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ASX Code: SAS

SAS Receives GBP 1.4 million R&D rebate- Convertible Loan Agreement signed

Sky and Space Global Ltd (**ASX: SAS, "Sky and Space Global" or "the Company"**) announces it has executed a US\$550,000 short-term convertible loan agreement and received a rebate of GBP 1,425,382 (approximately A\$2.6m) from HMRC, the UK tax authority, in relation to the R&D tax claim submitted by the Company's wholly owned UK subsidiary for the year ended 30 June 2019.

The US\$550,000 short-term convertible loan agreement was executed between the Company's UK subsidiary, Sky and Space Global (UK) Ltd and an independent, third-party finance provider, CSS Alpha (BVI) Limited. The loan is secured against US\$600,000 of the rebate from HMRC. The funds will provide additional working capital to the placement currently being completed, approved by shareholders on 27 September 2019.

Key terms of the convertible loan agreement are summarised on the following page.

Ends

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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 2021.

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

Loan Amount	US\$550,000
Borrower	Sky and Space Global (UK) Ltd
Guarantor	Sky and Space Global Ltd
Lender	CSS Alpha (BVI) Limited
Effective Date	17 September 2019
Maturity Date	17 May 2020
Received Amount	US\$474,938 The Lender shall provide the Borrowers with the loan amount of US\$474,938 being (the Loan Amount less associated fees).
Interest	Interest is 2% per month accruing to the principal and will compound monthly if not repaid.
Prepayment	The Borrower may at any time prepay, without penalty, any or all outstanding amounts of the Loan Amount, subject to giving 7 business days prior notice of prepayment to the Lender.
Conversion	Prior to the repayment of the Loan Amount, or any part of it, the Borrower and/or Lender shall have the option to elect to repay the Loan Amount, or any part of it, through the issue of the ordinary shares of the Guarantor.
Conversion Price	Conversion price for any amount shall be a price per share equal to the average of the closing prices of the Guarantor's shares on the ASX over the 5 trading days immediately prior to the date of the conversion notice. The conversion price per share shall not be less than AUD0.007 (0.7 Australian cents).
Security	The loan is secured against US\$600,000 of the rebate receivable from HMRC which shall be deposited in a charged account within no more than 2 business days following the receipt of funds from HMRC.
Additional terms and conditions	Lender will have the right to invest a total of US\$550,000, in whole or in part, in future public issuances of stock of the Guarantor (including an IPO) which shall take place prior to the third anniversary hereof, at a price per share which reflects a 10% discount of the price at that round. Such right does not apply to the ongoing round, the terms of which have already been fixed.