

Stock Market News Australia

NEWSAT PROGRESSES JABIRU SATELLITE PROJECT WITH \$12M FUNDING

NEWSAT PROGRESSES JABIRU SATELLITE PROJECT WITH OVER \$12 MILLION IN FUNDING

Highlights External validation of progress on Jabiru Satellite Project via significant investment NewSat has secured funding for the Jabiru Satellite Project through three instruments

- o Convertible Note with a 100% conversion premium
- o Share Placement to sophisticated and professional investors
- o Expansion of NAB bank facility

Transaction structured to maximise returns for existing NewSat shareholders Support from existing sophisticated shareholders as well as overseas AsiaPacific investors and institutional holders such as New Zealand Funds Management Funds to be used solely for the purpose of developing further investment in the Jabiru Satellite Project and specifically the Orbital Slots the company acquired the rights to in February 2011

NewSat Limited (NWT OTC NWTLY NewSat or the Company) has today announced the completion of a significant financing transaction, which is intended to give NewSat sufficient funds to progress the Jabiru Satellite Project to “financial close” or final investment decision. The financing is another important step in the realisation of NewSats Jabiru Satellite Project and gives the Company the financial flexibility to progress the project expeditiously. The financing is structured in three separate elements, all designed with the objective of maximising value for NewSats existing shareholders. NewSats objectives were to minimise dilution, introduce significant institutional shareholders to the register and to ensure that the structure preserved flexibility for the future export credit agency financing of the Jabiru Satellite Project. 1.

Convertible Note (\$1 million 100% premium to share price) Well known Singaporeanbased investor Khattar Capital has invested \$1 million in a 5 year unsecured Convertible Note with a conversion price of 1.6 cents per fully paid ordinary share (Share) (an approximate 100% premium to the Share price). The note has a cash coupon of 14% and is convertible into Shares at any time during the term, subject to shareholder approval. The investor has a put right after 3 years. 2.

Share Placement (\$6.5 million 0.7 cents per share) NewSat has completed a Share Placement to sophisticated and professional investors for \$6.2 \$6.5 million at 0.7 cents per Share. This will add significant institutional shareholders to the NewSat share register, including Khattar Capital, New Zealand Funds Management, DAUN Consulting (Singapore) and other sophisticated investors and institutions. The investors also received one warrant for every two placement shares purchased.

The warrants have an exercise price of 1.0 cent and expire five years from the date of issue. 3. **Expanded Bank Facility (\$5 million)** In addition to the Convertible Note and equity issued, the Company will also be able to access up to a total of \$5 million through a secured facility with the National Australia Bank. All funds raised under the Convertible Note issue, placement and bank facility will be used for the sole purpose of further developing and expanding the Jabiru Satellite Project. Adrian Ballantine, Founder and CEO said “This financing is another validation of the significant value creation that the Jabiru Satellite Project will produce for NewSat. We now have some of the most sophisticated investors in the AsiaPacific region supporting NewSat who have recognised that there is a unique opportunity today to make an early investment in an emerging satellite operator. NewSat now has the financial flexibility to progress the project to financial close expeditiously.

This financing follows up our recent hiring of David Ball as CTO (formerly Managing Director of Intelsat Asia Pacific) and our continued progress with customers and suppliers.” Mr Richard Green, NewSats Chairman, said that The financing is another important milestone on NewSat finalising the Jabiru Satellite Project. The financing is structured in such a way as to maximise the value that our shareholders will see from the satellite project. This represents a flexible funding package, due to the mixture of debt and equity, which will suit NewSats needs. Jabiru Satellite Project Update Jabiru1 is NewSats first geostationary communications satellite which will be one of the most highpowered communications satellites ever launched providing highbandwidth satellite capacity to high value customers in the military, defence and government markets as well as other enterprise segments such as resources.

These are customers that NewSat already serves from its secure Teleport facilities, but the vertical integration of owning a satellite will dramatically increase NewSats ability to secure large capacity contracts and significantly increase EBITDA margins. Launching a satellite is a large project that typically takes several years of planning. NewSat is in the final stages of securing the necessary financing to commence building a satellite. In the last 6 months, NewSat has made the following progress on the project

- Acquired rights to 7 premium orbital slots for locating satellites (giving significant scope for expansion over coming years)
- Agreed key commercial terms to sell significant capacity to high value customers on Jabiru1
- Currently, NewSat has nonbinding term sheets for approximately \$70 million per annum of satellite capacity on Jabiru1
- Received detailed submissions from the worlds premium satellite manufacturers
- Substantially progressed funding for Jabiru1
- Announced opportunistic acceleration of Groups satellite program through Jabiru2
- and Commenced preliminary work on satellites

beyond Jabiru1 and Jabiru2. Major upcoming steps in the project are Finalising binding customer agreements for prelaunch capacity contracts sufficient to support the debt financing Selecting a satellite manufacturer (and other vendors) following a competitive procurement process and Obtaining debt commitments from one or more of the export credit agencies (COFACE or ExIm Bank). NewSat Update NewSats core business continues to grow, which supports the "game changing" satellite project. Highlights of 2011 include \$12 million in new contract wins, including the recent \$4.4 million contract to supply satellite communications for the US military in Afghanistan Contract wins across the oil and gas, mining and military markets domestically and internationally Adrian Ballintine was named World Teleport Executive of the Year by the World Teleport Association David Ball joined NewSat as CTO from Intelsat and EBITDA for the half year ended 31 December was \$0.9 million up 260% on the previous year (1st half of 2010 financial year). Financing Details Lazard acted as financial advisor and placement agent on the financing. Bank Facility Bank line of credit with National Australia Bank for \$5 million, interest payable monthly in arrears on principal drawn at 9.3%.

Facility expires in October 2012. Placement \$6.2 \$6.5 million equity placement at 0.7 cents per Share and 1 warrant for every 2 placement Shares issued, each exercisable at 1.0 cent and expiring 5 years after the date of issue. Convertible Note The Convertible Note is a 5 year note with a total value of \$1 million. Convertible at any time during the period at a conversion price of 1.6 cents per Share, being approximately a 100% premium to the current Share price Khattar Holdings Pte Ltd will pay for the Convertible Note by way of an initial payment of \$500,000 within 15 days and then a second payment of \$500,000 within 30 days The Convertible Note will have a repayment date of five years from the date of agreement Khattar Holdings Pte Ltd has a put right (option) at year 3 and every subsequent year and Interest is payable in cash quarterly in arrears at a fixed rate of 14% per annum, on the outstanding principal amount. Interest is payable in cash only. For further information Adrian Ballintine, Chief Executive Officer 61 3 9674 4644 Adam Shapiro, Chief Financial Officer Company Secretary 61 3 9674 4644 John Stewart, Managing Director, Lazard 61 3 9657 8400 About NewSat Limited NewSat Limited (NWT OTC NWTLY) is Australias largest specialist provider of satellite capacity delivering voice, data and video communications via satellite.

With its unique Australia teleport infrastructure in Perth and Adelaide, 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 will be furthering its satellite capabilities with the Jabiru Satellite Program set to launch and operate Jabiru1, Australias first independently owned commercial satellite. Jabiru1, a large hybrid Ku and Ka band next generation satellite, will provide superior coverage over South East Asia, the Middle East and North Africa.

Jabiru2, also scheduled, will deliver enhanced coverage in and around Australia. This fleet of next generation geostationary satellites will lead Australias space quest. For more information please visit www.newsat.com About Lazard Lazard, one of the worlds preeminent financial advisory and asset management firms, operates from 41 cities across 26 countries in North America, Europe, Asia, Australia, Central and South America. With origins dating back to 1848, the firm provides advice on mergers and acquisitions, strategic matters, restructuring and capital structure, capital raising and corporate finance, as well as asset management services to corporations, partnerships, institutions, governments and individuals. For more information on Lazard, please visit www.lazard.com ENDS.

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