



Sapex Group Limited
ACN 619 195 283
Level 29, 201 Elizabeth Street
Sydney NSW 2000

Ms Ingrid Wei
Market Surveillance Analyst
National Stock Exchange of Australia Limited
1 Bligh Street
Sydney NSW 2000

30 August 2018

Dear Ms Wei,

RE: SAPEX GROUP LIMITED ("Sapex" or "Company") RESPONSE TO NSX AWARE LETTER (Aware Letter)

Thank you for your letter dated 21 August 2018. In relation to this matter generally, Sapex responds as follows:

The Sapex Board of Directors had received concerns from shareholders in regards to market illiquidity which could potentially lead to inefficient pricing of the securities. The Board of Director's consulted First Guardian Capital ("FGC") and APAC Partners ("APAC"), in their capacity as consultants to the Company, in an effort to address these concerns.

In June 2018 FGC and APAC proposed a Share Buying Program with the following objectives:

1. Increase the shareholder base
2. Buy-out shareholders with an intention to sell
3. Increase on-market liquidity

The above program, if executed successfully, would achieve the following:

1. Increase the shareholder spread above the minimum limit required by ASX Limited which would benefit any future migration plans
2. Remove downward selling pressure from shareholders disgruntled by the limited trading liquidity

In July 2018 OzFinancial Australia Pty Ltd (**OzFinancial**) were engaged by First Guardian Capital and APAC Partners (in their capacity as advisors to Sapex) to execute the Share Buying Program through the facilitation of Off Market Transfers between existing Sapex shareholders intending to sell and investors introduced by OzFinancial.

Sapex understands that in its capacity as the facilitator of these transfers, OzFinancial prepared the presentation which is the subject of your Aware Letter. Sapex did not prepare the presentation and were first made aware of the presentation and its release on OzFinancial's website upon receipt of the Aware Letter.

Having been made aware of the presentation, Sapex has taken the opportunity to advise OzFinancial of certain errors in their presentation and would like to take this opportunity to clarify that:

- There is no "offer" of any new shares, rather OzFinancial is facilitating Off Market Transfers of current issued shares in the Company;

- The transfers are between existing Sapex shareholders and new investors, the terms of the transfers are a private matter between the buyers and sellers of those shares. The Company is NOT issuing new shares;
- The Company is currently considering a number of future possibilities one of which may be listing on the ASX. However, at this stage no decision has been made. The Company will continue to keep the market informed if there is any matter that needs disclosure.

We confirm that the presentation and recorded web-cast have been removed from OzFinancial's website.

In relation to the specific queries you have raised and adopting the same paragraph numbering as contained in your letter, we respond below as follows (we note that references to "the presentation" in our responses below refer to the soft copy presentation, as opposed to the recorded web-cast):

1. The Company did not prepare the presentation. The presentation was prepared and released by OzFinancial.
2. N/A
3. The Company was first made aware of the presentation upon receipt of the NSX Aware Letter. The presentation was not presented to any member of Sapex or the Board for review or approval prior to release. Furthermore, the presentation was not provided to Mr Warren either before, during or after the web-cast was recorded.

Mr Warren's involvement was in his capacity as COO, to conduct an informal interview with OzFinancial for the purpose of building investor interest, and broadening Sapex's shareholder base through off-market transfers. This interview was conducted without the presentation, notes or other written materials.

Additionally, we note that Sapex maintains a policy that all company communications (written or verbal) prepared by internal or external parties be submitted to the Board for review and approval before being authorised for release or publication. The Company will redouble its efforts to ensure this is adhered to by all parties representing the firm.

4. The Company confirms that it is in compliance with the listing rules and, in particular, listing rule 6.4.
5. No.

Mr Warren was appointed as COO of Sapex on 8 June 2018. Mr Warren's prime responsibilities include:

- i. Operational management of Sapex's Australian operations (SAA)
- ii. Operational coordination between SAA and its subsidiaries
- iii. Assisting in financing exercises
- iv. Coordination of reports for the Board of Director's, the NSX and other regulatory bodies



Kyle Larson, CEO
Sapex Group Limited

For further information please contact:

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