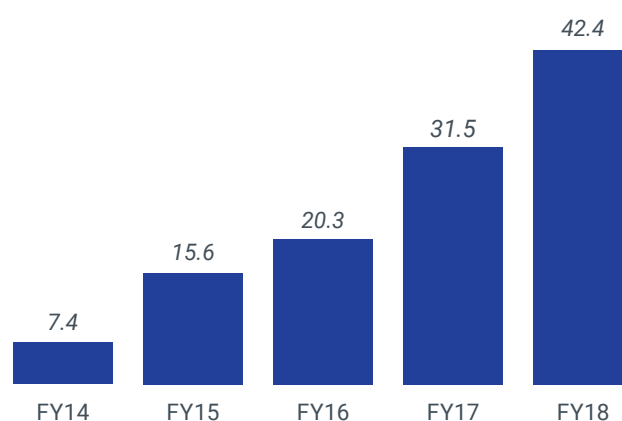
Operating cash flow from continuing operations of \$15.9 million (FY17: \$13.1 million), up 21%

Strong balance sheet – as at 30 June 2018, net assets increased by \$26.3 million and net cash totalled \$7.9 million

MINERALS REVENUE BY REGION (\$m)



MINERALS EBITDA (\$m)



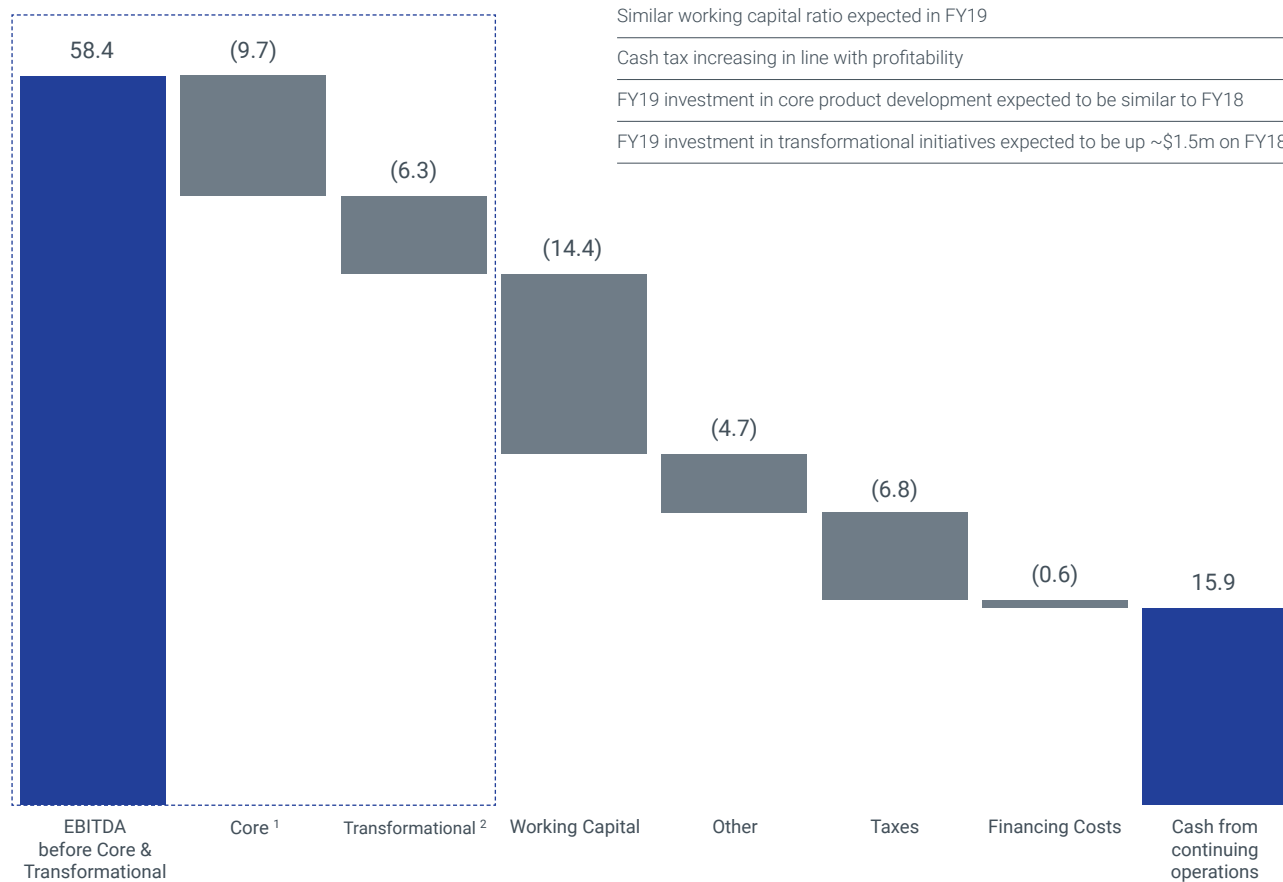
BALANCE SHEET

\$m	30 JUN 2018	30 JUN 2017
Cash	13.9	19.4
Receivables	49.3	41.5
Inventory	33.6	29.9
Fixed assets	36.5	32.2
Intangibles	59.5	60.4
Other assets / deferred tax	33.3	27.5
TOTAL ASSETS	226.1	210.9
Payables	26.4	30.4
Bank loans	5.9	6.5
HP finance	0.2	0.6
Other liabilities, provisions, current tax	7.5	13.6
TOTAL EQUITY	186.1	159.8



RECONCILIATION OF EBITDA TO CASH FROM OPERATIONS (\$m)

Reported EBITDA \$42.4



¹ Core - Investment in product development for organic growth.

² Transformational - Internal digital transformation program, IMS Drill and Blast and CoreVIBE™ and MagHAMMER™ technologies.

Summary of Financial Highlights

FOR THE YEAR ENDED 30 JUNE 2018
(AUDITED RESULTS)

	2018 \$'000	2017 \$'000	17-18 Var %
REVENUE FROM CONTINUING OPERATIONS (EXCLUDING INTEREST INCOME)	218,475	176,225	24%
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & AMORTISATION (EBITDA) FROM CONTINUING OPERATIONS	42,384	31,496	35%
EBITDA margin	19.4%	17.9%	
Depreciation and impairment	(12,772)	(10,692)	19%
Amortisation	(333)	(583)	(43%)
EARNINGS BEFORE INTEREST & TAX (EBIT)	29,279	20,221	45%
Net interest expense	(688)	(16,413)	(96%)
Net profit before tax	28,591	3,808	651%
Income tax expense	(7,476)	(1,243)	501%
NET PROFIT AFTER TAX FROM CONTINUING OPERATIONS	21,115	2,565	723%
Profit from discontinued operations	-	1,098	(100%)
NET PROFIT AFTER TAX	21,115	3,663	476%
Basic earnings per share from continuing and discontinued operations (cents)	5.73	1.14	403%
Net Cash provided by Operating Activities	15,900	13,071	22%
Cash on hand	13,942	19,379	(28%)
Net Assets	186,126	159,820	16%
Total Borrowings	6,076	7,147	(15%)
Net Tangible Assets per Share (cents)	34.27	27.07	27%

Small % variances may exist within this report due to rounding



IMDEX In-Field Geoanalysis solution

IMDEX Board of Directors

Our Board has extensive professional expertise, business experience and knowledge of the mineral exploration, mining and technology industries. It also has considerable experience within capital and financial markets.

Members of the Board are well respected in these sectors and play an active role in our company's strategic planning.

In March 2018 the Board attended the PDAC International Convention, trade show and investor exchange in Toronto, Canada. The PDAC is the world's leading convention for people, companies and organisations in, or connected with, mineral exploration. Members of our Board also visited IMDEX's facilities in North and South America to gain further insight into these high-growth regions.

Key priorities for the Board during FY18 included:

Improving our safety performance

Strong Corporate Governance

Transitioning to One IMDEX

Driving our two-tiered growth strategy

“Each Board member has diverse yet complementary skills and everyone has extended well beyond their obligations to make meaningful contributions to the development, long-term growth and governance of our company.”

Anthony Wooles IMDEX Chairman



**MR BERNIE
RIDGEWAY**

Managing Director
Appointed to the Board
23 May 2000

**MS SALLY-
ANNE LAYMAN**

Non-Executive
Director
Appointed to the Board
6 Feb 2017

**MR ANTHONY
WOOLLES**

Non-Executive Chairman
Appointed as Chairman
1 July 2016

**MR IVAN
GUSTAVINO**

Non-Executive
Director
Appointed to the Board
3 July 2015

**MR KEVIN
DUNDO**

Non-Executive
Director
Appointed to the Board
14 Jan 2004

Chairman's Report

On behalf of the IMDEX Board of Directors I'm pleased to present the company's Annual Report for the 2018 financial year (FY18).

FY18 was a positive year for the company. Safety performance improved, revenue and earnings grew substantially and IMDEX made good progress internally with its objective to achieve sustainable earnings growth for shareholders.

Improved Safety Performance

Whilst there are still substantial gains to be made, the company's safety performance improved steadily throughout the year and encouragingly, has become 'front of mind' within the organisation. During FY18 the Lost Time Incident Frequency Rate (LTIFR) was 2.57, a 20% improvement on the previous year. Further information regarding IMDEX's safety initiatives can be found on page 24 of this report.

Increased Revenue and Earnings

IMDEX took advantage of improving market conditions and achieved strong top line growth. Pleasingly, the company also maintained solid margin performance.

The revenue result of \$218.5 million represented a 24% increase on FY17 and Group EBITDA was \$42.4 million, a 35% increase on the previous year.

Sustainable Earnings Growth for our Shareholders

The company maintained its clear objective of delivering sustainable earnings growth for shareholders. As a result, IMDEX remained focused on a two-tiered strategy; focused organic growth of the core business and pursuit of transformational growth across the mining value chain.

Key elements of this strategy include maintaining the company's clear technology leadership, delivering unrivalled solutions for clients and driving operational excellence. Progress throughout the year included: the commercialisation of new leading products; securing the option to acquire the CoreVIBE™ and MagHAMMER™ technologies; solid progress with the digital transformation program and; the establishment of global partnerships with major resource companies and drilling contractors for our integrated solutions.

The IMDEX Board and leadership team have rigorously assessed these investments – both organic and transformational – applying a balanced yet healthy sense of urgency. All of the company's investment decisions and development projects are subject to this gateway process.

Board & Leadership Team

Our Board and leadership team have continued to work very well together. Throughout the year we refined and strengthened our leadership team to support our corporate progression. The Board is confident the company has a strong and talented team in place and on behalf of the IMDEX Board, I would like to thank Bernie Ridgeway and the leadership team for their strong performance in FY18.

I would also like to thank my fellow Board members. The Board has diverse yet complementary skills and in FY18 each Director has made a significant contribution to the development, long-term growth and governance of our company.

During FY19 our Board will continue to place great emphasis on ensuring IMDEX is a safe, high performing and welcoming workplace.

Dividends

During FY18 the Board acquired the option to invest in transformational technologies that have the potential to deliver substantial long-term growth for the business. As a result IMDEX will not be paying a dividend for FY18.

Our Valued Shareholders

Importantly, on behalf of the Board, I would like to express our gratitude to the valued shareholders of IMDEX.

Kind Regards



Anthony Wooles
IMDEX Chairman



Quality, Health, Safety and Environment

During FY18 we significantly improved our safety performance and successfully increased safety awareness in our company.

We achieved a Lost Time Incident Frequency Rate (LTIFR) of 2.57, which represents a 20% improvement on the previous year. This is an excellent result given the diverse and often remote, areas, in which we operate.

Safety initiatives implemented during FY18 included:

- Increased communication regarding safety – supported by the Board and leadership team;
- Continued monthly employee safety meetings;
- Promotion of lead indicators including hazard, near-miss and success alerts;
- An iAuditor trial – an online safety management tool that includes digital forms, journey plans and safety inspections;
- Completed HSE Operational Controls Audits globally; and

- Incorporated additional safety measures in our employee performance and reward system.

During FY19 we will continue to focus on enhancing our employee safety behaviours and safety culture as an organisation. Our LTIFR target for FY19 is 2.18 – a 15% improvement on the previous year and our ultimate goal is zero harm. To achieve this, additional initiatives will include:

- Introducing iAuditor to all IMDEX employees globally; and
- Implementing a learning management system to improve the efficiency and effectiveness of our safety training methods.

During FY18 we implemented improvements to our quality management system and achieved certification to the revised ISO 9001:2015 standard.

“The company’s safety performance improved steadily throughout the year and encouragingly, has become ‘front of mind’ within the organisation.”

Anthony Wooles IMDEX Chairman



Governance & Risk

Corporate Governance

The Australian Securities Exchange Corporate Governance Council sets out best practice recommendations, including corporate governance practices and suggested disclosures (ASX Recommendations).

ASX Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the ASX Recommendations and to give reasons for not following them.

Unless otherwise indicated the ASX Recommendations including corporate governance practices and suggested disclosures, have been adopted by our company for the full year ended 30 June 2018. We also provide a Corporate Governance section on our website, which includes the relevant documentation suggested by the ASX Recommendations.

www.imdexlimited.com/about-us/corporate-governance.

Risk Management

The identification and proper management of risk within IMDEX is an important priority for the Board and management.

The Board has sought to minimise the business' risks by focusing on the company's core business. The Board is responsible for ensuring that the company's risk management systems are adequate and operating effectively.

Risks are reviewed by Senior Management monthly and by the Audit and Risk Committee on a regular basis.

The Board believes that through the Board itself, the Audit, Risk and Compliance Committee, the Internal Audit Function and external auditors there is adequate oversight of the company's risk management and internal controls.





REFLEX LOGGER-IQ™

Managing Director's Report

Dear shareholders,

I am pleased to provide you IMDEX's Annual Report for the financial year ending 30 June 2018 (FY18).

Market Conditions

Throughout FY18, operating conditions were positive for our company due to the broad-based recovery in the mineral sector globally. The recovery spanned all key mining areas; however, it was particularly evident in the Americas, which remains a high-growth region for IMDEX.

Commodity prices strengthened during FY18 and were generally at the highest level in a little over three years. Recent macro-economic developments such as the US Government's decision to impose tariffs on Chinese imports have, however, had an adverse impact on commodity prices around the end of FY18.

Data from S&P Global Market Intelligence suggests that the 2017 calendar year mineral exploration budget of US\$8.4 billion was up 14% on the previous calendar year and was forecast to increase by 15% – 20% to US\$10 billion in 2018. In my view this increase for calendar 2018 is perhaps a little optimistic, however, the number of mineral exploration drill holes is rising steadily.

Gold and copper continue to represent approximately 70% - 75% of exploration expenditure and it was interesting to note the rising interest in battery metals such lithium and cobalt this year.

Exploration expenditure remains largely associated with brownfield projects, although some greenfield activity was evident.

As I have mentioned throughout the year, a key driver for exploration is the fundamental need for resource companies to replace diminishing reserves. An interesting development throughout FY18 was increased investment in junior explorers by major mining companies. Similarly, their risk appetite is likely to increase as mine life continues to be an issue.

Resource companies and drilling contractors are continuing to focus on achieving greater efficiencies and reducing the cost of their operations. Industry disruption and employing big data technology were common themes at key industry conventions and it was pleasing to see the increasing value placed on new technologies to drive productivity. This is good news for IMDEX.

REFLEX Instruments on Hire

There has always been a strong correlation between our REFLEX instruments on hire and activity within the global minerals market. Our instruments are not commodity specific, however, as I mentioned earlier, gold and copper remain the principal commodities driving activity.

As at 30 June 2018, the total number of instruments on hire was up 10% compared to 30 June 2017. It is important to note that the quality of the rental fleet is increasing, as our newer technologies provide additional benefits for clients and command higher rental revenue. The value clients place on these technologies is evidenced by the increase in the number of instruments on hire during 2014 – 2016, despite the sharp decrease in mineral exploration expenditure (see graph on page 15).

Financial Performance

I am pleased to report our company benefited from the positive market conditions, together with growing interest in our leading technologies and our ability to provide integrated end-to-end solutions.

During the full year we generated revenue of \$218.5 million, which represents a 24% uplift on FY17 (FY17: \$176.2 million). Our corresponding EBITDA result was \$42.4 million, which also exceeded the prior period (FY17: \$31.5 million) by 35%. Further information regarding our revenue and earnings can be found on pages 16 to 19 of this report and our 2018 Financial Report.

Our cash flow for FY18 was \$15.9 million – this represents a 21% increase on the previous year.

As at 30 June 2018 our balance sheet was in a robust position – net assets had increased by \$26.3 million and we had net cash of \$7.9 million.

We remained committed to maintaining the strength of our balance sheet, while delivering sustainable earnings growth – via our organic and transformational growth strategy – within the mining value chain.

Operational Achievements

In addition to our continued investment in research and development, which resulted in the commercialisation of new technologies and additional revenue per month, there were a number of exciting operational achievements throughout FY18 that support our growth strategy including:

- An option to acquire CoreVIBE™ and MagHAMMER™ technologies;
- IMDEX Mining Solutions – a collaboration project for drill and blast applications, which provides greater exposure to the mining phase;
- Progress with our transition towards One IMDEX – delivering integrated solutions for our clients; and
- Advancement with our digital transformation programme.

CoreVIBE™ and MagHAMMER™ Technologies

As announced to the market in January 2018, we entered into an exclusive option agreement to acquire New Zealand based companies Flexidrill Limited and Flexidrill Construction Limited (together “Flexidrill”) and its patent protected technologies – the CoreVIBE™ and MagHAMMER™.

Since then, we have been co-developing these new technologies, which are generating considerable interest from our industry.

Should we exercise our option, the CoreVIBE™ and MagHAMMER™ are expected to provide a significant additional global revenue stream for our company in FY20 and beyond and be EPS accretive within 12 months of option exercise.

The CoreVIBE™ technology has the potential to increase average drilling productivity rates by approximately 30% in traditional diamond coring applications – results that have been supported to date by IMDEX field trials.

The MagHAMMER™ technology allows for RC drilling to be run without compressed air resulting in significant economic, safety and operational benefits. It may also be used for blast hole drilling applications.

The CoreVIBE™ and MagHAMMER™ technologies are patent protected and align with IMDEX’s rental model. These technologies complement IMDEX’s Drilling Optimisation Solution and would strengthen our competitive position in this market segment. IMDEX is the only company to provide such integrated and connected solutions. These are unable to be replicated by competitors due to patent protection.

IMDEX Mining Solutions

Another excellent opportunity for our company is a collaboration project with Orica – the world’s largest provider of commercial explosives and innovative blasting systems – to substantially enhance drill and blast operations.

The IMDEX Mining project combines our expertise in leading downhole equipment and sensors to acquire real-time data, with Orica’s proven success with blasting and technology development. Together, we aim to transform the way the industry undertakes the drill and blast process, utilising digital and automated technologies to create safer and more productive blast outcomes for clients. The project is also being supported by multi-national mining company Anglo American, Canada’s largest diversified resource company Teck and the CRC-ORE, which aims to ‘optimise resource extraction’ for the minerals industry.

The mining industry does not currently possess the capability to characterise the rock mass in detail, in near real-time and accurately design, load, time and fire for targeted blast outcomes based on rock variation. Consequently, blasting outcomes are variable and carry cost and productivity impacts down the mining value chain.

In July this year, we were proud to be a recipient of funding from METS Ignited, which will accelerate this collaboration project, which we believe has the potential to revolutionise drill and blast activities in both open pit and underground operations across all commodities.

Investment in this important project will enable us to generate more sustainable future earnings.



One IMDEX

Throughout FY18 we further refined our internal structure to support our transition towards One IMDEX – that is, one provider offering integrated solutions throughout the mining value chain. This offering is currently unique to our market and provides us with a significant competitive advantage.

Digital Transformation Program

During the year we continued to progress our digital transformation program, which is being undertaken to enhance our systems and processes and enrich our client experience.

As part of this focus we established the role of Chief Information and Transformation Officer and welcomed Mathew Regan to our team. Mat will support our One IMDEX progression and is responsible for the efficient delivery of our digital transformation program.

Outlook

Despite the recent softening of commodity prices, the outlook for IMDEX remains positive.

Rig utilisation rates were approximately 45% - 50% at the close of the financial year, drilling contractors are achieving some increases to their metre rates and exploration expenditure is approximately half of the 2012 peak.

These factors suggest we are still in the earlier stages of the minerals industry cycle. We expect this cycle will continue with a steady increase in activity underpinned by the need to replace diminishing reserves.

I am confident IMDEX is in a strong position to leverage improving market conditions and the unique competitive position our global presence, leading technologies and integrated product offering provide.

My Thanks to a Great Team

I would like to thank our senior leadership team and all IMDEX employees for their hard work and expertise throughout the year – it is a pleasure and a privilege working with talented and innovative people. I would also like to thank our Board members for their counsel and dedication to the long-term growth of our company and the safety and well-being of our team.

Together, we have all created some solid foundations to deliver industry changing projects, future growth and a great place to work and a company dedicated to increasing returns for shareholders.

Kind Regards



Bernie Ridgeway

IMDEX Managing Director



Executive Management Team



Mr Bernie Ridgeway

Managing Director

- Bachelor of Business and Qualified Chartered Accountant
- Member of the Institute of Chartered Accountants Australia and New Zealand and the Australian Institute of Company Directors
- Non-Executive Director of Sino Gas and Energy Holdings Limited
- Over 35 years' experience with public and private companies as a business owner, Director and Manager



Mr Paul Evans

Chief Financial Officer & Company Secretary

- Chartered Accountant
- Fellow of the Institute of Chartered Accountants Australia and New Zealand
- Chief Financial Officer and Company Secretary since 17 October 2006
- Extensive experience in commercial, general management and financial roles
- Industry experience covering the media, manufacturing, mining services and telecommunications industries



Mr Paul House

Chief Operating Officer

- 26 years' experience in management and operations across the resources sector and diversified industrial services markets
- 14 years with SGS, the world's leading inspection and testing firm, with a dominant presence in the resources geochemistry assay and metallurgy sectors
- 18 years working in resources markets around the world including Africa, the Middle East, South Asia, South East Asia, Australia and the USA. Additional roles have included strategy, innovation, market entry strategy, restructuring and turnaround performance and corporate finance positions
- Bachelor of Commerce from the University of Western Australia
- Fellow of the Australian Institute of Management and a Graduate Member of Australian Institute of Company Directors

Throughout FY18 we further refined our internal structures and re-defined roles to support our transition towards One IMDEX – including the creation of Chief Operating Officer and Chief Information & Transformation Officer roles to drive our integrated AMC and REFLEX operations, digital transformation and operational excellence.



Mr Troy Giesler

Global Sales Director

- Over 30 years' experience within the drilling industry
- 5 years in senior management positions at IMDEX
- 19 years with MI-Swaco, including 7 years as Global Business Line Manager for the company's HDD, mining and waterwell operations
- Bachelor of Science from Colorado State University with a major in Business Administration



Mr Mathew Regan

Chief Information & Transformation Officer

- Extensive management experience in business transformation, strategy, innovation, supply chain optimisation and IT communications
- Bachelor of Computer Science from Edith Cowan University and a Masters of Information Technology from the University of Western Australia
- Stanford University Executive Program
- Graduate Member of Australian Institute of Company Directors



Derek Loughlin

Global Business Development Director

- 29 years' experience within the drilling industry
- 12 years in executive management positions at IMDEX
- 17 years with leading drilling company Boart Longyear in engineering, operations, sales and global exports, working in Ireland, Australia and Germany
- Honours Degree in Mining Engineering from the Camborne School Of Mines, UK
- Diploma of Executive Development at the International Institute for Management and Development in Lausanne



Dr Michelle Carey

Global Manager – IMDEX Product Development

- Over 20 years' experience in the mining industry working for companies including BHP and WMC
- 7 years in executive management roles at IMDEX
- Extensive experience in developing innovative products for the mining industry
- PhD in Geochemistry from Monash University



Mr Kingsley Weber

Human Resources Director

- Over 30 years' global leadership and consulting experience in: R&D; marketing; sales and key account management; international business and market development; human resources; organisational design and development; and corporate strategy and execution
- Diverse industry experience including: chemicals; healthcare; satellite communications; environmental management; manufacturing; and banking
- Fellow of the Royal Society of Arts
- Member Institute of Directors
- Graduate Diploma in Marketing (MCIM)
- Member Chartered Institute of People Development





Mr Tim Price

General Manager – IMDEX Product Research

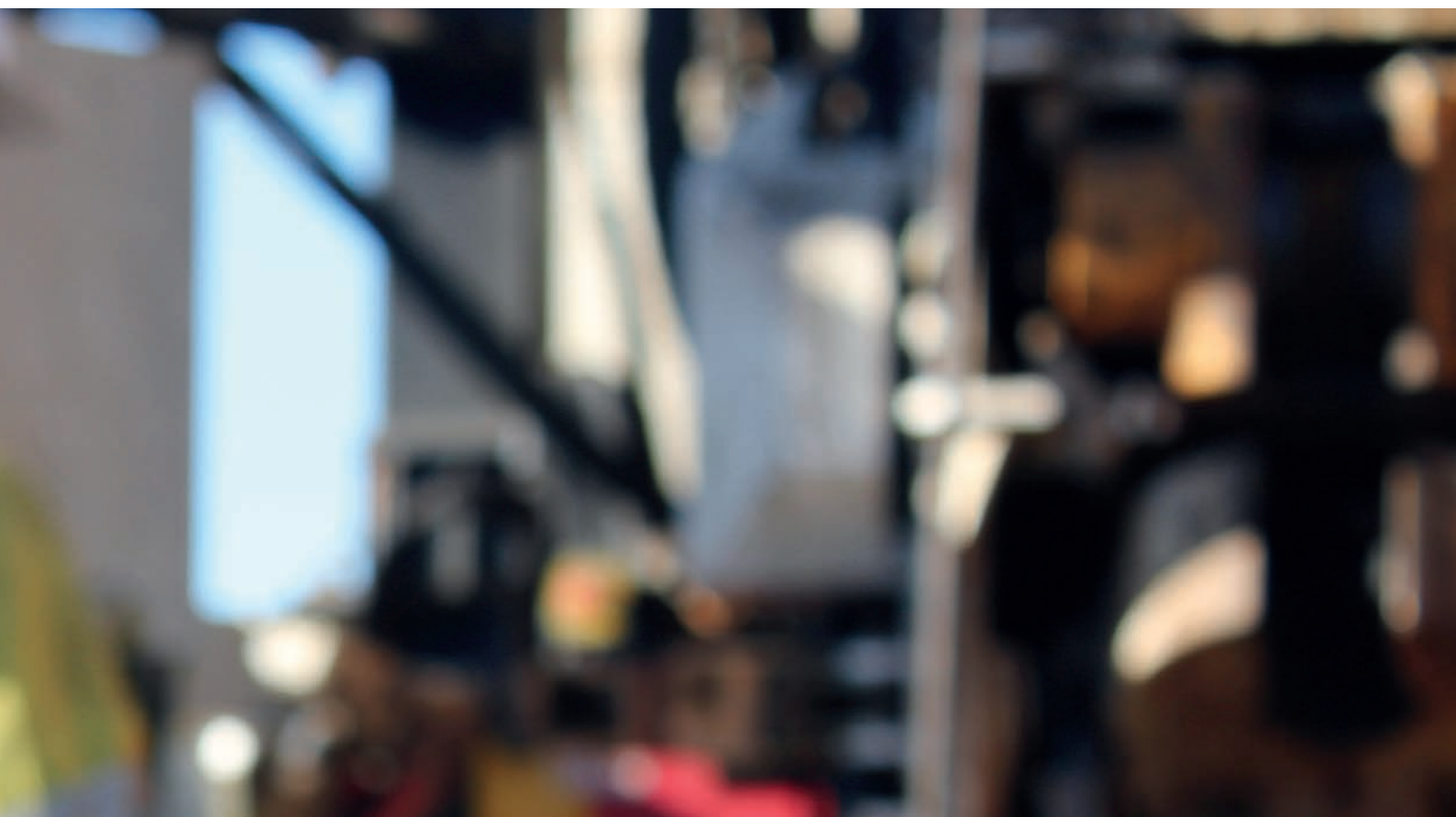
- 32 years' experience in engineering and product development, 7 years with IMDEX, 20 years with Scientific Drilling International holding positions from Design Engineer to Senior Vice President of Engineering
- 5 years in Aerospace and Semiconductor Test Industries
- Bachelors of Science in Electronic Engineering and Master of Science in Electrical Engineering from California Polytechnic State University, San Luis Obispo



Dr Dave Lawie

Chief Geoscientist / Chief Technologist – Mining Solutions

- Chief Geoscientist for IMDEX since 2012
- Global positions in exploration geochemistry and R&D with Pasminco and Anglo American before joining ioGlobal as Managing Director in 2004
- ioGlobal provided geochemistry and geometallurgical consulting services, cloud based data management and the ioGAS desktop analytics – the company was acquired by IMDEX in 2012
- PhD in Geosciences from University of New England

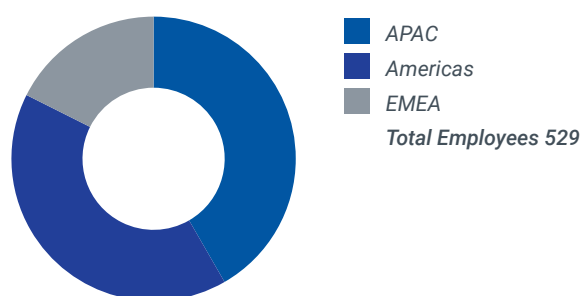


Our People

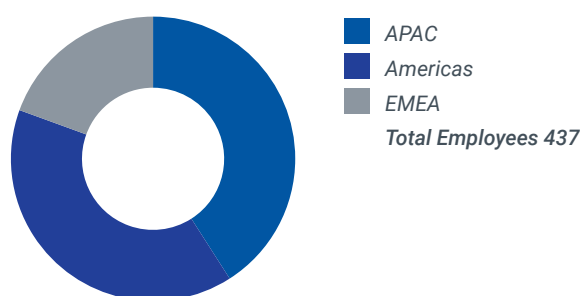
Global Workforce

During FY18 our global workforce increased by 21% to 529 people (FY17 437). Additional personnel were engaged to support the increase in activity, our geoscience capability in all regions and IMDEX's digital and transformational projects.

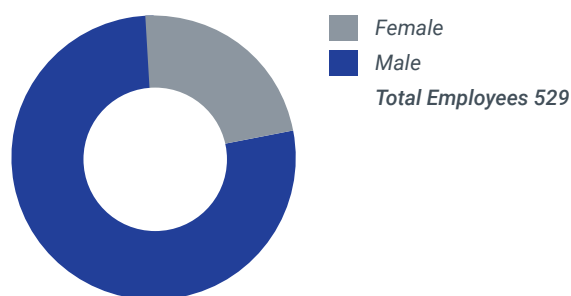
FY18 EMPLOYEES BY REGION



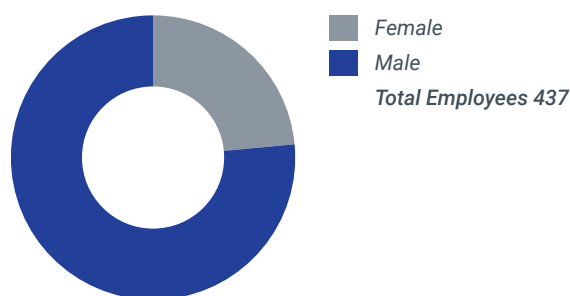
FY17 EMPLOYEES BY REGION



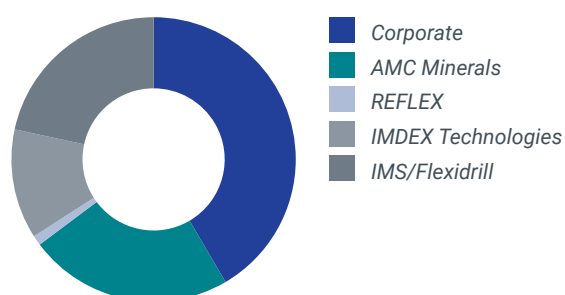
FY18 EMPLOYEES BY GENDER



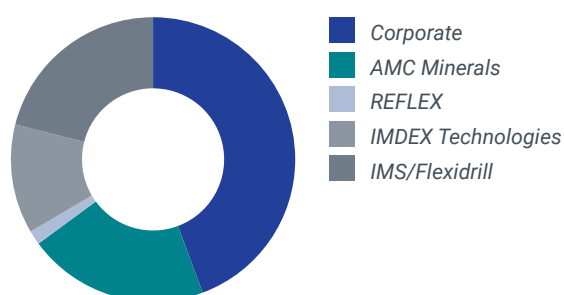
FY17 EMPLOYEES BY GENDER



FY18 EMPLOYEES BY BUSINESS UNITS



FY17 EMPLOYEES BY BUSINESS UNITS



Focus Areas 2018

IMDEX's Global Human Resources (HR) function is evolving to become an influencer and strategic contributor in the future success of IMDEX.

The Global HR team has partnered with the organisation to determine business critical HR initiatives, aimed at ensuring IMDEX moves at pace from a state of reactivity and maintenance to operational excellence. These initiatives form part of a 3-year HR Strategic Plan.

Outlined in the table below are the initiatives delivered in FY18, designed to assist in the achievement of IMDEX's organisational strategy and goals.

Review of HR capability and structure to enable future growth and customer outcomes

TALENT ACQUISITION & ONBOARDING	EMBED TECHNOLOGY	BUILD ACHIEVEMENT ORIENTATED CULTURE	FOSTERING TALENT & LEADERSHIP GROWTH	CREATE AND MAINTAIN ENGAGED WORKFORCE	IMPROVED HR PROCESSES AND REPORTING
Preferred Supplier Agreement	HRIS Implementation & Change Management	Performance & Reward Strategy	Leadership Development Framework	Climate Survey Results & Action Planning	HR Policy & Process Gap Analysis
Improved Recruitment Processes			Talent Review & Succession Planning		
Orientation & Onboarding					

Underpinned by customer service focus in everything we do

Diversity & Equal Opportunity at IMDEX

At IMDEX we value diversity in our workforce. We seek to employ, retain and develop employees for the long-term, assisting in their development and the development of the culture and values of our company.

This is done by promoting the value of different perspectives, ideas and benefits brought by engaging employees from all available talent. Our Diversity Policy can be found on our website at www.imdexlimited.com/about-us/corporate-governance.

Our company is also committed to providing equal opportunities for all employees. We ensure employment decisions are made solely on the basis of merit, taking into account relevant skills, qualifications, experience and ability, and without bias or prejudice - further information can be found within our Code of Conduct Policy at www.imdexlimited.com/about-us/corporate-governance.

IMDEX Employee Assist Program (EAP)

In December 2017 we launched an Employee Assistance Programme (EAP). Our EAP is provided by Optum, a global and independent organisation that provides coaching and counselling services.

The confidential EAP is available 24/7 and is free for all IMDEX employees and their immediate families. Optum also distributes monthly newsletters, which contain useful advice and information for all IMDEX employees.

Business Acumen Training

During FY18 we introduced employee Business Acumen Training program to build a team of business partners throughout IMDEX – our aim is to listen to, harness and implement ideas for innovation and business improvement.

Successful workshops were undertaken in all of our regions and the initiative will continue during FY19.



“Every IMDEX employee will have an opportunity to attend and contribute as we deliver workshops globally and create a pool of creative ideas.”

Kingsley Weber Human Resources Director

The IMDEX Way

The IMDEX Way sets out the key principles and expected behaviours that govern our company's decision making, business practices and employee reward programs.

Integrity

Communicating openly and honestly. Avoiding activities or organisations that are unethical, harm people or the environment.



Accountability

Taking responsibility for and delivering on IMDEX's commitments to the Company, clients and colleagues.

Teamwork

Working collaboratively, safely and with respect for diversity within IMDEX's Group to achieve the best results for the Company, clients and colleagues.



Being Dynamic

Maintaining an efficient global Company with the flexibility to provide localised client solutions and the adaptability to react quickly to new opportunities and change.

Continuous Improvement

Pursuing IMDEX's strategy of ongoing growth and reward for shareholders, clients and employees through continuous improvement of the Company's products, services and work practices.

Innovation

Leveraging IMDEX's advanced technologies and research and development capabilities to deliver innovative, leading edge products and services that optimise client operations.

Objective and Strategy for FY19

We maintain our clear objective of delivering sustainable earnings growth for shareholders via a two-tiered strategy, which includes organic and transformational growth.

Key elements of this strategy include: maintaining our technical leadership; enhancing our client intimacy; and driving operational excellence.

Maintain technical leadership



Next generation core products

Rapid-response frontline innovation

Transformational products - drilling productivity and drill & blast

Enhance client intimacy



Integrated IMDEX solutions – AMC & REFLEX

Client help desk and service centre

Training – IMDEX Academy

Enhance strategic partnerships

Implement key account management

Drive operational excellence



Enhance safety performance

One IMDEX

Digital transformation

Engage, develop and retain talented people

Streamline distribution and supply chain

Company History

December 1980	Australian company Pilbara Gold NL incorporated
July 1985	Pilbara Gold NL changed name to IMDEX Limited
Sept 1987	IMDEX Limited listed on the ASX
1988	Formation of Australian Mud Company
1997	Acquisition of Surtron Technologies Pty Ltd and Ace Drilling Supplies
2001	Joint venture formed with IMDEX and Rashid Trading Establishment (RTE) in Saudi Arabia
July 2005	Sale of IMDEX Minerals
August 2005	Acquisition of African based company Samchem
August 2006	Acquisition of Swedish based REFLEX Group of Companies and United Kingdom based company Chardec
May 2007	Acquisition of Swedish based company Flexit
July 2007	Ace merged with REFLEX. IMDEX finalised the sale of its interest in IMDEX Arabia to RTE
July 2007	Acquisition of Canadian based Poly-Drill and a 75% interest in Kazakhstan based Suay Energy Services
October 2007	Sale of Surtron Technologies
November 2007	Acquisition of Chilean based company Southernland
January 2008	Acquisition of German based company System Entwicklungs
July 2008	Acquisition of the remaining 25% of Kazakhstan based Suay Energy Services
September 2008	Acquisition of Australian based company Wildcat Chemicals Australia
July 2010	New regional structure implemented and business reporting streamlined into Minerals and Oil & Gas Divisions
September 2010	Acquisition of Australian based companies Fluidstar and Ecospin
March 2011	Acquisition of German based company Mud-Data
July 2011	Formation of DHS Services joint venture
July 2011	Acquisition of Australian based company Australian Drilling Specialties Pty Ltd
August 2011	Acquisition of Brazilian based company System Mud Indústria e Comércio Ltda
January 2012	Acquisition of Vaughn Energy Services (VES) by IMDEX's DHS Services joint venture
November 2012	Acquisition of ioGlobal Pty Ltd, ioAnalytics Pty Ltd and ioGlobal Solutions Inc. (together ioGlobal)
December 2012	DHS Services and Vaughn Energy Services rebranded as VES International
September 2014	Acquisition of 2iC
June 2015	Divestment of Suay Energy Services
2016	Divestment of AMC Oil & Gas
January 2018	Option to acquire Flexidrill Limited and Flexidrill Construction Limited (together Flexidrill)





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