



Sky and Space Global Ltd

283 Rokeby Road

Subiaco, Western Australia 6008

ABN: 73 117 770 475

Dear Shareholder,

Recapitalisation and proposed ASX relisting of Sky and Space Global Limited

Notice of Shareholder Meeting to approve Deed of Company Arrangement

Sky and Space Global Limited (**SAS**, or **the Company**) is pleased to confirm that the annual general meeting of shareholders will be held on 27 January 2021 at 10:00am WST. The Notice of Meeting is attached.

The Notice of Meeting sets out a number of resolutions that will be put to shareholders to effect the recapitalisation and proposed re-listing of the Company on the Australian Securities Exchange (ASX). It contains information, including an Independent Expert's Report, that you, as a shareholder, should read to assist you when considering the resolutions which will be put to you at the Shareholder Meeting.

The purpose of this letter is to set out a summary of the key points that the Directors believe are relevant when considering the resolutions.

Background

The Company's fully paid ordinary shares (the **Shares**), formerly listed on the ASX, were suspended from trading on the ASX on 8 April 2019. Since that time, SAS has attempted on several occasions to raise capital to effect a recapitalisation of the business and to resume trading. Despite these attempts, administrators were appointed to the Company on 7 April 2020.

Following a competitive bidding process, the administrators recommended that shareholders approve a Deed of Company Arrangement (**DOCA**) with Laika Capital Partners Pty Ltd (**Laika**). Requisite creditor approval for the DOCA was obtained at the second meeting of creditors on 30 June 2020, and the DOCA came into effect on 4 August 2020. Subsequent amendments to the DOCA have been made since that time.

The DOCA includes a number of conditions including the requirement that the Company's main business undertaking does not change, and that no business assets are disposed.

Shareholder approval is required for the transactions set out in the resolutions of the meeting, and approval of the resolutions will reflect shareholder approval of the DOCA. Shareholder approval of the DOCA will allow SAS to continue to operate as a going concern and to seek confirmation from ASX that the Company's securities will be reinstated to trading on ASX.

The Company notes that, as at the date of the Notice of Meeting, ASX has advised the Company that it is not prepared to grant approval for reinstatement at this time and there is a risk that ASX will never grant the Company approval to reinstate its securities to trading. Unless ASX agrees to reinstate the Company's securities to trading on or before 8 April 2021 (or such later date approved by ASX), the Company will de-listed from ASX.

Shareholder Meeting to approve the DOCA

The DOCA is conditional on specific shareholder approvals, including, among other things, the consolidation of existing SAS shares (the **Consolidation**), which will occur on a 2,800:1 basis. Approval is also required to issue post-consolidation shares and options to Laika and other parties.

The proposed re-list price of Shares is A\$0.25. As the last trading price of the Shares prior to suspension was A\$0.028 the net effective consolidation of value in the hands of existing SAS shareholders in the event that the DOCA is approved and the Company is relisted on the ASX is approximately 302:1.

If the resolutions set out in the Notice of Meeting are not passed and the DOCA does not complete, SAS will likely be placed into liquidation with little likelihood of shareholder returns eventuating.

Proposed capital raising includes priority offer to existing Shareholders

If shareholders approve the DOCA at the Shareholder Meeting, SAS intends to undertake a capital raising for an amount of up to A\$4,500,000 via the issue of up to 18,000,000 Shares at an issue price of A\$0.25 per Share (**Subsequent Capital Raise**), subject to ASX approval.

The Subsequent Capital Raise will be undertaken pursuant to a prospectus and will include a priority offer of up to 10,000,000 Shares to current SAS shareholders. Shareholders will be provided with the opportunity to apply for parcels of up to 100,000 Shares each. Applications will be scaled-back and accepted on a pro-rata basis if the priority offer is oversubscribed.

The Subsequent Capital Raise will be partly underwritten up to an amount of A\$2,500,000.

Virgin Orbit becomes a substantial shareholder of SAS

As announced on 28 October 2020, Sky and Space Global UK entered into a Deed of Settlement with Virgin Orbit LLC. The Deed of Settlement included, among other things, the termination of a launch services agreement that had been entered into on 12 December 2016. As part of the Deed of Settlement, SAS agreed to issue Virgin Orbit LLC 11,000,000 Shares and 7,000,000 options. The options carry an exercise price of A\$0.40 and expire after 3 years.

A new launch services agreement and new mutual reseller agreements have been entered into between the parties.

This is a significant achievement for SAS which demonstrates Virgin Orbit's confidence in the SAS Group's business model, and in its management team.

Independent Expert concludes that the DOCA is fair and reasonable to shareholders

The Independent Expert's Report prepared by Moore Australia Corporate Finance (WA) Pty Ltd assesses whether the transactions contemplated by Resolution 3 of the Notice of Meeting are fair and reasonable to the non-associated shareholders of the Company. Moore Australia Corporate Finance (WA) Pty Ltd has concluded that the issue of the securities under Resolution 3 as part of the recapitalisation proposal outlined in the DOCA is fair and reasonable to shareholders.

The recapitalisation and potential relisting cannot occur without shareholder approval of the DOCA. Your vote in favour of the resolutions is important to ensure the future recapitalisation and relisting of SAS otherwise the Company will likely be placed into liquidation with little likelihood of shareholder returns eventuating.

Your Directors unanimously recommend you vote FOR all resolutions for the reasons outlined in the Notice of Meeting and Explanatory Statement.

Yours sincerely

Sky and Space Global Limited

A handwritten signature in blue ink, appearing to read 'X Kris', with a large loop on the left and a horizontal line extending to the right.

Xavier Kris

Executive Chairman

SKY AND SPACE GLOBAL LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

ACN 117 770 475

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00am (WST)
DATE: 27 January 2021
PLACE: 283 Rokeby Road
Subiaco WA 6008

The Administrators have not independently verified any of the information contained in this Notice and the accompanying Explanatory Statement. The Administrators and their employees and agents do not make any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the information contained in this Notice and the accompanying Explanatory Statement. The Administrators make no recommendations as to how Shareholders should vote on the Resolutions. The Directors take full responsibility for the information contained in this Notice and the accompanying Explanatory Statement.

To the extent permissible by law, all such parties and entities expressly disclaim any and all liability for, or based on or relating to, any such information contained in, or errors in or omissions from this Notice and the accompanying Explanatory Statement. Notwithstanding this, the Administrators consent to the Meeting being convened and the issue and dispatch of this Notice and the accompanying Explanatory Statement.

This Notice and the accompanying Explanatory Statement should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval under section 611 item 7 of the Corporations Act (refer to Resolution 3). The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of Resolution 3 to the non-associated Shareholders. The Independent Expert has determined the Security issues the subject of Resolution 3 are fair and reasonable to the non-associated Shareholders.

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on 25 January 2021.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2020."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

A voting prohibition statement applies to this Resolution. Please see below.

3. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of the Essential Resolutions, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) every 2,800 Shares be consolidated into one (1) Share; and*
- (b) every 2,800 Options be consolidated into one (1) Option,*

and, where this Consolidation results in a fraction of a Share or an Option being held, the Company be authorised to round that fraction up to the nearest whole Share or Option (as the case may be)."

4. RESOLUTION 3 – APPROVAL TO ISSUE SECURITIES TO RECIPIENT PARTIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of the Essential Resolutions, for the purposes of Listing Rule 7.1, sections 195(4) and 611 (item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue:

- (a) up to 20,712,000 Shares (on a post-Consolidation basis) to Laika Capital Partners in its capacity as trustee for the Spacedog Unit Trust (or its nominees) and to distribute those Shares to the unitholders in the Unit Trust as detailed in the Explanatory Statement;*

- (b) up to 34,367,000 Shares together with 8,591,750 Options (each on a post-Consolidation basis) to Laika Capital Partners (or its nominees) pursuant to the Initial Capital Raising;
- (c) up to 10,000,000 Shares (on a post-Consolidation basis) to the Recipient Parties pursuant to the Subsequent Capital Raising;
- (d) up to 1,166,667 Shares for conversion of convertible loans (on a post-Consolidation basis) to the Recipient Parties;
- (e) up to 7,880,000 Options (on a post-Consolidation basis) to the Recipient Parties, comprising 2,690,400 Broker Options, 2,690,400 Corporate Options and 2,500,000 Underwriter Options; and
- (f) up to 21,228,731 Shares (on a post-Consolidation basis) which may be issued upon exercise of the Options which are proposed to be issued to the Recipient Parties as set out at (b) and (e) above, the conversion of the Performance Rights which are proposed to be issued to the Recipient Parties under Resolutions 9 to 11 and the exercise of existing Options held by the Recipient Parties,

on the terms and conditions set out in the Explanatory Statement, which, in addition to the Shares already held by the Recipient Parties, will result in the Recipient Parties' voting power increasing from 0.06% to up to 85.31% in the capital of the Company."

Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under section 611 item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders in the Company.

5. RESOLUTION 4 – APPROVAL TO ISSUE SHARES TO ADMINISTRATORS IN LIEU OF FEES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of the Essential Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,000,000 Shares (on a post-Consolidation basis), on the terms and conditions set out in the Explanatory Statement."

6. RESOLUTION 5 – APPROVAL TO ISSUE CREDITOR CONVERTIBLE NOTES AND SHARES UPON CONVERSION OF CREDITOR CONVERTIBLE NOTES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of the Essential Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue to issue Convertible Notes with a face value of US\$877,521 to the Creditors (or their nominees) and for the issue of Shares upon conversion of the Convertible Notes on the terms and conditions set out in the Explanatory Statement."

7. RESOLUTION 6 – APPROVAL TO ISSUE SHARES TO UNRELATED PARTIES ON CONVERSION OF SEED CONVERTIBLE LOANS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of the Essential Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,833,333 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

8. RESOLUTION 7 – APPROVAL TO ISSUE SHARES TO A RELATED PARTY ON CONVERSION OF SEED CONVERTIBLE LOAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of the Essential Resolutions, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 333,333 Shares (on a post-Consolidation basis) to Meir Moalem (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

9. RESOLUTION 8 – APPROVAL TO ISSUE SHARES UNDER THE SUBSEQUENT CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of the Essential Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 18,000,000 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

10. RESOLUTION 9 – APPROVAL TO ISSUE UNDERWRITER OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of the Essential Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 2,500,000 Options (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

11. RESOLUTION 10 – APPROVAL TO ISSUE VIRGIN SETTLEMENT SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of the Essential Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company

to issue up to 11,000,000 Shares and 7,000,000 Options (each on a post-Consolidation basis), on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

12. RESOLUTION 11 – ADOPTION OF EMPLOYEE INCENTIVE PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employee Incentive Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

13. RESOLUTION 12 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – MR XAVIER KRIS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 11, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 1,500,000 Performance Rights (on a post-Consolidation basis) to Mr Xavier Kris (or their nominee) under the Employee Incentive Plan on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

14. RESOLUTION 13 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR - MR STEPHEN GORENSTEIN

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 11, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 1,500,000 Performance Rights (on a post-Consolidation basis) to Mr Stephen Gorenstein (or their nominee) under the Employee Incentive Plan on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

15. RESOLUTION 14 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – MR SILVIO SALOM

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 11, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue

1,750,000 Performance Rights (on a post-Consolidation basis) to Mr Silvio Salom (or their nominee) under the Employee Incentive Plan on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

16. RESOLUTION 15 – ISSUE OF SHARES TO RELATED PARTY - MAYA GLICKMAN-PARIENTE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 167,835 Shares (on a post-Consolidation basis) to Maya Glickman-Pariente (or their nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

17. RESOLUTION 16 – ISSUE OF SHARES TO RELATED PARTY – MEIDAD PARIENTE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 167,835 Shares (on a post-Consolidation basis) to Meidad Pariente (or their nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

18. RESOLUTION 17 – APPROVAL TO ISSUE EMPLOYEE SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 43,890 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

19. RESOLUTION 18 – ELECTION OF DIRECTOR – MR XAVIER KRIS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 11.12 of the Constitution, Listing Rule 14.4 and for all other purposes, Xavier Kris, a Director who was appointed casually on 21 July 2020, retires, and being eligible, is elected as a Director."

20. RESOLUTION 19 – ELECTION OF DIRECTOR – MR STEPHEN GORENSTEIN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 11.12 of the Constitution, Listing Rule 14.4 and for all other purposes, Stephen Gorenstein, a Director who was appointed casually on 21 July 2020, retires, and being eligible, is elected as a Director."

21. RESOLUTION 20 – ELECTION OF DIRECTOR – MR SILVIO SALOM

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 11.12 of the Constitution, Listing Rule 14.4 and for all other purposes, Silvio Salom, a Director who was appointed casually on 21 July 2020, retires, and being eligible, is elected as a Director."

22. RESOLUTION 21 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."

23. RESOLUTION 22 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to **Sky and Space Company Ltd.**"*

24. RESOLUTION 23 – APPROVAL TO ISSUE ADDITIONAL OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 2,400,000 Options (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

Dated: 29 December 2020

By order of the Board

**Xavier Kris
Director**

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the persons named in the table below.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 3 – Approval to issue Shares – Capital Raising	The Recipient Parties or any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).
Resolution 4 - Approval to issue Shares to Administrators in lieu of fees	The Administrators or any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).
Resolution 5 – Approval to issue Creditor Convertible Notes and Shares upon Conversion of Creditor Convertible Notes	Alpha, Telefox and any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or an associate of that person (or those persons).
Resolution 6 – Approval to issue Shares on Conversion of Seed Convertible Loans	The unrelated lenders who have furnished the Company with \$275,000 worth of Seed Convertible Loans or any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).
Resolution 7 – Approval to issue Shares to a Related Party on conversion of Seed Convertible Loan	Meir Moalem (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 8 – Approval to issue Shares under the Subsequent Capital Raising	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).
Resolution 9 – Approval to issue Underwriter Options	CPS Capital (or its nominees) and any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).
Resolution 10 – Approval to issue Virgin Settlement Securities	Virgin Orbit or any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).
Resolution 11 – Adoption of Employee Incentive Plan	A person who is eligible to participate in the employee incentive scheme or an associate of that person or those persons.
Resolution 12 – Issue of Performance Rights to Director – Mr Xavier Kris	Mr Xavier Kris or any other person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question or an associate of that person or those persons.
Resolution 13 – Issue of Performance Rights to Director – Mr Stephen Gorenstein	Mr Stephen Gorenstein or any other person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question or an associate of that person or those persons.
Resolution 14 – Issue of Performance Rights to Director – Mr Silvio Salom	Mr Silvio Salom or any other person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question or an associate of that person or those persons.

Resolution 15 – Issue of Shares to Related Party - Maya Glickman-Pariente	Maya Glickman-Pariente (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 16 – Issue of Shares to Related Party – Meidad Pariente	Meidad Pariente (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 17 – Approval to issue Employee Shares	Itamar Zabari or any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).
Resolution 23 – Approval to issue Additional Options	Premia Private Wealth Pty Ltd (or its nominees), Chieftain Securities Pty Ltd (or its nominees), Antsorm Consulting Pty Ltd (or its nominees) or any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

Voting Prohibition Statement

Resolution 1 – Adoption of Remuneration Report	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <ul style="list-style-type: none"> (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or (b) a Closely Related Party of such a member. <p>However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none"> (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or (b) the voter is the Chair and the appointment of the Chair as proxy: <ul style="list-style-type: none"> (i) does not specify the way the proxy is to vote on this Resolution; and (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
Resolution 3 - Approval to Issue Securities to Recipient Parties	<p>No votes may be cast in favour of this Resolution by:</p> <ul style="list-style-type: none"> (a) the person proposing to make the acquisition and their associates; or (b) the persons (if any) from whom the acquisition is to be made and their associates. <p>Accordingly, the Company will disregard any votes cast on this Resolution by the Recipient Parties and any of their associates.</p>
Resolution 11 – Adoption of Employee Incentive Plan	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>However, the above prohibition does not apply if:</p>
Resolution 15 – Issue of Shares to Related Party - Maya Glickman-Pariente	

<p>Resolution 16 – Issue of Shares to Related Party – Meidad Pariente</p>	<p>(a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>
<p>Resolution 12 – Issue of Performance Rights to Director – Mr Xavier Kris</p>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 12 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 12 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <p>(a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution.</p> <p>Provided the Chair is not a Resolution 12 Excluded Party, the above prohibition does not apply if:</p> <p>(a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>
<p>Resolution 13 – Issue of Performance Rights to Director – Mr Stephen Gorenstein</p>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 13 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 13 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <p>(a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution.</p> <p>Provided the Chair is not a Resolution 13 Excluded Party, the above prohibition does not apply if:</p> <p>(a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>
<p>Resolution 14 – Issue of Performance Rights to Director – Mr Silvio Salom</p>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 14 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 14 Excluded Party.</p>

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 14 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

You may still attend the meeting and vote in person even if you have lodged appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring your Proxy Form with you, you can still attend the meeting but representatives from Computershare Investor Services will need to verify your identity. You can register from 9:30am (WST) on the day of the meeting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6556 2400.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

This Notice provides information about, and seeks Shareholder approval for, amongst other things, the restructure of the Company. Resolutions 2 to 10 (inclusive) in this Notice (**Essential Resolutions**) are interdependent, meaning that Shareholders must pass each of each of the Essential Resolutions for the restructure to be implemented. If Shareholders approve some (but not all) of the Essential Resolutions, the restructure will not be implemented, and this may lead to the Company being placed into liquidation and/or a sale of the Company's assets occurring. In those circumstances, the return to Shareholders would be uncertain and possibly nil. **Resolutions 2 to 10 are therefore important and affect the future of the Company. The Company notes that, if the Essential Resolutions are not passed, the Company will likely be placed into liquidation and it is highly likely, in that scenario, that the Shareholders will not receive any value for their Shares.**

This Meeting has been convened to approve the Resolutions the subject of the DOCA (detailed in Section 2.2 below) in order to ensure that the DOCA can be effectuated and supervision by the Administrators concluded.

As at the date of this Notice, ASX has not confirmed that the Company's securities will be granted reinstatement to the Official List following effectuation of the DOCA and the issue of the securities the subject of this Notice. ASX has advised Company that it is not prepared to grant approval for reinstatement at this time.

There is a risk that ASX will never grant the Company approval to reinstate its securities on the Official List. Unless ASX agrees to reinstate the Company's securities to trading on ASX on or before 8 April 2021 (or such later date approved by ASX), the Company will de-listed from ASX (being two years from which the securities of SAS have been continuously suspended from quotation).

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.skyandspace.co.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

1.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

1.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

1.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2. BACKGROUND TO THE RESOLUTIONS

2.1 Overview

Sky and Space Global Limited (**SAS** or **Company**) is a nano-satellite company which is in the process of establishing a global narrow-band communications platform to meet rapidly growing Internet of Things (**IoT**) and telecommunications connectivity demand. SAS provides global reliable connectivity via nanosatellites at significant cost savings.

The Company's Shares were suspended on 8 April 2019 and have remained in suspension since that time. Over the remainder of 2019 and early 2020, SAS attempted to raise capital to recapitalise the business and resume trading. Despite these attempts, the Board resolved to appoint Mr Richard Albarran, Mr Cameron Shaw and Mr Richard Lawrence of Hall Chadwick (**Administrators**) as joint and several administrators of the Company on 6 April 2020.

Following the placement of the Company into administration, Laika Capital Partners (also referred to as the **Proponent**):

- (a) presented the Administrators with a proposal to restructure and recapitalise the Company through a deed of company arrangement; and

- (b) provided, pursuant to the terms of a convertible loan deed, interim funding of \$250,000 to the Administrators to pursue the recapitalisation and restructure (**Laika Convertible Loan**).

The terms of the Laika Convertible Loan are set out in Schedule 1.

At a second meeting of creditors held on 30 June 2020, creditors resolved in favour of the deed of company arrangement proposed by Laika Capital Partners (**DOCA**), the Company and the Administrators executed the DOCA (and associated documents) and it came into effect on 4 August 2020. A proposed amendment to the DOCA (as summarised below) was sent to creditors on 2 November 2020 and approved by creditors on 17 November 2020.

The purpose of this Notice is to seek the Shareholder approvals required to effectuate the DOCA recapitalise the Company. As at the date of this Notice, ASX has not confirmed that the Company's securities will be granted reinstatement to the Official List following effectuation of the DOCA and the issue of the securities the subject of this Notice. ASX has advised Company that it is not prepared to grant approval for reinstatement at this time.

There is a risk that ASX will never grant the Company approval to reinstate its securities on the Official List. Unless ASX agrees to reinstate the Company's securities to trading on ASX on or before 8 April 2021 (or such later date approved by ASX), the Company will be de-listed from ASX (being two years from which the securities of SAS have been continuously suspended from quotation).

2.2 Summary of the Deed of Company Arrangement

A summary of the DOCA (as amended) is set out below.

2.2.1 Conditions Subsequent – Shareholder Resolutions

The DOCA is conditional on each of the Shareholder approvals set out in Resolutions 1 to 4 (inclusive) in this Notice being obtained, being:

- (a) a 2,800:1 consolidation of the Shares (**Consolidation**); and
- (b) the issue of the following securities:
- (i) that number of Shares to the Proponent (including pursuant to the Laika Convertible Loan) to the extent that, after the Consolidation, the Proponent (and its nominees) will have a relevant interest in up to 99% of the issued capital of the Company (excluding any Shares to be issued to CSS Alpha (BVI) Limited (**Alpha**) and Telefox Ltd (**Telefox**) as noted at Section 2.2.1(b)(iii) below);
 - (ii) the issue of up to 1,000,000 Shares (on a post-Consolidation basis) to the Administrators in part consideration for services (**Administrator Shares**); and
 - (iii) the issue of convertible notes to Alpha and Telefox, creditors of the Company in partial repayment of debt owed by the Company (as described in Section 1.3) (**Creditor Convertible Notes**).

If any of the conditions subsequent (as noted above) are not satisfied by 31 January 2021 (or such later date as extended at the discretion of the Administrators on the application of Laika Capital Partners) the Administrators

must convene a meeting of the Company's creditors for the purpose of varying or terminating the DOCA.

2.2.2 Creditor Fund

Laika Capital Partners' proposal to restructure and recapitalise the Company and its assets, as set out in the DOCA, provides (amongst other things) for:

- (a) the establishment of a creditors' fund, under which the Company's creditors will become beneficiaries of the creditors' trust in exchange for extinguishing their claims against the Company (**Creditor Fund**); and
- (b) Laika Capital Partners securing the payment of \$2,325,300 into the Creditor Fund through a capital raising and issue of Shares by the Company.

Following the establishment of the Creditor Fund and the payment noted at Section (b) above, the DOCA will be effectuated and the Company will be able to exit administration.

2.2.3 Remuneration Entitlement and Administration Costs

The Administrators are entitled to be paid remuneration for acting as administrators, administrators of the DOCA and as trustees of the Creditor Fund (**Remuneration Entitlement**) and be indemnified for debts, liabilities and expenses suffered or incurred by them in the conduct of the administration of the Company of the DOCA or the Creditor Fund (**Administration Costs**).

Subject to the conditions subsequent to the DOCA being satisfied, the Remuneration Entitlement and the Administration Costs will be capped at a total sum of \$1,319,000 (exclusive of GST), in respect of which the Administrators will accept up to \$200,000 worth of Shares (being the **Administrator Shares**) in lieu of cash. Pursuant to the DOCA, as the Administrators are satisfied that the Remuneration Entitlement and/or the Administration Costs will exceed \$900,000, the Administrators are entitled to call for the issue of the Administrator Shares.

If the Company is not re-admitted to the Official List on or before 31 July 2021, the Proponent has agreed to pay the Administrators the sum of \$200,000 for the purchase of the Administrator Shares (which sum must be paid on or before 31 August 2021).

Resolution 4 seeks Shareholder approval for the issue of the Administrator Shares.

2.3 Creditor Agreements

In order to procure payment of the debts owing to Telefox and Alpha (together, the **Creditors**), being US\$1,155,000 and US\$417,617.07, the Company has entered into an agreement with each of Telefox and Alpha (**Creditor Agreements**), whereby:

- (a) the Company will arrange for the payment of a dividend of AUD\$897,700 to Telefox and AUD\$324,600 to Alpha from the Creditor Fund; and
- (b) subject to obtaining Shareholder approval, the Company has agreed to issue the Creditor Convertible Notes, which will be issued on the terms and conditions set out in Section 6.3.

The Creditor Agreements otherwise contain terms such as warranties, notice and general provisions which the Company considers standard for agreements of this nature.

The Administrators have noted that, based on the proofs of debt received from each of Telefox and Alpha, the outstanding amounts owing to these entities have been calculated as AUD\$1,815,818 (for Telefox) and AUD\$625,830 (for Alpha). These figures do not take into account any interest accrued after 6 April 2020 (being the date of the Administrators' appointment). Based on requirements under the DOCA and Corporations Act, only the AUD\$897,700 payment to Telefox and AUD\$324,600 payment to Alpha will be admitted in the DOCA and the creditor's trust.

2.4 Board and Management

(a) Current Board of Directors

On 21 July 2020, the Administrators appointed Mr Xavier Kris, Mr Stephen Gorenstein and Mr Silvio Salom to the Board of SAS and the previous Directors, Meir Moalem, Maya Glickman-Pariente and Yonatan Shrama were removed as directors by the Administrators.

The qualifications of each of the Directors are set out below.

(i) Xavier Kris, Executive Chairman

In his role as Executive Chairman, Mr Kris will take primary control of the Company's operations following effectuation of the DOCA and completion of the recapitalisation process.

Mr Kris has a technology, media and telecommunication focus specialising in business expansion through mergers, acquisitions, integrations, asset monetisation, international deployment and the establishment of strong corporate growth cultures.

An operational CEO with a track record of building businesses in high growth environments, his experience includes being a director, advisor and executive in public, private, venture capital and private equity backed organisations. Mr Kris has led IPOs, RTOs, LBOs, and over 15 acquisitions internationally, having lived and worked in the USA, UK, France, Singapore and Australia.

Mr Kris serves as Chair of Sky and Space Global Limited (ASX:SAS), Director to OliveX Holdings Limited (NSX:OLX) and Cycliq Limited (ASX:CYQ) and was most recently Managing Director of Swift Media Limited (ASX:SW1). In addition, Mr Kris is a Director of PLUS 8, a hospitality management and consulting group, and is the founding partner of Boardroom Capital, a boutique corporate advisory firm.

Mr Kris holds an English Law and French Degree and a Master of Business Administration. Mr Kris has also completed the 'Company Directors Course' conducted by the AICD and has obtained the qualification of GAICD.

Total proposed cash remuneration for the financial year to 30 June 2021: \$248,443. Performance Rights value: \$100,000. Total remuneration package for the financial year to 30 June 2021: \$348,443.

(ii) **Stephen Gorenstein, Non-Executive Director**

Mr Gorenstein has over 20 years' experience in the capital markets including analyst roles at both Goldman Sachs and Merrill Lynch. He was formerly the Regional Head of Asia Pacific Metals and Mining at Bank of America Merrill Lynch. Mr Gorenstein has extensive networks in the Australian capital markets and is active in cross border transactions particularly sourcing high-quality technology companies from Israel looking to establish themselves in Australia. Mr Gorenstein is a director of Jindalee Partners.

Mr Gorenstein is currently a non-executive director of Parazero Limited and White Rock Minerals Limited.

Total proposed cash remuneration for the financial year to 30 June 2021: \$134,652. Performance Rights value: \$100,000. Total remuneration package for the financial year to 30 June 2021: \$234,652.

(iii) **Silvio Salom, Non-Executive Director**

Mr Salom has over 30 years of international senior leadership experience at Board and company operations level spanning some 40 countries across Europe, North America and Asia. Market sector experience includes communications, defence, aerospace, media, environment, aviation, e-commerce, manufacturing and entertainment with a focus on technology and business development.

Silvio holds a Bachelor of Engineering and a Master of Fine Arts and is a Fellow of the Australian Institute of Company Directors.

Total proposed cash remuneration cash remuneration for the financial year to 30 June 2021: \$49,314. Performance Rights value: \$100,000. Total remuneration package for the financial year to 30 June 2021: \$149,314.

(b) **Management**

In addition to the board members set out above, several former directors of the Company as well as existing employees (based overseas) will remain involved in the business. This will not only preserve important corporate knowledge but also technological know-how relevant to the ongoing development of the Company's existing business. These persons include the Company's former Managing Director, Meir Moalem, former director Maya Glickman-Pariente and current Chief Technology Officer, Meidad Pariente.

(i) **Meir Moalem – former Managing Director of SAS**

A jet fighter pilot, Lt. Col (Res.) of the IAF, Mr Moalem has over 20 years of experience in management, R&D and operation of state-of-the-art projects in Space Systems and Unmanned Aerial Systems, among those acting as a deputy sq. commander and leading the MEIDEX experiment on Space Shuttle Columbia (STS-107) as the project manager for Israel's first astronaut flight, Managing Israel's satellite projects (such as Ofeq, Tecsar) and more. Mr Moalem has a B.Sc. in Physics and computer sciences

(with honours) and an M.A. from the Diplomacy and National Security executive program (with honours). Currently he is working on his PhD in national security and space programs in Tel Aviv University, Israel. Mr Moalem also received the Israel National Defence award in 2009.

Mr Moalem will continue to assist the Board with execution of strategy and management of existing SAS relationships.

Proposed remuneration: US\$288,000 per annum (inclusive of any applicable taxes) and short term and long-term incentives to be agreed.

(ii) **Maya Glickman-Pariente – former Non-Executive Director**

Highly experienced and regarded as a global industry leader, Maya Glickman-Pariente is SAS UK's Chief Constellation Officer and will lead the team on satellite mission analysis, mission control software development, and operations management. Ms Glickman-Pariente is MASTER STK certified and was a Senior Satellite Engineer of communications satellite with wide experience in satellite operations. Ms Glickman-Pariente was part of the AMOS-3 development team, LEOP and IOT missions as well as the AMOS-1 end of life mission team. She designed and optimized several large-scale constellations for earth observation and communication use, and was involved in the assembly, integration and testing of "Duchifat1", the first Israeli Nano-satellites.

Ms Glickman-Pariente has a B.Sc. in Aerospace Engineering and M.E in System Engineering, both from the Technion University, Aerospace faculty, and is also a graduate of the 2004 ISU summer session program in Adelaide, Australia.

Proposed remuneration: Monthly fee of US\$10,416 per month and short term and long-term incentives to be agreed.

(iii) **Meidad Pariente –Chief Technology Officer**

With more than 20 years of hands-on experience in the space industry, Meidad Pariente is the founder of SAS UK. Mr Pariente started as AMOS-1 satellite operator, and later was the Deputy Mission Manager of AMOS-2. Mr Pariente was Chief Systems Engineer of AMOS-3 which successfully launched in 2008 and was Special Engineering Advisor for AMOS-5 which launched in 2011.

Mr Pariente led a team of Israeli engineers and scientists designing the VENUS project, a joint Israeli-French hyper spectral satellite. As the Chief Systems Engineer, Mr Pariente is a leading nano-satellite expert and has "hands on" experience, industry know-how and connections across Europe and the USA.

Mr Pariente and his wife, Maya Glickman-Pariente, lead the "Duchifat-1" project, the first Israeli nano-satellite which was launched successfully in June 2014 and is still active. Mr Pariente is also a special advisor for space insurance underwriters and brokers, performing risk assessments and failure analysis.

Mr Pariente holds a Master of Engineering degree in Systems Engineering from The Technion, and a Bachelor of Science degree in Physics from Tel Aviv University.

It is intended that Mr Pariente will move to the role of Chief Innovation Officer.

Proposed remuneration: Monthly fee of US\$17,916,66 per month and short term and long-term incentives to be agreed

2.5 Further details on Resolution 3

Spacedog Unit Trust

The Proponent has entered into the DOCA as trustee of a unit trust called "The Spacedog Unit Trust" (the **Unit Trust**).

Units in the Unit Trust have been issued to various third parties in consideration for the provision of services and funding to the Unit Trust, which have ultimately been used for, or facilitated:

- (a) the proposal contemplated by the DOCA and its implementation; and
- (b) funding for the Company to ensure it, and its subsidiaries, have been able to continue operating during the administration period.

Schedule 2 details the parties that hold units in the Unit Trust and their contribution (in cash or in kind) for their units, together the price paid (or deemed to be paid) for their units.

Soon after the issue of Shares to the Unit Trust under Resolution 3, Laika Capital Partners intends to distribute those Shares to the unitholders.

It is noted that, as Laika Capital Partners and the Company have common directors in Mr Xavier Kris and Mr Stephen Gorenstein, ASX has noted that the Company will need to consider, prior to the issue of any security to Laika Capital Partners – Listing Rule 10.1 – and prior to the issue of any securities Laika Capital Partners, Listing Rule 10.11.

Initial Capital Raising

Separately from the Unit Trust and the funding outlined above, the Proponent has also agreed to procure funding for the Company, by way of an equity capital raising, to raise up to \$6,873,400 at an issue price of \$0.20 per Share (**Initial Capital Raising**). Participants in the Initial Capital Raising will also be issued one Option for every four Shares subscribed for and issued (**Initial Capital Raising Options**). The Initial Capital Raising Options will be exercisable at \$0.31 each on before the date that is three years from the date the Company is re-admitted to the Official List.

The Initial Capital Raising is the subject of paragraph (b) of Resolution 3. Laika Capital Partners will either subscribe for the Shares, the subject of the Initial Capital Raising, or otherwise nominate the parties that will subscribe for the Shares and Options under the Initial Capital Raising.

Of the funds raised under the Initial Capital Raising, \$2,325,300 will be paid into the Creditor Fund. The balance of these funds will be used towards costs of the DOCA effectuation costs, key technology development, sales and marketing and general working capital (as set out in Section 2.7 below). The Initial Capital Raising

is critical to the Company establishing a strong balance sheet in order to continue its dealings with international entities and to ensure the business continues operating as a going concern.

The Proponent has the right to nominate the participants in the Initial Capital Raising, all of whom will be sophisticated investors introduced by the Proponent.

CPS Mandate – Initial Capital Raising

The Proponent has entered into an agreement with CPS Capital Group Pty Ltd (ACN 088 055 636) (**CPS Capital**), whereby the Proponent engaged CPS Capital as the lead manager of the Initial Capital Raising (**Initial CPS Mandate**). A summary of the material terms of the Initial CPS Mandate are set out below:

<p>Initial Capital Raising</p>	<p>CPS will receive:</p> <ul style="list-style-type: none"> (a) a management fee, of 2%, plus GST in respect of funds raised by CPS Capital, for managing the Initial Capital Raising (being a fee of \$53,808); (b) a placement fee, of 4%, plus GST in respect of funds raised by CPS Capital, for funds raised by CPS Capital under the Initial Capital Raising (being a fee of \$107,616); (c) a 1% fee on the funds raised by Laika under the Initial Capital Raising (being a fee of \$41,830). <p>Subject to DOCA effectuation, Laika has agreed to use its best commercial endeavours to ensure that CPS Capital (or its nominee) shall receive, subject to Shareholder approval:</p> <ul style="list-style-type: none"> (a) one Option per \$1 raised by CPS Capital under the Initial Capital Raising on the terms set out in Schedule 3 (Corporate Options); and (b) one Option per \$1 raised by CPS Capital under the Initial Capital Raising (being 2,690,400 Options) on the terms set out in Schedule 3 (Broker Options). The Broker options will be made available to the brokers that raise money under the Initial Capital Raising. <p>The Corporate Options and the Broker Options are to be listed subject to ASX requirements/ approvals.</p> <p>Shareholder approval for the issue of the Broker Options and the Corporate Options is sought under Resolution 3.</p>
<p>Corporate Advisory Fee</p>	<p>Subject to DOCA effectuation and relisting of SAS, Laika will use best commercial endeavours to ensure that CPS Capital will receive a monthly corporate advisory fee of \$7,000 from the date of re-quototation of the Company's securities for continuing capital markets support.</p>

Subsequent Capital Raising

Following completion of the DOCA, the Company intends to undertake a capital raising to raise up to \$4,500,000 at an issue price of \$0.25 per Share under a prospectus (**Subsequent Capital Raising**)

The Subsequent Capital Raising will be undertaken pursuant to a prospectus and will include a priority offer of up to 10,000,000 Shares to current SAS shareholders. Shareholders will be provided with the opportunity to apply for parcels of up to 100,000 Shares each, with applications to be scaled back pro-rata if the priority offer is oversubscribed.

Resolution 6 seeks Shareholder approval for the issue of Shares under the Subsequent Capital Raising.

CPS Mandate – Subsequent Capital Raising

The Company entered into an agreement with CPS Capital, whereby the Company engaged CPS Capital as the lead manager of the Subsequent Capital Raising (**Subsequent CPS Mandate**). A summary of the material terms of the Subsequent CPS Mandate are set out below:

Subsequent Capital Raising	Following effectuation of the DOCA, CPS Capital has agreed to assist SAS on a best endeavour's basis, to raise between \$2,500,000 and \$4,500,000 at \$0.25 per Share under the Subsequent Capital Raising, to satisfy SAS's working capital requirements in order to relist on the ASX.
Underwriting	CPS Capital has agreed that it will underwrite a minimum of \$2,500,000 of the Subsequent Capital Raising.
Fees	<p>The Company has agreed to pay CPS Capital:</p> <ul style="list-style-type: none">(a) a management fee, of 2%, plus GST, for Managing the portion of the Subsequent Capital Raising not underwritten;(b) a placement fee, of 4%, plus GST, for funds raised via the portion of the Subsequent Capital Raising not underwritten; and(c) an underwriting fee, of 6%, plus GST, for underwriting the portion of the Subsequent Capital Raising underwritten. <p>CPS Capital (or its nominees) shall receive, subject to Shareholder approval, 1 Option per \$1 underwritten in the Subsequent Capital Raising up to a maximum of 2.5 million options with an exercise price of \$0.40 and a three-year expiry from the date of relisting (Underwriter Options). The Underwriter Options are to be listed subject to ASX requirements/approvals.</p> <p>Shareholder approval for the issue of the Underwriter Options and the Underwriter Options is sought under Resolution 3 and Resolution 9 (to the extent that the Underwriter Options are issued to associated parties).</p>

Other Share Issues

\$500,000 in convertible loans have been extended to the Company, also for the purposes of providing the Company with required working capital (**Seed Convertible Loans**). 3,333,333 Shares will be issued upon conversion of the Seed Convertible Loans (i.e. at \$0.15 each) (**Seed Convertible Loan Shares**). Shareholder approval for the issue of 1,166,667 Seed Convertible Loan Shares is sought under Resolution 3. Shareholder approval for the issue of the remaining 2,166,666 Seed Convertible Loan Shares is sought under Resolution 6 and 7.

2.6 Capital Structure

The capital structure of the Company assuming that each of the Resolutions in this Notice is approved and the relevant securities are issued will be as follows:

Security	Shares	Percentage %	Options	Convertible Notes	Performance Rights
Currently on issue	2,502,478,657	-	410,927,596 ¹	-	-
Post Consolidation (2,800:1)	893,742	0.10	146,760²	-	-
Shares issued to Unit Trust	20,712,000	23.10	-	-	-
Shares upon conversion of Seed Convertible Loans	3,333,333	3.72	-	-	-
Initial Capital Raising ⁴	34,367,000	38.32	8,591,750	-	-
Broker and Corporate Options	-	-	5,380,800	-	-
Underwriting Options	-	-	2,500,000	-	-
Administrator Shares	1,000,000	1.12	-	-	-
Creditor Convertible Notes ³	-	-	-	1,222,387	-
Subsequent Capital Raising ⁵	18,000,000	20.82	-	-	-
Virgin Settlement Securities	11,000,000	12.27	7,000,000	-	-
Director Performance Rights	-	-	-	-	4,750,000
Director Shares	335,670	0.5	-	-	-
Employee Shares	43,890	0.05	-	-	-
Additional Options	-	-	2,400,000	-	-
Total	89,685,635	100	26,019,310	1,222,387	4,750,000

Notes:

1. Comprising 329,075,133 Quoted Options (ASX: SASOC) exercisable at \$0.05 each on or before 21 May 2022 and 81,852,463 Quoted Options (ASX:SASOD) exercisable at \$0.015 each on or before 31 May 2021.
2. Comprising 117,527 Quoted Options (ASX: SASOC) exercisable at \$140 each on or before 21 May 2022 and 429,233 Quoted Options (ASX:SASOD) exercisable at \$42 each on or before 31 May 2021.

3. Combined total of Creditor Convertible Notes to Alpha and Telefox – assumes USD:AUD exchange rate of USD:AUD exchange rate of 1.39 (as at 17 August 2020).
4. Assumes the issue of 34,367,000 post-Consolidation Shares as part of a capital raising of up to \$6,873,400 through the issue of Shares at \$0.20 per Share.
5. Assumes the issue of 18,000,000 post-Consolidation Shares as part of a capital raising of up to \$4,500,000 through the issue of Shares at \$0.25 per Share. If only the underwritten portion of the Subsequent Capital Raising is raised, 10,000,000 Shares will be issued at \$0.25 per Share. Meaning that total Shares on issue will be 81,685,635.

2.7 Use of Funds

An indicative expenditure budget for funds raised under the Initial Capital Raising and the Subsequent Capital Raising is set out below:

Item	Minimum Raise	Initial Capital Raising and Underwritten Amount	Maximum Raise
Costs of the DOCA effectuation	\$250,000	\$250,000	\$250,000
Payment to Creditor Fund	\$2,325,300	\$2,325,300	\$2,325,300
Key Technology Development	\$1,000,000	\$2,000,000	\$3,000,000
Sales and Marketing	\$2,000,000	\$2,500,000	\$2,500,000
General working capital	\$1,298,100	\$2,298,100	\$3,298,100
TOTAL	\$6,873,400	\$9,373,400	\$11,373,400

Subsequent Capital Raising Use of Funds

Funds available	Minimum Subscription	Percentage of Funds	Full Subscription	Percentage of Funds
Existing cash reserves	\$3,711,537	60%	\$3,711,537	45%
Funds raised from the Subsequent Capital Raising	\$2,500,000	40%	\$4,500,000	55%
TOTAL	\$6,211,537	100%	\$8,211,537	100%
Allocation of Funds				
Software and Development	\$1,232,033	20%	\$1,642,711	20%
Expenses of the Subsequent Capital Raising	\$150,000	2%	\$270,000	3%
Ground & Space Costs	\$1,400,734	23%	\$1,400,734	17%
Administration Costs	\$2,089,045	34%	\$3,525,954	43%
Working capital	\$1,339,725	22%	\$1,372,138	17%

TOTAL	\$6,211,537	100%	8,211,537	100%
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The expenditure budget is indicative only for planning purposes and may change following a review and assessment of the SAS business by the recently appointed Directors. As with any business, the exact application of these funds is likely to develop and evolve over time.

In practical terms, it is proposed that the budgeted expenditure outlined above will be aimed towards the review and optimisation of the Company's current nanosatellite, narrow-band communications platform and a subsequent rollout and expansion in a more capital efficient manner.

2.8 Financial Information

The Independent Expert's Report that is included as Annexure "A" to this Notice includes financial information on the Company and its subsidiaries that will be relevant to the way in which Shareholders may vote on the Resolutions. The Directors urge Shareholders to read the Independent Expert's Report carefully.

2.9 Operations and Achievements to Date

Since listing on ASX in 2016, SAS has implemented a plan to address a significant IoT market via low cost nanosatellites. To this end, the Company has:

- (a) proven out required critical technologies of its satellites and related offerings;
- (b) brought its orbital filings into use;
- (c) delineated its operational projects into distinct phases (3 Diamonds, Black Diamonds and Pearls) with the first phase (3 Diamonds) already operational and capable of generating revenue;
- (d) completed a significant portion of the software development required for operations; and
- (e) built a pipeline of memoranda of understanding and contracts, though it has not commenced manufacture of the latter phases of its operational projects.

These achievements have positioned SAS as the first company to build and operate a nanosatellite based commercial telecommunications network, making its technology infrastructure highly sought after and providing excellent opportunities for future revenue growth.

With the items set out above forming the building blocks for future revenue generation and partnerships, the plans for SAS post-recapitalisation will be to focus on leveraging existing assets, infrastructure, agreements, and knowledge capital to generate returns for existing and new Shareholders.

2.10 Business Plan

Under the terms of the DOCA, the Company's main business undertaking (as outlined above) will be retained. The proposal by Laika Capital Partners will allow SAS to continue to operate as a going concern and seek reinstatement to trading on ASX.

The immediate future of SAS involves the recapitalisation and the Company's subsequent re-listing on the ASX. The restructured Company will have a very low

enterprise value in comparison to similar listed companies, making the Company a potentially attractive investment opportunity for new and existing Shareholders.

The Company's business operations going forward can be grouped into the following categories:

- (a) Professional Services: Software;
- (b) Professional Services: Infrastructure; and
- (c) Satellites Communication Services.

SAS will work to generate short, medium and long-term revenue opportunities to generate free cash flow. These operations will enable the Company to pursue a scalable, cost-effective business-to-business methodology in its future market activities.

The Company's new go-to-market plans have, to date, been welcomed by international space organisations seeking to leverage the Company's know-how to fast-track other new-space missions.

Professional Services: Software

In order to generate revenue in the short-term, the Company has commenced a campaign to engage with other organisations in the new-space industry in order to provide its technology as a service to third parties in order to fast-track their operational and commercial objectives.

These technologies to be providing under licence to third parties include:

- (a) the SAS proprietary communication protocol with embedded encryption and cyber security features;
- (b) state-of-the-art compression algorithms providing significant and material improvement on other comparable solutions; and
- (c) the Company's unique micro-gateway technology allowing terminals to be converted into gateways through correct credentials and encryption keys.

The above components combined with other proprietary infrastructure have enabled the Company to develop space tested and proven capabilities for:

- (a) data storage and forwarding between continents;
- (b) real-time instant messaging (including voice and image attachments);
- (c) real-time voice calls;
- (d) financial transactions;
- (e) IoT data transfer from sensors to customer servers; and
- (f) worldwide S-band Spectrum monitoring and interference analysis.

The Company plans to enter into agreements with prospective partners for the development, licencing, testing, and associated third-party consulting associated with the above technologies.

This strategy is expected to generate revenue and establish and develop key business-to-business relationships and distribution channels for future revenue opportunities.

Professional Services: Infrastructure

The Company's infrastructure services will focus on leveraging the Company's existing satellite constellation, communication protocols, compression algorithms and micro-gateway technology and inviting third parties to test their respective applications and products using the Company's existing infrastructure.

This is planned to be achieved through:

- (a) making the existing constellation and software suite available to third parties for testing and simulation purposes; and
- (b) providing the software platform as a service on a per transaction basis to third party nanosatellite operators.

This approach will deliver benefits to the Company such as:

- (a) enabling the Company to monetise a pent-up demand from third parties to test their technologies prior to launching their own satellites;
- (b) allowing third parties to accelerate the deployment of their services through a space-proven infrastructure; and
- (c) acting as a test platform for prospective partners to assess the potential to engage the Company in the future.

Satellite Communication Services

The Company will continue with its plans to launch commercial nanosatellites to create a flagship constellation of nanosatellites with space proven capabilities and infrastructure (**Direct Launch**). Currently, the Company plans to launch an additional 5 (for a total of 8) satellites whose costs has been allocated in the above use of funds in Q3 2022 and the Company expects them to generate revenues within that quarter.

Whilst, initially, being more capital intensive than the Software and Infrastructure Services (as described above), the Direct Launch operations will aid SAS in facilitating its indirect launch programs which will involve the deployment of a regional service provision model with (i) third party telco and (ii) other satellite operators assisting the Group in fast tracking its constellation deployment.

The new nanosatellite constellation will seek to include further technological breakthroughs including the development of a multi-channel modem application which will enable greater terminal capture at each pass by increasing the number of channels; thereby increasing satellite utilisation rates.

Bankruptcy Proceedings

The Company notes that its Polish controlled entity, Sky and Space (Poland) Software Ltd (**SAS Poland**), is currently the subject of bankruptcy proceedings. The Company notes that the SAS Poland was originally incorporated to employ software engineers based in Poland. All the software and intellectual property developed by these engineers is owned by the Company's subsidiary that is incorporated in the United Kingdom (Sky and Space Global (UK) Limited). The bankruptcy proceedings involving SAS Poland are therefore not anticipated to

have any impact on the business and operations of the Company moving forward.

2.11 Effect of the DOCA

For the purposes of this Explanatory Statement, the following information is provided for consideration by the existing Shareholders.

The Company's Shares were last able to be traded on ASX prior to the suspension on 4 April 2019. Prior ASX share trading prices for the Company are not considered a reliable basis to assess the new Shares.

Some of the advantages of passing the Resolutions set out in this Notice include:

- (a) a substantial reduction in the debt position of the Company through the discharge of all debts incurred prior to 6 April 2020 owed to the Company's creditors delivering a better return to creditors than would have been achieved on liquidation;
- (b) the Company will achieve effectuation of the DOCA and retirement of the Administrators;
- (c) the Company will have a re-constituted balanced sheet and sufficient working capital to continue operations;
- (d) completion of the DOCA and the Recapitalisation Proposal will assist the Company to achieve a level of financial condition, proportion of assets in cash, level of spread and appropriate structure and operations that will potentially allow it to comply with Listing Rules 12.1 to 12.5 and seek reinstatement of its Shares to trading on the ASX; and
- (e) some value will be retained for existing Shareholders.

The principal disadvantage to Shareholders is that their existing Shareholdings will be diluted following the Consolidation on a one (1) for 2,800 basis, the issue of the Administrator Shares and the issue of Shares on conversion of the Laika Convertible Loan and the Creditor Convertible Notes. **However, this must be balanced with the fact that their existing Shareholdings currently have, according to the Independent Expert's Report, nil value and the fact that, should the DOCA not complete, the Company could be placed into liquidation.**

While the Consolidation is set at 2,800:1, the Company notes that the proposed re-listing price of Shares of \$0.25, being 9.25 times higher than the last trading price prior to suspension, provides for an effective consolidation of value on the existing Shareholders of approximately 302 times.

2.12 Forward looking statements

The forward-looking statements in this Explanatory Statement are based on the Company's current expectations about future events. However, they are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company, its Directors and the Administrators, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Explanatory Statement. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

3. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

3.1 Background

Resolution 2 seeks Shareholder approval to consolidate the Company's issued Shares and Options on the basis that:

- (a) every 2,800 Shares be consolidated into one (1) Share (subject to rounding); and
- (b) every 2,800 Options be consolidated into one (1) Option (subject to rounding).

Resolution 2 is an Essential Resolution. As such, if Resolution 2 is not passed, the restructure will not be implemented and this may lead to the Company being placed into liquidation and/or a sale of the Company's assets occurring. In those circumstances, the return to Shareholders would be uncertain and possibly nil.

3.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

3.3 Fractional entitlements

Not all security holders will hold that number of Shares or Options (as the case may be) which can be evenly divided by 2,800. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

3.4 Taxation

It is not considered that any taxation implications will exist for security holders arising from the Consolidation. However, security holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor its advisers, accept any responsibility for the individual taxation implications arising from the Consolidation.

3.5 Holding statements

From the date two Business Days after the Effective Date (as set out in the timetable below), all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each security holder to check the number of Securities held prior to disposal or exercise (as the case may be).

3.6 Effect on capital structure

The effect which the Consolidation will have on the Company's capital structure is set out in Section 2.6.

3.7 Indicative timetable

If Resolution 2 is passed, the Consolidation will take effect in accordance with the following timetable:

Action	Date
Company announces Consolidation.	29 December 2020
Company sends out notices for Shareholder meeting.	29 December 2020
Shareholders pass Resolution 2 to approve the Consolidation.	27 January 2021
Company announces effective date of Consolidation.	27 January 2021
Effective Date of Consolidation	27 January 2021
Last day for pre-Consolidation trading.	28 January 2021
Post-Consolidation trading starts on a deferred settlement basis.	29 January 2021
Record Date.	
Last day for the Company to register transfers on a pre-Consolidation basis.	3 February 2021
First day for the Company to update its register and send holding statements to security holders reflecting the change in the number of securities they hold.	4 February 2021
Last day for the Company to update its register and to send holding statements to security holders reflecting the change in the number of securities they hold and to notify ASX that this has occurred.	9 February 2021

4. RESOLUTION 3 – ISSUE OF SECURITIES TO RECIPIENT PARTIES

4.1 General

Resolution 3 seeks Shareholder approval for the purposes of Listing Rule 7.1 and sections 195(4) and 611 (item 7) of the Corporations Act to allow the Company to issue a total of up to 66,246,173 Shares (**New Shares**) to, or at the direction of, the Recipient Parties.

Resolution 3 also seeks Shareholder approval for:

- (a) the issue of:
 - (i) up to 8,591,750 Options to participants in the Initial Capital Raising on the terms outlined in Schedule 3 (**Initial Capital Raising Options**), being one Option for every four Shares subscribed for and issued;
 - (ii) up to 5,380,800 Broker and Corporate Options on the terms outlined in Schedule 3 to, or at the direction of, the Recipient Parties; and
 - (iii) up to 2,500,000 Underwriter Options on the terms outlined in Schedule 3 to, or at the direction of CPS Capital, being a Recipient Party,

- (together, the **New Options**), and
- (b) the future issue of up to 21,228,731 Shares on conversion of convertible securities (**Conversion Shares**), comprising:
- (i) up to 16,472,550 Shares on exercise of the New Options;
 - (ii) up to 4,750,000 Shares on exercise of the Performance Rights which are proposed to be issued to Directors under Resolutions 12, 13 and 14; and
 - (iii) up to 6,181 Shares on exercise of existing Options which are held by the Recipient Parties.

As set out in Section 2.5, some of the Recipient Parties are holders of units in the Spacedog Unit Trust. Schedule 2 sets out these parties and their respective entitlement to Shares pursuant to Resolution 3 as a result of holding units in the Unit Trust.

The issue of the New Shares, when aggregated with the existing Shares held by the Recipient Parties, will result in the Recipient Parties' voting power in the Company increasing from 0.06% to a maximum of 81.48%. If 21,228,731 Conversion Shares are issued on exercise of convertible securities which are currently held by or proposed to be issued to the Recipient Parties, it will result in the Recipient Parties' voting power in the Company increasing to 85.31%, assuming no other Shares are issued and no other convertible securities are exercised.

If all of the Shares which are the subject of the Initial Capital Raising are allocated to third parties (but 11,626,500 Shares are issued to Laika Capital Partners and 12,000,000 Shares are issued to entities associated with Jason Peterson, Andrew Chapman and Tiga Trading Pty Ltd assuming these parties participate in the Initial Capital Raising as currently proposed) and all of the Shares the subject of the Subsequent Capital Raising are allocated to third parties, the potential voting power of the Recipient Parties will increase from 0.06% to 50.79%. If 18,543,606 Conversion Shares are issued on exercise of convertible securities which are currently held by or proposed to be issued to the Recipient Parties, it will result in the Recipient Parties' voting power in the Company increasing to 57.79%, assuming no other Shares are issued and no other convertible securities are exercised.

Pursuant to Listing Rule 7.2 (Exception 8), Listing Rule 7.1 does not apply to an issue of securities approved for the purpose of item 7 of section 611 of the Corporations Act. However, under paragraph (b) of Resolution, the Company is seeking also seeking approval to issue up to 34,367,000 post-Consolidation Shares pursuant to the Initial Capital Raising. If Laika Capital Partners does not subscribe for these Shares, then approval under Listing Rule 7.1 is required for other third-party investors to subscribe for these Shares. Either way, if Shareholders approve the issue of Shares pursuant to Resolution 3, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 and the additional 10% annual capacity set out in Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

In addition, pursuant to Listing Rule 10.12 (Exception 6), Listing Rule 10.11 does not apply to an issue of securities approved for the purpose of item 7 of section 611 of the Corporations Act. Accordingly, the Company does not need to seek a separate approval under Listing Rule 10.11 for the proposed issue of Shares to current Directors Messrs Kris, Gorenstein and Salom and, if Shareholders approve the issue of Securities pursuant to Resolution 3, the Company will not be required

to issue the Shares to these related parties within one month of receipt of Shareholder approval.

Resolution 3 is an Essential Resolution. As such, if Resolution 3 is not passed, the restructure will not be implemented, and this may lead to the Company being placed into liquidation and/or a sale of the Company's assets occurring. In those circumstances, the return to Shareholders would be uncertain and possibly nil.

4.2 Listing Rule 7.1

(a) General

Under paragraph (b) of Resolution 3, the Company is proposing to issue up to 34,367,000 Shares (on a post-Consolidation basis) at an issue price of \$0.20 per Share to raise up to \$6,873,400 (**Initial Capital Raising Shares**). The Company is also seeking Shareholder approval to issue up to 8,591,750 Initial Capital Raising Options, being one Option for every four Shares subscribed for and issued.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

In the event the Securities offered under the Initial Capital Raising (**Initial Capital Raising Securities**) are not subscribed for by Laika Capital Partners, the proposed issue of the Initial Capital Raising Securities will not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

(b) Technical information required by Listing Rule 14.1A

If Resolution 3(b) is passed, the Company will be able to proceed with the issue of the Initial Capital Raising Securities. In addition, the issue of the Initial Capital Raising Securities will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3(b) is not passed and Laika Capital Partners does not subscribe for the Initial Capital Raising Securities, the Company will not be able to proceed with the issue of the Initial Capital Raising Securities.

Resolution 3(b) seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Initial Capital Raising Securities.

(c) Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 3(b) (and only applies in the event that Laika Capital Partners does not subscribe for the Initial Capital Raising Securities):

- (i) the Initial Capital Raising Securities will be issued to professional and sophisticated investors who will be identified by Laika Capital Partners. The recipients will be identified through a consultation process to be undertaken by the Company with Laika Capital Partners. None of the recipients will be related parties of the Company;

- (ii) the maximum number of Initial Capital Raising Shares to be issued is 34,367,000 Shares and 8,591,750 Options. The Initial Capital Raising Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares. The Initial Capital Raising Options will be issued on the terms and conditions set out in Schedule 3;
- (iii) the Initial Capital Raising Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Initial Capital Raising Shares will occur on the same date. It is intended that the Initial Capital Raising Options will be issued on a later date as these will be issued under a disclosure document;
- (iv) the issue price of the Initial Capital Raising Shares will be \$0.20 per Share. The issue price of the Initial Capital Raising Options will be nil as they will be issued free attaching with the Initial Capital Raising Shares on the basis of one Option for every four Shares subscribed for and issued. The Company will not receive any other consideration for the issue of the Initial Capital Raising Securities (other than in respect of funds received on exercise of the Initial Capital Raising Options);
- (v) the purpose of the issue of the Initial Capital Raising Securities is to raise capital, which the Company intends to apply towards costs of the DOCA effectuation, payment to the Creditor Fund, key technology development, sales and marketing and general working capital. Further details are set out in Section 2.7;
- (vi) the Initial Capital Raising Securities are not being issued under an agreement; and
- (vii) the Initial Capital Raising Securities are not being issued under, or to fund, a reverse takeover.

4.3 Item 7 of section 611 of the Corporations Act

(a) Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%,

(Prohibition).

(b) Voting Power

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting

shares in the company in which the person and the person's associates have a relevant interest.

(c) **Recipient Parties' existing holdings in the Company**

The Recipient Parties, either directly or through their controlled entities, currently hold the following Shares and/or Options in the Company:

Current holdings of the Recipient Parties (post-Consolidation)¹:

	Shares	Options	Voting Power
Laika Capital Partners	0	0	0%
Jason Peterson ²	357	0	0.04%
Andrew Chapman ³	0	6,181	0%
Silvio Salom	0	0	0%
Xavier Kris	0	0	0%
Stephen Gorenstein	149	0	0.02%
Tiga Trading Pty Ltd	0	0	0%
Other Recipient Parties	0	0	0%

1. Securities held directly or indirectly through controlled entities.
2. Jason Peterson holds his interests through various entities, including Celtic Capital Pty Ltd, Celtic Capital Pte Ltd and Sunset Capital Management Pty Ltd.
3. Andrew Chapman holds his interests through various entities in the Merchant Group, including Capricorn Investments Partners (Nominees) Pty Ltd <Merchant Leaders Fund A/C>, Merchant Funds Management Pty Ltd, Merchant Group Australia Pty Ltd and Merchant Corporate Advisory Australia Pty Ltd.

(d) **Associates**

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (i) (pursuant to section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:
 - (A) a body corporate the first person controls;
 - (B) a body corporate that controls the first person; or
 - (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example, where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

(e) **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (i) are the holder of the securities;
- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have power to dispose of or control the exercise of a power to dispose of the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (i) a body corporate in which the person's voting power is above 20%; and
- (ii) a body corporate that the person controls.

(f) **Associates of the Recipient Parties**

No associates of the Recipient Parties currently have or will have a relevant interest in the Company.

4.4 Reason section 611 Approval is Required

Item 7 of section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Following the issue of the New Shares, the Recipient Parties will have a relevant interest in up to 66,579,606 Shares in the Company, representing 81.48% voting power in the Company. This assumes that no other Shares are issued, or Options are exercised.

If all of the Conversion Shares are issued on exercise of convertible securities which are currently held by or proposed to be issued to the Recipient Parties, the Recipient Parties will be issued up to 21,228,731 additional Shares. This would increase the Recipient Parties' voting power to 85.31%. This also assumes that no other Shares are issued including on exercise of convertible securities.

Accordingly, Resolution 3 seeks Shareholder approval for the purpose of section 611 item 7 and all other purposes to enable the Company to issue the New Shares and the Conversion Shares to the Recipient Parties.

Shareholder approval is required to enable these parties to acquire a relevant interest in the securities issued to the Recipient Parties as their voting power in the Company could also increase above 20%.

4.5 Specific information required by section 611 item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by Moore Australia Corporate Finance (WA) Pty Ltd annexed to this Explanatory Statement.

(a) Identity of the Acquirers and their Associates

It is proposed that the Recipient Parties will be issued the New Shares and the Conversion Shares (together, the **New Securities**) in accordance with the terms of the DOCA as set out in Section 2.2 of this Explanatory Statement.

All of the Recipient Parties are natural persons or their controlled entities, other than Laika Capital Partners. Background on each of the Recipient Parties is below:

Laika Capital Partners	Controlled by the current directors of the Company, Messrs Kris and Gorenstein and was set up as a special purpose vehicle for the purposes of recapitalising the Company through the DOCA process
Xavier Kris	Director of the Company.
Stephen Gorenstein	Director of the Company
Silvio Salom	Director of the Company
Jason Peterson	Stockbroker, corporate adviser and principal of CPS Capital Group Pty Ltd (a Perth based boutique corporate finance and stockbroking firm specialising in providing strategic advice to both retail and wholesale investors)
Andrew Chapman	Fund manager and Managing Director of Merchant Funds Management, a boutique Perth-based fund manager
Tiga Trading Pty Ltd	The trading arm of an investment management firm.
Other Recipient Parties	Various service providers that have and continue to provide services to the Company

The Recipient Parties are all 'associates' for the purposes of Resolution 3 because they are acting in concert with each other in relation to the recapitalisation proposal and DOCA detailed in this Notice. Notwithstanding this, the Recipient Parties do not consider that they will be 'associates' on and from the date that the recapitalisation proposal and DOCA are finalised.

No associates of the Recipient Parties currently have or will have a relevant interest in the Company, other than as set out in Section 4.5(b) below.

(b) Relevant Interest and Voting Power

(i) Relevant Interest

The relevant interests of the Recipient Parties in voting shares in the capital of the Company (both current, and following the issue of the New Securities to the Recipient Parties as contemplated by this Notice) are set out in the table below (on a post-Consolidation basis):

Party	Capacity	Relevant Interest as of the date of this Notice of Meeting	Existing Options	Shares to be received from Unit Trust	Initial Capital Raising Shares ²	Seed Convertible Loan Shares	Subsequent Capital Raising Shares	Initial Capital Raising Options	Broker/ Corporate Options	Underwriter Options	Performance Rights to be Issued	Relevant Interest (Undiluted)	Relevant Interest (Fully Diluted)
Laika Capital Partners	Indirect interest	-	-	-	22,367,000	-	-	5,591,750	194,000	-	-	22,367,000	28,152,750
Jason Peterson	Indirect interest	357	-	2,500,000	1,000,000	-	10,000,000	250,000	2,647,800	875,000	-	13,500,357	17,273,157
Andrew Chapman	Indirect interest	-	6,181	2,500,000	3,500,000	-	-	875,000	2,539,000	1,250,000	-	6,000,000	10,670,181
Silvio Salom	Indirect interest	-	-	3,125,000	-	833,333	-	-	-	-	1,750,000	3,958,333	5,708,333
Xavier Kits	Direct interest	-	-	4,496,000	-	166,667	-	-	-	-	1,500,000	4,662,667	6,162,667
Stephen Gorenstein	Direct and indirect interests	149	-	4,496,000	-	166,667	-	-	-	-	1,500,000	4,662,816	6,162,816
Tiga Trading Pty Ltd	Direct interest	-	-	2,500,000	7,500,000	-	-	1,875,000	-	-	-	10,000,000	11,875,000
Other Recipient Porties	Direct and indirect interests	-	-	1,095,000	-	-	-	-	-	375,000	-	1,095,000	1,470,000
TOTAL		506	6,181	20,712,000	34,367,000	1,166,667	10,000,000	8,591,750	5,380,800	2,500,000	4,750,000	66,246,173	87,474,904

Notes:

1. Indirect interest means through a controlled entity.
2. As noted in Section 4.1, if Laika Capital Partners does not apply for Initial Capital Raising Shares, up to 10,740,500 of these Shares will be issued to professional and sophisticated investors identified by the Company and Laika Capital Partners.
3. As set out in Section 2.5, CPS Capital has agreed to underwrite up to \$2,500,000 of the Subsequent Capital Raising. If these Shares are subscribed for by investors, the relevant interest of CPS Capital will decrease.
4. Tiga Trading Pty Ltd has agreed to subscribe for up to \$1,500,000 worth of Shares the subject of Resolution 3(b)

(ii) **Voting Power**

The voting power of the Recipient Parties (both current, and following the issue of the New Securities to the Recipient Parties as contemplated by this Notice) is set out in the table below:

Party	Voting Power as at the date of this Notice of Meeting	Voting Power following the issue of Securities noted in (iv) below	Voting Power after the issue of the Conversion Shares
Laika Capital Partners and nominees	0%	27.51%	27.46%
Jason Peterson	0.04%	16.60%	16.85%
Andrew Chapman	0%	7.38%	10.41%
Silvio Salom	0%	4.87%	5.57%
Xavier Kris	0%	5.73%	6.01%
Stephen Gorenstein	0.02%	5.73%	6.01%
Tiga Trading Pty Ltd	0%	12.30%	11.58%
Other Recipients	0%	1.35%	1.43%
TOTAL	0.06%	81.48%	85.31%

Further details on the voting power of the Recipient Parties are set out in the Independent Expert's Report prepared by Moore Australia Corporate Finance (WA) Pty Ltd.

(iii) **Summary of increases**

From the above table, it can be seen that the maximum relevant interest that the Recipient Parties will hold after completion of the issue of the New Securities and the issue of the Conversion Shares is 87,474,904 Shares, and the maximum voting power that the Recipient Parties will hold is 85.31%. This represents a maximum increase in voting power of 85.25% (being the difference between 0.06% and 85.31%).

As noted in Section 4.1 above, this is not the only scenario that may occur. If all of the Shares which are the subject of the Initial Capital Raising are allocated to third parties (but 11,626,500 Shares are issued to Laika Capital Partners and 12,000,000 Shares are issued to entities associated with Jason Peterson, Andrew Chapman and Tiga Trading Pty Ltd assuming these parties participate in the Initial Capital Raising as currently proposed) and all of the Shares the subject of the Subsequent Capital Raising are allocated to third parties, the potential voting power of the Recipient Parties will increase from 0.06% to 50.79%. If 18,543,606 Conversion Shares are issued on exercise of convertible securities which are currently held by or proposed to be issued to the Recipient Parties, it will result in the Recipient Parties' voting power in the Company increasing to 57.79%.

assuming no other Shares are issued and no other convertible securities are exercised.

(iv) **Assumptions**

Note that the following assumptions have been made in calculating the above:

- (A) the Company has 893,742 Shares on following completion of the Consolidation at a 2,800:1 basis;
- (B) the Company has issued:
 - (I) all of the Shares the subject of this Resolution (including 10,000,000 Shares under the Subsequent Capital Raising (assuming that no investors apply under the Subsequent Capital Raising such that these Shares are subscribed for by CPS Capital (or its nominees) in its role as the underwriter);
 - (II) 1,000,000 Administrator Shares pursuant to Resolution 4;
 - (III) 2,166,666 Shares on conversion of the Seed Convertible Loans pursuant to Resolutions 6 and 7; and

11,000,000 Shares to Virgin Orbit pursuant to Resolution 10; and
- (C) the Company does not issue any additional Shares (other than pursuant to the exercise of the New Options, New Performance Rights and existing Options held by the Recipient Parties);
- (D) no existing Options are exercised, and no other convertible securities are converted into Shares (other than as noted at (C) above); and
- (E) the Recipient Parties do not acquire any additional Shares (other than as noted at (C) above).

(c) **Reasons for the proposed issue of securities**

The reasons for the proposed issue of the New Shares are set out in Sections 2.2 and 2.5 of this Explanatory Statement.

(d) **Date of proposed issue of securities**

The New Securities the subject of Resolution 3 will be issued on a date after the Meeting to be determined by the Company and the Recipient Parties.

(e) **The Recipient Parties' Intentions**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that the Recipient Parties:

- (i) have no present intention of making any significant changes to the business of the Company;
- (ii) have no present intention to inject further capital into the Company other than as set out in Section 2.5 of this Explanatory Statement;
- (iii) have no present intention of making changes regarding the future employment of the present employees of the Company;
- (iv) do not intend to redeploy any fixed assets of the Company;
- (v) do not intend to transfer any property between the Company and the Recipient Parties; and
- (vi) have no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to the Recipient Parties at the date of this Notice.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(f) **Interests and Recommendations of Directors**

- (i) Messrs Xavier Kris, Stephen Gorenstein and Silvio Salom have a material personal interest in the outcome of Resolution 3.
- (ii) As all of the Directors have a material personal interest in Resolution 3, none of the Directors can make an independent recommendation to Shareholders in relation to Resolution 3. The Directors direct Shareholders to the Independent Expert's Report (particularly the advantages and disadvantages identified by the Independent Expert) in relation to Resolution 3.
- (iii) The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 3.

(g) **Capital Structure**

A summary of the Company's capital structure following completion of the DOCA and the Recapitalisation Proposal is set out in Section 1.6 of this Explanatory Statement.

4.6 Independent Expert's Report – Resolution 3

The Independent Expert's Report prepared by Moore Australia Corporate Finance (WA) Pty Ltd (a copy of which is attached as Annexure A to this Explanatory Statement) assesses whether the transactions contemplated by Resolution 3 are fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the transactions contemplated by Resolution 3 are fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert notes that the key advantages of the proposal raised in Resolution 3 to the Company and existing Shareholders are as follows:

- (a) The proposed transaction may eventually lead to the relisting of the Company on the ASX, which would increase liquidity of the Company's Shares. However, the Independent Expert notes that as at the date of the report, ASX has not granted approval for reinstatement of the Company's Shares to trading and there is a risk that ASX may not grant this reinstatement. There will also need to be a further Shareholders meeting held to seek approval for additional matters before ASX will consider reinstatement of the Company's Shares. Completion of the DOCA and Recapitalisation Proposal are expected to put the Company in a position whereby it will comply with Listing Rules 12.1 and 12.5 and thus apply for reinstatement of its Shares to trading on ASX.
- (b) The proposed transaction will ultimately enable the Company to achieve effectuation of the DOCA and retirement of the Administrators.
- (c) The proposed transaction will significantly improve the net asset position of the Company, with a substantial reduction in its debts, taking it from a negative net asset position to positive net assets, and provide it with sufficient working capital so as to enable the Company to recommence operations as a going concern.
- (d) The associated new director and executive team appointments made on 21 July 2020 have significantly increased the expertise and experience of the board of directors and management.
- (e) Will enable the Company to continue to leverage off its existing satellite launch program, its already deployed 3 Diamonds constellation, its existing intellectual property and specialist assets and distribution networks.
- (f) The Initial Capital Raising, as part of the proposed transaction, will provide the Company with working capital to further the development of its key assets and to pursue short term revenue generation opportunities.
- (g) The restructured Company will have a very low enterprise value in comparison to similar listed companies making the Company an attractive investment opportunity which may more readily facilitate access to additional capital as needed.

The key disadvantages noted by the Independent Expert are as follows:

- (a) In the event the proposed transaction is successful, the consolidation of Shares and the issue of New Securities to Laika and their associates will have a significant dilutive effect on the voting interest of non-associated Shareholders of the Company.
- (b) The proposed transaction would result in Laika Capital Partners and its associates owning up to 99.16% of the Company at completion of the proposed transaction (assuming the maximum Initial Capital Raising is achieved, and the Laika Convertible Loan is converted to equity).

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

5. RESOLUTION 4 – APPROVAL TO ISSUE SHARES TO ADMINISTRATORS IN LIEU OF FEES

5.1 General

Resolution 4 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Administrator Shares.

A summary of Listing Rule 7.1 is set out in Section 3.2(a) above.

The Company has agreed that the proposed issue of the Shares is conditional on Shareholder approval being obtained in accordance with Exception 17 to Listing Rule 7.2. Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Administrator Shares.

5.2 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Administrator Shares. In addition, the issue of the Administrator Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1. As set out in Section 2.2, the Administrator Shares will be issued as the Administrators are satisfied that the Remuneration Entitlement and/or the Administration Costs will exceed \$900,000.

Resolution 4 is an Essential Resolution. As such, if Resolution 4 is not passed, the restructure will not be implemented and this may lead to the Company being placed into liquidation and/or a sale of the Company's assets occurring. In those circumstances, the return to Shareholders would be uncertain and possibly nil. In addition, the Company will not be able to proceed with the issue of the Administrator Shares. As a condition subsequent to the DOCA will be incapable of being satisfied, the Administrators must convene a meeting of the Company's creditors (in accordance with the DOCA) for the purposes of varying or terminating the DOCA.

5.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the Administrator Shares will be issued to the Administrators (or their nominees), who are not related parties of the Company;
- (b) the maximum number of Administrator Shares to be issued will be calculated in accordance with the formula below:

$$S = \frac{C}{P}$$

Where:

S = the number of Shares to be issued.

C = the Remuneration Entitlement and/or Administration Costs which are being converted into Shares (being a maximum of \$200,000).

P = \$0.20 per Share.

- (c) the Administrator Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Administrator Shares will occur on the same date;
- (e) the Administrator Shares will be issued at a nil issue price. The purpose of the issue of the Administrator Shares is to offset the Remuneration Entitlement and/or the Administration Costs in accordance with the DOCA;
- (f) the Administrator Shares are being issued under the DOCA, a summary of which is set out in Section 2.2; and
- (g) the Administrator Shares are not being issued under, or to fund, a reverse takeover.

6. RESOLUTION 5 – APPROVAL TO ISSUE CREDITOR CONVERTIBLE NOTES AND SHARES UPON CONVERSION OF CREDITOR CONVERTIBLE NOTES

6.1 General

Resolution 5 seeks Shareholder approval for the issue of the Creditor Convertible Notes and the issue of Shares upon conversion of the Creditor Convertible Notes.

A summary of Listing Rule 7.1 is set out in Section 3.2(a) above.

The Company has agreed that the proposed issue of the Creditor Convertible Notes is conditional on Shareholder approval being obtained in accordance with Exception 17 to Listing Rule 7.2. Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Creditor Convertible Notes as well as the issue of Shares upon conversion of the Creditor Convertible Notes.

The Company notes that, based on its consideration of the Creditor Convertible Notes, ASX does not consider the terms of the Creditor Convertible Notes to be appropriate and equitable pursuant to Listing Rule 6.1. Based on the terms of the Creditor Convertible Notes set out in Section 6.3 below, ASX has advised that the Creditor Convertible Notes will need to be issued and converted into Shares no later than three months after Shareholder approval to comply with ASX's review and classification of the Creditor Convertible Notes.

6.2 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Creditor Convertible Notes and issue Shares upon conversion of the Creditor Convertible Notes. In addition, the issue of the Creditor Convertible Notes (and the Shares issued on conversion of the Creditor Convertible Notes) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

Resolution 5 is an Essential Resolution. As such, if Resolution 5 is not passed, the restructure will not be implemented and this may lead to the Company being placed into liquidation and/or a sale of the Company's assets occurring. In those circumstances, the return to Shareholders would be uncertain and possibly nil. In addition, the Company will not be able to proceed with the issue of the Creditor Convertible Notes. As a condition subsequent to the DOCA will be incapable of

being satisfied, the Administrators must convene a meeting of the Company's creditors (in accordance with the DOCA) for the purposes of varying or terminating the DOCA.

6.3 Material terms of the Creditor Convertible Notes

A summary of the material terms of the Creditor Convertible Notes is set out below:

Face Value	\$1.00 per Convertible Note.
Maturity Date	36 months from the date of re-listing in respect of the Alpha Convertible Note. 31 May 2022 in respect of the Telefox Convertible Note.
Conversion	Subject to the Company's Shares resuming trading on the ASX, the Convertible Notes may be converted into Shares or redeemed at after the expiration of 4 months from the date of issue. The conversion price of the Convertible Notes will be a 7.5% discount to the prior 30-day VWAP of the Company's Shares.
Interest	Interest will accrue on the outstanding amount of the Convertible Notes at the rate of 10% per annum, which is payable monthly in arrears.
Redemption	In the event that: (a) the Company is delisted; or (b) the Company fails to pay interest; or (c) the Company's Shares do not resume trading on the ASX within 12 months of this DOCA being effectuated; or (d) the Creditors have not requested conversion of the Convertible Notes by 36 months from the date of re-listing of the Company (in relation to Alpha) or 21 May 2022 (in relation to Telefox) and, the Convertible Notes shall become immediately due and payable by the Company in the circumstances set out at (a) – (c) above and repayable on the date that is 36 months from the date of re-listing of the Company (in relation to Alpha) and 31 May 2022 (in relation to Telefox) in the circumstances set out at (d) above.

6.4 Dilution

The Company has agreed to issue Creditor Convertible Notes with a face value of US\$877,521 (A\$1,222,387) to the Creditors. As the number of Creditor Convertible Notes is calculated by reference to United States dollars, the exact number of Creditor Convertible Notes to be issued will fluctuate with movements in the AUD:USD exchange rate.

In addition, the Creditor Convertible Notes may be converted at a 7.5% discount to the 30-day VWAP of the Company's Shares prior to the date of conversion.

Set out below is a worked example of the number of Shares that may be issued on conversion of the 1,222,387 Creditor Convertible Notes (based on example conversion prices of \$0.10, \$0.20 and \$0.30) and the dilutive effect on existing Shareholders (based on there being 81,306,075 Shares on issue prior to conversion of the Creditor Convertible Notes).

Assumed conversion price	Maximum number of Shares which may be issued on conversion of 1,222,387 Creditor Convertible Notes¹	Dilution effect on existing Shareholders
\$0.10	12,223,870	13.07%

\$0.20	6,111,935	6.99%
\$0.30	4,074,623	4.77%

Notes:

1. The number of Creditor Convertible Notes on issue assumes an USD:AUD exchange rate of 1.393 (as at 17 August 2020).
2. Rounded to the nearest whole number.

Assuming no convertible securities are converted or other Shares issued and the maximum number of Shares as set out in the worked example above are issued, the number of Shares on issue would increase from 81,306,075 (being the total number of Shares on issue as following the Meeting, assuming that 65,079,000 Shares are issued under Resolution 3 (including 10,000,000 Shares being issued to CPS Capital as underwriter to the Subsequent Capital Raising), 1,000,000 Administrator Shares are issued under Resolution 4, 2,166,667 Shares are issued on conversion of the Seed Convertible Loans under Resolutions 7 and 8 and 11,000,000 Shares are issued under Resolution 10) to 93,529,945 and the shareholding of existing Shareholders would be diluted by 13.07%.

The Company notes that as there is no limitation upon the maximum number of Shares that may be issued to the Creditors (or their nominees) on conversion of the Creditor Convertible Notes, the conversion of the Creditor Convertible Notes Note could be highly dilutive to existing Shareholders if the market price of Shares falls substantially prior to the date of conversion of the Creditor Convertible Notes. Accordingly, the Company notes that the above workings are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

6.5 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the Creditor Convertible Notes (and any Shares issued upon conversion of the Creditor Convertible Notes) will be issued to the Creditors, who are not related parties of the Company;
- (b) the maximum number of Creditor Convertible Notes to be issued is that number which, when multiplied by the face value of the Convertible Notes is equal to US\$877,521 (A\$1,222,387);
- (c) the Creditor Convertible Notes will be issued on the terms and conditions set out in Section 6.3;
- (d) any Shares issued on the conversion of the Creditor Convertible Notes will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Creditor Convertible Notes and any Shares issued upon conversion of the Creditor Convertible Notes will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Creditor Convertible Notes will occur on the same date and the the issue of any Shares upon conversion of the Creditor Convertible Notes will occur progressively;
- (f) the Creditor Convertible Notes will be issued at a deemed issue price of \$1.00 per convertible note;

- (g) the Creditor Convertible Notes are being issued in accordance with the terms of the DOCA and the Creditor Agreements, which are summarised in Sections 2.2 and 2.3 respectively; and
- (h) the Creditor Convertible Notes (and any Shares issued upon conversion of the Creditor Convertible Notes) are not being issued under, or to fund, a reverse takeover.

7. RESOLUTION 6 - APPROVAL TO ISSUE SHARES TO UNRELATED LENDERS ON CONVERSION OF SEED CONVERTING LOANS

7.1 General

As set out in Section 2.5, the Company is proposing to issue an aggregate of 3,333,333 Shares at a deemed issue price of \$0.15 per Share on conversion of \$500,000 worth of Seed Convertible Loans.

Resolution 6 seeks Shareholder approval for the issue of 1,833,333 Shares to unrelated lenders on conversion of \$275,000 worth of Seed Convertible Loans.

The Company is also seeking Shareholder approval pursuant to Resolution 7 for the issue of 333,333 Shares to Meir Moalem, a former Director on conversion of \$50,000 worth of Seed Convertible Loans.

A summary of the material terms of the Seed Convertible Loans is set out below.

Interest	No interest is payable on the outstanding balance of the Seed Convertible Loan (Loan Amount) from time to time.
Repayment	The Company must repay the Loan Amount to the lender by the date which is one year from the date of the relevant loan agreement (Repayment Date) unless the Loan Amount is otherwise prepaid or converted into Shares.
Prepayment	The Company may prepay the whole or part of the Loan Amount on any day prior to the Repayment Date, on giving not less than 2 business days prior written notice to the lender.
Conversion	Subject to Shareholder approval being obtained pursuant to Resolution 6: <ul style="list-style-type: none"> (a) the Loan Amount will automatically convert into Shares at a conversion price of \$0.15 (post-Consolidation) (Conversion Price); and (b) the Company must issue the lender (or its nominee) that number of Shares equal to the Loan Amount divided by the Conversion Price (rounded up to the nearest whole number) within five business days of the Meeting.
Security	The Seed Convertible Loans are unsecured.

A summary of Listing Rule 7.1 is set out in Section 3.2(a) above.

The proposed issue of the Seed Convertible Loan Shares does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

7.2 Technical information required by Listing Rule 14.1A

If Resolution 6 is passed, the Company will be able to proceed with the issue of the Shares. In addition, the issue of the Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

Resolution 6 is an Essential Resolution. As such, if Resolution 6 is not passed, the restructure will not be implemented, and this may lead to the Company being placed into liquidation and/or a sale of the Company's assets occurring. In those circumstances, the return to Shareholders would be uncertain and possibly nil. Additionally, the Company will not be able to proceed with the issue of the Shares. In this circumstance, the Company will either need to repay the funds advanced under the Seed Convertible Loans or seek a separate Shareholder approval for their conversion into Shares.

Resolution 6 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Shares.

7.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Seed Convertible Loan Shares which are proposed to be issued under Resolution 6:

- (a) the Seed Convertible Loan Shares the subject of Resolution 6 will be issued to unrelated lenders who have advanced funds to the Company. In accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (b) the maximum number of Seed Convertible Shares to be issued is 1,833,333. The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Loan Shares will occur on the same date;
- (d) the Seed Convertible Loan Shares will be issued at a deemed issue price of \$0.15 on conversion of loans of \$275,000 which have been extended to the Company;
- (e) the purpose of the issue of the Shares is to satisfy the Company's obligation to repay loans of \$275,000;
- (f) the Shares are being issued under the loan agreements entered into with unrelated lenders in respect of the Seed Convertible Loans, a summary of the material terms of which is set out in Section 7.1; and
- (g) the Shares are not being issued under, or to fund, a reverse takeover.

8. RESOLUTION 7 – APPROVAL TO ISSUE SHARES TO A RELATED PARTY ON CONVERSION OF SEED CONVERTIBLE LOAN

8.1 General

As set out in Section 7.1 above, the Company is seeking Shareholder approval pursuant to Resolution 7 for the issue of 333,333 Shares to Meir Moalem, a former Director on conversion of \$50,000 worth of his Seed Convertible Loan (**Moalem Conversion**).

8.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Moalem Conversion will result in the issue of Shares which constitutes giving a financial benefit and Mr Moalem, is a related party of the Company by virtue of being a former Director.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Moalem Conversion because the Shares will be issued to Meir Moalem (or their nominee) on the same terms as the issue of Shares to non-related parties on conversion of the Seed Convertible Loans and as such the giving of the financial benefit is on arm's length terms.

8.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The Moalem Conversion falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 7 seeks Shareholder approval for the Moalem Conversion under and for the purposes of Listing Rule 10.11.

8.4 Technical information required by Listing Rule 14.1A

If Resolution 7 is passed, the Company will be able to proceed with the issue of the Shares under the Moalem Conversion within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules, which will allow the Company to reduce its levels of outstanding debt. As approval pursuant to Listing Rule 7.1 is not required for the issue of the Shares in respect of the Moalem Conversion (because approval is being obtained under Listing Rule 10.11), the issue of the Shares will not use up any of the Company's 15% annual placement capacity.

Resolution 7 is an Essential Resolution. As such, if Resolution 7 is not passed, the restructure will not be implemented, and this may lead to the Company being placed into liquidation and/or a sale of the Company's assets occurring. In those circumstances, the return to Shareholders would be uncertain and possibly nil. Further, the Company will not be able to proceed with the issue of the Shares under the Moalem Conversion and will either need to repay the funds advanced under by Meir Moalem under his Seed Convertible Loan or seek a separate Shareholder approval for their conversion into Shares.

8.5 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 7:

- (a) the Shares will be issued to Meir Moalem (or their nominee), who falls within the category set out in Listing Rule 10.11.1, as Meir Moalem is a related party of the Company by virtue of being a former Director;
- (b) the maximum number of Shares to be issued to Meir Moalem (or their nominee) is 333,333;
- (c) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Shares will be issued on the same date;
- (e) the Shares will be issued at a deemed issue price of \$0.15 on conversion of a loan of \$50,000 which has been extended to the Company;
- (f) the purpose of the issue of the Shares is to satisfy the Company's obligation to repay a loan of \$50,000; and
- (g) the Shares are being issued under the loan agreement entered into with Meir Moalem, a summary of the material terms of which is set out in Section 7.1.

9. RESOLUTION 8 – APPROVAL TO ISSUE SHARES UNDER THE SUBSEQUENT CAPITAL RAISING

9.1 General

The Company is proposing to issue up to 18,000,000 Shares (on a post-Consolidation basis) under the Subsequent Capital Raising at an issue price of \$0.25 per Share to raise up to \$4,500,000.

The Subsequent Capital Raising will be undertaken pursuant to a prospectus and will include a priority offer of up to 10,000,000 Shares to current Shareholders. Shareholders will be provided with the opportunity to apply for parcels of up to 100,000 Shares each, with applications to be scaled back pro-rata if the priority offer is oversubscribed.

CPS Capital has agreed to lead manage the Subsequent Capital Raising and underwrite a minimum of \$2,500,000 of the Subsequent Capital Raising. Accordingly, if there are no subscribers under the Subsequent Capital Raising, CPS Capital will subscribe for 10,000,000 Shares pursuant to Resolution 3 in accordance with its obligations as underwriter to the Subsequent Capital Raising.

Resolution 9 seeks Shareholder approval for the issue of up to 2,500,000 Underwriter Options (on a post-Consolidation basis), which may be issued at the direction of CPS Capital. For the avoidance of doubt, the maximum number of Underwriter Options that may be issued under Resolution 3 and Resolution 9 is 2,500,000 Options.

Further details in respect of the Subsequent Capital Raising are set out in Section 2.5 above.

9.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 4.2(a).

The proposed issue of the Shares does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

9.3 Technical information required by Listing Rule 14.1A

If Resolution 8 is passed, the Company will be able to proceed with the issue of the Shares. In addition, the issue of the Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

Resolution 8 is an Essential Resolution. As such, if Resolution 8 is not passed, the restructure will not be implemented, and this may lead to the Company being placed into liquidation and/or a sale of the Company's assets occurring. In those circumstances, the return to Shareholders would be uncertain and possibly nil. In addition, the Company will not be able to proceed with the issue of the Shares.

Resolution 8 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Shares.

9.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 8:

- (a) the Shares will be issued to professional and sophisticated investors who are clients or contacts of CPS Capital as well as a priority offer of up to 10,000,000 Shares to current Shareholders. The recipients will be identified through a bookbuild process, which will involve CPS Capital seeking expressions of interest to participate in the capital raising from non-related parties of the Company;
- (b) the maximum number of Shares to be issued is 18,000,000. The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (d) the issue price of the Shares will be \$0.25 per Share. The Company will not receive any other consideration for the issue of the Shares;
- (e) the purpose of the issue of the Shares is to raise capital, which the Company intends to apply as set out in Section 2.7;
- (f) the Shares are not being issued under an agreement; and
- (g) the Shares are not being issued under, or to fund, a reverse takeover.

10. RESOLUTION 9 – APPROVAL TO ISSUE UNDERWRITER OPTIONS

10.1 General

Resolution 9 seeks Shareholder approval for the issue of the Underwriter Options in part consideration for services provided under the Subsequent Capital Raising. Further details in respect of the Underwriter Options and the Subsequent Capital Raising are set out in Section 2.5 above.

10.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 4.2(a).

The proposed issue of the Underwriter Options falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

10.3 Technical information required by Listing Rule 14.1A

If Resolution 9 is passed, the Company will be able to proceed with the issue of the Underwriter Options. In addition, the issue of the Underwriter Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

Resolution 9 is an Essential Resolution. As such, if Resolution 9 is not passed, the restructure will not be implemented, and this may lead to the Company being placed into liquidation and/or a sale of the Company's assets occurring. In those circumstances, the return to Shareholders would be uncertain and possibly nil. Further, if Resolution 9 is not passed, the Company will not be able to proceed with the issue of the Underwriter Options.

Resolution 9 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Underwriter Options.

10.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 9:

- (a) the Underwriter Options will be issued to parties nominated by CPS Capital;
- (b) the maximum number of Underwriter Options to be issued is 2,500,000. The terms and conditions of the Underwriter Options are set out in Schedule 3;
- (c) the Underwriter Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Underwriter Options will occur on the same date;
- (d) the Underwriter Options will be issued at a nil issue price, in part consideration for services provided by CPS Capital in connection with the subsequent Capital Raising;
- (e) the purpose of the issue of the Underwriter Options is to satisfy the Company's obligations under its agreement with CPS Capital;
- (f) the Underwriter Options are being issued under the agreement between the Company and CPS Capital, a summary of the material terms of which is set out in Section 2.5; and
- (g) the Underwriter Options are not being issued under, or to fund, a reverse takeover.

11. RESOLUTION 10 – APPROVAL TO ISSUE SHARES AND OPTIONS TO VIRGIN ORBIT

11.1 General

As announced on 28 October 2020, Sky and Space Global (UK) Ltd (**SAS UK**) entered into a deed of settlement with Virgin Orbit LLC (**Virgin Orbit**), whereby the parties agreed to terminate the launch services agreement which was entered into on 12 September 2016 (**Virgin Deed**).

A summary of the material terms of the Virgin Deed is set out below.

Consideration	SAS UK agreed to procure that the Company will issue 11,000,000 Shares at a deemed issue price of AUD\$0.20 each to Virgin Orbit within four (4) months of the date of this Agreement.
Services Agreement	<p>The parties have entered into a services agreement on the following terms:</p> <ul style="list-style-type: none">• Virgin Orbit will agree to provide SAS UK with consulting and launch services relating to the SAS UK business of being a nano-satellites global telecommunication company;• in return for the services, SAS UK will agree to pay Virgin Orbit a non-refundable fee equal to AUD\$1,000,000 per calendar year, payable on a quarterly basis, commencing on 1 July 2021; and• the services agreement commence on the date that the Company is reinstated to trading on the ASX and shall have an initial term expiring on the 30th June 2024. The services agreement may not, during this initial term, be terminated other than for material breach by a party.

Reseller Agreement	<p>SAS UK and Virgin Orbit agreed to enter into a mutual reseller agreement on the following terms:</p> <ul style="list-style-type: none"> • Virgin Orbit will promote SAS UK's services, such promotion being satisfied by Virgin Orbit providing interested customers information about SAS UK and, if the customer requests, an introduction to SAS UK; • SAS UK will promote Virgin Orbit launch services. • Virgin Orbit will, within four (4) months of the date of the deed, be issued with 7,000,000 options each to acquire Shares, with an exercise price of AUD\$0.40 each and a three year expiry. • SAS UK will receive an AUD\$100,000 commission per Virgin Orbit launch referred or resold to any third party subject to the launch price being resold on Virgin Orbit's standard commercial terms. • The reseller agreement will incorporate a target of SAS UK referring and/or reselling at least 4 Virgin Orbit launches within the initial term of the agreement. • The commencement date of the reseller agreement shall be the date that the Company is reinstated to trading on ASX.
Observer Right	<p>Whilst Virgin Orbit holds a minimum of 2,000,000 Shares, Virgin Orbit will be entitled to an observer seat on the Board.</p>

Resolution 10 seeks Shareholder approval for the issue of 11,000,000 Shares and 7,000,000 Options (each on a post-Consolidation basis) to Virgin Orbit.

11.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 4.2(a).

The proposed issue of the Securities falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

11.3 Technical information required by Listing Rule 14.1A

If Resolution 10 is passed, the Company will be able to proceed with the issue of the Securities. In addition, the issue of the Securities will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

Resolution 10 is an Essential Resolution. As such, if Resolution 10 is not passed, the restructure will not be implemented and this may lead to the Company being placed into liquidation and/or a sale of the Company's assets occurring. In those circumstances, the return to Shareholders would be uncertain and possibly nil. In addition, the Company will not be able to proceed with the issue of the Securities. In these circumstances, the Company would need to renegotiate the settlement terms which have been agreed with Virgin Orbit, which terms may not be favourable to the Company.

Resolution 10 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Securities.

11.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 10:

- (a) the Securities will be issued to Virgin Orbit (or its nominee);

- (b) the maximum number of Shares to be issued is 11,000,000 and the maximum number of Options to be issued is 7,000,000;
- (c) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Options will be issued on the terms and conditions set out in Schedule 3;
- (e) the Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Securities will occur on the same date;
- (f) the Shares will be issued at a nil issue price, in consideration for Virgin Orbit agreeing to the terms and conditions of the Virgin Deed;
- (g) the Options will be issued at a nil issue price in consideration for the services that will be provided by Virgin Orbit under the reseller agreement;
- (h) the Securities are being issued under the Virgin Deed, a summary of the material terms of which is set out in Section 11.1; and
- (i) the Securities are not being issued under, or to fund, a reverse takeover.

12. RESOLUTION 11 – ADOPTION OF EMPLOYEE INCENTIVE PLAN

12.1 General

Resolution 11 seeks Shareholder approval for the adoption of an employee incentive scheme (**Incentive Plan**) and for the issue of Securities under the Incentive Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Incentive Plan is to attract, motivate and retain key employees and the Company considers that the adoption of the Incentive Plan and the future issue of Securities under the Incentive Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

A summary of Listing Rule 7.1 is set out in Section 4.2(a).

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 11 is passed, the Company will be able to issue Securities under the Incentive Plan to eligible participants over a period of 3 years. The issue of any Securities to eligible participants under the Incentive Plan (up to the maximum number of Securities stated in Section 12.2(c) below) will be excluded from the

calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Securities under the Incentive Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained.

If Resolution 11 is not passed, the Company will be able to proceed with the issue of Securities under the Incentive Plan to eligible participants, but any issues of Securities will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Securities.

12.2 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 11:

- (a) a summary of the key terms and conditions of the Incentive Plan is set out in Schedule 4;
- (b) the Company has not issued any Securities under the Incentive Plan as this is the first time that Shareholder approval is being sought for the adoption of the Incentive Plan; and
- (c) the maximum number of Securities proposed to be issued under the Incentive Plan, following Shareholder approval, is 13,419,095 Securities. It is not envisaged that the maximum number of Securities for which approval is sought will be issued immediately.

13. RESOLUTIONS 12, 13 AND 14 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS

13.1 General

The Company has agreed, subject to obtaining Shareholder approval and to the adoption of the Performance Rights Plan (refer Resolution 11), to issue up to 4,750,000 Performance Rights to Messrs Xavier Kris, Stephen Gorenstein and Silvio Salom (or their nominees) (**Related Parties**) pursuant to the Employee Incentive Plan (**Incentive Plan**) and on the terms and conditions set out below.

13.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 8.2 above.

The issue of the Performance Rights to the Related Parties constitutes giving a financial benefit and each of the Related Parties is a related party of the Company by virtue of being a Director.

As the Performance Rights are proposed to be issued to all of the Directors, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the issue of the Performance Rights. Accordingly, Shareholder approval for the issue of Performance Rights to the Related Parties is sought in accordance with Chapter 2E of the Corporations Act.

13.3 Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of Performance Rights to the Related Parties falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolutions 12 to 14 seek the required Shareholder approval for the issue of the Performance Rights under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.14.

13.4 Technical information required by Listing Rule 14.1A

If Resolutions 12 to 14 are passed, the Company will be able to proceed with the issue of the Performance Rights to the Related Parties under the Incentive Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Performance Rights (because approval is being obtained under Listing Rule 10.14), the issue of the Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolutions 12 to 14 are not passed, the Company will not be able to proceed with the issue of the Performance Rights to the Related Parties under the Incentive Plan.

13.5 Technical information required by Listing Rule 10.15 and section 219 of the Corporations Act

Pursuant to and in accordance with the requirements of Listing Rule 10.15 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 12 to 14 :

- (a) the Performance Rights will be issued to the following persons:
 - (i) Mr Xavier Kris (or their nominee) pursuant to Resolution 12;
 - (ii) Mr Stephen Gorenstein (or their nominee) pursuant to Resolution 13; and
 - (iii) Mr Silvio Salom (or their nominee) pursuant to Resolution 14,each of whom falls within the category set out in Listing Rule 10.14.1 by virtue of being a Director;
- (b) the maximum number of Performance Rights to be issued to the Related Parties (being the nature of the financial benefit proposed to be given) is 4,750,000 as set out in the table below:

	Tranche A	Tranche B	Tranche C	Total
Xavier Kris	500,000	500,000	500,000	1,500,000
Stephen Gorenstein	500,000	500,000	500,000	1,500,000
Silvio Salom	750,000	500,000	500,000	1,750,000

- (c) as this is the first time that the Shareholder approval is being sought for the adoption of the Incentive Plan, no Performance Rights have been previously issued under the Incentive Plan;
- (d) a summary of the material terms and conditions of the Performance Rights is set out in Schedule 5;
- (e) the Performance Rights are unquoted securities. The Company has chosen to issue Performance Rights to the Related Parties for the following reasons:
- (i) the Performance Rights are unquoted; therefore, the issue of the Performance Rights has no immediate dilutionary impact on Shareholders;
 - (ii) the milestones attaching to the Performance Rights will align the interests of the Related Parties with those of Shareholders; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights on the terms proposed;
- (f) the number of Performance Rights to be issued to each of the Related Parties has been determined based upon a consideration of:
- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the Related Parties; and
 - (iii) incentives to attract and ensure continuity of service/retain the service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights upon the terms proposed;

- (g) the total proposed remuneration package for each of the Related Parties for the current financial year are set out below:

Related Party	Current Financial Year
Xavier Kris	\$352,560
Stephen Gorenstein	\$352,560
Silvio Salom	\$402,560

Notes:

1. Includes an amount of \$300,000, being the value of the Performance Rights.

- (h) the value of the Performance Rights and the pricing methodology is set out in Schedule 6;
- (i) the Performance Rights will be issued to the Related Parties no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Performance Rights will be issued on one date;
- (j) the issue price of the Performance Rights will be nil, as such no funds will be raised from the issue of the Performance Rights;
- (k) the purpose of the issue of the Performance Rights is to provide a performance linked incentive component in the remuneration package for the Related Parties to align the interests of the Related Parties with those of Shareholders, to motivate and reward the performance of the Related Parties in their roles as Directors and to provide a cost effective way from the Company to remunerate the Related Parties, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;
- (l) a summary of the material terms and conditions of the Incentive Plan is set out in Schedule 4;
- (m) no loans are being made to the Related Parties in connection with the acquisition of the Performance Rights;
- (n) details of any Performance Rights issued under the Incentive Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (o) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Incentive Plan after Resolutions 12, 13 and 14 are approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14;
- (p) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares ¹	Options	Performance Rights
Xavier Kris	-	-	-
Stephen Gorenstein	149 ²	-	-
Silvio Salom	-	-	-

Notes:

1. Fully paid ordinary shares in the capital of the Company (ASX: SAS).
2. Stated on a post-Consolidation basis.

- (q) if the milestones attaching to the Performance Rights issued to the Related Parties are met and the Performance Rights are converted, a total of 4,750,000 Shares would be issued. This will increase the number of Shares on issue from 81,306,075 (being the total number of Shares on issue as following the Meeting, assuming that 65,079,000 Shares are issued under Resolution 3 (including 10,000,000 Shares being issued to CPS

Capital as underwriter to the Subsequent Capital Raising), 1,000,000 Administrator Shares are issued under Resolution 5, 2,166,667 Shares are issued on conversion of the Seed Convertible Loans under Resolutions 6 and 7 and 11,000,000 Shares are issued under Resolution 10) to 86,056,075 (assuming that no Shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 5.67%, comprising 1.74% by Mr Kris, 1.67% by Mr Gorensetein and 2.07% by Mr Salom;

- (r) the Company's Shares were suspended on 8 April 2019 and have remained in suspension since that time. The trading history of the Shares on ASX in the 12 months before 8 April 2019 is set out below:

	Price	Date
Highest	\$0.067	9 April 2018
Lowest	\$0.016	1 April 2019
Last	\$0.028	7 April 2019

- (s) each Director has a material personal interest in the outcome of Resolutions 12 to 14 on the basis that all of the Directors (or their nominees) are to be issued Performance Rights should Resolutions 12 to 14 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 12 to 14 of this Notice; and
- (t) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 12 to 14.

14. RESOLUTIONS 15 AND 16 – ISSUE OF SHARES TO RELATED PARTIES – MAYA GLICKMAN-PARIENTE AND MEIDAD PARIENTE

14.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue up to an aggregate of 335,670 Shares to Maya Glickman-Pariente and Meidad Pariente (or their nominees) (**Former Directors**) on the terms and conditions set out below (**Former Director Shares**).

Resolutions 15 and 16 seeks Shareholder approval for the issue of the Former Director Shares under and for the purposes of Listing Rule 10.11.

14.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 8.2 above.

The issue of the Former Director Shares to the Former Directors constitutes giving a financial benefit and the Former Directors are related parties of the Company by virtue of being former directors.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Performance Rights because the agreement to issue the Former Director Shares, as partial payment for outstanding fees and salaries owed to them for services provided by the Former Directors to the Company's subsidiaries, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

14.3 Listing Rule 10.11

A summary of Listing Rule is set out in Section 8.3 above.

The issue of Former Director Shares falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

14.4 Technical information required by Listing Rule 14.1A

If Resolutions 15 and 16 are passed, the Company will be able to proceed with the issue of the Former Director Shares to the Former Directors within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Former Director Shares (because approval is being obtained under Listing Rule 10.11), the issue of the Former Director Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 15 and 16 are not passed, the Company will not be able to proceed with the issue of the Former Director Shares. In these circumstances, the Company will need to negotiate another form of remuneration for the Former Directors.

14.5 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 15 and 16:

- (a) the Former Director Shares will be issued to the Former Directors, who fall within the category set out in Listing Rule 10.11.1 by virtue of being former Directors;
- (b) the maximum number of Former Director Shares to be issued is 335,670, comprising:
 - (i) 167,835 Shares which will be issued to Maya Glickman-Pariente (Resolution 15); and
 - (ii) 167,835 Shares which will be issued to Meidad Pariente (Resolution 16);
- (c) the Former Director Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Former Director Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Former Director Shares will occur on the same date;
- (e) the Former Director Shares will be issued at a nil issue price, in consideration for services provided by the Former Directors for the period between 1 January 2020 and 31 March 2020. The Company will not receive any other consideration in respect of the issue of the Former Director Shares;
- (f) the purpose of the issue of the Former Director Shares is to partially remunerate the Former Directors for services provided during the relevant period noted above; and

- (g) the Former Director Shares are not being issued under an agreement.

15. RESOLUTION 17 – APPROVAL TO ISSUE EMPLOYEE SHARES

15.1 General

The Company is proposing to issue 43,890 Shares to a former employee of the Company as partial payment for outstanding fees and salaries of \$21,945 owed to them for services provided to Sky and Space Poland between 1 January 2020 and 31 March 2020 (**Employee Shares**).

A summary of Listing Rule 7.1 is set out in Section 3.2(a) above.

The Company has agreed that the proposed issue of the Employee Shares is conditional on Shareholder approval being obtained in accordance with Exception 17 to Listing Rule 7.2. Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Employee Shares.

15.2 Technical information required by Listing Rule 14.1A

If Resolution 17 is passed, the Company will be able to proceed with the issue of the Employee Shares. In addition, the issue of the Employee Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 17 is not passed, the Company will not be able to proceed with the issue of the Employee Shares. In these circumstances, the Company will need to negotiate another form of remuneration for the employee.

Resolution 17 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Employee Shares.

15.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 17:

- (a) the Employee Shares will be issued to Itamar Zabari;
- (b) the maximum number of Employee Shares to be issued is 43,890. The Employee Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Employee Shares will occur on the same date;
- (d) the Employee Shares will be issued at a nil issue price, in consideration for services provided by the employee between 1 January 2020 and 31 March 2020;
- (e) the purpose of the issue of the Employee Shares is to partially remunerate the employee for services provided during the relevant period noted above;
- (f) the Employee Shares are not being issued under an agreement; and

- (g) the Employee Shares are not being issued under, or to fund, a reverse takeover.

16. RESOLUTIONS 18 TO 20 – ELECTION OF DIRECTORS

16.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Messrs Xavier Kris, Stephen Gorenstein and Silvio Salom, each having been appointed by other Directors on 21 July 2020 in accordance with the Constitution, will retire in accordance with the Constitution and Listing Rule 14.4 and being eligible, seek election from Shareholders.

A summary of the qualifications of and other material directorships held by each of the Directors is set out in Section 2.4(a) above.

16.2 Resolution 18 – Election of Mr Xavier Kris

Resolution 18 seeks Shareholder approval for the election of Mr Xavier Kris.

Mr Kris is a director, shareholder and controller of Laika and will, subject to Shareholder approval being obtained, be issued 4,662,667 Shares and 1,500,000 Performance Rights in connection with the recapitalisation of the Company.

If elected the Board does not consider Mr Kris will be an independent Director.

16.3 Resolution 19 – Election of Mr Stephen Gorenstein

Resolution 19 seeks Shareholder approval for the election of Mr Stephen Gorenstein.

Mr Gorenstein is a director, shareholder and controller of Laika and will, subject to Shareholder approval being obtained, be issued 4,662,667 Shares (increasing his Shareholding to 4,662,815 Shares) and 1,500,000 Performance Rights in connection with the recapitalisation of the Company.

If elected the Board does not consider Mr Gorenstein will be an independent Director.

16.4 Resolution 20 – Election of Mr Silvio Salom

Resolution 20 seeks Shareholder approval for the election of Mr Silvio Salom.

Mr Salom has no association with Laika.

Mr Salom will, subject to Shareholder approval being obtained, be issued 3,958,333 Shares and 1,750,000 Performance Rights in connection with the recapitalisation of the Company.

If elected the Board considers Mr Salom will be an independent Director.

16.5 Other material information

The Company conducts appropriate checks on the background and experience of candidates before their appointment to the Board. These include checks as to a person's experience, educational qualifications, character, criminal record and bankruptcy history. Such checks were undertaken by the Company Secretary prior to the appointment of the Directors.

16.6 Board recommendation

As each Director has an interest in the outcome of Resolutions 18 to 20 on the basis that all of the Directors are seeking re-election, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 18 to 20 of this Notice.

17. RESOLUTION 21 – REPLACEMENT OF CONSTITUTION

17.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 21 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted in May 2016.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature.

The Directors believe the amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website (www.skyandspace.co) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 6556 2400). Shareholders are invited to contact the Company if they have any queries or concerns.

17.2 Summary of material proposed changes

Restricted Securities (clause 2.12)

The Proposed Constitution complies with the recent changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C

advising them of the restriction rather than requiring signed restriction agreements.

Minimum Shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an “unmarketable parcel” of shares, being a shareholding that is less than \$500 based on the closing price of the Company’s Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with “unmarketable parcels” outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may now charge a “reasonable fee” for registering paper-based transfers, sometimes referred to “off-market transfers”.

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Direct Voting (clause 13, specifically clauses 13.35 – 13.40)

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

Closing date for Director nominations (clause 14.3)

On 19 December 2019, ASX amended Listing Rule 3.13.1 to provide that companies must release an announcement setting out the date of its meeting and the closing date for nominations at least 5 business days before the closing date for the receipt of such nominations. The closing date period under clause 14.3 of the Proposed Constitution has been reduced to at least 30 days (previously it was 30 Business Days) to allow the Company to issue the notification just prior to the notice of meeting which will reduce the risk of having to delay Shareholder meetings to comply with the Listing Rule requirement.

Dividends (clause 22)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (new clause 36)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a Resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control

premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company, other than as set out in this Notice.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 21.

18. RESOLUTION 22 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 22 seeks the approval of Shareholders for the Company to change its name to “Sky and Space Company Ltd”.

The proposed name has been reserved by the Company with ASIC and if Resolution 22 is passed, the Company will lodge a copy of the special resolution with ASIC following the Meeting in order to effect the change.

If Resolution 22 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

19. RESOLUTION 23 – APPROVAL TO ISSUE ADDITIONAL OPTIONS

19.1 General

The Company is proposing to issue up to 2,400,000 Options to Premia Private Wealth Pty Ltd, Chieftain Securities Pty Ltd and Antsorm Consulting Pty Ltd (or their nominees) in consideration for assistance provided to the Company in relation to identifying investors to assist the Company with its capital raising process (**Additional Options**).

The Company has entered into verbal agreements with representatives of each of Premia Private Wealth Pty Ltd, Chieftain Securities Pty Ltd and Antsorm Consulting Pty Ltd pursuant to which it has been agreed that the Additional Options will be issued in return for each of the parties introducing members of their investor network to the Company for the purpose of raising capital to secure and effectuate the Deed of Company Arrangement. The parties have each agreed that, subject to receipt of Shareholder approval, remuneration for these services will take the form of the issue of the Additional Options.

A summary of Listing Rule 7.1 is set out in Section 3.2(a) above.

The Company is seeking Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Additional Options.

19.2 Technical information required by Listing Rule 14.1A

If Resolution 23 is passed, the Company will be able to proceed with the issue of the Additional Options. In addition, the issue of the Additional Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 23 is not passed, the Company will not be able to proceed with the issue of the Additional Options.

Resolution 23 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Additional Options.

19.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 23:

- (a) the Additional Options will be issued to as follows:
 - (i) 400,000 Additional Options to Premia Private Wealth Pty Ltd (or its nominees);
 - (ii) 1,850,000 Additional Options to Antsorm Consulting Pty Ltd (or its nominees); and
 - (iii) 150,000 Additional Options to Chieftain Securities Pty Ltd (or its nominees);

- (b) the maximum number of Options to be issued is 2,400,000. The terms and conditions of the Options are set out in Schedule 3;
- (c) the Additional Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Options will occur progressively;
- (d) the Additional Options will be issued at a nil issue price, in consideration for services provided by Premia Private Wealth Pty Ltd, Chieftain Securities Pty Ltd and Antsorm Consulting Pty Ltd;
- (e) the purpose of the issue of the Additional Options is in consideration for services provided in identifying investors to assist the Company with its capital raising process by Premia Private Wealth Pty Ltd, Chieftain Securities Pty Ltd and Antsorm Consulting Pty Ltd;
- (f) the Additional Options are being issued pursuant to verbal agreements between the Company and each of Premia Private Wealth Pty Ltd, Chieftain Securities Pty Ltd and Antsorm Consulting Pty Ltd. A summary of the material terms of these agreements is set out in Section 19.1; and
- (g) the Additional Options are not being issued under, or to fund, a reverse takeover.

GLOSSARY

\$ means Australian dollars.

Administrators means Messrs Richard Albarran, Cameron Shaw and Richard Lawrence in their capacity as joint and several Deed Administrators of the Deed of Company Arrangement.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Sky and Space Global Limited (subject to Deed of Company Arrangement) (ACN 117 770 475).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Independent Expert means Moore Australia Corporate Finance (WA) Pty Ltd.

Independent Expert's Report means the independent expert's report that is annexed to this Notice as Annexure "A".

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or

if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Laika Capital Partners means Laika Capital Partners Pty Ltd as trustee for the Spacedog Unit Trust.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Other Recipient Parties means the Recipient Parties, other than Laika Capital Partners, Xavier Kris, Stephen Gorenstein, Silvio Salom, Jason Peterson, Andrew Chapman and their controlled entities.

Proxy Form means the proxy form accompanying the Notice.

Recipient Parties means those parties listed in Section 4.3(c) of the Explanatory Statement.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2020.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Spacedog Unit Trust or **Unit Trust** means the trust of the same name established pursuant to a unit trust dated 27 April 2020 (as varied).

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS OF LAIKA CONVERTIBLE LOAN

Laika Convertible Loan Agreement

A summary of the material terms of the convertible loan agreement between the Company and Laika Capital Partners is set out below:

Convertible Loan	Pursuant to the Convertible Loan Agreement, Laika Capital Partners advanced the Company \$250,000. The parties acknowledged that the Laika Convertible Loan would be issued with the terms and conditions set out below.
Security	The Company's obligations in relation to convertible loan are secured by a general security deed and a priority deed.
Other Terms and Conditions	The Convertible Loan Agreement otherwise contains terms such as warranties, notice and general provisions which the Company considers standard for an agreement of this nature.

Material terms of the Laika Convertible Loan

A summary of the material terms of the Laika Convertible Loan is set out below:

Term	A period of 12 months commencing on the date of issue of the Convertible Loan (Term).
Conversion	<p>The Convertible Loan will automatically convert into Shares if:</p> <ul style="list-style-type: none">(a) a DOCA has been executed by all parties; and(b) the DOCA has successfully completed in accordance with its terms, <p>during the Term.</p> <p>The number of Shares to be issued to Laika Capital Partners on conversion of the Convertible Loan will be determined in accordance with the formula below:</p> $S = \frac{M}{P}$ <p>Where:</p> <ul style="list-style-type: none">S = the number of Shares to be issued.M = the outstanding amount in respect of the Convertible Loan to be converted.P = \$0.04.
Interest	Interest accrues at a rate of 18% per annum on the outstanding amount in respect of the Convertible Loan and is due and payable in cash at the end of each half-year and on the redemption date.
Redemption	<p>If:</p> <ul style="list-style-type: none">(a) the DOCA is not executed on or before 30 September 2020, or such later as may be agreed in writing by the parties; or(b) following its execution, the DOCA is terminated other than through successful completion of the deed in accordance with its terms; or(c) the DOCA has not successfully completed in accordance with its terms prior to the end of the Term; or(d) the suspension of trading has not been lifted over its Shares within 12 months from the satisfaction of the conditions subsequent as set out in Section 2.2 above; or(e) an event of default occurs,

	then, Laika Capital Partners can, by providing at least 5 Business Days' notice in writing to the Company, require the Company to repay all or some of the convertible loan.
Reconstruction of Share Capital	If there is any there is any issue of shares, options or other securities by the Company (except in accordance with the terms of conversion of any Convertible Notes or under a bonus issue made to all holders of ordinary Shares on a pro-rata basis) or any other reconstruction or reorganisation of the Company's share capital which, in the reasonable opinion of a note holder, is not on reasonable arm's length terms or for fair market value, the conversion price applicable before that issue, reconstruction or reorganisation will be adjusted so that the number of ordinary Share underlying the convertible loan is equivalent in proportion and value to the ordinary Shares the note holder would have if the convertible loan had been converted before, and the note holder had participated in, the relevant issue, reconstruction or reorganisation.

SCHEDULE 2 – UNITHOLDERS IN THE UNIT TRUST

Entity (Beneficiary)	Amount Advanced	Related Party	Cash / Services	Dollar Value Equivalent	Units Subscribed	Ordinary Units	Z Class Units
Four Nations Holdings Pty Ltd	\$125,000.00	Xavier Kris	Both	899,200	875	50	825
Jorest Pty Ltd	\$125,000.00	Stephen Gorenstein	Both	899,200	875	50	825
Sunset Capital Management Pty Ltd	\$100,000.00	Jason Peterson	Cash	500,000	500	0	500
Merchant Capital Management Pty Ltd	\$100,000.00	Andrew Chapman	Cash	500,000	500	0	500
Coalwell Pty Ltd	\$125,000.00	Silvio Salom	Cash	625,000	625	0	625
Tiga Trading Pty Ltd	\$100,000.00	Tiga Trading	Cash	500,000	100	0	100
Achievement Nominees Pty Ltd	\$51.00	Steinepreis Paganin	Services	51,000	51	0	51
Abbey West Pty Ltd	\$38.00	MC Partners	Services	38,000	38	0	38
Market Eye Pty Ltd	\$58.00	Market Eye	Services	58,000	59	0	58
Chieftain Securities Pty Ltd	\$27.50	Chieftain Securities	Services	28,000	27.5	0	28
Ian Pamensky T/A CFO2Grow	\$17.00	CFO2Grow	Services	17,000	17	0	17
Gold City Corp Pty Ltd	\$3.00	Bulls and Bears	Services	3,000	3	0	3
2020 Ventures Pty Ltd	\$23.10	2020 Ventures	Services	24,000	23.1	0	24
	\$675,217.60			4,142,400	3,693.6	100	3,594

Notes:

1. The Amount Advanced set out above is the actual amount in cash contributed by each party for units in the Unit Trust.
2. Certain parties have contributed cash and services for their entitlement to units in the Unit Trust as identified above. The combination of cash and services equals the Dollar Value Equivalent. This is the number used for allocating units under the Unit Trust.
3. The principal difference between the Ordinary Units and the Z Class Units is that the Ordinary Units carry voting rights. As a result, Xavier Kris and Stephen Gorenstein control the Unit Trust.

SCHEDULE 3 – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph(i), the amount payable upon exercise of each Option is set out in the table below (**Exercise Price**).

Options	Exercise Price
Initial Capital Raising Options	\$0.31
Virgin Options	\$0.40
Broker and Corporate Options	\$0.25
Additional Options	\$0.31
Underwriter Options	\$0.40

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on or before the date set out in the table below (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

Options	Expiry Date
Initial Capital Raising Options	The date that is three years from the date of re-quotations of the Company's Shares on the Official List.
Virgin Options.	The date that is three years from the date of issue.
Broker and Corporate Options	The date that is three years from the date of re-quotations of the Company's Shares on the Official List.
Additional Options	The date that is three years from the date of re-quotations of the Company's Shares on the Official List.
Underwriter Options	The date that is three years from the date of re-quotations of the Company's Shares on the Official List

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 4 – TERMS AND CONDITIONS OF INCENTIVE PLAN

A summary of the terms of the Company's Employee Securities Incentive Plan (**Plan**) is set out below.

(a) **Awards**

Award means an Option, a Performance Right, a Share Award and/or a Loan Funded Share, as the case may be.

(b) **Eligible Participant**

Eligible Participant means

- (i) any Director or a person who is a full-time or part-time employee of the Company or its Related Bodies Corporate who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Awards under the Plan; or
- (ii) any other person providing services to the Group and who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Awards under the Plan.

(c) **Administration of the Plan**

The Plan will be administered by the Board in accordance with the Plan rules.

(d) **Purpose**

The purpose of the Plan is to:

- (i) assist in the reward, retention and motivation of Eligible Participants;
- (ii) link the reward of Eligible Participants to Shareholder value creation; and
- (iii) align the interests of Eligible Participants with Shareholders by providing an opportunity to Eligible Participants to earn rewards via an equity interest in the Company based on creating Shareholder value.

(e) **Maximum Award Allocation**

Unless prior Shareholder Approval is obtained, the number of Awards which may be granted under the Plan must not at any time exceed in aggregate 15% of the total issued capital of the Company at the date of any proposed new Awards.

(f) **Eligibility, invitation and application**

The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for any (or any combination) of the different types of Awards on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Awards the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.

If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

(g) **Terms of Awards**

The terms and conditions of Awards offered or granted under these Rules to each Eligible Participant will be determined by the Board in its sole and absolute discretion.

(h) **Grant of Awards**

The Company will, to the extent that it has accepted a duly completed application, grant the Eligible Participant the relevant number of Awards, subject to the terms and conditions set out in the Invitation, the Plan rules and any ancillary documentation required.

(i) **Terms of Options and Performance Rights**

Each Option and/or Performance Right (**Convertible Security**) represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan. Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them unless otherwise determined by the Board. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

(j) **Vesting of a Convertible Security**

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

(k) **Exercise of Convertible Securities and cashless exercise**

To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Options (see below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Convertible Security (if subject to vesting conditions) and prior to the expiry date as set out in the invitation or vesting notice.

The Board may determine in its sole and absolute discretion that a Participant will not be required to provide payment of the exercise price of Options, but that on exercise of the Options the Company will only allot and issue or transfer that number of Plan Shares to the Participant that are equal in value to the difference between the exercise price otherwise payable in relation to the Options and the then Market Value of the Plan Shares as at the time of the exercise (with the number of Plan Shares rounded down).

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means:

- (i) in relation to Options and Performance Rights, a value determined by application of a valuation methodology approved by the Board; and
- (ii) in relation to Share Awards, Loan Funded Shares and Plan Shares, the 'volume weighted average market price' (as that term is defined in the Listing Rules) per Share during the previous five trading days.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

Options must be exercised in multiples of 100 unless fewer than 100 Options are held by a Participant or the Board otherwise agrees.

(l) **Delivery of Shares on exercise of Convertible Securities**

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

(m) **Forfeiture of Convertible Securities**

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly; committed an act which has brought the Company, the Group or any entity within the Group into disrepute, or wilfully breached his or her duties to the Group or where a Participant is convicted of an offence in connection with the affairs of the Group; or has a judgment entered against him or her in any civil proceedings in respect of the contravention by the Participant of his or her duties at law, in equity or under statute, in his or her capacity as an employee, consultant or officer of the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation or vesting notice.

(n) **Change of control**

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event provided that, in respect of Convertible Securities, the maximum number of Convertible Securities (that have not yet been exercised) that the Board may determine will vest and be exercisable into Shares under this Rule is that number of Convertible Securities that is equal to 10% of the Shares on issue immediately following vesting under this Rule, which as far as practicable will be allocated between

holders on a pro-rata basis on the basis of their holdings of Convertible Securities on the date of determination of vesting.

(o) **Adjustment of Convertible Securities**

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

(p) **Convertible Securities participation rights**

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

(q) **Share Awards**

The Board may from time to time make an invitation to an Eligible Participant to acquire Share Awards under the Plan. The Board will determine in its sole and absolute discretion the acquisition price (if any) for each Share Award which may be nil. The Share Awards may be subject to performance hurdles and/or vesting conditions as determined by the Board.

Where Share Awards granted to a Participant are subject to performance hurdles and/or vesting conditions, the Participant's Share Awards will be subject to certain restrictions until the applicable performance hurdles and/or vesting conditions (if any) have been satisfied, waived by the Board or are deemed to have been satisfied under these Rules.

Following the issue of a vesting notification to the Participant, the Share Awards held by the Participant will no longer be subject to any restrictions and may be transferred or sold by the Participant, subject to compliance with applicable laws, the Company's Securities Trading Policy and the terms of the Plan.

(r) **Loan Funded Shares**

The Board may from time to time make an invitation to an Eligible Participant to acquire Loan Funded Shares under the Plan. The Board will determine in its sole and absolute discretion the acquisition price (if any) for each Loan Funded Shares which may be nil. The Loan Funded Shares may be subject to performance hurdles and/or vesting conditions as determined by the Board.

Where Loan Funded Shares granted to a Participant are subject to performance hurdles and/or vesting conditions, the Participant's Loan Funded Shares will be subject to certain restrictions until the applicable performance hurdles and/or vesting conditions (if any) have been satisfied, waived by the Board or are deemed to have been satisfied under these Rules.

Following the issue of a vesting notification to the Participant, the Loan Funded Shares held by the Participant will no longer be subject to any restrictions and may be transferred or sold by the Participant, subject to compliance with applicable laws, the Company's Securities Trading Policy and the terms of the Plan.

When the Company makes an Invitation to an Eligible Participant to acquire Loan Funded Shares, the Company will also offer the Eligible Participant a Loan on terms

and conditions to be determined by the Board, for the amount of the acquisition price of the Loan Funded Shares, for the purposes of acquiring all or part of the Loan Funded Shares the subject of the invitation.

The loan amount may accrue interest as determined by the Board.

A Participant may repay all or part of a Loan at any time before the expiration of the Loan term, and at the expiration of the Loan term the Participant must immediately repay all of the Loan.

(s) **Rights Attaching to Share Awards, Loan Funded Shares and Plan Shares**

Any Share Awards, Loan Funded Shares and/or Plan Shares allotted, issued or transferred by the Company to a Participant under the Plan will rank equally with all existing Shares on and from the date of allotment, issue or transfer, including in respect of all rights and bonus issues.

A Participant will have a vested and indefeasible entitlement to any dividends declared and distributed by the Company on any Share Awards, Loan Funded Shares and/or Plan Shares which, at the record date for determining entitlement to those dividends, are standing to the account of the Participant.

The Participant may also participate in any dividend reinvestment plan operated by the Company in respect of Share Awards, Loan Funded Shares (provided the Loan has been fully repaid) and/or Plan Shares held by the Participant.

(t) **Disposal restrictions**

If the invitation provides that any Share Awards, Loan Funded Shares and/or Plan Shares held by any Participants are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as Share Awards, Loan Funded Shares and/or Plan Shares held by any Participants are subject to any disposal restrictions under the Plan, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that security; or
- (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

(u) **Buy-back**

Subject to applicable law, the Company may at any time buy-back Awards and/or Plan Shares in accordance with the terms of the Plan.

(v) **Compliance with applicable law**

No act will be done or determination made in accordance with the Plan rules where to do so would be a breach of any applicable laws, and where any such act is done or determination made it will be considered void and to the extent possible be unwound and of no effect in respect of Awards and/or Plan Shares.

(w) **Amendment of Plan**

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Awards that have been granted under the Plan and determine that any

amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

(x) **Plan duration**

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Awards granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Awards may be cancelled in the manner agreed between the Company and the Participant.

SCHEDULE 5 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

A summary of the terms and conditions of the Performance Rights is set out below:

(a) **Milestones:** The Performance Rights will have the following milestones attached to them:

(i) **Class A Performance Rights**

The completion of the Company's recapitalisation and the reinstatement to trading of the Company's Shares on ASX within 12 months of the date of issue.

(ii) **Class B Performance Rights**

The Company achieving US\$2 million in revenue between the date of reinstatement to trading of the Company's Shares on ASX and the date that is five years from the date of issue.

(iii) **Class C Performance Rights**

The Company achieving US\$10 million in revenue between the date of reinstatement to trading of the Company's Shares on ASX and the date that is five years from the date of issue .

(each a **Milestone**).

For the avoidance of doubt, the calculation of revenue for the Class B Performance Rights and the Class C Performance Rights will be based on revenue recognised and measured in accordance with AASB 15 Revenue From Contracts with Customers (as amended or replaced from time to time) and will exclude:

- (i) other income including but not limited to gains, finance income, rebates and grants; and
- (ii) revenue that has been manufactured to achieve the performance milestone.

(b) **Vesting Deadline:** Each of the Performance Rights shall lapse on the date that is five years from the date of issue (**Vesting Deadline**). If the relevant Milestone attached to a class of Performance Rights has not been achieved by the relevant Vesting Deadline, then the relevant Performance Rights will automatically lapse. For the avoidance of doubt, a Performance Right will not lapse in the event the relevant Milestone is met before the relevant Vesting Deadline and the Shares the subject of a conversion are deferred in accordance with paragraph (p) below.

(c) **Notification to holder:** The Company shall notify the holder in writing when the relevant Milestone has been satisfied.

(d) **Conversion:** Subject to paragraph (p), upon vesting, each Performance Right will, at the election of the holder, convert into one Share.

(e) **Lapsing Otherwise:** If the holder (or the effective holder where a nominee has been appointed) of the Performance Right's engagement with the Company (or one of its subsidiaries) is terminated for whatever reason, any unvested Performance Rights held by that relevant holder will automatically lapse.

(f) **Expiry Date:** Each Performance Right shall otherwise expire five (5) years from the date of issue (**Expiry Date**). If the relevant Milestone attached to the Performance

Right has been achieved by the Expiry Date, all unconverted Performance Rights of the relevant class will automatically lapse at that time.

- (g) **Consideration:** The Performance Rights will be issued for nil consideration and no consideration will be payable upon the conversion of the Performance Rights into Shares.
- (h) **Share ranking:** All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.
- (i) **Application to ASX:** The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.
- (j) **Timing of issue of Shares on Conversion:** Within 5 Business Days after date that the Performance Rights are converted, the Company will:
 - (i) issue the number of Shares (i) required under these terms and conditions in respect of the number of Performance Rights converted;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (iii) if admitted to the Official List of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the conversion of the Performance Rights.

If a notice delivered under (j)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

- (k) **Transfer of Performance Rights:** Subject to the ASX Listing Rules, and except as otherwise provided for by an offer, Performance Rights are only transferrable in Special Circumstances (as defined in the Plan) with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the relevant holder's legal personal representative or upon bankruptcy to the holder's trustee in bankruptcy.
- (l) **Participation in new issues:** A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues without exercising the Performance Right.
- (m) **Reorganisation of capital:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.
- (n) **Dividend and voting rights:** The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

- (o) **Change in control:** Subject to paragraph (p), upon:
- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
 - (A) having received acceptances for not less than 50% of the Company's Shares on issue; and
 - (B) having been declared unconditional by the bidder; or
 - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

that number of Performance Rights that is equal to not more than 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Performance Rights then on issue as well as on a pro rata basis for each holder. Performance Rights that are not converted into Shares under this paragraph will continue to be held by the holders on the same terms and conditions.

- (p) **Deferral of conversion if resulting in a prohibited acquisition of Shares:** If the conversion of a Performance Right under paragraph (d) or (o) would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:
- (i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition; and
 - (ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (p)(i) within seven (7) days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.
- (q) **No rights to return of capital:** A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (r) **Rights on winding up:** A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.
- (s) **No other rights:** A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

- (f) **Plan:** The terms of the Performance Rights are supplemented by the terms of the Company's Incentive Plan which is the subject of Resolution 11.

SCHEDULE 6 – VALUATION OF PERFORMANCE RIGHTS

The Performance Rights to be issued to the Related Parties pursuant to Resolutions 12 to 14 have been valued by internal management.

Using a pricing model that incorporates a Monte Carlo simulation and based on the assumptions set out below, the Performance Rights were ascribed the following value:

	Tranche A	Tranche B	Tranche C	Total
Grant date	24/08/2020	24/08/2020	24/08/2020	
Vesting date	24/08/2020	24/08/2021	24/08/2022	
Expiry date	24/08/2022	24/08/2022	24/08/2022	
Risk-free interest rate	0.26%	0.26%	0.26%	
Employee retention rate	100.00%	100.00%	100.00%	
Stephen Gorenstein	500,000	500,000	750,000	1,750,000
Xavier Kris	500,000	500,000	500,000	1,500,000
Silvio Salom	500,000	500,000	500,000	1,500,000
Total	1,500,000	1,500,000	1,750,000	4,750,000
Value per right	0.20	0.20	0.20	
Total value	300,000	300,000	350,000	950,000

Note: The valuation noted above is not necessarily the market price that the Performance Rights could be traded at and is not automatically the market price for taxation purposes.

SCHEDULE 7 – PRO FORMA BALANCE SHEET

	Audited Annual Report 30-Jun 2020	Pre-Transaction Pro-Forma	Post-Transaction Pro Forma	Post-IPO Pro Forma
	\$	\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents	74,308	192,450	3,753,837	8,253,837
Other receivables	253,596	318,054	318,054	318,054
TOTAL CURRENT ASSETS	327,904	510,504	4,071,891	8,571,891
NON-CURRENT ASSETS				
Plant and equipment	118,388	94,590	6,079,131	6,079,131
Right of Use Asset	415,283	366,113	366,113	366,113
Intangible assets		4,576	4,576	4,576
Investment in subsidiaries				
TOTAL NON-CURRENT ASSETS	533,671	465,279	6,449,820	6,449,820
TOTAL ASSETS	861,575	975,783	10,521,711	15,021,711
CURRENT LIABILITIES				
Trade and other payables (CL)	5,391,870	4,888,470	4,204,746	1,416,746
Interest-bearing loans and borrowings	2,349,442	3,036,670	1,189,370	1,189,370
Current tax liabilities	82,512			
Employee benefits	52,940	130,548	130,548	130,548
Lease liability - CL	145,973	212,266	212,266	212,266
TOTAL CURRENT LIABILITIES	8,022,737	8,267,953	5,736,929	2,948,929
NON-CURRENT LIABILITIES				
Trade and other payables (NCL)	3,000,000	3,000,000	3,000,000	3,000,000
Lease liability - NCL	527,091	527,091	527,091	527,091
TOTAL NON-CURRENT LIABILITIES	3,527,091	3,527,091	3,527,091	3,527,091
TOTAL LIABILITIES	11,549,828	11,795,044	9,264,020	6,476,020
NET ASSETS	(10,688,253)	(10,819,261)	1,257,690	8,545,690
EQUITY				
Contributed equity	62,597,080	62,597,080	70,745,366	77,445,366
Share based payment reserve	-	-	-	4,312,166
Foreign currency translation reserve	397,066	492,359	492,359	492,359
Accumulated losses	(73,715,93)	(73,942,23)	(70,013,57)	(73,737,73)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	(10,721,79)	(10,852,79)	1,224,153	8,512,153
Non-controlling interest	33,537	33,537	33,537	33,537
TOTAL EQUITY	(10,688,25)	(10,819,26)	1,257,690	8,545,690

ANNEXURE A – INDEPENDENT EXPERT’S REPORT



Sky and Space Global Limited

Independent Expert's Report and Financial Services Guide

27 December 2020

The Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of Sky and Space Global Limited.

Prepared by Moore Australia Corporate Finance (WA) Pty Ltd. Australian Financial Services License No. 240773



MOORE AUSTRALIA CORPORATE FINANCE (WA) PTY LTD
Australian Financial Services License No. 240773
FINANCIAL SERVICES GUIDE

This Financial Services Guide is issued in relation to our Independent Expert's Report on the proposed recapitalisation of Sky and Space Global Limited ("SAS") pursuant to a Deed of Company Arrangement ("DOCA"). At the completion of the DOCA and after related issues of securities and capital raisings, entities related to, or associated with, Laika Capital Partners Pty Ltd will together own in excess of 20% of the issued capital of SAS (the "Proposed Transaction"). Our report has been prepared at the request of the Directors of SAS for inclusion in the Notice of Meeting for the Company's annual general meeting to be held on or about 27 January 2021.

Moore Australia Corporate Finance (WA) Pty Ltd

Moore Australia Corporate Finance (WA) Pty Ltd ("MACF") has been engaged by the directors of SAS to prepare an independent expert's report expressing our opinion as to whether or not the Proposed Transaction is "fair and reasonable" to the shareholders of SAS other than those associated with the Proposed Transaction.

MACF holds an Australian Financial Services Licence – Licence No 240773.

Financial Services Guide

As a result of our report being provided to you we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial Services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, and to carry on a financial services business to provide general financial product advice for securities to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with the issue of securities of a company or other entities.

Our report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our report as a retail client because of your connection with the matters on which our report has been issued. We do not accept instructions from retail clients and do not receive remuneration from retail clients for financial services.

Our report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in this report.

General Financial Product Advice

Our report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives either financial or otherwise, your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the proposed transaction may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that we may receive

We will charge fees for providing our report. The basis on which our fees will be determined has been agreed with, and will be paid by, the person who engaged us to provide the report. Our fees have been agreed on either a fixed fee or time cost basis. We estimate that our fees for the preparation of this report will be approximately \$25,000 plus GST.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of MSPCS or related entities but any bonuses are not directly in connection with any assignment and in particular are not directly related to the engagement for which our report was provided.

Referrals

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

MACF is the licensed corporate advisory arm of Moore Australia Perth, Chartered Accountants. The directors of MACF may also be partners in Moore Australia Perth Chartered, Accountants.

Moore Australia, Chartered Accountants is comprised of a number of related entities that provide audit, accounting, tax, and financial advisory services to a wide range of clients.

MACF's contact details are set out on our letterhead.

Neither MACF nor its related entities have previously provided any professional services to SAS.

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, Moore Australia Corporate Finance (WA) Pty Ltd, PO Box 5785, St George's Terrace, Perth WA 6831.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical.

If we cannot reach a satisfactory resolution, you can raise your concerns with the Australian Financial Complaints Authority Limited ("AFCA"). AFCA is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. MACF is a member of AFCA. AFCA may be contacted directly via the details set out below.

Australian Financial Complaints Authority Limited

GPO Box 3
Melbourne VIC 3001
Toll free: 1800 931 678
Facsimile: 03 9613 6399
Email: info@afca.org.au

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27 December 2020

The Directors
Sky and Space Global Limited
1202 Hay Street
WEST PERTH WA 6005

Dear Directors

Independent Expert's Report

1. INTRODUCTION

- 1.1 This Independent Expert's Report ("IER") has been prepared to accompany the Notice of Annual General Meeting ("Notice of Meeting") to be provided to shareholders for a General Meeting of Sky and Space Global Limited ("SAS" or "the Company").
- 1.2 The specific resolution that requires our report is Resolution 3. However, resolutions 2 to 10 are interdependent and cannot be approved independently (the "Essential Resolutions"). As such, we have considered a single analysis that incorporates the impact of all of the Essential Resolutions.
- 1.3 Shareholder approval will be sought for the following transactions, amongst others set out in the Notice of Meeting which, once obtained, will reflect shareholder approval for the Deed of Company Arrangement ("DOCA" or "DOCA Proposal"):
- Consolidation of capital, with every 2800 shares and options to be consolidated into one share and one option, respectively (Resolution 2);
 - Approval to issue securities to Recipient Parties. Specifically, up to 20,712,000 post consolidation shares to Laika Capital Partners Pty Ltd ("Laika") in its capacity as trustee for the Spacedog Unit Trust (or its nominees) and to distribute those shares to the unit holders in the Unit Trust: Up to 34,367,000 post consolidation shares, along with 8,591,750 three year options exercisable at \$0.31 per option, to Laika (or its nominees) as part of an initial capital raising of up to \$6,873,400: up to 10,000,000 post consolidation shares to Recipient Parties pursuant to the Subsequent Capital Raising: up to 1,166,667 post consolidation shares to other Recipient Parties: Up to 7,880,000 post consolidation options to Recipient Parties: and up to 21,228,731 post consolidation shares which may be issued to Recipient Parties upon the exercise of options and conversions of performance rights referred to in the resolution (Resolution 3);
 - Approval to issue shares to Administrators in lieu of fees totalling \$200,000. (Resolution 4);
 - Approval to issue Creditor Convertible Notes with a face value of US\$877,521 (A\$1,222,387) to the Creditors (or their nominees) on the terms and conditions set out in the Explanatory Statement. (Resolution 5).
 - Approval to issue up to 1,833,333 post consolidation shares to unrelated parties on conversion of seed convertible loan (Resolution 6);
 - Approval to issue up to 333,333 post consolidation shares to a related party on conversion of seed convertible loan (Resolution 7);
 - Approval to issue up to 18,000,000 post consolidation shares, referred to as the Subsequent Capital Raising (Resolution 8);
 - Approval to issue up to 2,500,000 post-consolidation options, referred to as the Underwriter Options (Resolution 9); and
 - Approval to issue up to 11,000,000 post consolidation shares and 7,000,000 options as part of the Virgin Orbit settlement (Resolution 10)

Further details of the DOCA Proposal (also described as the "Proposed Transaction") are set out in Section 3 of our report.

- 1.4 As noted in the Explanatory Statement accompanying the Notice of Meeting, the Shareholders Meeting is being convened with the main purpose of seeking to pass resolutions that will allow the DOCA to be effectuated and supervision by the Administrators concluded. Subject to the approval of the DOCA Proposal, as set out above, by shareholders, the Directors are also seeking approval from shareholders for a range of resolutions which aim to facilitate additional recapitalisation of the Company and potentially the reinstatement to trading of its shares on ASX (subject to the approval of the ASX). We note ASX has advised the Company that it is not prepared to grant approval for reinstatement at this time.

2. SUMMARY & OPINION

Purpose of the Report

- 2.1 Section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting power increasing from a starting point below 20% to an interest above 20% or from a starting point of above 20% to an increased percentage, other than under limited exceptions. Completion of the Proposed Transaction (reflecting resolutions 2 to 10 and prior to considering the impacts of resolutions 11 onwards) is expected to result in entities related to, and associated with, Laika Capital Pty Ltd ("Laika") together holding voting power in SAS of up to a maximum of 85.31% if the 21,228,731 conversion shares, referred to in Resolution 3 (see section 1.3 above), are issued on exercise of convertible securities currently held by or proposed to be issued to Recipient Parties.
- 2.2 Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 of the Act does not apply if the Proposed Transaction has been approved by the Non-Associated Shareholders of the Company. Accordingly, the Company is seeking approval from the Non-Associated Shareholders for the Proposed Transaction under Item 7 of Section 611 of the Act.
- 2.3 Item 7 Section 611 of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. ASIC Regulatory Guide 111 ("RG 111") advises the requirement to commission an Independent Expert's Report in such circumstances and provides guidance on the content.
- 2.4 Pursuant to ASX listing Rule 10.12 (Exception 6), Listing Rule 10.11 does not apply to an issue of securities approved for the purposes of item 7 of Section 611 of the Corporations Act. Accordingly, the Company does not need to seek a separate approval under Listing Rule 10.11 for the proposed issue of shares to Laika or its nominees.
- 2.5 The Directors of SAS have engaged Moore Australia Corporate Finance (WA) Pty Ltd ("MACF") being independent and qualified for the purpose, to prepare an Independent Expert's Report to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the shareholders of SAS not associated with the Proposed Transaction (the "Non-Associated Shareholders").
- 2.6 Our assessment of the Proposed Transaction relies on financial information and instructions provided by the Company and the Directors. We have critically analysed the information provided to us, but we have not completed any audit or due diligence of the information which has been provided for the entities which have been valued. This report does not contain any accounting or taxation advice.

Approach

- 2.7 Our report has been prepared having regard to Australian Securities & Investments Commission ("ASIC") Regulatory Guide 111 Content of Expert's Reports ("RG 111") and Regulatory Guide 112 Independence of Expert's ("RG 112").
- 2.8 In arriving at our opinion, we have assessed the terms of the Proposed Transaction, as outlined in the body of our report, by considering the following;
- Whether the value of an SAS share following the Proposed Transaction (on a minority basis) is greater than the value of an SAS share prior to the Proposed Transaction (on a control basis);
 - Advantages and disadvantages of approving the Proposed Transaction;

Approach (continued)

- The likelihood of a superior alternative Proposed Transaction being available to SAS;
- Other factors which we consider to be relevant to the shareholders of SAS in their assessment of the Proposed Transaction; and
- The position of the shareholders of SAS should the Proposed Transaction not be successful.

2.9 Further information on the approach we have employed in assessing whether the Proposed Transaction is “fair and reasonable” is set out at Section 4 of this Report.

Opinion

2.10 We have considered the terms of the Proposed Transaction as outlined in the body of our report and have concluded that the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of SAS, as set out in sections 10 and 11 of this Report.

Fairness

2.11 In Section 11 we determined the value of SAS’ shares before the Proposed Transaction and the value of SAS’ shares following the Proposed Transaction, as detailed below:

		Section	Low \$	Preferred \$	High \$
Pre Proposed Transaction	Assessed Fair Value of a SAS share prior to the Proposed Transaction on a control basis (post consolidation)	8	(11.26)	(10.98)	(10.42)
Post Proposed Transaction	Assessed Fair Value of a SAS share post the Proposed Transaction and after conversion of all convertible loans to equity, other than the Creditor Convertible Notes, on a minority basis (post consolidation).	9	0.022	0.050	0.080

Source: Moore Australia Corporate Finance (WA) Pty Ltd analysis

2.12 The above assessment indicates that, in the absence of any other relevant information, when using the preferred values, the Proposed Transaction is fair to the Non-Associated Shareholders of SAS.

Reasonableness

2.13 RG 111 establishes that an offer is reasonable if it is fair. It may also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the Proposed Transaction in the absence of a higher bid before the Proposed Transaction closes. We have considered the analysis in Section 11 of this report, in terms of both;

- Advantages and disadvantages of the Proposed Transaction; and
- Other considerations, including the level of control of SAS if the Proposed Transaction is successful and the position of shareholders of SAS if the Proposed Transaction is not successful.

2.14 In our opinion, if the Proposed Transaction is successful, the position of Non-Associated Shareholders of SAS is more advantageous than their position if the Proposed Transaction was not successful. Accordingly, in the absence of a superior Proposed Transaction, and any other relevant information, we believe that the Proposed Transaction is reasonable for Non-Associated Shareholders of SAS.

Reasonableness (continued)

2.15 The advantages and disadvantages considered are summarised below;

Advantages

- The Proposed Transaction may eventually lead to the relisting of SAS on the ASX or an alternative exchange, which would increase liquidity of SAS shares. However, we do note that as at this date ASX has not granted approval for reinstatement of the Company's shares to trading and there is a risk that ASX may never grant this reinstatement. Completion of the DOCA Proposal and approval of the other resolutions proposed in the Notice of Meeting are expected to put the Company in a position whereby it will comply with Listing Rules 12.1 and 12.5 and thus can apply for reinstatement of its share to trading on ASX. However, we note compliance with listing rules won't guarantee ASX's approval, which is always subject to their discretion;
- The Proposed Transaction will ultimately enable the Company to achieve effectuation of the DOCA and retirement of the Administrators;
- The Proposed Transaction will significantly improve the net asset position of the Company, with a substantial reduction in its debts, taking it from a significant negative net asset position to positive net assets, and provide it with sufficient working capital so as to enable the Company to recommence operations as a going concern.
- The associated new director and executive team appointments made on 21 July 2020 have significantly increased the expertise and experience of the board of directors and management;
- The Proposed Transaction will enable the Company to continue to leverage off its existing satellite launch program, its already deployed 3 Diamonds constellation, its existing intellectual property and specialist assets and distribution networks;
- The capital raisings as part of the Proposed Transaction will provide SAS with working capital to further the development of its key assets and to pursue short term revenue generation opportunities; and
- The restructured Company will have a very low enterprise value in comparison to similar listed companies making the Company an attractive investment opportunity which may more readily facilitate access to additional capital as needed.

Disadvantages

- In the event the Proposed Transaction is successful, the consolidation of shares and the issue of new shares to Laika and their Associates will have a significant dilutive effect on the voting interest of Non-Associated Shareholders of SAS;
- The Proposed Transaction would result in Laika and their associates owning up to 85.31% of SAS at completion of the Proposed Transaction (assuming the maximum capital raisings proposed in Resolution 3 is achieved). After factoring in the impact of all resolutions included in the Notice of Meeting, but prior to considering the potential conversion of options and performance rights, entities associated with Laika will hold voting power in SAS of up to 81.482%. The Recipient Parties are either Laika, Spacedog Unit Trust or related entities, including the holders of units in Spacedog Unit Trust. These parties are considered to be Associates, meaning a significant voting block will be held by a small number of shareholders at completion of the Proposed Transaction, although we note the unit holders will ultimately hold the shares directly and will be able to vote independently upon completion of the Proposed Transaction.

Reasonableness (continued)

2.16 Other key matters we have considered include:

Section	
11	The likelihood of alternative offers offering similar value to shareholders is low. The Administrators undertook an extensive sale of business campaign with the aim of securing a proposal to recapitalise and or sale of the business/Company by way of a DOCA. The proposal presented by Laika was considered to be the best option available that was likely to maximise the chances of the Company and its business remaining in existence and providing a better return to creditors and its members than would result from an immediate winding up of the Company
11	If the Proposed Transaction is not approved and the DOCA does not complete then SAS is likely to be placed into liquidation with little prospect of a return to shareholders.
11	Based on our review of the Administrators report to creditors of SAS the existing shareholders of SAS have nil value unless the DOCA completes.

3. SUMMARY OF THE PROPOSED TRANSACTION

DOCA Proposal

3.1 SAS entered into a DOCA with Laika, dated 4 August 2020, which was subsequently amended on 31 October 2020 (in relation to which approval will be sought at a meeting of creditors on 17 November 2020), and which incorporates the following arrangements:

Share Consolidation

That a consolidation of the Company's issued capital will be undertaken on the basis that every 2800 shares and options will be consolidated into one.

Proponent Securities

That the number of shares to be issued to the Proponent (Laika) will be such that after the 2800:1 consolidation the Proponent will have a relevant interest in up to 99% of the issued capital of the Company (excluding any shares to be issued to CSS Alpha (BVI) Limited and Telefox Limited pursuant to the Creditor Agreements section noted below .

Laika has entered into the DOCA as trustee of the Spacedog Unit Trust, of which units in the Unit Trust have been issued to various third parties in consideration for the provision of services and funding to the Unit Trust, which have ultimately been used for or facilitated the proposed DOCA and its implementation and funding of the Group during Administration.

Resolution 3 seeks approval from shareholders to issue a total of up to 66,246,173 post consolidation shares (excluding the conversion of options and shares) to the Recipient Parties via Laika. This comprises the 20,712,000 shares referred to in Resolution 3(a) that Laika intends to distribute to the unitholders of the Spacedog Unit Trust, 34,367,000 post consolidation shares, referred to in Resolution 3(b), that Laika has agreed to subscribe to in order to procure funding for the Company, by way of an initial capital raising to raise up to \$6,873,400 at an issue price of \$0.20 per share, 10,000,000 post consolidation shares, referred to in Resolution 3 (c), by way of a subsequent capital raising at an issue price of \$0.25 per share and 1,166,667 post consolidation shares, referred to in Resolution 3 (d), to other Recipient Parties.

As set out in paragraph (b) of Resolution 3, Laika will either subscribe for the shares, the subject of the capital raising, or will otherwise nominate parties that will subscribe for those shares. The Proponent has the right to nominate the participants in the capital raising, which may be unrelated, third party, sophisticated investors introduced by the Proponent. The identity of these parties is not known at this time.

CPS Capital Group Pty Ltd ("CPS Capital") has agreed to underwrite up to \$2,500,000 of the subsequent capital raising. Jason Peterson (a nominee of CPS Capital) will either subscribe for the 10,000,000 shares that CPS Capital has agreed to underwrite or will otherwise nominate parties that will subscribe for those shares. The identity of these parties is not known at this time.

Proponent Securities (continued)

Of the funds raised pursuant to the shares issued to the Proponent \$2,325,300 will be paid into the Creditor Fund, which is discussed below. The balance of funds raised will be used towards costs of the DOCA, effectuation costs, key technology development, sales and marketing and general working capital. The capital raising is crucial for the Company to strengthen its balance sheet and so that it can have sufficient working capital for the Group to operate as a going concern.

Convertible Loan for Working Capital

\$250,000 to be provided to the Deed Administrators by Laika (“Laika Convertible Loan”) for working capital of the Company and its subsidiaries which shall convert into shares at a post consolidation issue price of \$0.20 per share.

Creditors’ Trust

Laika’s proposal to restructure and recapitalise the Company and its assets, as set out in the DOCA, provides for the establishment of a Creditors’ Trust, under which the Company’s creditors will become beneficiaries of the Trust in exchange for extinguishing their claims against the Company, allowing the Company to exit administration.

Laika will secure the payment of \$2,325,300 into the Creditors’ Trust (including the \$250,000 convertible loan noted above), through a capital raising and issue of shares by the Company.

Remuneration Entitlement and Administration Costs

The Administrators are entitled to be paid remuneration for acting as administrators, administrators of the DOCA and as trustees of the Creditors’ Trust (“Remuneration Entitlement”) and be indemnified for debts, liabilities and expenses suffered or incurred by them in the conduct of the administration of the Company, of the DOCA or the Creditor’s Trust (“Administration Costs”).

Subject to the conditions subsequent being satisfied, the Remuneration Entitlement and the Administration Costs will be capped at a total sum of \$1,319,000 (exclusive of GST), in respect of which the Administrators will accept up to \$200,000 worth of Shares (the subject of Resolution 4) in lieu of cash. The Administrator Shares will only be issued if the Administrators are satisfied that the Remuneration Entitlement and/or the Administration Costs will exceed \$900,000.

If the Company is not readmitted to the official list of ASX before 31 July 2021, the Company has agreed to pay the Administrators the sum of \$200,000 for the purchase of the Administrators Shares (which sum must be paid on or before 31 August 2021).

Creditor Agreements

In order to procure payment of the debts owing to Telefox and Alpha, being US\$1,155,000 and US\$417,617 respectively, the Company has entered into agreements with each of Telefox and Alpha (“Creditor Agreements”), whereby:

- a) the Company will arrange for the payment of a cash dividend of \$897,700 to Telefox and \$324,600 to Alpha from the Creditors’ Fund; and
- b) subject to obtaining Shareholder approval pursuant to Resolution 5, the Company has agreed to issue the Creditor Convertible Notes, which will be issued on the terms and conditions set out in Section 6.3 of the Notice of Meeting. NB. In the event that SAS is delisted from ASX or SAS’s suspension from trading on ASX is not lifted within 12 months of the DOCA being effectuated the balance of these debts could become immediately due and payable by the Company.

The Creditor Agreements otherwise contain terms such as warranties, notice and general provisions which the Company considers standard for agreements of this nature.

Board Appointments

On 21 July 2020, the Administrators appointed Mr Xavier Kris, Mr Stephen Gorenstein and Mr Silvio Salom to the Board of SAS and the previous Directors, Meir Moalem, Maya Glickman-Pariente and Yonatan Shrama were removed by the Administrators.

Key conditions of the DOCA Proposal

- 3.2 The DOCA, as varied on 31 October 2020 is conditional on creditor approval, each of the Shareholder approvals set out in the Notice of Meeting being obtained, the completion of a 2800:1 consolidation of the Shares (2800:1 Consolidation) and the issue of the following Securities (DOCA Securities):
- a) the allotment of shares to Laika (or Laika's nominees) to the extent that after the consolidation the Proponent (and the Proponent's nominees) will have up to 99% of the issued capital of the Company on an undiluted basis (excluding any shares to be issued to Alpha and Telefox);
 - b) the issue of 1,000,000 shares at an issue price of \$0.20 per share to the value of \$200,000.
 - c) the issue of convertible notes to creditors of the Company ("Creditor Convertible Notes") comprising the issue to:
 - i. *CSS Alpha (BVI) Limited ("Alpha") in partial repayment of debt of US\$961,992 owed by the Company; and*
 - ii. *Telefox Ltd ("Telefox") in partial repayment of debt of US\$1,572,617 owed by the Company.*
- 3.3 Resolutions 2 to 5 seek Shareholder approval for the Company to conduct the Consolidation and issue shares and options to the Recipient Parties (including for the conversion of the Laika Convertible Loan, for additional working capital, etc), for the issue of shares to the Administrator in Lieu of fees and the Creditor Convertible Notes.
- 3.4 If any of the conditions subsequent (as noted above) are not satisfied by 31 January 2021 (or such later date as extended at the discretion of the Administrators on the application of Laika) the Administrators must convene a meeting of the Company's creditors for the purpose of varying or terminating the DOCA.

Other Elements of the Proposed Transaction

Subsequent Capital Raising

- 3.5 The Company is proposing to issue up to 18,000,000 Shares (on a post-Consolidation basis) pursuant to a prospectus under the Subsequent Capital Raising at an issue price of \$0.25 per Share to raise up to \$4,500,000.

Issue of Shares and Options to Virgin Orbit

- 3.6 As announced on 28 October 2020, Sky and Space Global (UK) Ltd (SAS UK) entered into a deed of settlement with Virgin Orbit LLC (Virgin Orbit), whereby the parties agreed to terminate the launch services agreement which was entered into on 12 September 2016 (Virgin Deed). Part of the settlement included the issue of 11,000,000 post consolidation shares and 7,000,000 post consolidation options

Rationale for the Proposed Transaction

- 3.7 SAS is currently suspended from the ASX. Completion of the DOCA and the other resolutions proposed in the Notice of Meeting are expected to put the Company in a position whereby it will comply with Listing Rules 12.1 and 12.5 and thus be able to apply for reinstatement of its share to trading on ASX. However, as noted earlier, ASX has advised the Company that it is not prepared to grant approval for reinstatement at this time. If the Proposed transaction cannot be completed then the Company may have insufficient time to complete an alternative transaction in order to relist on ASX within their required time limits.
- 3.8 Refer also to our analysis of advantages of the Proposed Transaction set out in Section 2.15.

Impact of Proposed Transaction on SAS Capital Structure

- 3.9 The capital structure of the Company assuming that each of the Resolutions in the Notice of Meeting is approved and the relevant securities are issued will be as follows:

Security	Shares	Options	Performance Rights	Convertible Notes
Currently on issue	2,502,478,657	410,927,596 ¹	-	-
Post Consolidation (2800:1)	893,742	146,760 ²	-	-
Shares issued to Unit Trust	20,712,000	-	-	-
Director performance rights	-	-	4,750,000	-
Shares issued pursuant to Capital Raising ⁵	34,367,000	8,591,750	-	-
Creditor Convertible Notes ⁴	-	-	-	1,222,387
Administrator Shares ³	1,000,000	-	-	-
Shares upon conversion of Seed Convertible Loans	3,333,333	-	-	-
Subsequent Capital Raising	18,000,000	-	-	-
Virgin Orbit Shares	11,000,000	7,000,000	-	-
Broker and Corporate Options	-	5,380,800	-	-
Underwriter Options	-	2,500,000	-	-
Sub-Total – Essential Resolutions	89,306,075	23,619,310	4,750,000	1,222,387
Employee shares	43,890	-	-	-
Director shares	335,670	-	-	-
Other option holders	-	2,400,000	-	-
Total	89,685,635	26,019,310	4,750,000	1,222,387

Notes:

1. Comprising 329,075,133 Quoted Options (ASX: SASOC) exercisable at \$0.05 each on or before 21 May 2022 and 81,852,463 Quoted Options (ASX:SASOD) exercisable at \$0.015 each on or before 31 May 2021.
2. Comprising 117,527 Quoted Options (ASX: SASOC) exercisable at \$140.00 each on or before 21 May 2022 and 29,233 Quoted Options (ASX:SASOD) exercisable at \$42 each on or before 31 May 2021.
3. Resolution 4 approves the shares to be issued to the Administrator. At Section 9.4 we have factored in these shares to be issued in the equity value and have also included them in the number of shares on issue following the Proposed Transaction.
4. Combined total of Creditor Convertible Notes to Alpha and Telefox – assumes USD:AUD exchange rate of USD:AUD exchange rate of 1.39 (as at 17 August 2020).
5. Assumes the issue of 34,367,000 post-Consolidation Shares as part of a capital raising of up to \$6,873,400 through the issue of Shares at \$0.20 per Share.

Impact of Proposed Transaction on SAS Capital Structure (continued)

- 3.10 The table below sets out a summary of the capital structure and the relevant interests of the Recipient Parties (Associated Shareholders) in voting shares in the capital of the Company, both prior to and post completion of the Proposed Transaction, being reflected in Resolutions 2 to 910 (both presented on a post consolidation basis):

	Prior to Proposed Transaction		Post Proposed Transaction	
Shares on issue:		%		%
Non-Associated Shareholders - after Consolidation 2800:1	893,236	99.946	15,059,903	18.52
Associated Shareholders	506	0.06	66,246,172	81.48
Total Shares on issue	893,742	100.00	81,306,075	100.00

The above analysis is based on the following assumptions:

1. That the Company has 893,742 shares on issue following completion of the share consolidation on the basis 2800:1;
2. The Company has issued all of the shares subject to Resolution 3 and that all shares issued pursuant to Resolution 3 are associated with Laika, 1,000,000 Shares to the Administrator in accordance with Resolution 4, 2,166,666 Shares on conversion of the seed convertible loans pursuant to Resolutions 6 and 7 and 11,000,000 Shares to Virgin Orbit pursuant to Resolution 10;
3. That only 10,000,000 (being those underwritten) of the 18,000,000 shares are issued pursuant to the Subsequent Capital Raising referred to in Resolution 8;
4. No options are exercised, no performance rights convert to ordinary shares and no other convertible securities are converted into shares; and
5. The Recipient Parties do not acquire any additional shares not contemplated pursuant to the resolutions.

In summary, the relevant interest that the Recipient Parties will hold will increase from 0.06% prior to the Proposed Transaction to approximately 81.48% post completion of the Proposed Transaction (i.e. before considering shares proposed to be issued pursuant to Resolutions 11 onwards).

After all shares proposed by the remaining resolutions set out in the Notice of Meeting are issued the relevant interest that the Recipient Parties will hold will decrease to 73.86%.

If 21,228,731 Shares are issued on exercise of convertible securities which are currently held by or proposed to be issued to the Recipient Parties, then, on a fully diluted basis, the maximum relevant interest that the Recipient Parties will hold will be as high as 85.31%.

4. SCOPE OF THE REPORT

Corporations Act

- 4.1 Section 606 of the Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest in the company increasing from a starting point that is below 20% to an interest that is above 20% or from a starting point of above 20% to an increased percentage, under than under limited exceptions. Completion of the Proposed Transaction (reflecting resolutions 2 to 10 and prior to considering the impacts of resolutions 11 onwards) is expected to result in entities related to, and associated with, Laika Capital Pty Ltd ("Laika") together holding voting power in SAS of up to a maximum of 85.31% if the 21,228,731 conversion shares, referred to in Resolution 3 (see section 1.3 above), are issued on exercise of convertible securities currently held by or proposed to be issued to Recipient Parties.
- 4.2 Upon completion of the DOCA Proposal, the interests in SAS of entities related to Laika will increase from 0.06% to an amount greater than 20% (up to 85.31%).

Corporations Act (continued)

- 4.3 Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 does not apply if the acquisition has been approved by the Non-Associated Shareholders of the Company.
- 4.4 As such, the Company is seeking approval from Non-Associated Shareholders under section 7 of Section 611 of the Act.
- 4.5 Section 611(7) of the Act states that shareholders must be given all information that is material to the decision on how to vote at a general meeting.

ASX Listing Rules

- 4.6 Pursuant to ASX listing Rule 10.12 (Exception 6), Listing Rule 10.11 does not apply to an issue of securities approved for the purposes of item 7 of Section 611 of the Corporations Act. Accordingly, the Company does not need to seek a separate approval under Listing Rule 10.11 for the proposed issue of shares to the Recipient Parties.

Regulatory guidance

- 4.7 The Corporations Act does not define the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.
- 4.8 This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.
- 4.9 In our opinion, the Proposed Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Proposed Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to the shareholders of SAS.

Adopted basis of evaluation

- 4.10 RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- 4.11 Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for Non – Associated Shareholders to accept the Proposed Transaction in the absence of any higher bid.
- 4.12 Having regard to the above, MACF has completed this comparison in two parts:
- A comparison between the value of a SAS share prior to the Proposed Transactions (on a control basis) to the value of a SAS share following the Proposed Transaction (on a minority basis) (fairness – see Section 10 – Assessment of Fairness); and
 - An investigation into other significant factors to which Non-Associated Shareholders might give consideration, prior to accepting the Proposed Transaction, after reference to the value derived above (reasonableness – see Section 11 - Assessment of Reasonableness).

5. PROFILE OF SKY AND SPACE GLOBAL LIMITED

Background

- 5.1 SAS is a public company, incorporated in Australia. The Company, which was listed on the ASX (ASX:SAS), was formerly known as Burleson Energy Limited until May 2016 when it completed the acquisition of Sky and Space Global (UK) Limited and its controlled entities by way of a reverse takeover and changed the nature of its business from oil and gas exploration to that of a nanosatellite communications company. Sky and Space Global (UK) Limited was founded in 2015 by Israeli satellite and aerospace experts.

Background (continued)

- 5.2 The core business aim of SAS is to build and market a constellation of low earth orbit nanosatellites to provide communications globally. The Company aims to provide low cost nanosatellite communication coverage on an anywhere to everywhere basis with relatively low maintenance costs. SAS also develops proprietary network management software systems that enable satellites to autonomously manage deployments, orbital control and M2M communication with little interference from ground stations. This reduces capital expenditure, launch and operating costs, enabling SAS to provide cost effective solutions to numerous industries including telecommunications, transport and mining
- 5.3 Although listed on ASX in Australia, the Group's main operations have historically been based in the United Kingdom and to a lesser extent in Israel and Poland. SAS, as parent entity for the Group, has largely overseen the Group's operations and is aiming to expand its operational activities in Australia.
- 5.4 SAS is the parent entity of the following subsidiaries;
- Sky and Space Global (UK) Limited;
 - Sky and Space (Global) Poland Software Limited (75% owned);
 - Sky and Space Global (Israel) Limited;
 - Burleson Energy Holdings Inc (dormant); and
 - Burleson Energy Inc (dormant).
- 5.5 Sky and Space Global (UK) Limited holds the key assets of the Group including the nanosatellites, associated intellectual property, and contracts with the UK Office of Communications and the International Telecommunications Union. The Company developed and successfully launched its first three nanosatellites into space in 2017 and has been developing other nanosatellites known as Pearls and Black Diamonds as well as its associated software that will enable the Group to progress to commercial operations.
- 5.6 Sky and Space (Global) Poland Software Limited was established to develop software that would be implemented in and is integral to the Group's satellite network. We understand that on 17 April 2020 the Company's management filed for bankruptcy proceedings in Poland and that its bankruptcy filing is ongoing. We understand that all the software and intellectual property developed by this Company is owned by the Group's UK subsidiary (Sky and Space Global; (UK) Limited) and that as a consequence the bankruptcy proceedings involving the Polish subsidiary are not anticipated to have any impact on the business operations of the Group moving forward
- 5.7 Sky and Space Global (Israel) Limited has largely been used to provide system engineering and to accommodate key management personnel.
- 5.8 As the Group is yet to commercialise its operations it has been reliant on capital raisings and loans provided by third parties to fund its operational and development costs, which appear to have been inadequate to cover the Group's expenditures. In particular, the Group incurred significant trading losses in 2018 and 2019 as well as significant net cash outflows from operations and investment activities during this period. Earlier this year the Group found it difficult to secure alternative sources of equity or debt funding which precipitated the appointment of a voluntary administrator.
- 5.9 The Company was placed into voluntary administration on 8 April 2020 and has been suspended from trading on ASX since 4 April 2019. The subsidiaries of SAS, as noted in Section 5.4 above, were not subject to the voluntary administration and have continued to trade in their own right, albeit at a reduced capacity due to the COVID 19 pandemic and so as to minimise costs.
- 5.10 Whilst in administration the Administrators undertook procedures to secure and preserve the Company's assets with the objective of undertaking a recapitalisation and/or sale of the business/Company. This included them conducting a marketing campaign seeking expressions of interest in relation to the Company and its subsidiaries. At completion of this process and, after consideration of a number of expressions of interest and offers, the Administrators negotiated a proposal presented by Laika

Background (continued)

- 5.11 Following a meeting of creditors on 30 June 2020, which was convened by the Administrators, it was resolved that a Deed of Company Arrangement (DOCA) proposed by Laika be executed by the Company. The DOCA was subsequently executed on 20 July 2020. Under the DOCA it was proposed that specified property would be transferred to a Creditor's Trust, so as to be made available to pay creditors claims.
- 5.12 A Creditors' Trust is an instrument used to facilitate a company's exit from external administration. It is a trust entity whereby a company's obligations to its creditors as set out in the DOCA are compromised and transferred to the trust for distribution to the participating creditors, thereby extinguishing the rights of creditors against the company. Once effectuated the DOCA enables the external administration of the Company to cease and thus enables the Company to undertake steps to recapitalise, to raise additional finance and to relist on ASX.
- 5.13 The DOCA was executed on 4 August 2020 (subsequently varied on 31 October 2020) and is expected to be effectuated upon approval of the Resolutions subject to the Notice of Meeting. At that time control of the Company will revert back to the board of directors and SAS will no longer be subject to the external control of an administrator.
- 5.14 The Company's achievements to date and its business plans going forward are outlined in sections 1.8 and 1.9 of the Notice of Meeting.

Board of Directors – At Commencement of Administration

The following directors have since been removed by the Administrators.

Name	Title	Experience
Meir Moalem	Managing Director	A jet fighter pilot, Lt Col (Res.) of the IAF, has over 20 years of experience in management. R & D and operation of state of the art projects in space systems and unmanned aerial systems, among those acting as a deputy sq. commander and leading the MEIDEX experiment on Space Shuttle Columbia as the project manager for Israel's first astronaut flight, managing Israel's satellite projects.
Maya Glickman-Pariente	Non-Executive Director	Highly experienced and regarded as a global industry leader, Maya is Sky and Space Global (UK) Limited's Chief Constellation Officer and leads the team on satellite mission analysis, mission control, software development and operations management. Maya is MASTER STK certified and was a senior satellite engineer of communications satellites with extensive experience in satellite operations.
Yonatan Shrama	Non-Executive Director	Yonatan has over 13 years of experience in business development and entrepreneurship in automotive technology systems, medical equipment, and high technology security equipment. Yonatan has extensive experience in managing teams and processes. Yonatan is currently chairman of Enigma, a cyber company, and VP Bizdev at Spacecialist.

Incoming Directors – Recently Appointed

- 5.15 SAS have recently appointed the following as directors:

Name	Title	Experience
Xavier Kris	Non-Executive Director	Senior leadership expertise in managing complex technology and transaction-based service businesses around the world. Over 22 years of experience as director of service-based information tech businesses in UK, France, USA, South East Asia and Australia.
Stephen Gorenstein	Non-Executive Director	Expertise in cross-border transactions and extensive networks in Australian capital markets. 20 plus years capital markets experience including equity analyst roles at both Goldman Sachs and Merrill Lynch.
Silvio Salom	Non-Executive Director	30 years of experience in the field of technology and entertainment including consumer, aerospace & defense, telecommunication, artificial intelligence and aviation

- 5.16 We have been advised that Meir Moalem will be retained by the Company as Chief Executive Officer.

Historical Financial Information

- 5.17 We have reviewed the unaudited consolidated financial statements of the Group for the year ended 30 June 2020 and the audited consolidated financial statements of the Group for the year ended 30 June 2019.
- 5.18 We have also been provided with an unaudited pro-forma statement of financial position of the Group which sets out its estimated financial position immediately before the proposed DOCA transactions, for which shareholder approval is being sought. Based on our review we consider this to be a reliable approximation of the financial position of the Group immediately prior to the Proposed Transaction (DOCA).
- 5.19 The Company's auditor issued an adverse opinion on the Group financial report for the year ended 30 June 2019 to the effect that the financial report was not in accordance with the Corporations Act 2001, did not give a true and fair view of the Group's financial position and did not comply with Australian Accounting Standards and the Corporations Regulations. The reason for the adverse opinion was that a number of contracts entered into by the Company with third party suppliers were assessed by the auditor to be onerous contracts and in their opinion required an additional provision to be booked in the accounts amounting to approximately \$118 million. This would have the effect of increasing the reported loss for the year and decreasing shareholder equity by \$118 million, as well as potentially impacting on other account balances and disclosures
- 5.20 The auditor also included in their 30 June 2019 report an emphasis of matter relating to the basis of accounting adopted in preparing the financial statements and in particular the fact that the financial report was prepared on a basis other than the going concern basis, for various reasons described in Note 2 b) of the financial report.
- 5.21 Subsequent to 30 June 2020 the contracts referred to in 5.19 above have either been terminated or renewed on terms such that the onerous contracts issue has been resolved and the expected liabilities for such contracts are now fully accrued for in the statement of financial position of the Group as at 30 June 2020. Accordingly, financial information set out below has not been adjusted for the adverse qualification noted in the auditors 30 June 2019 opinion.
- 5.22 The table below sets out a summary of the consolidated financial position of SAS as at 30 June 2020 (unaudited) and its pro-forma statement of financial position (unaudited) immediately before the proposed DOCA transactions, taken to be 30 September 2020, extracted from the financial statements, management accounts and other records of the Company and its controlled entities.

Consolidated Statement of Financial Position	Ref	30 Sept 2020	30-Jun-2020
ASSETS			
Current assets			
Cash and cash equivalents	i	192,450	74,308
Trade and other receivables	ii	318,054	253,596
Total current assets		510,504	327,904
Non-current assets			
Plant and equipment	iii	94,590	118,388
Right of use assets	iii	366,113	415,283
Intangible assets	iii	4,576	-
Total non-current assets		465,279	533,671
Total assets		975,783	861,575

Historical Financial Information (continued)

Consolidated Statement of Financial Position	Ref	30 Sept 2020	30-Jun-2020
LIABILITIES			
Current liabilities			
Trade and other payables	iv	4,888,470	5,391,870
Interest bearing loans and borrowings	v	3,036,670	2,349,442
Current tax liabilities		-	82,512
Employee entitlements		130,548	52,940
Lease Liability	vi	212,266	145,973
Total current liabilities		8,267,953	8,022,737
Non-current liabilities			
Trade and other payables	iv	3,000,000	3,000,000
Lease liability	vi	527,091	527,091
Total non-current liabilities		3,527,091	3,527,091
Total liabilities		11,795,044	11,549,828
NET ASSETS		(10,819,261)	(10,688,253)
EQUITY			
Contributed equity		62,597,080	62,597,080
Foreign currency reserve		492,359	397,066
Accumulated losses		(73,942,237)	(73,715,936)
Equity attributable to equity holders of the parent		(10,852,798)	(10,721,790)
Non-controlling interest		33,537	33,537
TOTAL EQUITY		(10,819,261)	(10,688,253)

Source: Unaudited SAS financial statements for the year ended 30 June 2020 and pro-forma statement of financial position of the Group as at 30 September 2020 (prepared by the Company).

- 5.23 We note the following in relation to the financial position of SAS as at 30 June 2020 and as reflected in the pro-forma statement of financial position as at 30 September 2020 (pre DOCA):
- i. The cash balances have increased subsequent to 30 June 2020 largely due to funds provided by Laika pursuant to the DOCA.
 - ii. Receivables have not changed significantly between 30 June 2020 and the date of the pro-forma balance sheet
 - iii. The Group's non-current assets comprise nanosatellites, associated capitalised development costs, associated licences, intellectual property, office equipment and right of use leased assets relating to the lease of premises (the later were accounted for on-balance sheet for the first time as from 31 December 2019). These assets are largely held by Sky and Space Global (UK) Limited. In the year ended 30 June 2019 the written down value of non-current assets decreased by \$24.0 million relating to the impairment of plant & equipment and intangible assets, which resulted from the financial report being prepared on a basis other than as a going concern.
 - iv. Trade and other payables include trade creditors and accrued expenses for such items as directors fees, consultants, overheads, contractual liabilities, etc. The non-current trade and other payables of \$3 million represents a portion of the Virgin Orbit contract settlement which is not due for repayment within the next 12 months.

Historical Financial Information (continued)

- v. These comprise interest bearing loans payable to Telefox Limited and CSS Alpha by subsidiary companies, which have been guaranteed by SAS.
- vi. Right of use assets and the associated lease liability were brought on balance sheet for the first time as at 31 December 2019 as a result of AASB 16 leases, which applied for the first time from that date.
- vii. Neither statements of financial position reflect any provision for the onerous contracts issue referred to in the 30 June 2019 Auditor's report, as noted in section 5.19 and 5.21 above

5.24 The table below sets out a summary of the Consolidated Statement of Financial Performance of SAS for the year ended 30 June 2020 (unaudited) and for the six months ended 31 December 2019 (unaudited) extracted from the financial statements of the Company and its controlled entities.

Consolidated Statement of Profit or Loss and Other Comprehensive Income	31-Dec-2019	30-Jun-2020
Revenue	-	-
Other income	50,676	118,181
Total Revenue	50,676	118,181
Expenses		
Operating costs	(5,788,200)	(5,788,200)
Professional and consultancy fees	(2,200,933)	(2,274,281)
Employee benefits	(2,075,889)	(1,151,802)
Depreciation	(81,951)	(258,135)
Marketing	(52,818)	(95,821)
Travel and subsistence	(167,674)	(269,076)
Directors fees	(135,765)	(255,338)
Office and administration	(329,085)	(445,766)
Impairment costs	-	(2,452,456)
Finance costs	(227,615)	(1,002,706)
Other Expenses	(324,891)	(438,791)
Total Expenses	11,384,821	14,432,372
Loss before income tax	(11,334,145)	(14,314,191)
Income tax benefit	51,671	24,032
Loss after income tax	(11,282,474)	(14,290,159)
Other comprehensive income for the period/year	55,485	260,937
Total comprehensive income/(loss) for the period/year	(11,226,989)	(14,029,222)
Total comprehensive income/(loss) for the period/year attributable to:		
Members of the parent entity	(11,237,236)	(14,020,912)
Non-controlling interest	10,247	(8,310)
	(11,226,989)	(14,029,222)

Source: Unaudited SAS financial statements for the year ended 30 June 2020 and unaudited management accounts for the six months ended 31 December 2019

Historical Financial Information (continued)

5.25 We note the following in relation to SAS's financial performance:

- The Group has not generated operating revenue and was historically funded by debt and equity raised by the Company via private financiers and share placements and other issues to shareholders;
- Operating costs relate to provision for liabilities arising from the settlement of the Virgin Orbit contract referred to in 5.23 iv above.
- Professional and consultancy fees largely relate to consultancy services performed for the design, construction and testing of the nanosatellites and associated software systems. A significant amount of these costs were incurred with entities associated with the directors;
- Depreciation expense reduced significantly in the periods subsequent to 30 June 2019 as a consequence of the impairment of plant & equipment and intangible assets as at 30 June 2019
- The impairment expense in the year ended 30 June 2020 of \$2.45 million related to the write down of intangible assets capitalised during the year ended 30 June 2020.
- Finance costs increased significantly during the year ended 30 June 2020 as a result of variations to the Telefox and CSS Alpha contracts and the bringing on balance sheet of lease liabilities associated with right of use assets.

Capital Structure

5.26 At the date of this report SAS has 2,502,478,657 shares on issue.

5.27 At the date of this report, SAS has 329,075,133 quoted options on issue exercisable at \$0.05 each expiring 21 May 2022 and 81,852,463 quoted options exercisable at \$0.015 each expiring 31 May 2021.

6. INDUSTRY ANALYSIS

6.1 Sky and Space Global Limited is an Australian company, which conducts most of its operational activities via its subsidiary company in the United Kingdom, operating in the Satellite Communications and Astronautics industry. The industry comprises the design, manufacture or operation of space equipment and subsystems to provide value through exploring, managing or utilising space.

6.2 The innovation of space technology over the past decade has created opportunities for new firms to enter the industry. As the cost of conducting space-related activities declined, this has led to significant growth and interest in the industry from both the private and public sectors. The primary activities include space equipment design and manufacturing, launch and operation of space craft and satellites, IoT and satellite broadcasting.

6.3 IoT by definition is the "Internet of Things" being a network of physical devices or equipment embedded with electronics, software, sensors, etc which enable these things to connect, collect and exchange data.

Australia

6.4 In Australia, the major players in this industry are Foxtel Group, Telstra Corporation Limited and Bureau of Meteorology. However, these companies only make up a 30% share of industry revenue, the other 70% consists of many smaller private enterprises¹, such as Fleet Space Technologies Pty Ltd (a competitor to Sky and Space Global).

6.5 Several multinational space projects operate in Australia, including large radio telescope facilities and satellite ground station systems. Australia's geographic position is ideal for space activities, unlike countries in the northern hemisphere, Australia looks directly into the solar system. This makes Australia a vital contributor to global deep space observation and communication systems. However, the majority of Australian satellites are expected to be launched overseas over the next five years, as Australian launch capability is likely to remain limited.

¹ IBIS World Industry report – OD5545 Satellite Communications and Astronautics in Australia

Australia (continued)

- 6.6 Over the next five years, the Satellite Communications and Astronautics industry is expected to grow at annualised rate of 7.4% to reach \$8.0 billion². Profit margins are also expected to rise among private firms, as the cost of conducting space-related activities is declining. Advancements in space-related technology are expected to open up new opportunities for Australian firms. In particular, the falling cost of launching satellites into orbit and the trend towards cheaper and smaller nanosatellites are likely to significantly assist the industry. Australian involvement in multinational space projects is also expected to continue over the next five years.

Rest of World

- 6.7 Key Global players in the industry include SpaceX, owned by Tesla CEO Elon Musk and Blue Origin, owned by Jeff Bezos the CEO of Amazon.
- 6.8 Both these companies have made significant advancements in developing aerospace technology, through well-funded research and development programs and the ability to attract skilled individuals. These advancements have contributed to the falling cost of a launch rocket vehicle (LRV), which makes up the majority of the cost of launching a satellite into space. Over the next five years, private companies such as SpaceX and Blue Origin are likely to further reduce costs of launching satellites, through the development of reusable LRVs, as was displayed by SpaceX reusing its Falcon 9 rocket for the first time in October 2017. By reducing launch costs, satellites have become increasingly affordable for downstream users of satellite data. As the cost of satellites declines, space activities are likely to be increasingly adopted across the globe.
- 6.9 In addition to falling launch costs, the manufacturing cost of satellites is also likely to decline. Nanosatellites are expected to account for a greater share of industry activities as technology is miniaturised and incorporated into smaller form factors. New business models are emerging based on networks of nanosatellites, rather than reliance on single large satellites.
- 6.10 Nanosatellites, which may weigh as little as 3kg, are being used to form global communications networks in low earth orbit allowing users to connect directly to the service via the web. The critical elements in the design of these networks are expertise in nanosatellite manufacture, and deployment, satellite propulsion systems, IoT connectivity, and software systems which drive the platform.
- 6.11 Global communications networks based on nanosatellites will provide reliable global connectivity, scalability and new market opportunities at significantly reduced cost to existing satellite technology which requires significantly greater capital expenditure, is expensive to run, complex and has limited coverage. In particular it has the ability to provide coverage, reliability and cost efficiencies to remote users.
- 6.12 Nanosatellite-based communication networks are expected to dominate the global satellite IoT market in coming years resulting in significant opportunities for companies who can deliver this technology and related systems.
- 6.13 Examples of the growing use of nanosatellites and emerging aerospace technologies trends is Fleet Space Technologies Limited in South Australia who launched Australia's first four commercial nanosatellites in November 2018, SpaceX who have launched 60 Starlink satellites into orbit (with the Company's goal being to create a network of satellites to provide internet services across the globe) and Blue Origin, who plan to be the global leader in space flight and travel.

² IBIS World Industry report – OD5545 Satellite Communications and Astronautics in Australia

7. VALUATION APPROACH

Definition of Value

- 7.1 RG 111 states that a transaction is fair if the value of the consideration is greater than the value of the securities being acquired. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. We have prepared our valuations on this basis with the pre DOCA valuation being performed on a liquidation basis.

Valuation Approach Adopted

- 7.2 There are a number of methodologies which can be used to value a company. The principal methodologies which can be used are as follows:
- Capitalisation of future maintainable earnings ('FME');
 - Discounted cash flow ('DCF');
 - Quoted market price basis ('QMP');
 - Net asset value ('NAV'); and
 - Market approach method ('Comparable market transactions').
- 7.3 A summary of each of these methodologies is outlined in Appendix B.

Value of an SAS Share prior to the Proposed Transaction

- 7.4 In assessing the value of an SAS share prior to the Proposed Transaction we have utilised the Net Asset valuation methodology on a liquidation basis. We have considered all other valuation methodologies but, in our opinion, no other methodology is appropriate. We set out our reasoning below:
- SAS shares have been suspended from the ASX since 4 April 2019, therefore there is no current observable market data for its shares.
 - Given the non-trading nature of SAS (ie, the Group is effectively in hibernation) and the fact that the Group is yet to commence any commercial operations that will lead to revenue generation, we do not consider the DCF or FME methodologies to be appropriate.

Value of an SAS Share following the Proposed Transaction

- 7.5 In assessing the value of SAS following the Proposed Transaction we have utilised the Net Asset valuation methodology, for the reasons set out in Section 7.4 above, incorporating the sum of parts of the Group (ie the value attributed to the key assets of each subsidiary, noting that effectuation of the DOCA will result in the Group retaining its key plant, intellectual property and intangible assets and having reduced liabilities, largely comprising convertible notes, lease liabilities, trade and other payables within subsidiary companies) comprising:
- Consideration of values of key plant, intellectual property and intangible assets; and
 - The value of the other assets and liabilities of SAS using Net Book Value.

8. VALUATION OF SAS PRIOR TO THE PROPOSED TRANSACTION

8.1 As stated in Section 7.4 we have assessed the value of a SAS share prior to the Proposed Transaction on a Net Assets basis.

Net Asset Valuation of SAS on a basis other than as a Going Concern

8.2 We have assessed the value of an SAS share on a control basis to be \$nil value per share as summarised in the table below:

Pro-forma Consolidated Statement of Financial Position	Ref	30 Sep 2020	30 Sep 2020	30 Sep 2020
		\$ Low	\$ Preferred	\$ High
NET ASSETS/(LIABILITIES) as at 30 September 2020	8.3	(10,819,261)	(10,819,261)	(10,819,261)
Add: value of a listed shell	8.6	750,000	1,000,000	1,500,000
NET VALUE		(10,069,261)	(9,819,261)	(9,319,261)
Number of shares on issue at the date of this report (post consolidation)	3.9	893,742,	893,742	893,742
Value per share A\$		(11.26)	(10.98)	(10.42)

8.3 The net assets of SAS have been extracted from the unaudited consolidated proforma statement of financial position of SAS as at 30 September 2020 which is summarised in Section 5.22. We understand that this is the latest available approximation of the consolidated financial position of the Group immediately before the proposed DOCA transactions. We also note that, as the Group is yet to derive any revenue, it makes sense that the net liabilities of the group would have increased between 30 June 2020 and 30 September 2020.

8.4 We also note that the net assets of SAS as noted above have been determined on the basis of the factors set out in Sections 5.18 and 5.19, including on a basis which is other than a going concern basis, and not factoring in potential adjustments relating to the audit qualification which gave rise to an adverse audit opinion. Such potential adjustments are no longer required as all relevant contracts with third party suppliers have either been terminated or renegotiated. Any resultant increase in net liabilities of the Group as a result of these contract terminations and renegotiations have been factored in to the pro-forma statement of financial position, as set out above.

8.5 We note that the Administrators appointed to SAS in their report to creditors dated 22 June 2020 estimate that the Company may have traded whilst insolvent from as early as January 2020 and that if not for the proposed DOCA the projected return to unsecured creditors by way of liquidation or an insolvent trading action is likely to be nil (and for shareholders definitely nil). This adds further weight to our view that it is most appropriate to value a share in SAS prior to the Proposed Transaction on a liquidation basis, which is what we have effectively done.

8.6 We have made an adjustment for the "shell" value that could be attributable to SAS. We have determined a range of values between \$750,000 and \$1,500,000 to be appropriate. Typically, evidence suggests a shell valuation range of between \$750,000 and \$1,500,000 is common. In the case of SAS, the company has only recently executed a DOCA, and has been suspended from ASX since 4th April 2019, such that it is not at risk of being delisted from the ASX for some time. As such, we are of the opinion that a mid-range of shell values is appropriate for SAS because we believe there would be considerable interest in the company as a "clean" shell post completion of the current Proposed Transaction.

8.7 In conclusion, the value of an SAS share prior to the Proposed Transaction is assessed to be nil.

Control Premium

8.8 RG 111.11 states that in a control transaction, the expert should calculate the value of the vendors shares as if 100% control was being obtained.

8.9 The net asset value method implies a premium for control has already been factored into the value. Therefore, our calculation of the fair market value of a SAS share has been prepared on a control basis.

9. VALUATION OF SAS FOLLOWING THE PROPOSED TRANSACTION

9.1 For our primary valuation of SAS following the Proposed Transaction, we have adopted the Net Asset Valuation methodology incorporating the sum of parts of the Group.

Net Asset Valuation incorporating Sum of Parts of the Group

9.2 The Group's financial position post completion of the Proposed Transaction (the DOCA) is summarised below in the pro-forma consolidated statement of financial position, which reflects;

- all transactions set out in resolutions 2 to 10 (including the initial capital raising set out in Resolution 3 of \$6,820,400, resulting in net funds retained by the Company of \$4,343,396, after costs of the Capital Raising of \$409,704 and payments to the Creditors Trust of \$2,325,300. We have also factored in the Subsequent Capital Raising of \$4,500,000);
- the disposal of the Pearls nanosatellite related assets which had been under development pursuant to an agreement with Gomspace A/S. An earlier procurement agreement between the parties was settled in January 2020, which resulted in work under development and associated IP being granted and transferred to Gomspace;
- the partial reversal of impairment of plant & equipment and intangible assets (\$24.0 million expensed in the 30 June 2019 financial year) amounting to approximately \$5,984,000;
- The adoption of the going concern basis of accounting, reflecting the improved working capital of the Group post completion of the DOCA; and
- No liabilities being recognised pursuant to the onerous contracts referred to in the 30 June 2019 Auditor's report, as noted in section 5.19 above. These contracts have either been terminated or renegotiated with any additional liability arising being recognised in the pro-forma statement of financial position.

9.3 The pro-forma consolidated statement of financial position is set out as follows;

	30 Sep 2020 Post-Transaction Pro Forma \$
Current Assets	
Cash and cash equivalents	8,253,837
Other receivables	318,054
Total Current Assets	8,571,891
Non-Current Assets	
Plant and equipment	6,079,131
Right of use assets	366,113
Intangible assets	4,576
Total Non-Current Assets	6,449,820
TOTAL ASSETS	15,021,711

Net Asset Valuation incorporating Sum of Parts of the Group (continued)

	30 Sep 2020 Post-Transaction Pro Forma \$
Current Liabilities	
Trade and other payables	1,416,746
Interest-bearing loans and borrowings	1,189,370
Employee entitlements	130,548
Lease liability	212,266
Total Current Liabilities	2,948,929
Non-Current Liabilities	
Trade and other payables	3,000,000
Lease liability	527,091
Total Non-Current Liabilities	3,527,091
TOTAL LIABILITIES	6,476,020
NET ASSETS	8,545,690

- 9.4 We have assessed the value of an SAS share on a minority basis to be between \$0.022 and \$0.080 per share following the Proposed Transaction, based on the sum of parts valuation methodology, as summarised in the table below:

Pro-forma Consolidated Statement of Financial Position	Ref	30 Sep 20 \$ Low	30 Sep 20 \$ Mid	30 Sep 20 \$ High
Book value of net assets as shown above	9.3	8,545,690	8,545,690	8,545,690
Less: adjustment to book values of key plant and equipment assets	9.11	(5,984,000)	(2,992,000)	-
Equity value on a control basis		2,561,690	5,553,690	8,545,690
Less minority discount	9.12	23%	20%	17%
Equity value on a minority basis		1,972,501	4,442,952	7,092,922
Number of shares on issue following the Proposed Transaction assuming the minimum capital raising (post consolidation)	3.9	89,306,075	89,306,075	89,306,075
Value per share A\$		0.022	0.050	0.080

- 9.5 As noted above we have assessed the value of the Group post completion of the Proposed Transaction using the Net Assets Valuation methodology primarily because the Group has currently ceased trading and has in any event yet to commence any commercial operations that have lead to revenue generation.
- 9.6 Much of the value of net assets of the Group as reflected in the pro-forma statement of financial position comprises financial assets and liabilities which are appropriate to value at this time based on book values as reflected above.
- 9.7 The other key assets of the Group comprise plant & equipment and intellectual property associated with its 3 Diamonds nanosatellites (manufactured and launched in June 2017), its Black Diamonds 6U nanosatellite technology, software development for communications systems, spectrum rights, regulatory filings, licences to operate satellites, distribution channels and potential customer pipelines.

Net Asset Valuation incorporating Sum of Parts of the Group (continued)

- 9.8 Most of this plant & equipment and intellectual property having a book value (reflecting its written down cost) of approximately \$26.4 million was written off in the accounts as at 30 June 2019 and 30 June 2020, of which \$8.4 million related to the Pearls nanosatellite assets, leaving \$18.0 million relating to assets retained by the Group as at this time. The book value of the pro-forma net assets of \$6,079,131 includes a value of \$5,984,000 ascribed to these plant & equipment and intellectual property related assets.
- 9.9 A report prepared by Argosat (Satellite Project Consultants) in September 2019 noted that “SAS has put the pieces together to address a very large IoT/M2M market via very low cost nanosatellites. This is a very formidable undertaking that entails satellite technology, software development, regulatory filings and a global sales strategy (incorporating);
- Proven out the critical technologies
 - Brought their filings into use
 - Taken steps to put their project into operation in stages
 - Put together a compelling pipeline of customers
 - Completed a significant portion of the software development required for operations

These are very difficult tasks to undertake, even for companies with existing satellite operations. That SAS was able to do it with the resources they have available speaks to the capabilities of the management team’

Argosat also reported in January 2019 that ‘According to NSR (www.nsr.com) the market for satellite M2M/IoT communications globally is over US\$1.5 billion growing to almost US\$3 billion by 2026. The Company’s primary addressable market (Asia, MEA, Polar and Oceanic) will grow to about US\$1 billion during the same period”

Based on the above analysis and assessments, which included discussion with a director of Argosat, we consider that there is clearly value in the plant & equipment and intellectual property owned by the Group, notwithstanding that it amounts to a broad framework/foundation that still requires further development in order to commercialise and commence generating a return. The value ascribed to these assets in the pro-forma balance sheet reflects approximately one third of the cost of developing them, which does not seem an unreasonable minimum value to adopt.

- 9.10 We have also considered if significantly higher values could be justified but at this time consider not. The Administrator carried out an extensive national sale of business campaign which resulted in 25 expressions of interest and out of that 6 non binding offers, which further reduced to 2 binding offers, from which the Laika Capital proposal was accepted. Whilst not privy to all details of the other offers, the process undertaken by the Administrator would appear to have not given rise to any significantly better or more appropriate offers for the business assets.
- 9.11 Notwithstanding our comments above we have valued the company’s shares on a post Proposed Transaction basis using a range of values for its key plant and equipment assets ranging from nil to \$5.984 million. At the higher range of values for the key plant and equipment assets the post transaction value per share is positive Even at the lower values for key plant and equipment the post transaction value per share is positive and has significantly improved from what it was pre the Proposed Transaction.

Minority Discount

- 9.12 We have reviewed the control premiums paid in recent years by companies listed on the ASX. There is significant variability in control premiums paid which are affected by such factors as:
- Nature and magnitude of non-operating assets;
 - Quality of management;
 - Nature and magnitude of business opportunities/assets not currently being exploited;

Minority Discount (continued)

- Degree and confidence in future synergies;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities; and
- The stage in the economic cycle.

9.13 A review of control premiums paid by acquirers of companies listed on the ASX in recent years indicates a range of premiums between 20% and 30% is reasonable.

9.14 A minority interest discount is the inverse of a premium for control and is calculated using the formula $1 - [1 / (1 + \text{control premium})]$. Therefore, the minority interest discount is 17% - 23%.

10. IS THE PROPOSED TRANSACTION FAIR TO SAS SHAREHOLDERS?

10.1 Our assessed values of SAS are summarised in the table and figure below.

Assessed values of SAS

		Section	Low \$	Preferred \$	High \$
Pre Proposed transaction	Assessed Fair Value of a SAS share prior to the Proposed Transaction on a control basis (post consolidation)	8	(11.26)	(10.98)	(10.42)
Post Proposed transaction	Assessed Fair Value of a SAS share post the Proposed Transaction and after conversion of all convertible loans, other than the Creditor Convertible Notes, on a minority basis (post consolidation).	9	0.022	0.050	0.080

Source: Moore Australia Corporate Finance (WA) Pty Ltd analysis

In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of complying with Section 611 of the Act, we consider the Proposed Transaction to be fair to the Non-Associated Shareholders of SAS as the value of an SAS share is higher following the Proposed Transaction than prior to the Proposed Transaction, after conversion of the convertible loans to equity. We have relied on the preferred values due primarily to the range of values attributed to the value of a listed shell.

11. IS THE PROPOSED TRANSACTION REASONABLE?

11.1 RG111 establishes that a Proposed Transaction is reasonable if it is fair. If a Proposed Transaction is not fair it may still be reasonable after considering the specific circumstances applicable to it. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The future prospects of SAS if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Future prospects of SAS if the Proposed Transaction does not proceed

11.2 If the Proposed Transaction does not proceed then SAS will not be able to relist on the ASX or an alternative exchange, nor will it be able to operate as a going concern and will have to look for new opportunities capable of bringing value to its shareholders. We note that SAS is not currently trading, is loss making, and is reliant on creditor support of the current DOCA Proposal.

11.3 If the Proposed Transaction is not approved and the DOCA does not complete then SAS is likely to be placed into liquidation with little or no prospect of a return to shareholders

Advantages and disadvantages

11.4 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of approving the Proposed Transaction

11.5 Advantage 1 – May lead to the relisting of SAS on the ASX.

The Proposed Transaction may eventually lead to the relisting of SAS on the ASX or an alternative exchange, which would increase liquidity of SAS shares. However, we do note that as at this date ASX has not granted approval for reinstatement of the Company's shares to trading and there is a risk that ASX may never grant this reinstatement. Completion of the DOCA Proposal and approval of the other resolutions proposed in the Notice of Meeting are expected to put the Company in a position whereby it will comply with Listing Rules 12.1 and 12.5 and thus can apply for reinstatement of its share to trading on ASX. However, we note compliance with listing rules won't guarantee ASX's approval which is always subject to their discretion;

11.6 Advantage 2 – Effectuation of the DOCA and Retirement of the Administrators

The Company will achieve effectuation of the DOCA and retirement of the Administrators

11.7 Advantage 3 – Significant improvement to net assets and working capital

The proposed transaction will significantly improve the net asset position of the Company, with a substantial reduction in its debts, taking it from a negative net asset position to positive net assets, and provide it with sufficient working capital so as to enable the Company to recommence operations as a going concern.

11.8 Advantage 4 – Increase expertise and experience of the Board of directors and Management team.

The associated new director and executive team appointments have significantly increased the expertise and experience off the board of directors and management;

11.9 Advantage 5 – Enable the Company to leverage of existing assets, intellectual property, etc

Will enable the Company to leverage of its existing satellite launch program, its already deployed 3 Diamonds constellation, its existing intellectual property and specialist assets and distribution networks;

Advantages of approving the Proposed Transaction (continued)

11.10 Advantage 6 – Access to working capital.

The capital raising as part of the Proposed Transaction will provide SAS with working capital to further the development of its key assets and to pursue short term revenue generation opportunities; and

11.11 Advantage 7 – Access to equity capital.

The restructured Company will have a very low enterprise value in comparison to similar listed companies making the Company and attractive investment opportunity which may thereby more readily facilitate access to capital as needed.

Disadvantages of approving the Proposed Transaction

11.12 Disadvantage 1 – Dilution of Shareholdings of Non-Associated Shareholders.

- In the event the Proposed Transaction is successful, the consolidation of shares and the issue of new shares to Laika and their Associates will have a significant dilutive effect on the voting interest of Non-Associated Shareholders of SAS;
- The Proposed Transaction would result in Laika and their associates owning up to 85.31% of SAS at completion of the Proposed Transaction (assuming the maximum capital raisings proposed in Resolution 3 is achieved but before considering shares proposed to be issued pursuant to Resolution 11 onwards). After factoring in the impact of all resolutions included in the Notice of Meeting, but prior to considering the potential conversion of options and performance rights, entities associated with Laika will hold voting power in SAS of up to 81.48%. The Recipient Parties are either Laika or related entities and directors or proposed directors. These parties are considered to be Associates, meaning a significant voting block will be held by a small number of shareholders at completion of the Proposed Transaction, although we note the unit holders will ultimately hold the shares directly and will be able to vote independently upon completion of the Proposed Transaction.

Alternative Proposal

11.13 We are not aware of any alternative proposal that is being considered or has been presented by SAS at the current time which might provide a greater benefit than the Proposed Transaction. The likelihood of alternative offers offering similar or greater value to shareholders is low. The Administrators undertook an extensive sale of business campaign with the aim of securing a proposal to recapitalise and or sale of the business/Company by way of a DOCA. The proposal presented by Laika was considered to be the best option available that was likely to maximise the chances of the Company and its business remaining in existence and providing a better return to creditors and its members than would result from an immediate winding up of the Company.

11.14 Based on our review of the Administrators report to creditors of SAS the existing shareholders of SAS have nil value unless the DOCA completes.

Conclusion on Reasonableness

11.15 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior Proposed Transaction, we consider that the Proposed Transaction is reasonable for the Non- Associated Shareholders of SAS.

11.16 An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

12. INDEPENDENCE

Moore Australia Corporate Finance (WA) Pty Ltd is entitled to receive a fee of approximately \$20,000, excluding GST and reimbursement of out of pocket expenses. Except for this fee Moore Australia Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

Neither Moore Australia, a related entity of Moore Australia Corporate Finance (WA) Pty Ltd, nor Moore Australia Corporate Finance (WA) Pty Ltd, has previously provided any services to SAS. Moore Australia Audit (WA) was appointed auditor of the Company at a shareholders meeting dated 5 November 2020 and is currently providing statutory audit services.

Prior to accepting this engagement Moore Australia Corporate Finance (WA) Pty Ltd has considered its independence with respect to SAS and any of their respective associates with reference to RG 112, Independence of Expert's Reports. It is the opinion of Moore Australia Corporate Finance (WA) Pty Ltd that it is independent of SAS and their respective associates.

Moore Australia Corporate Finance (WA) Pty Ltd and Moore Australia have not had at the date of this report any relationship which may impair their independence.

We have held discussions with management of SAS regarding the information contained in this report. We did not change the methodology used in our assessment as a result of discussions and our independence has not been impaired in any way.

13. QUALIFICATIONS

Moore Australia Corporate Finance (WA) Pty Ltd is a professional practice company, wholly owned by the Perth practice of Moore Australia, Chartered Accountants. The firm is part of the National and International network of Moore Global Network Limited independent firms, and provides a wide range of professional accounting and business advisory services.

Moore Australia Corporate Finance (WA) Pty Ltd holds an Australian Financial Services License to provide financial product advice on securities to retail clients (by way of experts reports pursuant to the listing rules of the ASX and the Corporations Act) and its principals and owners are suitably professionally qualified, with substantial experience in professional practice.

The director responsible for the preparation and signing of this report is Mr Peter Gray who is a director of Moore Australia Corporate Finance (WA) Pty Ltd. Mr Gray is a Chartered Accountant and is RG146 compliant. Mr Gray has approximately 15 years' experience in capital markets and corporate finance and has significant experience in the preparation of independent expert's reports, valuations, valuation methodology and related advice.

At the date of this report neither Mr Gray, nor any member or Director of Moore Australia Corporate Finance (WA) Pty Ltd, has any interest in the outcome of the Offer.

14. DISCLAIMERS AND CONSENTS

Moore Australia Corporate Finance (WA) Pty Ltd has been requested to prepare this report, to be included in the Notice of Meeting which will be sent to SAS' shareholders.

Moore Australia Corporate Finance (WA) Pty Ltd consents to this report being included in the Notice of Meeting to be sent to shareholders of SAS. This report or any reference thereto is not to be included in, or attached to any other document, statement or letter without prior consent from Moore Australia Corporate Finance (WA) Pty Ltd.

Moore Australia Corporate Finance (WA) Pty Ltd has not conducted any form of audit, or any verification of information provided to us, and which we have relied upon in regard to SAS, however we have no reason to believe that any of the information provided, is false or materially incorrect.

The statements and opinions provided in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

Neither Moore Australia Corporate Finance (WA) Pty Ltd nor Mr Gray take any responsibility for, nor have they authorised or caused the issue of, any part of this report for any third-party other than the shareholders of SAS in the context of the scope and purpose defined in section 4 of this report.

With respect to taxation implications it is recommended that individual shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own specific circumstances. The advice provided in this report does not constitute legal or taxation advice to shareholders of SAS or any other party.

The statements and opinions expressed in this report are given in good faith and with reliance upon information generated both independently and internally and with regard to all of the circumstances pertaining to the Proposed Transaction.

In regard to any projected financial information noted in this report, no member or director of Moore Australia Corporate Finance (WA) Pty Ltd has had any involvement in the preparation of the projected financial information.

Furthermore, we do not provide any opinion whatsoever as to any projected financial or other results prepared for SAS, and in particular do not provide any opinion as to whether or not any projected financial results referred to in the report will or will not be achieved.

Yours faithfully



Peter Gray
Director
Moore Australia Corporate Finance (WA) Pty Ltd

APPENDIX A – SOURCE OF INFORMATION

In preparing this report we have had access to the following principal sources of information:

- Notice of Meeting for the Proposed Transaction;
- Voluntary Administrators' report to Creditors of SAS dated 22 June 2020;
- Audited financial Statements of SAS for the year ended 30 June 2019;
- Unaudited half year accounts of SAS for the 6 months ended 31 December 2019;
- Unaudited financial Statements of SAS for the year ended 30 June 2020;
- Unaudited management accounts for subsidiary companies as at 31 March 2020;
- Publicly available information in relation to SAS including ASX announcements;
- Investor presentations and information memorandums prepared by the Company
- Information in the public domain;
- S&P Capital IQ database; and
- Discussions with directors, management and advisors of SAS.

APPENDIX B – VALUATION METHODOLOGIES

We have considered which valuation methodology is the most appropriate in light of all the circumstances and information available. We have considered the following valuation methodologies and approaches:

- Discounted cash flow methodology ('DCF');
- Capitalisation of future maintainable earnings methodology ('FME');
- Net assets value method ('NAV');
- Quoted market price methodology ('QMP'); and
- Market approach method (Comparable market transactions)

Valuation Methodologies and Approaches

Discounted Cash Flow Method

Discounted cash flow methods estimate fair market value by discounting a company's future cash flows to their net present value. These methods are appropriate where a forecast of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

Capitalisation of Maintainable Earnings Method

The capitalisation of maintainable earnings method estimates "fair market value" or "enterprise value", by estimating a company's future maintainable earnings and dividing this by a market capitalisation rate. The capitalisation rate represents the return an investor would expect to earn from investing in the company which is commensurate with the individual risks associated with the business.

It is appropriate to apply the capitalisation of maintainable earnings method where there is an established and relatively stable level of earnings which is likely to be sustained into the foreseeable future.

The measure of earnings will need to be assessed and can include, net profit after taxes (NPAT), earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortisation (EBITDA).

The capitalisation of maintainable earnings method can also be considered a market based methodology as the appropriate capitalisation rate or 'earnings multiple' is based on evidence of market transactions involving comparable companies.

An extension of the capitalisation of maintainable earnings method involves the calculation of share value of an entity. This process involves the calculation of the enterprise value, which is then adjusted for the net tangible assets of the entity.

Net Assets Value Method (Orderly Realisation of Assets)

The net assets value method (assuming an orderly realisation of assets) estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

Liquidation of assets

The Liquidation method is similar to the orderly realisation of asset method except the liquidation method assumes the assets are sold in a shorter time frame.

Net assets

The net assets method is based on the value of the assets of a business less certain liabilities at book values, adjusted to a market value.

The asset based approach, as a general rule, ignores the possibility that a company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements, and goodwill.

The asset based approach is most appropriate when companies are not profitable, a significant proportion of assets are liquid, or for asset holding companies.

Cost Based Approach

The cost based approach involves determining the fair market value of an asset by deducting the accumulated depreciation from the asset's replacement cost at current prices.

Like the asset based approach, the cost based approach has a number of disadvantages, primarily that the cost of an asset does not necessarily reflect the assets ability to generate income. Accordingly, this approach is only useful in limited circumstances, usually associated with intangible asset valuation.

APPENDIX B – VALUATION METHODOLOGIES (continued)

Valuation Methodologies and Approaches

Quoted Market Price Methodology

The method relies on the pricing benchmarks set by sale and purchase transactions in a fully informed market the ASX which is subject to continuous disclosure rules aimed at providing that market with the necessary information to make informed decisions to buy or to sell.

Consequently, this approach provides a “fair price”, independently determined by a real market. However, the question of a fair price for a particular transaction requires an assessment in the context of that transaction taken as a whole.

In taking a quoted market price based assessment of the consideration to both parties to the proposed transaction, the overall reasonableness and benefits to the non-participating shareholders must be carefully evaluated.

Market Approach Method

The market based approach estimates a company’s fair market value by considering the market prices of transactions in its shares or the market value of comparable assets.

This includes, consideration of any recent genuine offers received by the target for an entire entity’s business, or any business units or asset as a basis for the valuation of those business units or assets, or prices for recent sales of similar assets

APPENDIX C – GLOSSARY

In this report, unless the context requires otherwise:

Term	Meaning
\$	Australian Dollar
Act	Corporations Act 2001
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange or ASX Limited ACN 008 624 691
Board	The Board of Directors of Sky and Space Global Limited
Business Day	Has the meaning given in the Listing Rules
Company	Sky and Space Global Limited
Control basis	Assuming the shareholder/s have control of the entity in which equity is held
Directors	The Directors of Sky and Space Global Limited
Explanatory Statement	The explanatory statement accompanying the Notice
FME	Future Maintainable Earnings
IER	This Independent Experts Report
Income Tax Assessment Act	the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997
Listing Rules	the official listing rules of ASX and includes the business rules of ASX
Moore Australia or MACF	Moore Australia Corporate Finance (WA) Pty Ltd
Non-Associated Shareholders	Shareholders who are not a party to, or associated with a party to, the Proposed Transaction
Notice	The notice of meeting to be dated on or around 23 December 2020 in relation to the Proposed Transaction and related matters
Option	Means an option to acquire shares
Resolutions	Means the resolutions set out in the notice, or any one of them, as the context requires
RG111	ASIC Regulatory Guide 111 <i>Content of Experts Reports</i>
Section	Means a section of the Explanatory Statement
Share	Means a fully paid ordinary share in the capital of the Company
S&P Capital IQ	Third party provider of company and other financial information

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SAS
SKY AND SPACE
Sky and Space Global Ltd
ABN 73 117 770 475
(Subject to Deed of Company Arrangement)

SAS
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Need assistance?

 **Phone:**
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AWST) Monday, 25 January 2021.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Sky and Space Global Limited (subject to Deed of Company Arrangement) hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Sky and Space Global Limited (subject to Deed of Company Arrangement) to be held at 283 Rokeby Road, Subiaco WA 6008 on Wednesday, 27 January 2021 at 10:00 AM (WST) and at any adjournment or postponement of that meeting. Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 11 to 16 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 and 11 to 16 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman. Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 11 to 16 by marking the appropriate box in step 2.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain		For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Issue of Performance Rights to Director - Mr Xavier Kris	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Issue of Performance Rights to Director - Mr Stephen Gorenstein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval to issue Securities to Recipient Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14 Issue of Performance Rights to Director - Mr Silvio Salom	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval to issue Shares to Administrators in Lieu of Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15 Issue of Shares to related party - Maya Glickman-Pariente	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval to Issue Creditor Convertible Notes and Shares upon Conversion of Creditor Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16 Issue of Shares to related party - Meidad Pariente	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval to issue Shares to unrelated parties on conversion of Seed Convertible Loans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17 Approval to issue Employee Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval to issue Shares to a related party on conversion of Seed Convertible Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18 Election of Director - Mr Xavier Kris	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval to issue Shares under the Subsequent Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19 Election of Director - Mr Stephen Gorenstein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Approval to issue Underwriter Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20 Election of Director - Mr Silvio Salom	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Approval to issue Virgin Settlement Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	21 Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Adoption of Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	22 Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				23 Approval to issue additional Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

SAS

999999A



Computershare +