



Sapex Group Limited  
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NSX RELEASE

20 August, 2019

## COMPANY UPDATE

SAPEX Group Ltd (NSX: SAA) ("**SAPEX**" or "**Company**") is pleased to provide the following Company Update regarding operations, financing and SAPEX's migration to the ASX.

### Operational update on utilization

The Company is currently operating at 69% utilization as it continues to service its key clients, including Pertamina, Saka and others. SAPEX has reserved additional inventory to service a new opportunity pending deployment and announcement in due course. Pipeline of new contracts is strong, requiring the purchase of additional mats over Q4 2019, to ensure SAPEX is in a position to capitalize on these opportunities.

### ASX Listing and financing

The Company advises that it has submitted its Application for In-Principle Advice to the ASX and is currently finalising its 1H FY19 accounts for inclusion in the Company's prospectus. SAPEX remains on track to lodge its prospectus with ASIC in the next few weeks, and without any unforeseen circumstances this would result in an expected ASX listing date during October or November.

In preparation for this listing, the Company has secured a comprehensive funding package with First Guardian Capital, that addresses existing outstanding loans and fees, the refinancing of its existing senior facility, securing underwritten IPO funding of \$5m, and providing additional funding for mat purchases to further expand inventory.

The Company has appointed First Guardian Capital as Lead Manager for the listing. It is the intention for proceeds of the equity IPO raise to be predominantly deployed to refinance SAPEX's USD \$3m debt facility and detachable warrants whilst also providing ongoing working capital. It is proposed the facility will be refinanced at the time of IPO, with all warrants also being retired. This refinancing prevents significant dilution for existing shareholders, as the Board remains committed to delivering increased Shareholder value.

Additionally, SAPEX has agreed terms on AUD \$5m of post IPO finance for mat purchases required to underpin further expansion. It is proposed that this funding be drawn down in 4Q 2019. Other than this inventory financing to expand business growth, the Company aims to be debt free as a result of the IPO capital raising process. This will enable the Company to consider future funding requirements for additional mat purchases as required.

### Convertible notes ("Notes").

The Company is also pleased to announce that it has agreed terms with First Guardian to convert their entire convertible note position to shares.

In total Notes held by First Guardian and its related entities, on issue will have a face value of AUD \$5.2 million, and will be converted into fully paid ordinary shares upon completion of the ASX listing. Commenting on this decision, First Guardian noted “This commitment to convert demonstrates our ongoing support for the Company, and its growth prospects, as SAPEX continues to efficiently execute its expansion plans across the region.”

Shareholder approval is required before any of the notes can convert. If shareholder approval is not obtained, it is an event of default and the notes must be repaid. A notice of general meeting will be sent to shareholders shortly seeking their approval for the conversion of these convertible notes.

The Company is in the process of contacting each of the Noteholders whose Notes reached maturity on 2 August 2019, to remind them that they have until 30 August 2019 to decide whether to convert their Notes to fully paid ordinary shares. The Company is also pleased to be able to offer those Noteholders the option to roll over their Notes so that they can continue to receive coupon payments until the Notes are formally converted, automatically converted upon completion of the ASX listing or redeemed.

The Company would also like to request that ALL noteholders now advise the Company whether they want to convert, roll over or redeem their convertible notes by contacting our Company Secretary, Lee Tamplin at [lee.tamplin@automicgroup.com.au](mailto:lee.tamplin@automicgroup.com.au).

For more information on this process, SAPEX Chairman, Peter Chambers will be hosting an online Noteholder update on Thursday, 22 August, with details to be circulated to noteholders by email.

If you would like to receive these announcements as and when they are made, please register via the SAPEX Group Investor Centre: <https://sapexgroup.investorcentre.online/subscribe/>

Board of Directors  
Sapex Group Limited

For further information, please contact:  
Lee Tamplin  
Company Secretary