



Global Satellite Solutions

ASX Release
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SHORT TERM LOAN FACILITY AND JABIRU-2 LAUNCHING SEPTEMBER 2014

- **NewSat enters into binding arrangement for US\$10 million short term loan facility**
- **NewSat enters into an agreement for the conversion of US\$30 million mezzanine debt, coupon payment and cancellation of unvested warrants**
- **Jabiru-2 rescheduled for September 2014 launch**

NewSat Limited (ASX: NWT) (OTCQX: NWTLY), Australia's satellite company, provides the following update.

Short term loan for teleport business

NewSat has entered into a binding arrangement for a US\$10 million unsecured short term loan facility with Ever Tycoon Limited (Ever Tycoon), a related party of a director of the Company, Mr Ching Chiat Kwong. The loan will be on commercial terms and provide for the following:

- Ever Tycoon to loan US\$6 million with a right to drawdown a further US\$4 million;
- Ever Tycoon's obligation to advance the loan will be subject to NewSat receiving the written consent of the ECA Lenders for NewSat to advance the funds;
- The loan funds will be used for the teleport business and to cover costs associated with redundancies, supplier costs, investment in acquisition initiatives, retention of existing customers, and redeployment of resources necessary to refocus revenue generation;
- The loan will incur interest at the rate of 11% per annum, accruing daily;
- The loan will be repayable on or before 16 December 2014, unless the Company extends this repayment date by a further period of six months (Extended Term); and
- Subject to shareholder approval, the Company may during the Extended Term convert any outstanding amount into shares at a price equal to the greater of either 85% of the average of the volume weighted average price of the shares for the 20 trading days prior to the date of issue of those shares, or A\$0.34.

The Directors consider that shareholder approval under Section 208 of the Corporations Act will not be required for this loan as the loan is on commercial arm's length terms.

Conversion of mezzanine debt and cancellation of warrants

NewSat has agreed with Ever Tycoon to:

- Amend the conversion price under the US\$30 million convertible note to A\$0.34 per share on the basis that a conversion notice will be provided by Ever Tycoon on or before 16 June 2014;
- Pay a coupon of 20% per annum on the US\$30 million convertible note accruing from 28 February 2014 until conversion, which will be paid in shares at a price of A\$0.34 per share; and
- Pay US\$4 million in consideration of the cancellation of approximately 69.7 million unvested warrants held by Ever Tycoon, which will be paid in shares at a price of A\$0.34 per share.

The proposed conversions and cancellation of warrants will be subject to the following conditions:

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- i. Obtaining any approval required under the *Foreign Acquisitions and Takeovers Act 1975* (Cth);
- ii. NewSat obtaining a report by an independent expert or advisor opining whether the relevant transactions are fair and reasonable;
- iii. NewSat receiving the written consent from the ECA lenders in relation to NewSat entering into the relevant transactions; and
- iv. NewSat obtaining shareholder approval for the conversion of the convertible note and cancellation of the warrants in accordance with the *Corporations Act 2001* (Cth) and ASX Listing Rules.

Under the previous terms of the convertible note, the conversion price was to be determined in accordance with a formula. If for example, the convertible note was converted today in accordance with that formula, the conversion price would be A\$0.34. The parties have agreed that rather than apply the formula to the conversion price, the conversion price will be set at A\$0.34 on the basis that a conversion notice will be provided by Ever Tycoon on or before 16 June 2014.

The parties have agreed that NewSat will also commence payment of a 20% coupon rate on the US\$30 million convertible note from 28 February 2014 (being the date from which warrants held by Ever Tycoon would have otherwise vested). This amount will be paid in shares at a price of A\$0.34 per share. If the condition approvals are obtained by NewSat by 28 August 2014 (being 6 months from the date the coupon commenced accruing), Ever Tycoon will have accrued a coupon of US\$3 million.

The parties have also agreed that in consideration of the cancellation of the warrants, the Company will pay Ever Tycoon an US\$4 million cancellation payment which will be paid in shares at a price of A\$0.34 per share.

Ever Tycoon's/Mr Ching's total relevant interest in NewSat will increase from 12.0% to approximately 26.0% upon:

- i. Conversion of the convertible notes (approximately 93.9 million shares);
- ii. Conversion of the coupon rate (approximately 9.4 million shares); and
- iii. The cancellation payment (approximately 12.5 million shares).

NewSat considers that this transaction will strengthen and simplify the Company's capital structure.

Jabiru-2 rescheduled for September 2014 launch

NewSat has been advised by MEASAT that the launch of the MEASAT-3b satellite, which will host the Jabiru-2 payload, has been rescheduled for September 2014.

MEASAT-3b is one of two satellites to be carried by Arianespace flight VA218, a dual launch from the European Spaceport in French Guiana. MEASAT-3b launch was postponed given the availability of the MEASAT-3b co-passenger.

The MEASAT-3b satellite remains at the European Spaceport, French Guiana and is ready for launch in September 2014. The launch postponement will have no material impact on NewSat as Jabiru-2 is an operating lease and lease payments do not commence until the satellite has entered commercial service.

Jabiru-2 is 216MHz of capacity that will provide coverage across Australia, Timor Leste, Papua New Guinea and the Solomon Islands, and satisfy the demand for communications from enterprise and government sectors.



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About NewSat:

NewSat is Australia's largest pure-play satellite communications company, delivering internet, voice, data and video communications via satellite. With its unique-to-Australia teleport infrastructure, NewSat provides a full range of managed satellite communication services and has established a reputation as the partner of choice for governments, corporations and private enterprises. Today, NewSat has the ability to provide coverage to 75% of the globe; from Australia, Asia, the Middle East, Africa, across the Indian Ocean extending into Europe and across the Pacific Ocean, reaching into the West Coast of the USA.

NewSat's world acclaimed teleports in Perth (Western Australia) and Adelaide (South Australia) were Top 3 Finalists in the World Teleport Association's 2012 and 2010 "Awards for Excellence" and made the 2013, 2012 and 2011 "Top Operator Rankings". Both teleports are accredited to supply services and are recognised as highly secure Global Access Points, supporting certified classified networks to ensure the transmission of vital and sensitive information for government clients.

NewSat will be expanding its satellite capabilities with the Jabiru Satellite Program and the launch and operation of Jabiru-1, Australia's first commercial Ka-band satellite. Jabiru-1, a large next generation satellite, will provide superior coverage over South East Asia, the Middle East and North Africa. To date, Jabiru-1 has secured US\$644 million of pre-launch customer contracts and a US\$454 million forward sales pipeline. Jabiru-2, scheduled for launch in 2014, will deliver enhanced coverage over Australia, Timor Leste and Papua New Guinea. NewSat has rights to eight premium orbital slots and its fleet of next generation geostationary satellites will lead Australia's space quest. For more information, please visit www.newsat.com

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