

NEWSAT LIMITED
ABN 12 003 237 303

PROSPECTUS

This Prospectus has been issued to facilitate the secondary trading of 5,000,000 Shares. It has also been issued to provide information on the Offer of 100 Shares at an issue price of \$0.43 to raise \$43.

IMPORTANT NOTICE

This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth). This Prospectus does not, itself, contain all the information that is generally required to be set out in a prospectus, but refers to other information in relation to the Company which has been publicly disclosed to the ASX.

This Prospectus and any such publicly available information should be read in their entirety before deciding whether to apply for Offer Shares. If you have any queries about any part of the Prospectus, please contact your professional adviser without delay. The securities offered by this Prospectus should be considered speculative.

IMPORTANT INFORMATION

This Prospectus is dated 17 February 2014 and was lodged with ASIC on that date. Neither ASIC nor ASX, nor any of their officers, take any responsibility for the contents of this Prospectus.

Offer Shares offered under this Prospectus will not be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. An application will be made to ASX within 7 days after the date of this Prospectus for the Quotation of the Offer Shares the subject of this Prospectus.

Transaction Specific Prospectus

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that is generally required to be included in a prospectus. Refer to section 4 for details of the publicly available information.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe the requirements of these laws. Non-observance by such persons may violate securities laws. Any recipient of this Prospectus residing outside Australia should consult their professional advisers on requisite formalities.

This Prospectus has been prepared to comply with the requirements of the securities laws of Australia. No action has been taken to register or qualify the Offer or the Offer Shares, or otherwise permit the public offering of the Offer Shares, in any jurisdiction other than Australia. The Offer is not being extended to any person outside Australia, other than to Eligible Investors.

This Prospectus does not constitute an offer in the United States or in any other place in which, or to any person to whom, it would not be lawful to make such an offer.

The Offer Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the Offer Shares have been registered under the US Securities Act or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. The Offer Shares will be offered outside the United States in accordance with Regulation S of the US Securities Act.

Prospectus Availability

The offer constituted by an electronic version of this Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia. It is not available to persons in other jurisdictions (including the United States). Any person within Australia may obtain a hard copy of this Prospectus by contacting the Company.

Disclaimer of Representations

No person is authorised to give any information, or to make any representation, in connection with the Offer that is not contained in this Prospectus.

Any information or representation that is not in this Prospectus may not be relied on as having been authorised by the Company or its related bodies corporate in connection with the Offer.

Risks

This document is important and it should be read in its entirety along with all information that is deemed to be incorporated. The Offer Shares to be issued pursuant to this Prospectus should be viewed as a speculative investment and investors should refer to the risks affecting the Company set out in section 3. Eligible Investors should consult their stockbroker, solicitor, accountant or other professional adviser if necessary. No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus and any such information may not be relied upon as having been authorised by the Directors.

Defined Words and Expressions

A number of terms and abbreviations used in this Prospectus have defined meanings set out in section 5. All financial amounts are in Australian dollars unless otherwise specified.

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KEY DATES FOR THE OFFERS

| EVENT | DATE |
|---|---------------------------------|
| Prospectus lodged with ASIC and ASX | 17 February 2014 |
| Opening Date of Offer | 17 February 2014 |
| Closing Date of Offer | 5.00pm AEDT on 18 February 2014 |
| Issue and allotment of Offer Shares and application to ASX for Official Quotation of the Offer Shares | 20 February 2014 |
| Despatch of holding statements for Offer Shares | 21 February 2014 |

This timetable is indicative only and is subject to change. The Directors reserve the right to vary the dates, including the closing date without prior notice subject to the Corporations Act and the Listing Rules.

1 DETAILS OF THE OFFER

1.1 Details of the Offer

By this Prospectus, the Company is offering 100 Shares at an issue price of \$0.43 (**Offer Shares**) to Eligible Investors.

1.2 Purpose of the Prospectus

As previously announced, NewSat has successfully finalised US\$611 million of funding commitments to fund its Jabiru-1 Satellite project. In late February and early March 2013 the Company completed a placement of equity and mezzanine funding for US\$135 million and subsequently, in July 2013, it secured definitive credit agreements for US\$399 million of debt financing from Ex-Im Bank and COFACE (**ECA Facilities**).

As announced on 17 February 2014, NewSat has completed or obtained waivers for all the conditions precedent to drawdown under the ECA Facilities and as a result, financial close has been scheduled for 17 February 2014.

The drawdown of the facility will commence with a further progress payment of US\$56.6 million to Lockheed Martin, taking the total of progress payments for the construction of the Jabiru-1 satellite to US\$147.6 million. In addition, a progress payment of US\$34 million will be made to Arianespace for the launch service, and follows the initiation of mission analysis in December 2013 with Arianespace in Newtown, Pennsylvania USA.

Also as announced on 17 February 2014, NewSat issued 5,000,000 Shares at A\$0.43 per Share to a sophisticated investor (**Investor**).

The Investor is an Exempt Offeree who did not require a disclosure document or prospectus to be issued by the Company in respect of the issue of the Placement Shares. As a result, the Placement Shares were issued without disclosure under Part 6D.2 of the Corporations Act. Further, a 'cleansing notice' under section 708A(5)(e) of the Corporations Act will not be lodged with ASX within five days of the issue of the Placement Shares. The Company is unable to lodge a 'cleansing notice' as the Company's Shares have been suspended for more than five days during the last 12 months.

A prospectus is therefore required under the Corporations Act to enable the Investor to on-sell the Placement Shares within 12 months of their issue. Accordingly, this Prospectus is being issued to remove any secondary sale restrictions and facilitate future secondary trading of the Placement Shares in accordance with section 708A(11)(b)(i) of the Corporations Act.

The Company did not issue the Placement Shares with the purpose of the Investor selling or transferring the Placement Shares, or granting, issuing or transferring interests in the Placement Shares within 12 months of the issue but this Prospectus provides the Investor the ability to do so should they so wish.

This Prospectus has also been issued to provide information on the Offer being made under this Prospectus as required by the Corporations Act.

1.3 Offer Period

The Offer will open for receipt of acceptances on 17 February 2014 and will close at 5.00pm AEDT on 18 February 2014 or such other date as the Directors may determine in their absolute discretion.

1.4 Minimum Subscription

There is no minimum subscription under any of the Offer.

1.5 Allotment of the Offer Shares

The Offer Shares are expected to be allotted and issued by 20 February 2014. Until allotment and issue of the Offer Shares under this Prospectus, the Application Monies will be held in trust.

Any interest earned on the Application Monies will be for the benefit of the Company and will be retained by it irrespective of whether allotment and issue of the Offer Shares takes place.

1.6 Rights attaching to the Offer Shares

A summary of the important rights attaching to the Offer Shares is contained in section 4.1 of this Prospectus. All Offer Shares will rank equally in all respects with the existing Shares in the Company. No brokerage or stamp duty is payable on the issue of the Offer Shares under the Offer.

1.7 ASX Listing

The Company will apply to ASX for Quotation of the Offer Shares offered under this Prospectus within seven days after the date of this Prospectus.

If an application for Quotation of the Offer Shares is not made within seven days after the date of this Prospectus, or ASX does not grant permission for official Quotation of the Offer Shares within three months after the date of this Prospectus, the Company will not issue the Offer Shares and will repay all Application Monies for the Offer Shares within the time prescribed under the Corporations Act, without interest.

1.8 Holding Statements and Offer Security Certificates

The Company operates an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers make up the Company's register of Shares. The Company will not issue certificates to investors for Offer Shares. Rather, holding statements (similar to bank statements) will be dispatched to the applicant as soon as practicable after allotment.

A holding statement will be sent either by CHESS or by the Company's Share Registry. The statement will set out the number of Offer Shares allotted under the Prospectus and provide details of a Holder Identification Number (for a CHESS sub-register) or Securityholder Reference Number (for an issuer sponsored sub-register). An updated holding statement will also be sent to Eligible Investors following the month in which the balance of his/her holding of the Offer Shares changes, and also as required by the Listing Rules or the Corporations Act.

1.9 Distribution of Prospectus

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. This Prospectus is not to be distributed or released in the United States. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Securities the subject of this Prospectus or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia.

1.10 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in Securities in the Company.

1.11 Privacy Disclosure

Eligible Investors who apply for the Offer Shares pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collects, holds and uses that personal information to assess applications for Securities to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for Offer Shares will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company or the Share Registry.

1.12 Enquiries

This document is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

If you have any questions relating to the Offer, please contact the Company on +61 3 9674 4644.

2 PURPOSE AND EFFECT OF THE OFFER ON THE COMPANY

2.1 Use of Proceeds

The Company intends to apply the nominal funds raised from the Offer (\$43) to meet the expenses of the Offer. The expenses of the Offer (which are expected to be minimal) in excess of the funds raised under the Offer will be met by the Company's cash reserves.

2.2 Principal Effects

The principal effects on the Company of the Offer are dependent on the success of the Offer. However, assuming the Offer is fully subscribed the principal effects are as follows:

- (a) the Company will issue 100 new Shares;
- (b) the cash reserves of the Company will increase by \$43 less expenses of the Offer; and
- (c) the number of Shares on issue in the Company will increase from 596,460,931 to 596,461,031.

2.3 Effect on Capital Structure

2.3.1 Shares

Figure 2.1

| Event | Number |
|---|--------------------|
| Shares on issue at date of Prospectus ² | 596,460,931 |
| Offer Shares to be issued pursuant to the Offer | 100 |
| Total Shares on issue after completion of the Offer ¹ | 596,461,031 |

Notes:

- ¹ The number of Shares assumes that no Options, Warrants or Performance Rights currently on issue are exercised prior to the Closing Date. This number does not take into account 2,500,000 shares to be issued to Kyrosat under a prior agreement, the issue of which is subject to regulatory approval by the Government of Cyprus.
- ² The number of Shares on issue includes the issue of the 5,000,000 Placement Shares to the Investor on 17 February 2014.

2.3.2 Other Securities

Warrants

Figure 2.2

| Warrants currently on issue | Number |
|---------------------------------|---------------------------------|
| \$0.50 Warrants ¹ | 8,373,571 |
| \$0.40 Warrants ² | 21,500,000 |
| \$0.00001 Warrants ³ | 74,779,412 |
| Total Warrants on issue | 104,652,983 ⁴ |

Notes:

- ¹ vesting May 2011 and expiring May 2016.
- ² vesting August 2013 and expiring May 2016
- ³ Subject to various vesting conditions and potential cancellation based on Share price performance at time of exercise. Refer to section 8.2.8 of the Fundraising Prospectus for further details.
- ⁴ Each warrant is exercisable into one Share.

Options

Figure 2.3

| Options currently on issue | Number |
|---|--------------------------------|
| Zero cost options issued to NewSat employees, Directors and consultants | |
| Vesting August 2014 and expiring September 2016 | 270,000 |
| Management Incentives issued to NewSat employees, Directors and consultants ¹ | |
| Vesting March 2013 and expiring March 2015 | 4,140,000 |
| Vesting May 2013 and expiring May 2015 | 4,940,000 |
| Vesting October 2013 and expiring October 2015 | 1,200,000 |
| Vesting September 2014 and expiring September 2018 | 1,000,000 |
| Management Incentives issued to NewSat Directors ² | |
| Vesting September 2014 and expiring September 2018 | 600,000 |
| 50 cent Options issued to NewSat employees, Directors and consultants ³ | |
| Vesting December 2012 and expiring December 2014 | 500,000 |
| Vesting March 2013 and expiring March 2015 | 2,140,000 |
| Vesting May 2013 and expiring May 2015 | 3,160,000 |
| Vesting August 2013 and expiring August 2015 | 100,000 |
| Vesting October 2013 and expiring October 2015 | 400,000 |
| Vesting September 2014 and expiring September 2018 | 600,000 |
| 100 cent Options issued to NewSat employees, Directors and consultants ⁴ | |
| Vesting December 2012 and expiring December 2014 | 500,000 |
| Total | 19,550,000 ⁵ |

Notes:

- ¹ Vesting condition that Share price is \$1.00 with an exercise price of \$0.00005 per share.
- ² Vesting condition of continuous employment / holding of office
- ³ Vesting condition that Share price is \$0.50 with exercise price of \$0.50 per share.
- ⁴ Vesting condition that Share price is \$1.00 with exercise price of \$1.00 per share.
- ⁵ Each Option is exercisable into one ordinary share in the Company.

Performance rights

Figure 2.4

The Company has the following performance rights on issue:

| Performance rights currently on issue | Number |
|--|-------------------------|
| Performance rights issued to NewSat employees, Directors and consultants with an expiry date of October 2016 | 11,600,000 ¹ |
| Performance rights issued to NewSat employees, Directors and consultants with an expiry date of June 2017 | 10,250,000 ¹ |
| Performance rights issued to NewSat employees, Directors and consultants with an expiry date of March 2018 | 1,200,000 ¹ |
| Performance rights issued to NewSat employees, Directors and | 5,625,000 ² |

| Performance rights currently on issue | Number |
|---|--------------------------------|
| consultants with an expiry date of September 2018 | |
| Performance rights issued to NewSat Directors with an expiry date of January 2021 | 600,000 ³ |
| Total | 29,275,000 ⁴ |

Notes:

- ¹ 50% vesting on financial close of the Jabiru-1 Fundraising and 50% vesting on completion of in-orbit testing for the Jabiru-1 Satellite.
- ² Vesting on various dates and subject to continuous employment vesting condition.
- ³ 100% vesting on completion of in-orbit testing for the Jabiru-1 Satellite
- ⁴ Each Performance Right is exercisable into one ordinary share in the Company for nil consideration, subject to satisfaction of certain vesting conditions..

Convertible Notes

Figure 2.5

| Convertible Notes currently on issue | Value |
|--------------------------------------|----------------|
| Convertible Notes ¹ | US\$30,000,000 |

Notes:

- ¹ Convertible Notes are convertible at 85% of the VWAP over the 20 days prior to conversion (subject to a floor price of \$0.34). Conversion cannot occur until maturity of the Convertible Notes, five years after the issue date, unless the Company defaults under the Convertible Note Deed. Refer to Fundraising Prospectus for further details.

2.4 Effect of the Offer on the Company's balance sheet

The proceeds from the issue of the Offer Shares will be a maximum of \$43, which will not materially impact the Company's current financial position.

Expenses of the Offer are expected to be approximately \$30,225 comprising ASIC fees, legal and accounting costs.

The financial effect of the Offer is minimal; the expenses of the Offer in excess of the \$43 raised under the Offer will be met by the Company's cash reserves, with the result that the Company's cash reserves will decrease by approximately \$30,182.

A pro forma statement of financial position showing financial effect of the Offer has not been included in this Prospectus as the issue of 100 new Shares pursuant to this Prospectus will not have a material impact on the Company's financial position.

3 RISK FACTORS

3.1 Introduction

The Offer Shares offered under this Prospectus should be considered speculative because of the nature of the Company's business.

This section identifies the areas the Directors regard as the major risks associated with an investment in NewSat. Eligible Investors should be aware that an investment in the Company involves risks which may be higher than the risks associated with an investment in other companies. Eligible Investors should read the whole of this Prospectus (including documents deemed to be incorporated into this Prospectus) in order to appreciate fully such matters and the manner in which the Company intends to operate before any decision is made to apply for the Offer Shares.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with NewSat's business.

Whilst some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, some of these risk factors are largely beyond the control of the Company and its Directors because of the nature of the business of the Company. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which the Offer Shares will trade.

The following list represents key risk factors of which the Directors are aware and of which, although not exhaustive, Eligible Investors need to be aware of. This list is a summary of the more material matters to be considered and should be read in conjunction with specific matters referred to in the Company's announcements and reports. However, the summary is not exhaustive and Eligible Investors should examine the contents of this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for any Offer Shares.

3.2 Market Risks

3.2.1 Competitive Market Place

The satellite communications market is extremely competitive. Any weakening of NewSat's competitive position would adversely impact its ability to generate revenue. NewSat faces competition not only from other satellite services providers but also from providers of terrestrial-based networks, such as DSL and cable, which have advantages over satellite-based networks. Terrestrial-based networks are offered by telecommunications carriers, other large companies and governments, many of which have greater financial resources and greater name recognition. Additionally, government agencies are increasingly considering and implementing subsidies for broadband access in underserved areas which would reduce NewSat's target market. Pricing pressures from such competition may adversely impact NewSat's revenues.

3.2.2 Large Contracts

NewSat will rely on key customers for a major portion of its revenue. Whilst contracts are generally long-term, any degradation in the performance of the satellite or any deterioration in the relationship with or a reduction in expenditure by, key clients may lead to a significant loss of revenue for NewSat. In addition, some of the customer contracts involve large financial obligations on the customers relative to the size of their business and they may not have the ability to fulfil their purchase contract obligations. Defaults by any of NewSat's larger customers or by a group of smaller customers who, collectively, represent a significant proportion of NewSat's revenues, could adversely affect NewSat's revenue, operating margins and cash flows.

3.2.3 Customer Demand

Demand for satellite services and the Ka-band spectrum may decline or not increase as predicted. Any slow-down of growth in emerging markets or in the take-up of demand for Ka-band satellite services may adversely impact revenues. NewSat may not be able to retain its existing customers. In addition, general pricing pressures may have an adverse impact on NewSat's revenues.

3.3 Operational Risks

3.3.1 Satellite Operations

Satellites are subject to in-orbit malfunctions, interference or damage caused by solar radiation and debris or micrometeorite collisions. In-orbit satellite failures or degradations in performance could impair the commercial performance of a satellite, which could have a material adverse effect on operations and the ability to generate revenue, and could damage customer and distributor relationships.

3.3.2 Satellite Life

A number of factors could affect the useful life of a satellite such as quality of design and construction and durability of components. Any lessening of the useful life of a satellite as prescribed in its specifications could adversely impact NewSat's ability to generate revenue from the satellite.

3.3.3 Coordination Risks

The coordination of satellite orbital slots and associated frequencies is a complex and sometimes lengthy process requiring the cooperation of the involved satellite operators and their national licensing agencies. Significant delays, or an unfavourable result, in the coordination of the satellite orbital slots and associated frequencies that NewSat plans to use may adversely affect NewSat's operations and/or revenues.

3.3.4 Technology Risks

Changes in technology, content distribution methods and demand could impact NewSat's operations and outlook. For example, implementation of new technologies could reduce the capacity required on a satellite to transmit data and thereby reduce total demand. In addition, while the satellite industry has historically evolved slowly, there is the risk in the future that a satellite may not meet the needs of clients and/or that its design could become obsolete.

3.3.5 Design Risks

The design of the Jabiru-1 Satellite may be inadequate for its intended purposes, or the Jabiru-1 Satellite may not meet the technical or operational requirements of NewSat's target customers, which would have an adverse impact on NewSat's business and financial performance.

3.3.6 Schedule Risks

Delays relating to draw down on debt financing, satellite and launch vehicle construction and deployment, obtaining and maintaining regulatory approvals and licenses, including export controls, and/or the periodic unavailability of reliable launch opportunities may extend the time before significant revenues commence. A delay in the future delivery of a satellite may also impact NewSat's marketing plan for the Jabiru-1 Satellite and/or financial performance.

3.3.7 Launch Risks

Although the Jabiru-1 Satellite launch will be insured, failure, destruction or damage during launch would harm the business by delaying revenues and resulting in the possible loss of customers.

3.3.8 Derivative Orbital Slot and Frequency Usage Rights

NewSat's contractual rights to position the Jabiru-1 satellite at 91.5°E and potential future satellites at 54°E or 89.5°/90°E and make use of associated frequencies at these orbital slots are derivative of licenses and authorisations obtained and maintained by its counterparties. NewSat must rely on such counterparties to enforce, protect and maintain these licenses and authorisations, and their failure to do so may adversely impact NewSat's operations and/or revenues.

3.3.9 Orbital Slot Risks

If NewSat does not occupy certain unused orbital locations by specified deadlines, those orbital locations may become available for use by other satellite operators.

3.4 Business Risks

3.4.1 Business Plan

NewSat may be unsuccessful in implementing its business plan in relation to the existing "reseller" activities and the Jabiru-1 related activities it intends to develop. A failure to attract a sufficient number of customers for either would result in lower revenues than anticipated.

3.4.2 Key Personnel

NewSat is dependent on its senior management team, the majority of whom have spent a number of years on the Jabiru-1 Program. Whilst senior managers are employed on long term contracts with retention incentives, the loss of one or more members of the senior management team could have an adverse impact on the business if NewSat is unable to find appropriate replacements.

3.4.3 Future Satellites

NewSat may not be able to obtain sufficient customer contracts, consent of its debt lenders or the equity investment necessary to fund future satellites.

3.4.4 Reliance on Contractors

NewSat is dependent on outside contractors for the construction and launch of satellites. This could result in increased costs and delays relating to the launch of satellites, including Jabiru-1, which would materially affect NewSat's business.

3.4.5 Strategy Risks

There is a risk that the assumptions upon which NewSat's strategic direction is based are incorrect, that market conditions may change, that the risks generated exceed expected and approved risk appetite, or that the execution of NewSat's strategic initiatives proves ineffective.

3.4.6 IT & Communications Risks

Interruption or failure of information technology and communications systems could impact NewSat's ability to operate its business effectively. Whilst NewSat has undertaken steps to secure its systems, these measures may not be effective in preventing theft, loss, damage or interruption from a number of possible events, including security breaches, inclement weather, environmental events, power losses or computer viruses.

3.4.7 Legal proceedings

NewSat may be involved from time to time in legal proceedings arising from the conduct of its business. The aggregate potential liability in respect thereof cannot be assessed. Any material legal proceedings could have an adverse impact on NewSat's financial performance and position.

3.5 Financial Risks

3.5.1 Tax Risks

NewSat is exposed to risks arising from the manner in which the Australian and international tax regimes applicable to it may be amended, applied, interpreted and enforced. As a result NewSat may become subject to unanticipated tax liabilities that may have a material adverse effect on NewSat's operations.

3.5.2 Foreign Exchange Risks

NewSat is exposed to volatility in the US dollar and the Australian dollar, and fluctuations in the exchange rate of these respective currencies may impact financial performance.

3.5.3 Cost Risks

NewSat may be required to spend in excess of current forecasts for the construction of the Jabiru-1 Satellite, the provision of launch services, the procurement of insurance and other miscellaneous fees and expenses.

3.5.4 Capital Intensity

NewSat's business is capital intensive and requires the Company to make long-term capital expenditure decisions. NewSat may be unable to raise adequate funding on satisfactory terms to support its business plan, which would materially impact its future prospects.

3.5.5 Insurance Risks

The Company intends to purchase satellite launch insurance coverage for Jabiru-1, with a coverage period from launch through one year of operations. However, NewSat's financial condition could be materially and adversely affected if it were to suffer loss that was not covered by launch or in-orbit insurance, for example for lost revenue in the event of total or partial loss of a satellite. In addition, limitations on insurance coverage terms and conditions and availability of sufficient insurance capacity may prevent NewSat from obtaining adequate insurance.

3.5.6 Funding Risks

NewSat's debt funding through the ECA Facilities is subject to satisfaction or waiver of various conditions precedent (summarised in section 7.1.2 of the Fundraising Prospectus) before funds may be drawn.

As announced to ASX on 17 February 2014, the Company has satisfied or obtained waivers for the conditions precedent under the ECA Facilities and that financial close has been scheduled with the US Ex-Im Bank and COFACE for 17 February 2014.

3.5.7 Interest Rate Risk

NewSat, as a borrower of money, may be exposed to adverse movements in interest rates which may impact NewSat's financial position.

3.5.8 Debt Risks

If NewSat's existing and future business is unsuccessful NewSat may be unable to repay or refinance its debt funding arrangements which would lead it to be in default of its banking facilities. This ability is subject in part to factors that are beyond NewSat's control - such as general economic, financial, competitive, regulatory and legislative conditions. There is a risk that NewSat may not be able to make scheduled payments on its debt obligations and may default. Terms of debt obligations may also restrict NewSat's current and future operations and its ability to respond to changes in its business or take certain actions. If there is an event of default under the debt facilities, the lenders could also take enforcement action, accelerate all outstanding debt facilities and take over the Jabiru-1 Satellite.

3.5.9 Dilution Risks

Future issuances of equity or the perception that such sales may occur, may result in a decrease of the market price of NewSat Securities and an increase in NewSat's issued capital may dilute a person's existing holding.

3.6 General Risks

A number of specific risk factors that may impact the future performance of the Company are described below. Shareholders should note that this list is not exhaustive.

3.6.1 Global Political Conditions

As NewSat will generate a large portion of its revenue internationally, geopolitical problems and instability could adversely impact the Company's revenue. NewSat's international operations are subject to a number of risks, including changes in domestic and foreign government regulations and licensing requirements; deterioration of relations between Australia and/or the United States and a particular foreign country or countries; increased tariffs, increased license fees or conditions, taxes and other trade barriers; changes in political and economic stability; and difficulties in obtaining or enforcing judgements in foreign jurisdictions.

3.6.2 Global Economic Conditions

Any major disruption to, or ongoing deterioration in, the economic climate could adversely impact revenues by affecting employment levels, consumer and business confidence, government expenditures and business activity. Current or potential customers, including government customers, may delay or decrease spending which may impact the demand for NewSat's services. In addition, current or potential customers may be unable to pay NewSat for its services if economic conditions deteriorate.

3.6.3 Regulatory Risks

The telecommunications industry is highly regulated. NewSat is subject to both international and domestic regulatory and licensing requirements, and its business is sensitive to regulatory changes in the countries in which it operates. Obtaining and maintaining approvals can involve significant time and expense, and delays in obtaining approvals or changes to laws and regulations may adversely impact NewSat's operations.

4 ADDITIONAL INFORMATION

4.1 Terms and Conditions of Shares

The following is a general description of the more significant rights and liabilities attaching to the Offer Shares. This summary is not exhaustive.

There is only one class of shares in the Company, that class being fully paid ordinary shares (**Shares**). The rights attaching to Shares in the Company are:

- set out in the Constitution, a copy of which is available for inspection at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASX Operating Rules and ASX Settlement Rules and the general law.

Voting

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every fully paid Share held by him or her, and a proportionate vote for every partly paid Share, registered in such Shareholder's name on the Company's share register.

On a poll, every Shareholder shall have one vote for each fully paid Share held and, if at any time there is an issue any Share which has not been fully paid up, that Share shall confer only the proportion of one vote which the sum paid out (excluding any amount credited as paid up) on that Share bears to the total issue price of that Share.

Dividends

Dividends are payable out of the Company's profits and are declared or determined to be payable by the Directors. Dividends declared will be payable on the Shares at a fixed amount per Share.

Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

Meetings and notice

Each Shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules.

Liquidation rights

The Company has only one class of Shares on issue, which all rank equally in the event of liquidation. Once all the liabilities of the Company are satisfied, a liquidator may, with all authority of a special resolution of Shareholders, divide among the Shareholders at the time the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but no Shareholder of the Company can be compelled to accept any Shares or other securities in respect of which there is any liability.

Shareholder liability

As the Shares offered under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three-quarters of the votes of Shareholders voting at the general meeting.

Company tax status

The Company is taxed in Australia as a public company.

4.2 Transaction Specific Prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements.

The information in this Prospectus principally concerns the terms and conditions of the Offer and the information reasonably necessary to make an informed assessment of:

- (a) the effect of the Offer on the Company; and
- (b) the rights and liabilities attaching to the Offer Shares.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company.

4.3 Continuous Reporting and Disclosure Obligations

The Company is listed on ASX and its Shares are quoted on ASX under the code "NWT".

The Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

4.4 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules and which is required to be set out in this Prospectus.

4.5 Information Available To Shareholders

The Company will provide a copy of each of the following documents, free of charge, to anyone who so requests:

- (a) the Fundraising Prospectus;
- (b) the Annual Financial Report for the financial year ended 30 June 2013; and
- (c) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Financial Report and prior to lodgement of this Prospectus.

Figure 4.1

| Date | ASX Announcement |
|-------------|---|
| 11/10/2013 | 2013 NewSat Annual Report to Shareholders |
| 14/10/2013 | Appendix 3B |
| 14/10/2013 | Change in substantial holding |
| 16/10/2013 | NewSat announces \$5 million of new teleport contracts |
| 17/10/2013 | Constitution of NewSat Limited |
| 18/10/2013 | Appendix 3B |
| 25/10/2013 | Notice of Annual General Meeting |
| 29/10/2013 | Appendix 3B |
| 01/11/2013 | Clarification around recent share issue |
| 04/11/2013 | Cleansing Prospectus |
| 06/11/2013 | Final issue of shares to Orbital under Orbital Facility |
| 07/11/2013 | Change of Director's Interest Notice |
| 25/11/2013 | NewSat shares will now trade on the OTCQX |
| 27/11/2013 | Initial Alternative Director's Interest Notice |
| 28/11/2013 | NewSat Limited Annual General Meeting 2013 |
| 28/11/2013 | Results of NewSat Limited Annual General Meeting 2013 |
| 05/12/2013 | NewSat signs \$1.1M contract to support US Government CS2 |
| 09/12/2013 | NewSat update in relation to ASX Listing Rule 7.1A |
| 20/12/2013 | Appendix 3B |
| 30/12/2013 | NewSat receives Malaysian satellite regulator's confirmation |
| 30/12/2013 | Final Director's Interest Notice |
| 31/12/2013 | Resignation of Alternative Director |
| 09/01/2014 | NewSat secures additional US\$26 million on Jabiru-1 |
| 12/02/2014 | Change of Director's Interest Notice x 2 |
| 14/02/2014 | Trading Halt |
| 14/02/2014 | Request for Trading Halt |
| 17/02/2014 | NewSat reaches financial close for Jabiru-1 Satellite project |
| 17/02/2014 | Appendix 3B |

4.6 Market Price of Shares

The lowest and highest recorded closing market sale prices of the Shares quoted on ASX during the three month period immediately prior the date of this Prospectus was \$0.37 and \$0.51 respectively. The closing market sale price of the Shares quoted on ASX on the last day that trading took place in the Shares prior to the date of this Prospectus was \$0.467 and the five trading day VWAP prior to the date of this Prospectus was \$0.4523.

4.7 Litigation

The Directors are not aware of any legal proceedings which have been threatened or actually commenced against the Company.

4.8 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no benefits have been given or agreed to be given to any Director:

- (d) to induce him to become, or to qualify him as, a Director; or
- (e) for services rendered by him in connection with the formation or promotion of the Company or the Offer.

The direct and indirect interests of the Directors in the Securities of the Company as at the date of this Prospectus are as follows:

Figure 4.2

| Director | Shares | Options / Warrants | Performance Rights |
|-------------------|------------|--------------------|--------------------|
| Richard Green | 377,534 | 2,400,000 | 600,000 |
| Charles Ellison | 12,750 | 1,200,000 | 1,200,000 |
| Andrew Plympton | 0 | 800,000 | 600,000 |
| Mark Fishwick | 0 | 800,000 | 600,000 |
| William Abbott | 215,000 | 500,000 | 3,500,000 |
| Adrian Ballintine | 1,051,578 | 3,000,000 | 5,000,000 |
| Ching Chiat Kwong | 64,999,188 | 97,379,412 | 300,000 |
| Brendan Fleiter | 0 | 1,100,000 | 300,000 |

4.9 Consent of Advisers

HWL Ebsworth and BMK Partners:

- (a) do not make, or purport to make, any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by any of those parties, other than as specified in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and takes no responsibility for any part of the Prospectus other than a reference to its name and a statement included in this prospectus with the consent of that party as specified in this section.

HWL Ebsworth has given, and has not withdrawn its consent to being named as Lawyers to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named.

BMK Partners has given, and has not withdrawn its consent to being named as Investigating Accountant in the Corporate Directory of this Prospectus in the form and context in which it is named.

4.10 Interests of Advisers

Other than as set out below or elsewhere in this Prospectus, no promoter or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus holds, or has held within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any promoter or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Pursuant to section 711(3)(b) of the Corporations Act:

- (a) HWL Ebsworth will be paid approximately \$25,000 (exclusive of GST and disbursements) for services in relation to this Prospectus; and
- (b) BMK Partners will be paid approximately \$3,000 (exclusive of GST and disbursements) for services in relation to this Prospectus.

4.11 Estimated Expenses of the Offer

The estimated expenses of the Offer (excluding GST) payable by the Company including, administrative fees, ASIC fees and other costs arising from this Prospectus and the Offer are estimated to be approximately \$30,225. The Company will bear all of these expenses as follows:

Figure 9.4

| Fees/Expenses | |
|---------------------------|-----------------|
| Legal and accounting fees | \$28,000 |
| ASIC lodgment fees | \$2,225 |
| Total | \$30,225 |

4.12 Foreign Selling Restrictions

This Prospectus, and any other material related to the Offer do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. By applying for Offer Shares, each Eligible Investor represents and warrants that there has been no breach of such laws.

The distribution of this Prospectus outside Australia and New Zealand may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. NewSat disclaims all liabilities to such persons. Eligible Investors who are nominees, trustees or custodians are therefore advised to seek independent advice as to how they should proceed. Eligible Investors who are acting on behalf of persons who are not resident in Australia are responsible for ensuring that taking up Offer Shares under the Offer does not breach the selling restrictions set out in this Prospectus or otherwise violate the securities laws in the relevant overseas jurisdictions.

No action has been taken to register or qualify this Prospectus, the Offer Shares or the Offer, or otherwise to permit a public offering of the Offer Shares, in any jurisdiction outside Australia.

4.13 Electronic Prospectus

Pursuant to Class Order 00/44, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus, subject to compliance with certain conditions. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

4.14 Directors' Consent

This Prospectus is dated 17 February 2014 and is issued by NewSat.

The Directors have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisors.

Each of the Directors of NewSat has consented to the lodgement of this Prospectus in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

Signed for and on behalf of NewSat.

A handwritten signature in black ink, appearing to read "Richard Green".

Richard Green
Chairman

17 February 2014

5 DEFINITIONS

AEST means Australian Eastern Standard Time.

Annual Financial Report means the annual financial report for the Group for the period ended 30 June 2013, issued by the Company on 11 October 2013.

Application Monies means the amount of money payable for the Offer Shares applied for by the relevant Eligible Investors under the Offer.

Arianespace means Arianespace S.A.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the securities exchange operated by ASX Limited (as the context requires).

Board means the board of Directors of NewSat.

CHESS means Clearing House Electronic Sub-register System of ASX Settlement Pty Ltd (ACN 008 504 532).

Closing Date means the 5.00pm AEST on 20 February 2014 (unless extended).

COFACE means Compagnie Française d'Assurance pour le Commerce Extérieur.

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Dollars, A\$, \$ and cents are references to Australian currency.

ECA Facilities means the debt facilities totalling US\$399 million in aggregate provided by Ex-Im Bank, COFACE, Standard Chartered Bank and others, as more particularly described in section 7 of the Fundraising Prospectus.

Eligible Investor means such person to whom the Company may make an offer of any of the Offer Shares to under this Prospectus, where such person is a person to whom an offer and issue of Offer Shares may be:

- (a) lawfully made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that an offer to such person is exempt from the disclosure requirements of Part 6D.2 pursuant to sections 708(8) or 708(11) of the Corporations Act; or
- (b) made outside Australia and the United States without registration, lodgement or approval of a formal disclosure document or other filing in accordance with the laws of any foreign jurisdiction (except to the extent to which the Company, in its absolute discretion, is willing to comply with such requirements).

Exempt Offeree means:

- (a) a "sophisticated investor" within the meaning of section 708(8) of the Corporations Act;
- (b) a "professional investor" within the meaning of section 708(11) of the Corporations Act;
- (c) an offeree receiving an offer through a financial services licensee within the meaning of section 708(10) of the Corporations Act; or

(d) an otherwise "exempt" investor within any meaning contained in section 708 of the Corporations Act.

Ex-Im Bank means Export-Import Bank of the United States.

Fundraising Prospectus means the prospectus issued by the Company on 25 February 2013.

GST means goods and service tax levied in Australia pursuant to *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Investor means the sophisticated investor who was issued the Placement Shares.

Jabiru-1 or **Jabiru-1 Satellite** means a satellite with both Ka- and Ku- band capacity to be owned by the NewSat Group.

Listing Rules means the Listing Rules of ASX.

Lockheed Martin means Lockheed Martin Corporation.

NewSat and **Company** means NewSat Limited ACN 003 237 303.

NewSat Group or **Group** means NewSat and its subsidiaries.

Offer means the offer of 100 Offer Shares pursuant to this Prospectus.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Offer Share means a Share issued at \$43 pursuant to this Prospectus.

Official List means the official list of ASX.

Opening Date means 17 February 2014.

Placement Shares means 5,000,000 Shares issued at \$0.43 per Share to the Investor on 17 February 2014.

Prospectus means this prospectus dated 17 February 2014.

Quotation and **Official Quotation** means official Quotation on ASX.

Securities means any equity securities in the Company.

Share means a fully paid ordinary share in the Company.

Share Registry means Computershare Investor Services Pty Ltd.

Shareholder means the holder of a Share as recorded in the register of the Company.

US Securities Act means the *US Securities Act of 1933*, as amended from time to time.

VWAP means volume weighted average price.

CORPORATE DIRECTORY

| | |
|---------------------------------|---|
| Directors | Richard Green (Chairman) Elwood Charles Ellison III (Deputy Chairman) Mark Fishwick (Non-Executive Director) Andrew Plympton (Non-Executive Director) William Abbott (Non-Executive Director) Ching Chiat Kwong (Non-Executive Director) Brendan Fleiter (Non-Executive Director) Adrian Ballintine (Executive Director and CEO) |
| Secretary | Michael Hewins (Company Secretary and CFO) |
| Registered Office | Level 4 6 Riverside Quay Southbank Victoria 3006 AUSTRALIA Telephone: +61 3 9674 4644 Facsimile: +61 3 9674 4655 Website: www.newsat.com Email: investor@newsat.com |
| Lawyers | HWL Ebsworth Lawyers Level 26 530 Collins Street Melbourne Victoria 3000 AUSTRALIA |
| Investigating Accountant | BMK Partners Pty Ltd Level 8 80 Dorcas Street South Melbourne Victoria 3205 AUSTRALIA |