

NSX RELEASE

9 December 2019

COMPANY UPDATE

On 12 November 2019 SAPEX Group Ltd (NSX: SAA) ("**SAPEX**" or "**Company**") requested a trading halt of its securities pending the possible release of an NSX announcement regarding a potential material transaction. After a favourable, initial review of the proposed transaction, this trading halt was extended into a voluntary suspension on 14 November in order for the Company to formally appoint advisors to complete a thorough analysis of the offer. That due diligence is now well advanced.

As previously announced on 3 October 2019 the Company had been working on satisfying a number of conditions in conjunction with a proposed Selective Buyback and delisting from the NSX. As a result of this announcement, a consortium of investors (the "Consortium") consisting of a core group of current Sapex shareholders and in partnership with two Indonesian companies with activities in construction, logistics and property development – the latter of which is a user of the Durabase Matting System - presented the Company with a proposed takeover bid ("Offer").

The terms of the Consortium's offer are still being negotiated, but it will result in the Consortium holding more than half of the shares on issue in Sapex and will represent a change in nature and scale for the business. Accordingly, if the Board of Directors resolve to proceed with the Consortium's Offer, it will be subject to shareholder approval and a draft notice of meeting, accompanied by an independent expert's report on whether or not the proposed transaction is fair and reasonable to non-associated Sapex shareholders, will be despatched to shareholders for their consideration.

The Offer involves merging the Consortium's Indonesian based Property Development and Construction Company with Sapex, in an all-equity swap. A component of the offer would also see the Consortium refinance and recapitalise Sapex's balance sheet. This includes the refinancing and extension of the Company's existing debt facility which is currently due. If the proposed transaction does not complete, in the absence of an alternative proposal, the Company must negotiate an extension of its debt with its debt financiers to continue operating in its current form.

The Board of Directors is encouraged by the findings of the due diligence process and are now waiting for the completion of the independent analysis before holding a final review. The Board of Directors further acknowledge that accepting the Consortium Offer will have implications for the Company's previously proposed plans including the Selective Buyback, delisting from the NSX and seeking a listing on the ASX.

Upon completion of all due diligence the Board of Directors will provide a further update to shareholders advising of its decision and the next steps required.

Whilst appraisal of the Consortium Offer and its implications remain under consideration the Board of Directors feel it prudent to remain suspended from trading.

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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