

NSX RELEASE

31 May 2019

COMPANY UPDATE

- **2 new revenue generating contracts** through wholly owned subsidiary, PT. SAPEX Servis Indonesia
- **Acceptable Product status** from largest coal mining company in Indonesia.

SAPEX Group Ltd (NSX: SAA) ("**Sapex**" or "**Company**") is pleased to announce that it has secured, through its wholly owned subsidiary PT. SAPEX Servis Indonesia, two new revenue generating contracts.

Both these contracts are with valuable repeat Clients and provide further validation to SAPEX's operational and financial objectives for 2019.

Firstly, SAPEX, has received confirmation that long term client, SAKA Indonesia Pangkah Limited ("**SAKA**"), will be extending SAPEX's Dura-Base® Rental and Services contract into 2020. The initial 12-month contract, valued at \$3.66m USD, awarded on November 15, 2018 is currently in the execution phase. **The extension is expected to generate additional revenues of \$1m USD.**

This confirmation is key for Management's revenue planning for 2020 and beyond, whilst also further validating the strategy of securing long term "anchor" contracts to ensure stable and secure revenues over the next 2-3 years.

Secondly, Management is pleased to advise that SAPEX has been awarded a contract with PT. Bukit Makmur Mandiri Utama ("**BUMA**"). BUMA is the second largest independent coal mining contractor in Indonesia, operating across much of the Indonesian archipelago.

The Purchase Basis contract is for 20 new Dura-Base® Composite Mats with integrated Field Services provision, including field Quality Assurance / Quality Control services. **Revenue from the contract will be a minimum of \$74,000 USD.**

This contract is a continuing validation of SAPEX Management's expectations for the Indonesian energy and construction markets' demands.

Further to these revenue contracts, SAPEX, through its wholly owned subsidiary PT. SAPEX Servis Indonesia, has also secured **Acceptable Product** status for the Dura-Base Composite Mat System with PT. Kaltim Prima Coal Indonesia ("**KPC**"). Located in Kalimantan, Indonesia, KPC is the largest coal mining company in Indonesia and is a valuable existing client of SAPEX's.

On May 16, 2019, SAPEX and KPC conducted extensive inspections and heavy-duty field trials at SAPEX's field testing facility in West Java, Indonesia. KPC Representatives in attendance declared and signed a statement reading:

"All demonstrations witnessed, Dura-Base Composite Matting Boards reviewed in-site, along with grade qualifications and sample interlocking, were conducted with no issue... Condition of the Dura-Base Composite Matting Boards inspected meet the above standards and are acceptable for use in KPC"

Locations”.

This acceptance statement is a key milestone in ensuring an expanded rollout of support services with the largest coal mine in Indonesia and is a validation of Management’s plans to diversify into non-Oil & Gas related long-term projects across Indonesia.

These contract related updates are consistent with the Company’s operational and financial objectives for 2019, providing confidence in SAPEX’s performance and the achievability of our 2019 targets.

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Board of Directors
Sapex Group Limited

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