



Sky and Space Global Ltd
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31 July 2017

ASX Code: SAS

June 2017 Quarterly Activity Review

Highlights

- Successful launch of the Company's 3 Diamonds nano-satellites from the Indian Space Research Organisation's (ISRO) Satish Dhawan Space Centre on the 23rd of June 2017
- Initial testing has confirmed that all 3 Diamonds are fully functional and full systems testing is currently underway
- Following completion of testing programs and demonstration of phone calls, instant messaging and data transfers, the Company will immediately start commercial demonstrations with its initial offtake customers
- SAS completed a world first being the only company in history to successfully complete inter-satellite links testing between the 3 Diamonds for data rates up to 2 Mega Symbols Per Second
- The Company updated its branding, launching a new website and logo
- Strong financial support continued, with the Company's A\$10,000,000 share placement in May 2017 closing heavily oversubscribed

Strong Operational Progress Continued

3 Diamonds Launch

It has been a company making quarter for SAS and its shareholders, with the culmination of years of work by the founders and Board of Directors. The 3 Diamonds were successfully launched from the Indian Space Research Organisation's (ISRO) Polar Satellite Launch Vehicle (PSLV), Campaign 38 on the 23rd June 2017. The launch marked the most significant milestone for the Company to date and the first in-space commercial demonstration of SAS's technology and disruptive business model.

Three days following the launch, SAS announced that the 3 Diamonds were well-positioned in orbit and functioning according to plan. Initial contact with the 3 Diamonds was made according to schedule and communication with the satellites was successful in every pass, with a total of around 50 communication passes. The in-orbit testing plan continues in the following 6-8 weeks, with SAS updating the market on progress.



Image: PSLV C38
Source: ISRO Website



Prior to the 3 Diamonds launch, SAS reached another important milestone, having been issued with key satellite operating licenses from the UK Space Agency.

New Partnership with WeFarm Ltd

In May 2017, SAS signed a Memorandum of Understand (MOU) with WeFarm Ltd, the world's largest knowledge and data network for small-scale farmers. The MOU was to explore the integration of the SAS nano-satellite communication platform into WeFarm's process of on-boarding users, who are small-scale farmers living in remote and isolated locations.

Under the terms of the agreement, SAS will help WeFarm to enhance mobile network coverage and connectivity for WeFarm's users, through integrating Sky and Space Global technology and equatorial nano-satellite constellation platform, together with the WeFarm data sharing services for its users.

New Partnership with RBC Signals

Sky and Space Global partnered with Seattle-based RBC Signals, a U.S. company that provides a global network of ground stations by using excess capacity from existing facilities. Following the 3 Diamonds launch, SAS used a RBC Signals ground station in Prudhoe Bay, Alaska, for initial communications with the satellites. RBC Signals provides ongoing communications services for the nano-satellites, and part of the partnership involved working to set up regulatory approvals with the U.S. Federal Communications Commission.

Corporate Update

New website and logo launched

The Company underwent a rebranding ahead of the 3 Diamonds launch, revealing a new website and logo, along with a Mission Patch for the launch. The new website gave the Company's image a refresh and aimed to make information more accessible, with the new logo also adding to the updated look and feel of the Company, signalling its continuing success. The 3 Diamonds Mission Patch showcased the three nano-satellites and the company's British and Australian links.

UK and Australian Space Industry Leadership

This was also a busy quarter for profile raising both within the industry and within the media, with Sky and Space Global executives attending a number of high profile industry events. The events attended were:

- **UK Space Conference (30th May – 1st June, Manchester, UK)**

The conference was attended by Sky and Space Global CTO, Meidad Pariente who represented the Company and attended interviews with journalists, helping to build SAS's relationship with the UK media.

- **ASX Spotlight Conference (29th May – 1st June, Hong Kong and Singapore)**

The event, hosted by the Australian Stock Exchange, was attended by Meir Moalem, Sky and Space Global's Managing Director and Yonatan Shrama, VP Business Development. It provided a good opportunity for SAS to meet with investors and industry experts and to showcase the Company's business model and strategy for growth.

At the event, Finance News Network (Australia) interviewed Meir, publishing it on their website. The interview allowed the Company to communicate recent updates and raise the profile of the impending 3 Diamonds launch. Watch the interview by [clicking here](#).

- **International Symposium on Space Technology and Science (ISTS) (3rd – 9th June, Japan)**

Meir Moalem, Sky and Space Global Managing Director and CEO spoke at the event in a plenary session on 'Leveraging Small Satellites to Commercial Space – Business Dynamics for Smallsat Systems'. As well as attending the event, Meir was able to visit the Japan Aerospace Exploration Agency (JAXA) to meet with key personnel involved in the space industry.

- **World Space Risk Forum (15th June, London)**

Sky and Space Global CTO, Meidad Pariente attended the event and took part in the panel - 'Space Risks Management – Pushing the Frontier', exploring the best practices for effective risk management in the industry and the key security challenges facing modern satellite communications services providers. The event also provided another good relationship building opportunity with UK trade media, with Meidad meeting journalists from a couple of key aerospace titles.

Financial

Placement for \$10m Closed Heavily Oversubscribed

At the beginning of May, SAS were pleased to announce that it had closed its Placement heavily oversubscribed. Firm commitments were given from institutional and sophisticated investors to raise up to \$10m before costs through the issue of up to 52,631,579 ordinary shares at \$0.19 each.

The funds raised through the Placement were to be used for general working capital to advance critical path work programs and operations for the launch of the full equatorial constellation, following the launch of the Company's 3 Diamonds.

On 10th May it was confirmed that the Company had completed its share placement to institutional funds and sophisticated investors to raise \$10m before costs.

Cash as at 30 June 2017

The Company had cash at bank of approximately \$9.9m at the end of the quarter.

Outlook

With the 3 Diamonds operating according to plan, testing will continue over the next month to ensure they are on track to commence commercial demonstrations. Following completion of this rigorous testing phase, the 3 Diamonds will immediately start generating revenue for SAS and its customers. The Company will continue to update the market on its progress in commencing these commercial demonstrations and important revenue generation for the Company. It will mark the final validation and provide practical demonstration of the disruptive SAS business model for SAS shareholders and the space telecommunications industry.

Sky and Space Global is also continuing full steam ahead with the preparations for the launch of the Equatorial constellation of 200 nano-satellites by 2020.



The company is also strengthening its position as a key player in the satellite communications industry with participation at key industry events, including the International Astronautical Congress in Australia in September where the company will be a platinum sponsor.

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For further information, please contact:

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About Sky and Space Global Ltd

Sky and Space Global Ltd is an ASX listed (SAS) satellite company with European and Israeli centres of Aerospace, Satellite and Software Industry Experts.

The Company's core business is to construct and operate a communications infrastructure based on nano-satellite technology and develop highly sophisticated software systems that will deploy, maintain orbit control and handle the communication network in space to provide a global coverage. The company successfully launched its first three nano-satellites, the '3 Diamonds', into space in June 2017 and is preparing for the launch of a constellation of 200 more nano-satellites by 2020.

The Company's vision is to provide low cost, nano-satellite communication coverage to anyone, anywhere with relatively low maintenance costs. This will enable Sky and Space Global to deliver cost-effective communications infrastructure and services to the telecommunications and international transport industries. Sky and Space Global Ltd owns 100% of Sky and Space Global (UK) Limited.



+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

SKY AND SPACE GLOBAL LTD

ABN

73 117 770 475

Quarter ended ("current quarter")

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(196)	(483)
(b) product manufacturing and operating costs	(1,186)	(2,939)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(32)	(147)
(f) administration and corporate costs	(378)	(1,230)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received		
	21	58
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,771)	(4,741)



Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(17)	(25)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets (including development of nano-satellite and launch services)	(456)	(3,454)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(473)	(3,479)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	10,000	15,529
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(746)	(1,147)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	9,254	14,382



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,950	3,852
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,771)	(4,741)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(473)	(3,479)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,254	14,382
4.5	Effect of movement in exchange rates on cash held	(21)	(75)
4.6	Cash and cash equivalents at end of quarter	9,939	9,939

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	3,426	2,950
5.2 Call deposits	6,513	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,939	2,950

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
562
-

Director and executive services fees and reimbursement of corporate expenses



7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	84
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Reimbursements of corporate, legal and administrative costs

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

NIL

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(90)
9.2 Product manufacturing and operating costs	(2,864)
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	-
9.6 Administration and corporate costs	(455)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(3,409)



10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


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Managing Director

Date: 31 July 2017

Print name: Meir Moalem

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.