

NSX RELEASE

3 October 2019

## COMPANY UPDATE

SAPEX Group Limited (NSX: SAA) (“SAPEX” or “Company”) is pleased to provide the following Company Update.

### Selective buyback offer

The Board and management of SAPEX are pleased to announce that, subject to the Selective Buyback Conditions (as set out below) being met, the Company will be facilitating a selective buyback offer to eligible shareholders.

In preparation for a listing on the ASX, the Company has notified the NSX of its intention to delist and is currently in discussions with the NSX to determine the delisting timeline. To assist eligible shareholders that would like to exit ahead of a NSX delisting, the Company will be making a selective buyback offer (subject to shareholder approval and the Selective Buyback Conditions) of 14 cents per share to eligible existing shareholders. The offer represents a 27% premium to the market price as at the close of trade on 2 October 2019.

The delisting and selective buyback will enable the Company to undertake a capital restructure, the ultimate objective of which is to have a simplified balance sheet with significantly reduced debt and no dilutive securities or agreements in place ahead of the proposed ASX listing.

The format of this restructure and the conditions upon which the selective buyback and delisting are subject to, includes:

- the execution of a \$5M loan from FG Agri Pty Ltd to SAPEX;
- the conversion or redemption of all remaining convertible notes on issue;
- the negotiation of an extension of the existing Athos senior debt facility (which currently falls due on 5 October 2019) so that it is settled in full no later than 5 December 2019;
- the retirement of the Athos associated warrants;
- the continuation of the FG Agri guarantee in respect of the Athos senior debt facility; and
- shareholder approval being obtained for the selective buyback and if required, for the NSX delisting,

(together, the **Selective Buyback Conditions**).

The Company will keep shareholders updated on the status of the Selective Buyback Conditions as the timetable progresses.

Documentation in relation to the selective buyback offer will be released to the NSX and sent out to eligible shareholders in due course.

Discussions are in place with certain members of management, the Board, and substantial shareholders to not participate in the selective buyback offer.

Indicative key dates in relation to the selective buyback offer and ASX listing are:

Key event	Date*
Selective buyback offer commences	Tuesday, 8 October 2019
Selective buyback offer closes	Tuesday, 29 October 2019
Shareholder approval, selective buyback offer settlement and delisting from NSX	November 2019
Off-market restructuring	November 2019 to December 2019
Prospectus lodgment with ASX	Wednesday, 11 December 2019
Commence quotation on the ASX (target)	Friday, 31 January 2020

\*All dates and times are indicative only and subject to change at the discretion of the Company.

Retiring a portion of shares on issue will further strengthen SAPEX's capital structure moving into 2020, and result in additional value creation for shareholders.

As announced on 20 August 2019, the pipeline of new and awarded contracts remains strong and will require the purchase of additional mats. The restructuring of the Company will better place the Company to execute on that pipeline and provide for the purchase of those additional mats.

To facilitate the selective buyback offer, the timeline for the proposed listing on the ASX will be pushed out into early 2020 as noted in the above timeline. The Company remains committed to seeking a listing on the ASX and regrets the delay the selective buyback offer will cause. However, SAPEX believes that improving the Company's issued capital structure to be of the utmost importance in facilitating a successful listing. Further, the selective buyback offer will allow an eligible shareholder to exit prior to the proposed ASX listing.

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

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