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7 July 2020

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

Dear Sir/Madam

IMDEX enhances real-time rock knowledge offering with strategic acquisition of AusSpec

Please find attached an announcement in relation to the above mentioned subject for release to the market.

Authorised by

A handwritten signature in blue ink, appearing to read "P. Evans", with a long horizontal flourish extending to the right.

Paul Evans
Company Secretary
Imdex Limited

7 July 2020

IMDEX enhances real-time rock knowledge offering with strategic acquisition of AusSpec

Leading global Mining-Tech company, Imdex Limited (IMDEX or the Company), is pleased to announce it has acquired AusSpec International Limited (AusSpec) for A\$8.5m (A\$3m in cash and A\$5.5m in IMDEX shares).

AusSpec was founded in 2013 and is the leading provider of spectral mineralogy through its unique aiSIRIS platform – Artificial Intelligence (AI) Spectral InfraRed Interpretation System. AusSpec has a four-year consistent and profitable growth profile and generates revenue¹ via a SaaS consumption model. The acquisition is immediately cashflow positive, will provide an additional recurring revenue stream for IMDEX and is expected to be earnings accretive from years 2-3. Further growth is anticipated through IMDEX’s existing global network and integration with adjacent IMDEX solutions.

Key Acquisition Benefits for IMDEX

- aiSIRIS is a unique industry leading low-touch SaaS product with high barriers to entry;
- As a SaaS product, aiSIRIS delivers premium gross margins consistent with IMDEX’s strategy;
- aiSIRIS is a proven product ready to be scaled via IMDEX’s global distribution network;
- AusSpec co-founder Dr Sasha Pontual is the world-leading spectral mineralogy expert who has built an extensive spectral library over the past five years. Dr Pontual and other AusSpec personnel will join the IMDEX team;
- AusSpec enhances IMDEX’s rock knowledge offering with spectral mineralogy and AI technologies;
- aiSIRIS complements IMDEX’s existing In-Field GeoAnalysis solution and integrates with IMDEX geochemistry analysis software (IMDEX ioGAS™);
- AusSpec has well-established relationships with major resource companies; and
- Acquisition terms provide appropriate technology advancement and delivery requirements.

Commenting on the acquisition IMDEX Chief Executive Officer, Mr Paul House, said:

“AusSpec is a strong strategic fit for IMDEX that is consistent with IMDEX’s acquisition and development strategies. The acquisition provides a compelling opportunity to build on our total rock knowledge offering for clients – from the rig to the core farm and the mill.

“Every mine in the world makes decisions on the four components of rock knowledge – location, texture, grade and mineralogy. Our technology stack currently addresses three of these components and aiSIRIS satisfies the fourth – mineralogy.

¹ Unaudited revenue A\$1.5 million for financial year ended 31 March 2020

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“In line with our value proposition, aiSIRIS also enables the timely delivery of critical data. This allows real-time decisions to be made, rather than having to wait weeks or months.

“We anticipate a seamless integration and are looking forward to building on our existing relationship with AusSpec and its highly-knowledgeable team.”

IMDEX Chairman, Mr Anthony Wooles added:

“The acquisition aligns with IMDEX’s growth strategy and enhances the Company’s world-leading product development capabilities.

“The prudent structure of the transaction shares the risk of future technology development and importantly, does not place any pressure on the strength of the Company’s balance sheet.

“IMDEX’s Board and Executive Leadership Team are committed to a sustainable dividend policy, while continuing to invest in new technologies such as aiSIRIS, which have the potential to deliver substantial long-term earnings growth for shareholders.”

Transaction Overview

The consideration for the acquisition of 100% of AusSpec shares will be satisfied by three cash payments of A\$1.0m (commencing on completion and payable annually thereafter), together with A\$5.5m in IMDEX shares. A\$5.0m IMDEX shares will be issued on completion and the balance in July 2022. Shares will be issued at the volume weighed average price of each ordinary IMDEX share, as traded on the ASX ten days prior to the date of calculation.

Cash considerations will be funded from IMDEX’s existing cash flows. Components of the cash and equity considerations are conditional on the delivery of the next generation aiSIRIS-X and successfully contracting sites with new or existing clients.

Completion is subject to satisfaction of certain conditions precedent and is expected to be effective in late July 2020.

Additional background information regarding AusSpec, aiSIRIS, mineralogy and rock knowledge follows this release.

-ENDS-

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ADDITIONAL BACKGROUND AND BENEFITS FOR CLIENTS

AusSpec and aiSIRIS

AusSpec is the industry leader in automated mineralogy from infrared scanners and hand-held spectrometers in the field.

The New Zealand-based company was co-founded by Dr Sasha Pontual – the world-leading spectral mineralogy expert – who has built an extensive spectral library over the past five years. Dr Pontual holds a PhD in Geology and Remote Sensing. She has more than 30 years' experience in the application of spectral data to mining and exploration and her vision 'has always been to make spectral geology available to all geologists.'

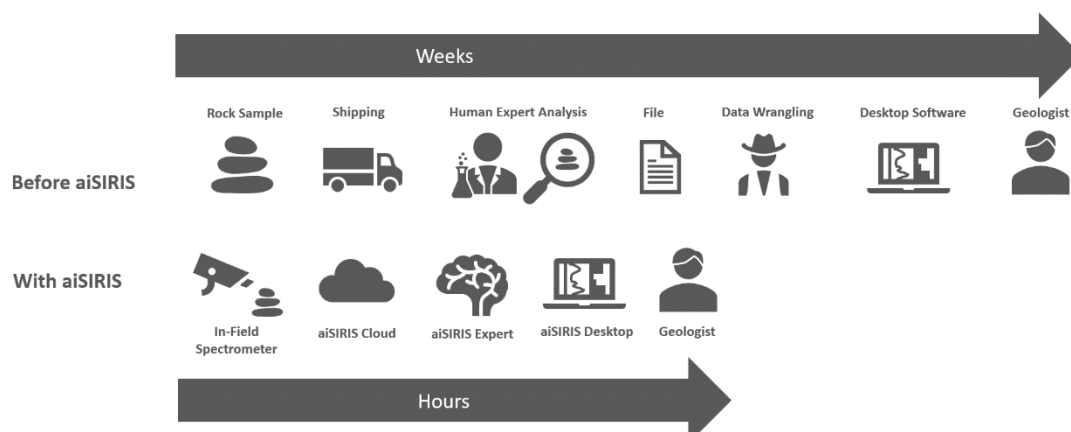
Dr Pontual and her team commenced development of aiSIRIS – Artificial Intelligence Spectral InfraRed Interpretation System – in 2013. Since then, the third-generation SaaS product has processed over 2 million spectra on some 1000 projects with major resource companies and early technology adopters. It is now ready to be scaled via IMDEX's global distribution network.

www.ausspec.com

How aiSIRIS Works

Spectrometers emit and then measure the reflectance of near infrared light on a rock surface, these are called spectra. From these spectra, minerals and their properties can be determined.

aiSIRIS allows the spectra captured by spectrometers to be uploaded to identify minerals using cloud-based machine algorithms. Results are then validated by spectral mineralogy experts before being downloaded for critical decision making. The process is considerably faster, more economical and has less risk than human led interpretation. As a result, mineralogy can become a routine part of the rock characterisation process and allows a full understanding of the mineralogy of an ore system. This understanding enhances the discovery phase and critically, informs how to optimally process ore once mining has commenced.



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IMDEX will work with Dr Pontual and the AusSpec team to develop and commercialise the next generation aiSIRIS-X, which removes the need for expert validation and enables mineralogy results to be securely accessed in real-time, anywhere and at any time.

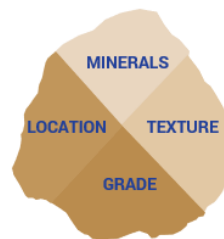
Why Mineralogy and Rock Knowledge are Important

The economic viability of all orebodies is assessed on data relating to minerals, location, texture and grade – the four key components of total rock knowledge. Rock knowledge is understanding the rock as it exists in the drill or blasthole – in exploration it answers the question ‘where next’ and in production it answers ‘how can processing be optimised’.

Real-time Quality Data for Total Rock Knowledge

Location: IMDEXHUB-IQ connected survey tools mean geologists can see where their holes are anywhere and anytime, rather than relying on paper-based work flows.

Grade: IMDEX’s In-field GeoAnalysis solution enables geoscientists to obtain quality assay data at the rig or core farm rather than waiting for laboratory results.



Minerals: AusSpec’s aiSIRIS SaaS product provides a real-time mineralogy solution to IMDEX’s rock knowledge offering. It replaces a workflow reliant on laboratory and expert interpretation that is asynchronous to data collection.

Texture: IMDEX’s Structural-IQ solution combines multiple sensors to allow geologist to see the position of their structures in 3D as they log in the core farm. This replaces a workflow where data gathering an interpretation were separated by weeks or months.

The minerals within an orebody influence its physical properties such as strength and breakability. Typically, understanding the mineralogy of a sample involves laboratory testing and expert analysis based on limited samples. The process is time consuming, costly and inefficient.

The Four Components of Rock Knowledge	IMDEXHUB-IQ™ connected IMDEX Solutions	Time Saving	Quality	Representivity
		<ul style="list-style-type: none"> Provides actionable data or information in real-time via digital workflow Driller operable instrumentation Removes reliance on third-party service providers Streamlines inefficient workflows 	<ul style="list-style-type: none"> Best in class sensors QA/QC at point of data collection Digital workflows remove risk of human error AI removes human subjectivity 	<ul style="list-style-type: none"> Lower cost than traditional methods allowing data to be collected for every metre drilled Timely information for critical decision making
Location	Downhole Navigation™	✓	✓	✓
Grade	In-Field GeoAnalysis™	✓	✓	✓
Texture	Structural Geology™	✓	✓	✓
Mineralogy	aiSIRIS	✓	✓	✓

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Drilling data is the primary source of information used to inform the major investment decisions made by resource companies. On average, the volume of material drilled, sampled and studied compared to the volume of material mined is approximately 0.0001%. Obtaining quality data and having confidence in the results is vital.

IMDEX's vision as a leading global Mining-Tech company is to provide clients with real-time access to quality rock knowledge to enhance decision making across the mining value chain. aiSIRIS provides another important component in IMDEX's technology stack to achieve this.

ABOUT IMDEX

IMDEX is a leading Mining-Tech company, which enables successful and cost-effective operations from exploration to production. The Company develops cloud-connected sensors and drilling optimisation products to improve the process of identifying and extracting mineral resources for drilling contractors and resource companies globally. www.imdexlimited.com

FURTHER INFORMATION

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