

SAPEX Group Limited

ACN 619 195 283

Notice of General Meeting and Explanatory Statement

Venue: Automic Group, Level 5, 126 Phillip Street
Sydney NSW 2000

Date: *Wednesday, 30 January 2019*

Time: Commencing at *11 am* (Sydney time)

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Key dates

The key dates for the General Meeting (**GM**) are set out below.

Event	Date
Last day for receipt of proxies	<i>Monday, 28 January 2019</i>
General Meeting	<i>Wednesday, 30 January 2019</i>

Proxy Forms received after **11 am** (Sydney time) on **Monday, 28 January 2019** will be disregarded.

Your Vote

The business of the GM affects your shareholding and your vote is important.

To vote in person, attend the GM on the date and at the place set out above.

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

Questions

Shareholders are invited to contact the Company Secretary Lee Tamplin on +612 8072 1429 if they have any questions regarding the GM.

Notice of General Meeting

Notice is given that the General Meeting of SAPEX Group Limited ACN 619 195 283 (**Sapex or Company**) will be held at **Automic Group, Level 5, 126 Phillip Street Sydney NSW 2000** on **Wednesday, 30 January 2019** commencing at **11.00am (Sydney time)**.

The Explanatory Statement, which accompanies and forms part of this Notice, contains information to assist Shareholders to decide how to vote on the matters to be considered at the Meeting.

Terms used in this Notice are defined in the Glossary.

Ordinary Business

1. Agenda Item 1 - Ordinary Resolutions

Resolution 1 - Share Split

To consider and if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of Section 254H of the Corporations Act 2001 (Cth), clause 10.1 of the Company's Constitution and for all other purposes, approval is given for the Company to subdivide the issued capital of the Company on the basis that every one (1) share be subdivided into ten (10) shares and otherwise on the terms and conditions set out and in the Explanatory Statement accompanying this Notice of General Meeting."

Resolution 2 - Non-Executive Director Remuneration

To consider and if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, the aggregate maximum sum available for the remuneration of all non-executive Directors be set at \$300,000 per year."

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution 2 by or on behalf of:

- (a) a Director of the Company; or
- (b) an associate of that person named above (or those persons).

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

This Resolution is a resolution connected with the remuneration of certain members of the Key Management Personnel of the Company.

As required under 250BD (1) of the Corporations Act, a Key Management Personnel or a closely related party of a Key Management Personnel who is appointed as a proxy must not vote on a

resolution connected directly or indirectly with the remuneration of a Key Management Personnel, if their appointment does not specify the way the proxy is to vote on this Resolution.

However, under 250BD (2), the Company need not disregard any proxy votes cast on that Resolution by a Key Management Personnel, if the Key Management Personnel is the chair of the meeting at which the resolution is voted on and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a Key Management Personnel of the Company.

The Chair intends to vote undirected proxies (where the Chair has been appropriately authorised) in favour of this Resolution 2.

Resolution 3 - Issue of shares to PT SAS International - acquisition of existing Dura-Base mats business of PT SAS International in Indonesia

To consider and if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of NSX Listing Rule 6.25 and for all other purposes, approval is given for the Company to issue 2,954,545 fully paid ordinary shares to PT SAS International pursuant to the Asset Purchase Agreement (as described in the Explanatory Statement)."

Voting Exclusion:

The Company will disregard any votes cast in favour of this Resolution 3 by or on behalf of:

- (a) PT SAS International; or
- (b) an associate of that person named above (or those persons).

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 4 - Approval issue of Shares following conversion of Convertible Notes

To consider and if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of NSX Listing Rule 6.25 and for all other purposes, approval is given for the Company to issue up to 6,084,844 ordinary shares (pre-share split) to the holders of Convertible Notes in the Company following conversion of the Convertible Notes, in accordance with the terms and conditions set out in the Explanatory Memorandum."

The key terms and conditions of the Convertible Notes are set out in the Explanatory Memorandum.

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (a) a holder of a Convertible Note who will receive ordinary shares if this resolution is passed; or
- (b) an associate of that person named above (or those persons).

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 5 - Ratification of prior issue of Detachable Warrants

To consider and if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of NSX Listing Rule 6.25 and for all other purposes, the Shareholders ratify the prior issue of 2,892,960 Detachable Warrants to Athos Asia Event Driven Master Fund pursuant to the Detachable Warrants Deed, in accordance with the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion statement:

The Company will disregard any votes cast in favour of this Resolution 5 by or on behalf of:

- (a) Athos Asia Event Driven Master Fund; or
- (b) an associate of that person named above (or those persons).

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6 - Approval for issue of Detachable Warrants

To consider and if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of NSX Listing Rule 6.25 and for all other purposes, approval is given for the proposed issue of up to 807,040 Detachable Warrants to Athos Asia Event Driven Master Fund, pursuant to the Detachable Warrants Deed, in accordance with the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion statement:

The Company will disregard any votes cast in favour of this Resolution 6 by or on behalf of:

- (a) Athos Asia Event Driven Master Fund; or
- (b) an associate of that person named above (or those persons).

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 7 - Approving the Company's voluntary withdrawal from the official list of the NSX

To consider and if thought fit to pass, with or without amendment, the following resolution as a special resolution:

"That, for the purposes of NSX Listing Rule 2.25 and for all other purposes, Shareholders approve the Company's voluntary withdrawal from the official list of NSX."

By order of the Board of Directors

Lee Tamplin

Company Secretary

24 December 2018

Proxy Appointment, Voting and Meeting Instructions

See attached proxy form.

To be valid, properly completed forms must be received by the Company no later than **11.00am** Australian Eastern Standard Time (AEST) on **Monday, 28 January 2019**.

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company that is material to a decision on how to vote on the Resolutions in the accompanying Notice of General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

ORDINARY RESOLUTIONS

Resolution 1 – Share Split

Background

Section 245H of the Corporations Act enables a Company to convert all or any of its shares into a larger number of shares by resolution passed at a Meeting.

Resolution 1 seeks Shareholder approval for the share capital of the Company to be split on a 1:10 basis. If Resolution 1 is approved, each existing Share will be divided into 10 Shares to be effected immediately following the Meeting, in accordance with the indicative timetable set out below.

Effect of Share Split

Immediately after the share split a Shareholder will still hold the same proportion of the Company's share capital and its assets as before the share split. The current rights attaching to the Shares will not be affected.

If Resolutions 3-7 and this Resolution 1 are passed, the number of securities in the Company will increase as follows:

	Number of securities held pre-share-split	Number of securities held post share-split
Current shares on issue	19,286,406 Shares	192,864,060 Shares
Shares to be issued to be issued upon conversion of convertible notes (see resolution 4)	6,084,844 Shares	60,848,440 Shares
Shares to be issued to PT SAS International pursuant to the acquisition of its existing Dura-Base mats business of PT SAS International in Indonesia (see resolution 3)	2,954,545 Shares	29,545,450 Shares
Detachable warrants to be issued (see resolutions 5 and 6)	3,700,000 Detachable Warrants convertible into 3,700,000 Shares	37,000,000 Detachable Warrants convertible into 37,000,000 Shares

The share split will benefit Shareholders by increasing the liquidity and affordability to retail investors of the Company's Shares.

New Holding Statements

As from the date of this Resolution 1, all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of post share split Shares.

After the share split becomes effective, the Company will dispatch a notice to Shareholders advising them of the number of shares held by each Shareholder both before and after the share split.

The Company will also arrange for new holding statements to be issued to Shareholders.

Taxation Consequences

Shareholders are advised to seek their own tax advice on the effect of the Share Split. None of the Company, its Directors, its employees and none of the Company's advisors accept any responsibility for the taxation consequences of the share split in respect of any Shareholder.

Indicative Timetable

Set out below, and subject to compliance with all regulatory requirements, is an indicative timetable for completion of the transactions detailed in the Notice of General Meeting. These dates are indicative only.

Event	Date
Dispatch of Notice of General Meeting to Shareholders	27/12/2018
Last date to lodge proxy forms for the General Meeting	Monday, 28 January 2019
General Meeting	Wednesday, 30 January 2019
Share split takes place	Within 90 days of the General Meeting

Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

Resolution 2 – Non-executive Director Remuneration

Resolution 2 proposes to set the maximum aggregate amount payable to all non-executive Directors as fees for their services as Directors to \$300,000.

The Board considers that an aggregate fee pool of \$300,000 for all non-executive Directors is appropriate for the Company given its size and operations and will enable the Company to attract and retain high calibre, appropriately skilled and qualified non-executive Directors.

Given the interest of the non-executive Directors in this Resolution 2, the Board makes no recommendation to Shareholders regarding this Resolution. Each non-executive Director abstains from making a recommendation given their personal interest in Resolution 2.

Resolution 3 – Issue of shares to PT SAS International - acquisition of existing Dura-Base mats business of PT SAS International in Indonesia

Background

The Company seeks to issue 2,954,545 Shares to PT SAS International (**SAS**) as part of the consideration for the acquisition of its existing Dura-Base mats business of SAS by the Company.

The distribution of the Dura-Base Product was historically through either the joint venture / consortium arrangement between the Indonesian incorporated companies PT. SAPEX Servis Indonesia (**SSI**) and SAS, or solely with SSI, depending on the commercial and regulatory requirements within Indonesia.

On 12 June 2018, SSI and Sapex entered into an Asset Purchase Agreement with SAS. The Asset Purchase Agreement provides for the purchase of 4,525 Dura-Base mats by SSI from SAS, and requires SAS to cease carrying on its business of renting Dura-Base mats to industrial customers in Indonesia, except as the business pertains to the oil and gas customers (**Oil & Gas Business**). Upon SSI obtaining licences and registration which will enable it to carry on the Oil & Gas Business, SSI shall provide SAS with 60 days written notice, after which date SAS shall cease carrying on the Oil & Gas Business.

SSI and SAS have also entered into an exclusive agency agreement, to take effect from the completion date of the Asset Purchase Agreement, under which SAS has agreed to act as SSI's Indonesian agent. The agency agreement states that SAS as Indonesian agent receives 20% of the gross profit obtained from the provision of mats to customers by either SSI or SAS in Indonesia and the rental of mats owned by SSI in Indonesia. The gross profit obtained from the rental of mats in Indonesia owned by third parties shall be divided equally between SSI and SAS.

Shareholder approval requirement

The Directors are permitted to issue up to 15% of equity securities annually without the need to obtain Shareholder approval (see NSX Listing Rule 6.25) (**Annual Issue Limit**). Since the Annual Issue Limit has been used up by the prior issue of Detachable Warrants (please refer to Resolutions 5 and 6), the issue of Shares to SAS pursuant to the Asset Purchase Agreement will exceed the Annual Issue Limit. The Company seeks Shareholder approval to issue the Shares for the purposes of Listing Rule 6.25. If approval is obtained, it will mean that this issue will not be counted towards the 15% Annual Limit under Listing Rule 6.25.

Information required under NSX Listing Rule 6.48

NSX Listing Rule 6.48 states that the Company must provide Shareholders with sufficient information to ensure Shareholders are informed of all substantial matters relevant to the resolutions.

The Company sets out the following information below:

The names of the persons to whom the Company will issue the securities or the basis on which those persons will be identified	PT SAS International of Graha Semesta Level 4, Jl. Raya Kebayoran Lama Pal VII no 31, Jakarta 12210, Indonesia
Maximum number of securities the Company is to issue or the formula to calculate the number of securities to be issued	2,954,545 Shares
The date or dates on which the Company will issue the securities	The Shares will be issued within 3 days of the General Meeting approving their issue.

Price of the securities	AUD\$1.10 per Share
Terms of the securities	The securities issued will have the same terms as fully paid ordinary shares in the capital of the Company
Intended use of the funds raised	No funds will be raised from this transaction. The Shares are issued as consideration under the Asset Purchase Agreement.
Voting exclusion statement	A voting exclusion statement relating to Resolution 3 is included in the Notice of General Meeting.

Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

Resolution 4 – Approval of issue of Shares following conversion of Convertible Notes

Background

Sapex has issued 6,084,844 Convertible Notes which are convertible into Shares, to a number of institutional and sophisticated investors (**Noteholders**).

If converted into Shares, the Convertible Notes would represent 6,084,844 Shares (pre-share split), which is equivalent to approximately 31.5% of the Company's Shares currently on issue. There are currently 19,286,406 Shares on issue.

If converted into Shares, the Convertible Notes would represent 19.0% of the Company's Shares on a fully diluted basis (this is assuming that all the resolutions in this Notice of Meeting are passed and that the Convertible Notes and the Detachable Warrants have all converted into Shares).

Purpose of Resolution

NSX Listing Rule 6.25 restricts an issue of securities in excess of 15% of the Share capital of the Company on issue in the preceding 12-month period (**Annual Limit**) without Shareholder approval.

The issue of 6,084,844 Shares following the full conversion of the Convertible Notes will exceed the Annual Limit.

If approval is obtained, it will mean that this issue will not be counted towards the 15% Annual Limit under Listing Rule 6.25.

Information required under NSX Listing Rule 6.48

NSX Listing Rule 6.48 states that the Company must provide Shareholders with sufficient information to ensure Shareholders are informed of all substantial matters relevant to the resolutions.

The material terms of the Convertible Notes are disclosed in the following table:

The names of the persons to whom the entity issued the securities or the basis which those persons were determined	A number of institutional and sophisticated investors (more than 50).
Number of securities issued	6,084,844 Convertible Notes have already been issued by the Company

	The Company seeks approval to issue the 6,084,844 underlying Shares upon full conversion of the Convertible Notes.
Price at which the Convertible Notes were issued	Face Value of \$1.10 per Convertible Note
Terms of the Convertible Note:	<p>Type: Unsecured convertible notes</p> <p>Conversion Price: \$1.10 per Share</p> <p>Conversion rate:</p> <p>The number of Shares to be issued to the relevant noteholder is determined by the aggregate Face Value of the notes being converted divided by the Conversion Price (i.e. 1 for 1).</p> <p>Maturity Date: 12-month anniversary of the issue date</p> <p>Conversion Period: Period commencing on the Maturity Date and ending on the date that is 20 Business Days after the Maturity Date</p> <p>Conversion: The notes must be automatically converted if the Company notifies the noteholder at any time prior to redemption of the notes that it has received a letter from ASX advising that the Company has been conditionally admitted to the official list of the ASX, which conditions are acceptable to the Company (at its sole discretion).</p> <p>The notes must not be converted unless and until Company Shareholder approval to convert the notes is obtained. If Company Shareholder approval is not obtained, then the Notes must be redeemed in accordance with condition 4.</p> <p>Redemption (condition 4): If the notes have not been converted by the day immediately following the last day of the Conversion Period, then the Company must redeem all of the notes of a noteholder and pay to a noteholder the Face Value of each note held by such person within 20 business days of the last day of the Conversion Period.</p> <p>Interest: 10% per annum simple interest</p> <p>Quotation: Unlisted</p> <p>Reorganisation of capital: Subject to the ASX Listing Rules (if applicable), where as a consequence of:</p> <ul style="list-style-type: none"> (i) a pro rata bonus issue of ordinary shares (not including an issue for cash or other consideration); (ii) a subdivision or consolidation of ordinary shares; or (iii) any other reorganisation of share capital, <p>(each a Reorganisation Event) the number of ordinary shares alters, then the number of ordinary shares into which the notes are convertible is adjusted in accordance with the ASX Listing Rules (if applicable) or otherwise as the Company reasonably determines in accordance with all applicable laws so that the notes are convertible into the same percentage of the issued ordinary share capital as the percentage into which they are convertible immediately before the relevant Reorganisation Event.</p>

	Unless a note is converted, that note does not give the noteholder voting, dividend or any related rights other than rights to vote on a special resolution of noteholders.
Intended use of the funds raised:	The Company has applied the funds raised to complete the acquisition of the PT SAS Durabase Mats division, and also for operating costs (including salaries and general working capital). The funds may also be used to fund transaction costs associated with the upcoming public listing of Sapex on the ASX.
Voting exclusion statement:	A voting exclusion statement relating to Resolution 4 is included in the Notice of General Meeting.

Resolution 4 is an ordinary resolution which means that more than 50% of the votes cast by Shareholders entitled to vote must be in favour of the Resolution for it to be passed.

Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

Resolutions 5 and 6 - Ratification of prior issue of Detachable Warrants and approval for issue of Detachable Warrants

On 29 November 2018, SAA entered into a loan agreement with Athos, SOS and SSI, in which Athos Asia Event Driven Master Fund (**Athos**) will make advance a maximum of USD\$3 million to Sapex pursuant to a funding notice. The loan is subject to the issue of 3,700,000 options in Sapex to Athos (**Detachable Warrants**) for nil consideration. The strike price is \$1.10 per new Share.

The Company notes that Athos is not a related party (as that term is defined under the Corporations Act) and does not currently hold any Shares in the Company.

Shareholder approval requirement

The Directors are permitted to issue up to 15% of equity securities annually without the need to obtain Shareholder approval (see NSX Listing Rule 6.25) (**Annual Issue Limit**). The Company has previously issued 2,892,960 Detachable Warrants to Athos without Shareholder approval, which has used up the Annual Issue Limit. The proposed issue of a further 807,040 Detachable Warrants in Sapex to Athos without Shareholder approval, will breach the Annual Issue Limit.

The Company seeks Shareholder approval to issue the further 807,040 Detachable Warrants to Athos, so that it does not exceed its 15% capacity for the purposes of Listing Rule 6.25.

Further, the Company seeks Shareholder ratification of the prior issue of 2,892,960 Detachable Warrants to Athos. If Shareholder ratification is obtained, this will effectively 'refresh' the effect of Listing Rule 6.25 such that any further issues of securities in the next 12 months less than the Annual Issue Limit will not need prior Shareholder approval.

Information required under NSX Listing Rule 6.48

NSX Listing Rule 6.48 states that the Company must provide Shareholders with sufficient information to ensure Shareholders are informed of all substantial matters relevant to the resolutions.

The material terms of the Detachable Warrants are disclosed in the following table:

The names of the persons to whom the entity issued the securities or the basis	Athos Asia Event Driven Master Fund
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which those persons were determined	
Number of securities issued	<p>The Company seeks Shareholder ratification of the prior issue of 2,892,960 Detachable Warrants.</p> <p>The Company seeks Shareholder approval to issue a further 807,040 Detachable Warrants.</p>
Price at which the Convertible Notes were issued	Nil consideration.
Terms of the Convertible Note:	<p>Type: Warrants</p> <p>Strike Price: \$1.10 per share</p> <p>Exercise period: The Detachable Warrants can be exercised at any time between the date on the funding notice or 12 months from that date. However, if the Detachable Warrants are subject to escrow, the Warrants can be exercised in the three months after the expiry of the applicable escrow period in accordance with the ASX Listing Rules.</p> <p>Exercise: Once exercised, the 3,700,000 Detachable Warrants will convert into 3,700,000 fully paid ordinary shares in the Company (New Shares).</p> <p>Quotation: Unlisted</p> <p>Other: The Company must do all things necessary to call and convene a Shareholders' meeting to be held no later than 31 January 2019 and to obtain Shareholders' approval for the issue of the Detachable Warrants that exceed the 15% placement capacity threshold under the NSX Listing Rule 6.25, and which have been issued conditional on obtaining Shareholders' approval.</p> <p>If the Company fails to obtain Shareholders' approval by 31 January 2019, the Company shall pay Athos \$0.90 for each Detachable Warrant that was conditional on Shareholders' approval by way of a bank cheque or direct transfer of immediately available funds to a bank account nominated by Athos. The parties agree that \$0.90 is a genuine pre-estimate of the loss of future value from the Shares that could have been issued under remaining Detachable Warrants.</p> <p>Covenants: The Company agrees that from the date of this deed and for the exercise period, it must not:</p> <ul style="list-style-type: none"> (a) issue any further warrants or options; or (b) create or allow to exist or agree to any Security over any of its assets or shares other than a Permitted Security, <p style="padding-left: 40px;">unless prior written approval of Athos, with such approval not to be unreasonably withheld or delayed, has been obtained issues of shares and restructuring),</p> <ul style="list-style-type: none"> (c) issue any shares other than ordinary shares; (d) reconstruct, consolidate, subdivide, reorganise, reduce, distribute, convert, return or pro rata cancel the issued capital of Sapex; or

	<p>(e) issue any shares without consideration or for a consideration per share less than the Strike Price (being \$1.10 per share),</p> <p>unless prior written approval of Athos, with such approval not to be unreasonably withheld or delayed, has been obtained.</p> <p>If Athos has approved a consolidation, subdivision, reorganisation or reduction, the parties will amend this deed and the number of Detachable Warrants, New Shares and the Strike Price, on the terms of such consolidation, subdivision, reorganisation or reduction transaction.</p> <p><u>Exceptions</u></p> <p>However, Athos provides its written approval for:</p> <ul style="list-style-type: none"> (a) a share subdivision provided that the number of Detachable Warrants must be subdivided in the same ratio as fully paid ordinary shares and the Strike Price must be amended in inverse proportion to that ratio and holders of fully paid ordinary shares will not receive a benefit that holders of Detachable Warrants do not receive and equally, holders of Detachable Warrants will not receive a benefit that holders of fully paid ordinary shares do not receive; (b) the issue of shares under the Asset Purchase Agreement and (c) the issue of shares upon conversion of the convertible notes under the Convertible Note issue.
Intended use of the funds raised:	No funds will be raised.
Voting exclusion statement:	Voting exclusion statements relating to Resolutions 5 and 6 are included in the Notice of General Meeting.

Resolutions 5 and 6 are ordinary resolutions which means that more than 50% of the votes cast by Sapex Shareholders entitled to vote must be in favour of the Resolutions for it to be passed.

Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 5 and 6.

SPECIAL RESOLUTIONS

Resolution 7 – Approving the Company's voluntary withdrawal from the official list of the NSX

The Company proposes to apply to ASX for admission to the official list of ASX, with all ordinary shares to be quoted on the official list following such admission.

NSX Listing Rule 2.25 requires a listed company to obtain Shareholder approval by way of a special resolution prior to voluntarily withdrawing its listing. Accordingly, in accordance with NSX Listing Rule 2.25, Shareholder approval is sought for the voluntary withdrawal by the Company from its listing on NSX.

The proposed de-listing of the Company from NSX is considered by the Board to be in the best interests of the Company in light of the low level of trading of the Company's shares on NSX and the Board's view that the current market capitalisation of the Company does not reflect the underlying asset value of the business. The Board believes that the Company's admission on ASX will improve the level of trading of the Company shares, provide better liquidity for Shareholders and provide better future capital raising opportunities. Given the Company's five-year capex plan and the capital-intensive nature of its operations, access to liquid capital markets and an ability to reduce its cost of funds are considered critical success factors for the business. Increasing the Company's access to capital has a direct and significant impact on Shareholder value. The Board is of the view that an ASX listing, rather than a NSX listing, will best facilitate this.

The Company presently proposes to lodge its prospectus with ASIC and ASX in the first half of the 2019 calendar year. The Company notes that it is not guaranteed that ASIC or ASX will approve the application. The Board proposes to effect the de-listing from NSX at a date to be advised in the first half of the 2019 calendar year that synchronises with the timing of the proposed ASX listing.

As Resolution 7 is a special resolution, it must be approved by at least 75% of the total number of votes cast by Shareholders entitled to vote on the resolution.

Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

Glossary

In this Explanatory Statement, the following terms have the following meaning:

APAC	APAC Partners Pty Ltd ACN 617 468 612.
Asset Purchase Agreement	The asset purchase agreement between the Company, SAS and SSI dated 12 June 2018 and subsequent variations to the asset purchase agreement.
ASIC	Australian Securities & Investments Commission.
ASX	The Australian Securities Exchange operated by ASX Limited.
Athos	Athos Asia Event Driven Master Fund of 8/F 8 Queens Road Central Hong Kong SAR.
Board or SAPEX Board	Board of Directors of the Company.
Chairman or Chair	The chair of the Board.
Company or Sapex or SAA	SAPEX Group Limited ACN 619 195 283
Convertible Notes	The convertible notes in Sapex that have the terms described in Resolution 4 of the Explanatory Memorandum.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Detachable Warrants	The detachable warrants in Sapex to be issued to Athos, pursuant to the Detachable Warrants Deed.
Detachable Warrants Deed	The detachable warrants deed between Sapex and Athos dated 29 November 2018.
Director	A director of the Company.
General Meeting or Meeting or GM	General meeting of Shareholders of the Company or any adjournment of it, convened by this Notice.
Key Management Personnel	has the same definition as <i>AASB 124 Related Party Disclosures</i> which defines key management personnel as “those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity”.
Listing Rules	The Listing Rules of NSX.
Non-Executive Director	A Director who is not an employee of the Company.
Notice or Notice of General Meeting	The notice of General Meeting, which accompanies this Explanatory Statement.
NSX	National Stock Exchange of Australia Limited.
Proxy Form	The proxy form accompanying the Notice.

Resolution	A resolution set out in the Notice.
SAS or PT SAS International	PT SAS International of Graha Semesta Level 4, Jl. Raya Kebayoran Lama Pal VII no 31, Jakarta 12210, Indonesia.
Share	Fully paid ordinary share in the capital of the Company.
Shareholder	A registered holder of a Share.
SSI or PT. SAPEX Servis Indonesia	PT. SAPEX Servis Indonesia of Graha Semesta, Level 2, Jl. Raya Kebayoran Lama Pal VII no 31, Jakarta 12210, Indonesia.

Your details

You must insert your holding number, name, and address for your Proxy Form to be valid. Your holding number would have been provided to you when you first obtained your shares, if you are unable to locate it your broker will be able to provide you with it.

How to vote on items of business

All your shares will be voted in accordance with your directions.

Appointment of proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting on a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the Meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of shares for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of shares for each at the beginning of the Proxy Form.

A proxy need not be a Shareholder of the Company.

Signing instructions

Individual: Where the holding is in one name, the Shareholder must sign.

Joint Holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the Company, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, A Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate Shareholders or proxy is to attend the Meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission.

Comments & Questions

If you have any comments or questions for the Company, please write them on a separate sheet of paper and return with this form.

Lodgement of Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be received:

By email: meetings@automic.com.au

By mail: Automic Group, GPO Box 5193 Sydney NSW 2001

By fax: +61 2 8583 3040

no later than 11am am (Sydney time) on Monday 28 January 2019. Any Proxy Form received after that time will not be valid for the Extraordinary General Meeting.

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Vote by Proxy: SAA

Your proxy voting instruction must be received by 11.00am (AEDT) on 28 January 2019, being not later than 48 hours before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

PHONE:
1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 2 and except where I/we have indicated a different voting intention below) even though Resolution 2 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).