



Global Satellite Solutions

ASX Announcement  
8 April 2015

## CORPORATE AND JABIRU-1 UPDATE

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

### **New Chief Financial Officer**

Last week, NewSat announced the agreed termination of the Company's Chief Financial Officer and Company Secretary. Over the last week, NewSat has taken steps to appoint replacement financial personnel. In this respect, NewSat is delighted to announce the appointment of:

- Mr Mark C. Spragg of FTI Consulting, as interim Chief Financial Officer and;
- Mr William Abbott, NewSat Corporate Counsel as interim Company Secretary

Mr Spragg has more than 20 years of financial experience in the Telecom, Media and Technology ("TMT") sector, with particular focus on the mobile wireless and satellite sectors. Mr Spragg has broad experience in accounting, internal controls, financial restructurings and complex capital matters and a deep understanding of the satellite industry, having worked on matters involving LightSquared, TerreStar Networks, SES Americom, Iridium, Kitcomm Satellite Communications Ltd and SkyBridge LP.

Mr Spragg led the successful Globalstar restructuring, transaction involving Compagnie Francaise d'Assurance pour le Commerce Extérieur ("COFACE"), the credit insurer behind the Jabiru-1 project credit facilities with commercial lenders Credit Suisse, Standard Chartered Bank and Societe Generale (collectively, the "COFACE Lender Group").

Mr Spragg began his career as an auditor with KPMG Peat Marwick and was a partner with PricewaterhouseCoopers before joining FTI as Senior Managing Director in FTI's Corporate Finance Practice. As a senior member of the TMT group, Mr Spragg is a Certified Public Accountant, Accredited in Business Valuation by the AICPA, a Certified Valuation Analyst by the National Association of Certified Valuation Analysts and a Certified Restructuring Advisor. Mr Spragg earned his MBA from UCLA and his BA in Business Administration from California State University.

The Company has significantly strengthened its executive management team with the appointment of Mr Spragg. Accordingly, it is better placed to successfully undertake a capital raising and resolve contractual matters with its counterparties.

### **Jabiru-1 financing update**

NewSat had previously announced that it was in discussions with the lenders for the Jabiru-1 satellite project in order to determine the basis on which debt funding can recommence, including securing a formal waiver in respect of historical breaches of the financing facilities.

Extensive and positive discussions towards securing a resolution have been ongoing since the Company's last announcement. A waiver had been thoroughly negotiated with the entire lender group and substantial progress made towards agreement on the terms of the waiver and its execution. Nevertheless, NewSat was orally advised by members of the COFACE Lender Group and its counsel that, despite such forward momentum, COFACE was not in favour of supporting the waiver. NewSat has not received formal written advice from COFACE as to its position. The result of the COFACE position is that the COFACE Lender Group will not presently advance further funds under the COFACE-guaranteed credit facilities unless and until COFACE changes its position. The other lenders have stated that they also will not advance further funds so



## Global Satellite Solutions

long as the COFACE Lender Group does not advance funds, or until a substitute funding source emerges that is acceptable to the other lenders. As of today, the balance remaining to be drawn under the COFACE-guaranteed credit facilities is approximately US\$62 million and under facilities with the other lenders is approximately US\$160 million.

NewSat remains in ongoing dialogue with the entire Jabiru-1 project lender group and is exploring avenues to bridge the current lending gap, including pursuing alternative lending and other capital sources. The discussions with the lender group are ongoing and incomplete, and may not be resolved for some time. However, as discussed below, NewSat is seeking solutions to raise further capital at this time and has engaged a financial advisor to assist in this process.

### **New financial advisor, Peter J Solomon Company**

NewSat has interviewed and considered a range of top tier financial advisers who had sought to assist NewSat with its current situation. NewSat recently appointed Peter J Solomon Company (“**PJSC**”), a U.S.-based investment banking adviser, to assist NewSat with its capital raising activities, resolution of issues with the Jabiru-1 project lenders, pursuit of strategic investments and related matters. PJSC has extensive and deep experience in restructuring and recapitalizations, mergers and acquisitions, and public and private financings in the media, entertainment, communications and technology industries, including negotiating with lender groups consisting of certain export credit agencies. NewSat expects that PJSC will provide independent strategic and financial advice to NewSat, assist NewSat in assessing the range of its available alternatives, structure and execute proposed transactional solutions, and advise NewSat in connection with its multi-party negotiations with the Jabiru-1 project lenders and contract counterparties. With the assistance of PJSC, NewSat intends to review all available strategic alternatives.

### **Capital raising initiatives**

As part of the waiver that NewSat was planning to execute with the lenders, had approval of all parties been secured, NewSat had agreed in principle to the terms of an underwriting of a minimum US\$30 million rights issue. Further, NewSat would be required to raise an additional US\$50-\$70 million during Q3 2015. As a result of the current situation, NewSat’s financial advisor is exploring options to raise such amounts and possibly additional amounts that may be necessary in order for the lending group to resume funding of the Jabiru-1 satellite project. NewSat is reassessing the ideal form of capital raising and investors with the assistance of PJSC. This process may take several weeks. Although efforts are underway to secure needed capital in short order, there is no certainty that any capital raising will be successful.

### **Arrangements with Jabiru-1 satellite manufacturer, Lockheed Martin Corporation (“Lockheed Martin”)**

NewSat has also been in discussions with Lockheed Martin in respect of outstanding matters (including the previous termination notice issued in respect of delayed payments and the extended cure period). At the same time, Lockheed Martin continues construction of the Jabiru-1 satellite.

Notwithstanding the suspension of debt funding, construction progress of the Jabiru-1 satellite remains on track in accordance with the revised construction schedule. The recent Quarterly Management Review held in March 2015 between Lockheed Martin and NewSat confirmed that excellent progress is being made on the integration of the satellite and Lockheed Martin remains on schedule to support an expected launch in the first half of 2016, subject to recommencement of funding by the lenders or additional sources of capital being made available.

In the event the current difficulties are not timely resolved, Lockheed Martin could terminate its satellite manufacturing agreement with NewSat and NewSat’s subsidiary, Jabiru Satellite Limited (“**JSL**”), which termination would result in a loss of the Company’s ability to carry on with the Jabiru-1 project.



Global Satellite Solutions

### **Arianespace**

Given the suspension of funding from the Jabiru-1 project lenders and the lack of other available capital, NewSat has been unable to make interim payments to Arianespace, the company which will launch the Jabiru-1 satellite. As a result, Arianespace has issued a termination notice and suspended activities under its launch services agreement with JSL. This notice gives rise to a 30 day cure period under such agreement. Therefore, unless payments to Arianespace recommence on or before 3 May 2015, Arianespace will have a right to terminate the agreement with JSL. Termination of the agreement would result in the Jabiru-1 satellite project having to contract for an alternative satellite launch source, which could result in increased costs and launch delays, both of which could adversely impact JSL's contractual relationships with other parties. NewSat is in dialogue with Arianespace and remains hopeful Arianespace will work with NewSat through its current difficulties, provided a funding solution can be found in the short term.

### **TrustComm**

As previously announced on 2 March 2015, a lawsuit had been filed against the Company by TrustComm, Inc., which NewSat believes was without foundation. NewSat now confirms the lawsuit has been dismissed, without prejudice, by the Circuit Court of Stafford County, Virginia, United States at TrustComm's request, in favor of mediation to be held in Melbourne, Australia. TrustComm and NewSat are seeking to resolve the matters in dispute by mutual negotiations between the parties. If such negotiations are unsuccessful, it is expected that mediation shall commence in the month of May 2015.

### **Suspension of trading**

NewSat considers the multi-party and interdependent negotiations involving the Jabiru-1 lenders, Lockheed Martin and others and the stage of such negotiations means that its circumstances are exceptional (within the meaning of ASX Guidance Note 16 on trading halts and suspensions). As such, NewSat has sought that it continue to remain in voluntary suspension at this time. NewSat considers the reinstatement of its securities to trading at this time likely to be materially prejudicial to its ability to successfully complete its negotiations with its counterparties.

NewSat considers that it should remain in voluntary suspension until there is clarity on the position of the lenders, Lockheed Martin and Arianespace. That is, until historical breaches are waived or the parties take further action in accordance with their contractual rights. The successful resolution of negotiations with its counterparties is likely to require additional investment and capital. This may take some weeks.

NewSat has agreed that it will provide regular updates to the market during its voluntary suspension.

\*\*\*

### **About NewSat:**

NewSat is Australia's largest pure-play satellite communications company, delivering internet, voice, data and video communications via satellite. With award winning and unique-to-Australia teleport infrastructure, NewSat has a reputation as the partner of choice for enterprise and government customers around the world. Today, NewSat provides secure and reliable connectivity to 75% of the globe.

NewSat proposes to expand its satellite capabilities with the Jabiru Satellite Program. Set to launch Australia's first commercial Ka-band satellite. Jabiru-1 will provide high-powered, flexible capacity over the MENA and Jabiru-2, launched in 2014, will deliver highly targeted coverage across Australasia. For more information, please visit [www.newsat.com](http://www.newsat.com)



Global Satellite Solutions

**For further information:**

**Investors**

Adrian Ballantine, Founder & Chief Executive Officer: +61 3 9674 4644

**Media**

Kathryn Norton, Marketing & Communications Manager: +61 3 9674 4644

Media kit: [www.newsat.com/mediakit](http://www.newsat.com/mediakit)