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ASX Code: SAS

SAS secures US\$1.1 million convertible loan

Sky and Space Global Ltd (**ASX: SAS, “Sky and Space Global” or “the Company”**) is pleased to announce the execution of an unsecured US\$1.1 million convertible loan agreement with independent, third-party Israeli finance provider, Telefox Ltd.

Key terms of the convertible loan agreement are summarised on the following page. Funds from the loan will be used to provide working capital and allow SAS to finalise discussions around a new funding package to support the Company achieving its goals.

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Sky and Space Global Ltd

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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 operate a communications infrastructure based on nanosatellite 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 nanosatellites, the '3 Diamonds', into space in June 2017 and is preparing for the launch of a constellation of 200 more nanosatellites by 2020.

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

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Key terms of the agreement

Principal Amount	USD 1.1 million
Borrowers	SAS and Sky and Space Global (Israel) Ltd
Lender	Telefox Ltd
Effective Date	16 May 2019
Maturity Date	One year from the date of the payment of the Principal Amount minus Initial Interest to the Borrowers.
Loan Amount/ Actual Payment	USD 983,000 The Lender shall provide the Borrowers with the loan amount of USD 983,000 being (the Principal Amount less initial interest payment and applicable VAT of the initial interest). The Loan Amount shall be paid to the Borrower in NIS currency (based on the exchange rate as published on the date of provision of the actual payment).
Interest/ Initial pre-paid interest	Initial pre-paid interest repayment of 2% per month for the first 5 months (USD 100,000). After the initial pre-paid interest period, the outstanding Loan Amount shall bear monthly interest at the rate of 2%, unless converted.
Repayment	Repayment is due on the earlier of: <ul style="list-style-type: none"> • the Maturity Date; or • the occurrence of an Event of Default under the agreement. <p>The Borrowers may, at any time, by giving 3 days written notice to the Lender, repay to the Lender the full amount of the then outstanding Loan Amount plus 5% of the then outstanding Loan Amount.</p>
Conversion	The Lender shall, at its discretion, have the option to convert the Loan Amount to fully paid ordinary SAS shares prior to repayment of the outstanding Loan Amount and upon written notification to the Borrower.
Conversion Price	Conversion price during the first 90 days from the Effective Date equal to the lower of: <ul style="list-style-type: none"> • the Discounted Conversion Price; and • USD 0.05. <p>Thereafter, the Conversion Price shall be based on the Discounted Conversion Price.</p> <p>Discounted Conversion Price: a price per share equal to 5% less than the average of the closing prices of the SAS shares on the Australian Securities Exchange over the 5 trading days immediately prior to the date of the conversion notice.</p> <p>Conversion price floor: the per share price for conversion of any amount under the agreement shall not fall below AUD 0.015.</p>
Security and priority	The Loan Amount shall be senior to any other debt of the Borrowers and shall be repaid prior to any other debt.
Events of default	The convertible loan agreement also includes customary events of default including: <ul style="list-style-type: none"> • SAS breaches a material obligation of the agreement; • any warranty is materially misleading or incorrect; and • the occurrence of an insolvency event. <p>The Borrowers shall notify the Lender within 24 hours of any Event of Default and promptly reimburse the Lender for all reasonable fees, and expenses incurred in order for the Lender to enforce its rights under the agreement.</p>
Additional terms and conditions	In the event of: <ul style="list-style-type: none"> • SAS completing an IPO on Nasdaq within 24 months of the Effective Date; and • SAS raising through such Nasdaq IPO at least USD 15,000,000, <p>the Lender shall be entitled to an amount of USD 150,000 + VAT, if applicable (either in cash or shares, at the Borrowers' sole discretion) upon consummation of such Nasdaq IPO.</p>