

NEWSAT LIMITED ABN 12 003 237 303

PROSPECTUS

For the offer and issue of:

- 100 Shares at an issue price of A\$0.40 to raise A\$40 (**Offer Shares**);
- 30,000 unsecured convertible notes at an issue price of US\$1,000 to raise US\$30,000,000 (Convertible Notes);
- 127,855,081 Warrants exercisable at A\$0.00001 (Jabiru Warrants); and
- 21,500,000 Warrants exercisable at A\$0.40 (\$0.40 Warrants).

The Offers and issue of Offer Securities under this Prospectus are strictly limited to Eligible Investors.

This Prospectus is being issued for the purposes of facilitating:

- the secondary trading of Placement Shares to be issued by the Company on or before the Closing Date of Share Offer; and
- the issue of the Offer Securities and secondary trading of the Offer Securities as well as the underlying securities to be issued upon exercise of the Jabiru Warrants and \$0.40 Warrants and conversion of the Convertible Notes.

IMPORTANT NOTICE

This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the *Corporations Act* 2001 (Cth). This Prospectus does not, itself, contain all the information that is generally required to be set out in a prospectus, but refers to other information in relation to the Company which has been publicly disclosed to the ASX.

This Prospectus and any such publicly available information should be read in their entirety before deciding whether to apply for Offer Securities. If you have any queries about any part of the Prospectus, please contact your professional adviser without delay. The securities offered by this Prospectus should be considered speculative.

NewSat Limited | Prospectus 1 | P a g e



IMPORTANT INFORMATION

This Prospectus is dated 25 February 2013 and was lodged with ASIC on that date. Neither ASIC nor ASX, nor any of their officers, take any responsibility for the contents of this Prospectus.

Offer Securities offered under this Prospectus will not be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. An application will be made to ASX within 7 days after the date of this Prospectus for the Quotation of the Offer Shares the subject of this Prospectus.

Transaction Specific Prospectus

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that is generally required to be included in a prospectus. Refer to section 9 for details of the publicly available information.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe the requirements of these laws. Non-observance by such persons may violate securities laws. Any recipient of this Prospectus residing outside Australia should consult their professional advisers on requisite formalities.

This Prospectus has been prepared to comply with the requirements of the securities laws of Australia. No action has been taken to register or qualify the Offers or the Offer Securities, or otherwise permit the public offering of the Offer Securities, in any jurisdiction other than Australia. The Offers are not being extended to any person outside Australia, other than to Eliqible Investors.

This Prospectus does not constitute an offer in the United States or in any other place in which, or to any person to whom, it would not be lawful to make such an offer.

The Offer Securities have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the Offer Securities have been registered under the US Securities Act or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. The Offer Securities will be offered outside the United States in accordance with Regulation S of the US Securities Act.

Prospectus Availability

A copy of this Prospectus can be downloaded from the Company's website at www.newsat.com. The offer constituted by an electronic version of this Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia. It is not available to persons in other jurisdictions (including the United States). Any person within Australia may obtain a hard copy of this Prospectus by contacting the Company.

Disclaimer of Representations

No person is authorised to give any information, or to make any representation, in connection with the Offers that is not contained in this Prospectus.

Any information or representation that is not in this Prospectus may not be relied on as having been authorised by the Company or its related bodies corporate in connection with the Offers.

This Prospectus contains pro forma financial information. The pro forma financial information has been prepared by the Company in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory reporting requirements in Australia. Investors should also note that the pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

Neither Credit Suisse (Australia) Limited nor Baillieu Holst Limited or any of their respective affiliates, related bodies corporate, advisers, directors, officers, partners, employees and agents (**JLM Associates**) have authorised, permitted or caused the issue, submission, despatch or provision of this Prospectus and none of them makes or purports to make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement made by any of those parties. You acknowledge and agree that the JLM Associates make no representation or warranty as to the currency, accuracy, reliability or completeness of information in this Prospectus. To the maximum extent permitted by law, the JLM Associates expressly exclude and disclaim all

NewSat Limited | Prospectus 2 | P a g e



liability, for any expenses, losses, damages or costs incurred by you as a result of the information in this Prospectus being inaccurate or incomplete in any way and for any reason, whether by negligence or otherwise.

Future Performance and Forward Looking Statements

Neither the Company nor any other person warrants or guarantees the future performance of the Offer Securities (or any underlying securities issued on exercise or conversion of Offer Securities) or any return on any investment made pursuant to this Prospectus.

The pro-forma financial information provided in this Prospectus is for illustrative purposes only and is not represented as being indicative of NewSat's view on its future financial condition or performance. Certain financial data included in this Prospectus is a "non-GAAP financial measure" under Regulation G of the US Securities Exchange Act of 1934, as amended. The disclosure of such a financial measure that does not accord with generally accepted accounting principles in the United States (US GAAP) in the manner included in the Prospectus would not be permissible in a registration statement under the US Securities Act. The non-GAAP financial measure, EBITDA, does not have a standardized meaning prescribed by US GAAP or by AIFRS and therefore may not be comparable to similarly titled measures presented by other entities, nor should it be construed as an alternative to other financial measures determined in accordance with US GAAP or AIFRS. Although NewSat believes this non-GAAP financial measure provides useful information to users in measuring the financial performance and condition of the business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in the Prospectus.

The forward looking statements in this Prospectus are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of NewSat and its Directors that 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 Prospectus. These risks include, but are not limited to, the risks outlined in section 5. Forward looking statements include those containing such words as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

Risks

This document is important and it should be read in its entirety along with all information that is deemed to be incorporated. The Offer Securities to be issued pursuant to this Prospectus should be viewed as a speculative investment and investors should refer to the risks affecting the Company set out in section 5. Eligible Investors should consult their stockbroker, solicitor, accountant or other professional adviser if necessary. No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus and any such information may not be relied upon as having been authorised by the Directors.

Defined Words and Expressions

A number of terms and abbreviations used in this Prospectus have defined meanings set out in section 11. All financial amounts are in Australian dollars unless otherwise specified.

NewSat Limited | Prospectus 3 | P a g e



TABLE OF CONTENTS

IMPO	PORTANT INFORMATION	
TABLE OF CONTENTS		4
KEY	DATES FOR THE OFFERS	5
СНА	IRMAN'S LETTER	6
1	INVESTMENT OVERVIEW	7
2	INFORMATION ON NEWSAT AND ITS ACTIVITIES	21
3	DETAILS OF THE OFFERS	26
4	USE OF PROCEEDS OF THE JABIRU-1 FUNDRAISING AND EFFECT OF THE EQUITY FUNDING ON THE COMPANY	32
5	RISK FACTORS	39
6	JABIRU-1 PROJECT	45
7	SUMMARY OF INDEBTEDNESS	50
8	RIGHTS ATTACHING TO OFFER SECURITIES	60
9	ADDITIONAL INFORMATION	70
10	DIRECTORS' CONSENT	84
11	DEFINITIONS	85
COR	PORATE DIRECTORY	91

NewSat Limited | Prospectus 4 | P a g e



KEY DATES FOR THE OFFERS

EVENT	DATE
Prospectus lodged with ASIC and ASX	Monday, 25 February 2013
Application to ASX for Official Quotation of the Offer Shares	Monday, 25 February 2013
Opening Date of Offers	Monday 25 February 2013
Closing Date of Convertible Note Offer and Jabiru Warrant Offer	Wednesday, 27 February 2013
Allotment of Placement Shares	Wednesday, 27 February 2013
Issue of Placement Shares, Convertible Notes and Jabiru Warrants and despatch of Convertible Note certificates for Convertible Notes and Warrant certificates for Jabiru Warrants.	Thursday, 28 February 2013
Trading in Shares on ASX to recommence	No later than Thursday, 28 February 2013
Closing Date of Share Offer	Wednesday, 6 March 2013
Issue and allotment of Offer Shares	Friday, 8 March 2013
Despatch of holding statements for Offer Shares	Tuesday, 12 March 2013
Notice of General Meeting for approval of issue of \$0.40 Warrants and Shares on conversion of Convertible Notes	Friday, 29 March 2013
General Meeting for approval of issue of \$0.40 Warrants and Shares on conversion of Convertible Notes	Wednesday, 1 May 2013
Closing Date of \$0.40 Warrant Offer	Thursday, 2 May 2013
Issue of \$0.40 Warrants and Warrant certificates for \$0.40 Warrants	Friday, 3 May 2013

This timetable is indicative only and is subject to change. The Directors reserve the right to vary the dates, including the closing date without prior notice subject to the Corporations Act and the Listing Rules. This timetable does not relate to the offer of Shares in the Company under the Placement.

NewSat Limited | Prospectus 5 | P a g e



CHAIRMAN'S LETTER

Dear Investor.

The Board of NewSat is delighted to be issuing this Prospectus as it represents a major milestone in the finalisation of NewSat's Jabiru-1 Project.

NewSat is Australia's leading pure-play satellite communications company, delivering internet, voice, data and video communications via satellite. Today NewSat owns and operates two award winning teleport facilities in Adelaide and Perth. Over the last several years, NewSat has been developing the Jabiru-1 Project to build and launch its own satellite as a natural step in the evolution of growing its satellite communications business. This Prospectus relates to the proposed funding of the Jabiru-1 Satellite.

Jabiru-1 is being constructed by Lockheed Martin and will be launched by Arianespace. Jabiru-1 will have approximately 8.3 GHz of Ka-band, Ku-band and S-band capacity covering South East Asia, the Middle East and North Africa. The project is underpinned by over US\$600 million in binding prelaunch customer contracts.

To finance the project, NewSat has obtained approximately US\$400 million in aggregate senior secured debt commitments from Ex-Im Bank and a syndicate of banks led by Standard Chartered and Societe Generale backed by a loan guarantee from COFACE (acting on behalf of the French Government) (collectively referred to as **ECA Facilities**). The balance of the required funding for the project will be in the form of a senior secured Standby Credit Facility from Standard Chartered, ordinary equity under the Placement and mezzanine equity under the Convertible Note Offer pursuant to this Prospectus.

Drawdown under the ECA Facilities will be subject to a number of conditions (set out in section 1.4 of the investment overview and section 7.1.2), including completion of the Equity Funding referred to in this Prospectus.

This Prospectus is intended to facilitate the secondary trading of the Shares to be issued via the Placement announced on or around the date of this Prospectus as well as the Offer Securities and the underlying Shares issued on conversion or exercise of the Offer Securities.

The Board and the executives of NewSat highly appreciate your support and we look forward to welcoming you as an investor.

Yours sincerely

Richard Green Chairman



1 INVESTMENT OVERVIEW

This section provides a summary of information that is key to a decision to invest in the Offer Securities. This is a summary only. Eligible Investors should read this entire Prospectus carefully.

If you are unclear in relation to any aspect of the Offer, or if you are uncertain whether the Offer Securities are a suitable investment for you, you should consult your financial or other professional adviser.

1.1 Overview

Topic	Summary	Further information
Overview	In continuing to grow and evolve the manner in which it conducts its satellite communications business, NewSat is now implementing its long-held proposal of moving from being a "reseller" of satellite capacity to becoming a vertically integrated satellite operator. The first step is to construct and then launch the Jabiru-1 Satellite, which is planned for mid-2015. NewSat has been undertaking a major debt, mezzanine and equity fundraising to finance Jabiru-1. While the Equity Funding is being substantially undertaken via a Placement conducted via a bookbuild prior to the issue of this document, this Prospectus is being issued in connection with aspects of the Equity Funding which are further explained below.	

1.2 About NewSat's business and Jabiru-1

Topic	Summary	Further information
Overview of NewSat today	NewSat is Australia's leading pure-play satellite communications company, delivering satellite and teleport services to government, enterprise and resources customers. The Company has carried on a satellite communications business since 2002 and has achieved this to date by reselling third party satellite capacity using owned teleports in Perth and Adelaide. NewSat provides remote and temporary sites with fast, secure	Section 2.1
	and reliable Internet, voice, data and video communications, and connectivity is provided through two owned teleports in Adelaide and Perth, from a broad network of 15 third party satellites. The Company currently supports more than 4,000 VSAT satellite telecommunications services in Australia and abroad.	
What is NewSat's strategy?	NewSat's long-held corporate strategy has been to organically grow and develop the manner in which it carries on its satellite communications business. The next step in the evolutionary growth of NewSat's satellite communications business is to move from being a "reseller" of satellite capacity to becoming a	Sections 2.1 and 6

NewSat Limited | Prospectus 7 | P a g e



Topic	Summary	Further information
	vertically integrated satellite operator.	
	The key strategy of NewSat will be to provide high-power Kaband coverage which is able to meet large bandwidth capacity for the government, resources and carrier-grade telecommunications market over the Middle East, Asia and Africa.	
	NewSat has acquired the rights to four orbital slots with an option over an additional four slots. These additional orbital slots may be utilised to accommodate multiple satellites as part of the company's future growth.	
What is Jabiru-1?	Jabiru-1 is NewSat's planned owned satellite.	Section 6
	Jabiru-1 will carry 7.6GHz of new Ka-band capacity via 24 spot beams, three shaped beams and two steerable beams. Jabiru-1 will also carry Ku-band capacity and S-band capacity.	
	NewSat has contracted Lockheed Martin to construct the Jabiru-1 Satellite and has contracted Arianespace to launch it for service into the 91.5°E orbital slot licensed by MEASAT.	
	It is planned that construction of Jabiru-1 will be complete and the satellite launched by mid 2015.	
	The total estimated project cost of Jabiru-1 is approximately US\$611 million.	
NewSat has significantly pre- sold capacity	NewSat has entered into nine major "take-or-pay" pre-launch contracts with eight customers that account for ~46% of total available capacity on Jabiru-1 during each of the first three years of operations. These contracts represent ~US\$619 million in aggregate revenue. More than 80% of the capacity for the useful life of Jabiru-1 remains available to be sold.	Sections 6.2 and 9.6.7
What are the material contracts of the Jabiru-1 Project?	Other than the financing arrangements which are discussed below, the material contracts of NewSat are the: • Jabiru-1 Construction, launch and operation agreements;	Section 9.6
	and	
	Jabiru-1 customer agreements.	

1.3 NewSat's current financial position and proposed financing

Topic	Summary	Further information
What is the most recent financial position and performance of	The EBITDA for the financial year ended 30 June 2012 was approximately A\$3,881,000 and the net profit after tax was approximately A\$2,259,000. The EBITDA for the half year ended 31 December 2012 is approximately A\$2,174,000 and the net profit after tax is approximately A\$1,313,000.	Sections 4.2.5 and 9.4

NewSat Limited | Prospectus 8 | P a g e



Topic Summary Further information

NewSat?

As at 31 December 2012, the NewSat group had net current liabilities of approximately A\$25,169,000. This is reflective of the Company's continued investment in Jabiru-1.

NewSat announced its half-year financial statements for the period ending 31 December 2012 on 21 February 2013. The half-year financial statements will be subject to the review conclusion of the Company's auditor, Ernst & Young, which the Company expects to receive in the usual manner, in connection with the lodgement of its Appendix 4D. The Company will lodge its Appendix 4D on or before 28 February 2013, which will contain the auditor's review conclusion.

After the close of the Equity Funding, NewSat will have a significant surplus of net current assets.

How is Jabiru-1 being funded?

NewSat has already spent approximately US\$49 million on the Jabiru-1 project which leaves approximately \$562 million of funding to be obtained.

Sections 2.4, 2.5 and 7

The NewSat Group has been arranging such funding from a mixture of debt facilities and equity investments, summarised as follows:

Figure 1.1

Sources of Funds	US\$ million 1
Ex-Im Bank Facility	291
COFACE Facility	108
Standby Credit Facility	25
Mezzanine Funding	30
Placement	108
Total	562

The Debt Funding is comprised of the Ex-Im Bank Facility, the COFACE Facility and the Standby Credit Facility. The Ex-Im Bank Facility and the COFACE Facility are referred to as the ECA Facilities.

Certain mezzanine investors have agreed to provide the Mezzanine Funding through a special purpose vehicle, Ever Tycoon Limited (ETL). The Mezzanine Funding is comprised of the Convertible Notes and Mezzanine Warrants which are being issued pursuant to this Prospectus.

NewSat Limited | Prospectus 9 | P a g e



Topic **Summary Further** information Prior to lodgement of this Prospectus, NewSat has conducted a bookbuild for a placement of 262,500,000 Shares to sophisticated and professional investors at a price of A\$0.40 per share. Under the Placement such investors have committed to pay a total amount of A\$105 million (or ~US\$108 million). Settlement of the Placement is scheduled for 27 February 2013 and the issue of the Placement Shares are scheduled for 28 February 2013. What is the A substantial portion of the Equity Funding for Jabiru-1 is being Section 2.2 purpose of this obtained via the Placement. Prospectus? As the Placement Shares are being issued to sophisticated and professional investors, a disclosure document or prospectus is not required for the issue of such shares. However, this Prospectus has been issued to facilitate secondary trading of the Placement Shares. This Prospectus has also been issued to provide information on the Offers, being the: Share Offer; the Convertible Note Offer; and the Warrant Offers. being made under this Prospectus.

1.4 Debt Funding

Topic	Summary	Further information
Overview of debt facilities	To fund the construction and launch of the Jabiru-1 Satellite, Jabiru Satellite Limited (JSL), a wholly-owned subsidiary of NewSat, proposes to enter into the following senior secured debt facilities:	Section 7.1
	 Ex-Im Bank Facility of ~US\$291 million; 	
	COFACE Facility of ~US\$108 million; and	
	Standby Credit Facility of US\$25 million.	
	NewSat has received a commitment letter and Board approval from Ex-Im Bank and a Promesse de Guarantie from COFACE related to the ECA Facilities as well as a commitment letter from Standard Chartered related to the Standby Credit Facility.	
	The Ex-Im Bank Facility and the COFACE Facility are referred to as the ECA Facilities. The NewSat Group will guarantee JSL's obligations under the ECA Facilities. The summary of the Debt Funding in this investment overview refers to the ECA Facility	

NewSat Limited | Prospectus 10 | P a g e



Topic	Summary	Further information
	arrangements.	
Status of Debt Funding	Full form documentation for such Debt Funding is in the final stages of negotiation and is expected to be signed in March 2013.	Section 7.1
	The summaries contained in this Prospectus are based on the draft ECA Facility Agreements as at 14 February 2013, which the Company considers to be close to final form. However, terms are still potentially subject to change.	
Conditions to drawdown of	There are various remaining conditions to the drawdown of the ECA Facilities including:	Section 7.1.2
ECA Facilities	 the Placement has been completed and all project accounts have been established and funded, where applicable, with certain required balances; 	
	 evidence that the Standby Credit Facility and Convertible Notes have been committed by the relevant financiers; 	
	 particular governmental authorities required for the operation of Jabiru–1; 	
	 officer's certificate demonstrating that the contracted loan life cover ratio is not less than 0.6:1 (NewSat currently expects to have significant head room above this ratio); 	
	 evidence of the full repayment of the existing NAB Facility (see section 7.3.1 below), which is intended to be funded by the Equity Funding; 	
	 evidence and confirmations in respect of insurance policies held by the Obligors; 	
	 due diligence reports required by the ECA Lenders in respect of the Jabiru-1 Project, technical, market, insurance, legal and regulatory matters, 	
	and which are further set out in section 7.1.2. The Company is working towards satisfaction of these conditions, The Company considers that the work to satisfy the conditions is well advanced and expects to be in a position to satisfy them by late March / early April 2013.	
Drawdown period	Financial close under the ECA Facilities will occur on satisfaction of all the conditions precedent to the ECA Facilities and is expected to occur by end of March or beginning of April 2013.	Section 7.1.2
	Funds will be drawn down progressively until the Jabiru-1 Satellite is completed and launched.	
Repayment period	8.5 years from Starting Point of Credit (being the earlier of (a) completion of in-orbit testing and commencement of operations and (b) 31 January 2016)	Section 7.1.5

NewSat Limited | Prospectus 11 | P a g e



Topic	Summary	Further information
Repayment profile	Repayment of principal on a semi-annual basis from Starting Point of Credit in accordance with the following profile: Amortisation profile outline: Year 1 (post launch): Year 2 (post launch): 7.5% Average of remaining 6 1/2 years: 13.5%	Section 7.1.5
Interest rates	 Weighted average ~3.0% interest rate (based on Ex-Im Bank benchmark Commercial Interest Reference Rate (CIRR) of 1.81 as at 15 February 2012): Ex-Im Bank facility at CIRR during construction and then CIRR + 77bps 83% of COFACE facility at 1.76% + 250bps margin, with 17% at LIBOR + 305bps Fixed rate for both facilities (with the Ex-Im Bank rate to be fixed at financial close based on the prevailing CIRR five business days prior to the financial close date for ECA funding) except for 17% of COFACE facility. 	Section 7.1.3
Security	First ranking security over all assets of the borrower and of the NewSat Group , with a security sharing agreement between the COFACE Lenders and Ex-Im Bank	Section 7.1.7
Financial covenants	Customary financial covenants, including debt service coverage ratio (DSCR), contracted loan life coverage ratio (LLCR), maintenance of fully funded DSRA and working capital reserve account, limitations on indebtedness. Consent is required from Ex-Im and COFACE Lenders for the NewSat Group to incur additional indebtedness. NewSat is restricted from paying dividends for first 2.5 years of operation and thereafter if certain financial conditions are not met. Bi-annual free cash flow sweep with staged reduction in sweep requirements: 100% sweep while Standby Credit Facility is drawn or available 75% sweep until LLCR >2.0x and until Debt / EBITDA <3.0x 50% thereafter. The Company is presently confident it will be able to operate well within the financial covenants under the terms of the ECA Facilities.	Sections 7.1.4, 7.1.5 and 7.1.8
Standby Credit Facility	Non-ECA backed Standby Credit Facility of US\$25million.	Section 7.1

NewSat Limited | Prospectus 12 | P a g e



Topic	Summary	Further information
	Pari passu seniority and security with ECA Facilities.	
Other debt	The Company has a number of other existing debt facilities and mezzanine funding instruments which will be paid out using the proceeds of the Jabiru-1 Fundraising or repaid through the issue of Shares.	Section 7.3

1.5 Key features of the Offers

Topic	Summary	Further information
Who is the Issuer?	NewSat Limited (ACN 003 237 303)	
What are the Offers?	The Offers are the offer of:	Section 3
Oners.	• 100 Offer Shares	
	US\$30 million of Convertible Notes	
	• 127,855,081 Jabiru Warrants	
	 21,500,000 \$0.40 Warrants (subject to Shareholder approval), 	
	pursuant to this Prospectus.	
	The Offer Securities shall be offered to Eligible Investors who are identified and invited to apply by the Company.	
	There are no general Offers being made to the public.	
What are the Offer Shares?	Fully-paid ordinary shares in NewSat.	Section 8.1
What are the Convertible	Subordinated, non-interest bearing unsecured convertible notes.	Sections 3.1.2 and 8.4
Notes?	Subject to shareholder approval, convertible into shares five years from the date of issue.	0.1.2 and 0.1
What are the Warrants?	Options over ordinary shares in NewSat, to be issued to the holder of the Convertible Notes and other specified Eligible Investors.	Sections 3.1.3, 3.1.4, 8.2 and 8.3
What is the size of the Offers?	Offer size is approximately US\$30 million, with the ability to raise more or less.	Section 3
	The issue price is:	
	A\$0.40 per Offer Share; and	
	US\$1,000 per Convertible Note.	

NewSat Limited | Prospectus 13 | P a g e



Topic	Summary	Further information
	The Jabiru Warrants will be issued for nil consideration and will have an exercise price of A\$0.00001.	
	The \$0.40 Warrants will be issued for nil consideration and will have an exercise price of A\$0.40.	
What is the Placement?	Prior to lodgement of this Prospectus, NewSat has conducted a placement of 262,500,000 Shares to a range of sophisticated and professional investors at a price of A\$0.40 per Share for a total amount of A\$105 million (or approximately \$US\$108 million).	Section 2.5
	Settlement of the Placement is subject to the terms of the Placement Agreement (including the conditions and termination events which are summarised in section 9.6.2). Settlement of the Placement is scheduled for 27 February 2013 and the issue of the Placement Shares is scheduled for 28 February 2013.	
What is the dilution effect of the Offers and the Placement?	As at 18 February 2013, NewSat had 233,052,157 ordinary shares and 53,363,571 Warrants, options and performance rights on issue.	Sections 4.2 and 4.2.5
the Placement?	Following completion of the Placement and the Offers, NewSat will have the following securities on issue:	
	• 515,708,507 Shares	
	• 193,345,081 Warrants, options and performance rights	
	US\$30 million in Convertible Notes	
	A\$1 million in Khattar Convertible Notes.	
	The Placement will and the Offers may result in a significant dilution in the holdings of existing ordinary shareholders, further details of which are set out in section 4.2.5. Not all Warrants, options or performance rights are expected to vest.	

1.6 Key features of Offer Shares

Topic	Summary	Further information
Туре	Fully paid ordinary shares in the Company.	Section 8.1
Consideration	A\$0.40 per Share.	Section 8.1
Voting rights	Yes, each Offer Share is entitled to one vote at a general meeting of the Shareholders.	Section 8.1
Dividends	The Offer Shares are entitled to dividends on the same basis as all other Shares in the Company.	Sections 8.1 and 7.1.8
	However, dividends may only be paid subject to the terms of the Debt Funding and otherwise are payable at the absolute	

NewSat Limited | Prospectus 14 | P a g e



		1
Topic	Summary	Further information
	discretion of the Board. It is not expected that the Company will pay any dividends prior to Jabiru-1 being launched and the Company becoming cash flow positive.	
Transferability	Yes, shares to be quoted on ASX.	Section 3.7
Listing	Yes, shares to be quoted on ASX.	Section 3.7
	res of Convertible Notes	Codion
Topic	Summary	Further

Topic	Summary	Further information
Туре	30,000 Convertible Notes (together with the Mezzanine Warrants) are to be issued to ETL pursuant to this Prospectus and the Convertible Notes Deed. The Convertible Notes are subordinated, non-interest bearing	Sections 3.1.2 and 8.4
	unsecured notes.	
Consideration	US\$1,000 per Convertible Note.	Sections 3.1.2 and 8.4
Interest	No cash interest payments, however on maturity the holder of the notes may elect to be paid US\$34.5 million.	Section 8.4
Maturity date	Five years from date of issue of Convertible Note	Section 8.4
Early redemption	NewSat may redeem the Convertible Notes at any time by paying the face value of the Convertible Notes in cash plus a redemption premium of 15% per annum in cash.	Section 8.4
Voting rights	None	Section 8.4
Dividends	No entitlement to dividends.	Section 8.4
Conversion ratio	Subject to shareholder approval, at the maturity date the noteholder may elect to convert the Convertible Notes into Shares. The conversion price is 85% of the average of the VWAP for the 20 trading days prior to maturity, but subject to a floor price of A\$0.34, being 85% of the issue price under the Placement. The conversion of the Convertible Notes is subject to shareholder approval. If shareholders do not approve the conversion, the Convertible Notes become debt instruments only (on their existing terms). The Company will convene a shareholders meeting on or around 1 May 2013 to seek such approval.	Section 8.4
Transferability	The Convertible Notes are transferable only to an entity that has executed both an undertaking to be bound by the Convertible	Section 8.4

NewSat Limited | Prospectus 15 | P a g e



Topic	Summary	Further information
	Note Deed and a deed of accession to the Subordination Agreement.	
Listing	None.	Section 3.7
Unsecured	Repayment is not secured by a mortgage, charge or other security over any asset.	Section 8.4
Ranking	The Convertible Notes will be subordinated to the Debt Funding but rank ahead of Shares.	Sections 7.1.8 and 8.4

1.8 Key features of Offer Warrants

Topic	Summary	Further information
Туре	 The Offer Warrants comprise the Jabiru Warrants and the \$0.40 Warrants. Offer Warrants are Options over fully paid ordinary shares in NewSat. Of the 127,855,081 Jabiru Warrants to be issued: 94,852,941 Jabiru Warrants are being issued to ETL as part of the Mezzanine Funding pursuant to this Prospectus (Mezzanine Warrants). A number of Mezzanine Warrants are potentially subject to cancellation for nil consideration as described in section 8.2.8. 5,502,140 Jabiru Warrants (CCK Bridge Loan Warrants) and 21,500,000 \$0.40 Warrants are being issued to Mr Ching Chiat Kwong, an existing shareholder (CCK) in satisfaction of the CCK Bridge Loan, subject to a small portion of the CCK Bridge Loan to be repaid in cash taking into account exchange rate conversions. The issue of the \$0.40 Warrants is subject to Shareholder approval. The Company will convene a shareholders meeting on or around 1 May 2013 to seek such approval. 27,500,000 Jabiru Warrants are to be issued to various advisors of the Company in respect of services provided in respect of the Jabiru-1 Project and Jabiru-1 Fundraising (Advisor Warrants). 	Sections 3.1.3, 3.1.4, 8.2 and 8.3
Contractual restrictions	In consideration for the issue of the Mezzanine Warrants for nil consideration, the holder has separately agreed to enter into various covenants with the Company that impose additional terms and conditions on, among other matters, the exercise and cancellation of the Mezzanine Warrants (Warrant Covenants).	Section 8.2.8
Consideration	Nil	Section 8.2
Exercise price	A\$0.00001 per share for the Jabiru Warrants.	Section 8.2 and 8.3

NewSat Limited | Prospectus 16 | P a g e



Topic	Summary	Further information
	A\$0.40 for the \$0.40 Warrants.	
Conversion ratio	One fully paid ordinary share for each Offer Warrant	Section 8.2
Expiry date	Five years from the date of issue	Section 8.2
Vesting dates	Mezzanine Warrants Under the Warrant Covenants, ETL has agreed to restrictions on exercising the Mezzanine Warrants.	Sections 8.2 and 8.3
	The effect of these covenants is that only 15 million Mezzanine Warrants will be exercisable upon issue with a potential amount of Mezzanine Warrants that will vest at the maturity date (five years after issue) if the Share price is less than A\$1.00 at the maturity date. Additional Mezzanine Warrants with a minimum value of US\$1.725 million will vest every six months, with the number of shares to be issued on vesting and exercise each six months determined by the Share price at the time subject to a floor price of A\$0.34, being 85% of the issue price under the Placement. Any Mezzanine Warrants on issue in excess of the amount required for this result will be cancelled for nil consideration.	
	CCK Bridge Loan Warrants 8 May 2013 Advisor Warrants Immediately on issue \$0.40 Warrants	
	Immediately on issue, subject to Shareholder approval	
Cancellation	Under the terms of issue, there is no right to cancel the Offer Warrants. However, under the Warrant Covenants ETL has agreed to cancellation of a variable number of Mezzanine Warrants at specified future dates to give effect to the 'vesting' concept summarised above.	Section 8.2
Voting rights at meetings of NewSat shareholders	No.	Section 8.2
Dividends	No, no entitlement to dividends.	Section 8.2.5
Transferability	Under the terms of issue, the Offer Warrants are freely transferable. However, under the Warrant Covenants ETL has agreed not to transfer the Mezzanine Warrants unless the transferee accedes to the Warrant Covenants.	Section 8.2
Listing	No, the Company will not apply for Quotation of the Offer Warrants.	Section 3.7

NewSat Limited | Prospectus 17 | P a g e



1.9 Key risks associated with NewSat and the Offer Securities

Topic	Summary	Further information
Large customer contracts	There is degradation in NewSat's performance for key clients, deterioration in its relationships with those clients, or a reduction in expenditure by or default of one or more key clients may lead to a significant loss of revenue.	Section 5.2.2
Customer demand	The demand for satellite services and the Ka-band spectrum may decline or not increase as predicted, or that general pricing pressures have an adverse impact on revenue.	Section 5.2.3
Schedule	Delays relating to obtaining financing, satellite and launch vehicle construction and deployment, obtaining and maintaining regulatory approvals and licenses, including export controls, and/or the periodic unavailability of reliable launch opportunities.	Section 5.3.6
Launch	The Jabiru-1 Satellite launch completely or partially fails, leading to destruction or damage of the satellite and/or delay in revenues.	Section 5.3.7
Insurance	NewSat's financial condition could be materially and adversely affected if it were to suffer loss that was not covered by launch or in-orbit insurance. Limitations on insurance terms and availability may prevent NewSat from obtaining adequate insurance.	Section 5.5.5
Satellite operational risks	Satellites are subject to in-orbit malfunctions, interference or damage by radiation or debris which could impair its operation. A number of other factors can impair its useful life.	Sections 5.3.1, 5.3.2 and 5.3.3
Changes in technology	Changes in technology, content distribution methods and demand could impact NewSat's operations and outlook. For example, implementation of new technologies could reduce the capacity required on a satellite to transmit data and thereby reduce total demand.	Section 5.3.4
Strategy	NewSat may be unsuccessful in implementing its strategy and business plan for both its existing business and for the new satellite business.	Sections 5.4.1 and 5.4.5
	The assumptions upon which NewSat's strategic direction is based are incorrect or that the execution of NewSat's strategic initiatives proves ineffective.	
Cost	NewSat may be required to spend in excess of current forecasts for the planned business development and in particular for the construction and launch of Jabiru-1. In the future, NewSat may be unable to raise adequate funding on satisfactory terms to support its business plan and required expenditure. It is noted that the Company will have the Standby Credit Facility in place for US\$25 million.	Sections 5.5.3 and 5.5.4
Debt funding	The long form Debt Funding documentation is not signed or the conditions precedent for the Debt Funding are not met resulting	Section 7.1.1

NewSat Limited | Prospectus 18 | P a g e



Topic	Summary	Further information
	in the Debt Funding not being available.	
Debt Risks	At the Starting Point of Credit, NewSat may have up to US\$425 million in outstanding debt. If NewSat's existing and future business is unsuccessful NewSat may be unable to repay or refinance its debt funding arrangements which would lead it to be in default of its banking facilities. If there is an event of default under the ECA Facilities, the ECA Lenders could take enforcement action, accelerate all outstanding ECA Facilities and take over the Jabiru-1 satellite.	Section 5.5.8
Regulatory	Changes in law or regulatory policy could adversely affect NewSat's businesses and could require NewSat to incur substantial costs to ensure compliance. As NewSat will generate a large portion of its revenue internationally, geopolitical problems and instability could adversely impact the Company's revenue.	Section 5.6
Other	There are a number of other risks that NewSat faces, which are discussed in more detail in Section 4.	Section 5

1.10 Further information about the Offers

Topic	Summary	Further information
When is the Offer period?	The Convertible Note Offer and Jabiru Warrant Offer will open for receipt of acceptances on 25 February 2013 and will close at 5.00pm (Melbourne time) on 27 February 2013 or such other date as the Board may determine in its absolute discretion. The Share Offer will open for receipt of acceptances on 25 February 2013 and will close at 5.00pm (Melbourne time) on 6 March 2013 or such other date as the Board may determine in its absolute discretion. The \$0.40 Warrant Offer will open on 25 February 2013 and will close at 5.00pm (Melbourne time) on 2 May 2013 or such other date as the Board may determine in its absolute discretion	Section 2.3
Is there a minimum amount to be raised? Are the Offers underwritten?	The Convertible Note Offer will raise a minimum of US\$30 million. The Placement conducted prior to the lodgement of this Prospectus will raise A\$105 million (or ~US\$108 million) at settlement. The Offers are not underwritten.	Section 2.1
What is the pro forma balance sheet of NewSat	For information about the impact on NewSat's balance sheet of completing both the Offers and the Placement see section 4.3.	Section 4.3

NewSat Limited | Prospectus 19 | P a g e



Topic	Summary	Further information
following the Offer?		
What fees are payable in relation to the Offer?	The aggregate estimated expense of the Offers are A\$296,000.	Section 9.12
When will the Offer Securities be issued?	Convertible Notes and Jabiru Warrants - 28 February 2013 Offer Shares – 8 March 2013 \$0.40 Warrants - 2 May 2013, subject to Shareholder approval	Key Dates section

NewSat Limited | Prospectus 20 | P a g e



2 INFORMATION ON NEWSAT AND ITS ACTIVITIES

2.1 Overview of the Company

NewSat is Australia's leading pure-play satellite communications company delivering quality satellite and teleport services to government, enterprise and resources customers. The Company has been a provider of satellite communication services since 2002 and operates as a reseller of third-party satellite capacity using owned teleports in Perth and Adelaide.

NewSat's long-held corporate strategy has been to organically grow and develop the manner in which it carries on its satellite communications business. The next step in the evolutionary growth of NewSat's satellite communications business is to move from being a "reseller" of satellite capacity to becoming a vertically integrated satellite operator. NewSat plans to construct and launch Jabiru-1 Satellite in 2015, which is intended to be launched into MEASAT's 91.5°E slot. The Company has acquired the rights to four orbital slots with an option over an additional four slots which it intends to utilise to accommodate multiple satellites and are envisaged to be the platform for NewSat's future growth.

2.2 NewSat's products and services

2.2.1 Communication services

NewSat delivers fast, reliable and ROI driven satellite communications solutions to businesses requiring remote area connectivity. Through tailored teleport, VSAT and satellite network services to 75% of the earth's surface, NewSat provides remote and temporary sites with carrier-grade internet, voice, data and video communications via satellite, ensuring unrestricted connectivity. NewSat currently supports more than 4,000 VSAT satellite telecommunications services in Australia and abroad.

2.2.2 Teleport services

NewSat owns and operates two world-acclaimed Australian teleports. The Perth, Western Australia and Adelaide, South Australia teleports were Top 3 Finalists in the World Teleport Association's Awards for Excellence in 2012 and 2010.

2.2.3 Satellite services

NewSat's Jabiru Satellite Program plans to launch a fleet of next generation geostationary satellites, beginning with the launch and operation of Jabiru-1. Jabiru-1 will deliver over 7.6 GHz of capacity, providing high-powered Ka-band coverage to meet the growing demands from government and enterprise sectors across the Middle East, Asia and Africa. Jabiru-1 will provide "new" capacity to these high demand regions, unlocking bandwidth capacity and coverage that is unavailable today. "Raw" capacity and flexible payloads will satisfy partners' business requirements, enabling them to build and manage their own networks.

2.2.4 NewSat's high value customers

NewSat is focused on high value and growth markets. NewSat's broad and loyal customer base is within global "blue chip" industries, such as mining, oil and gas, defence, government, construction, maritime, media and carrier-grade telecommunications. NewSat's customers are located in Australia, Asia, Europe, the Middle East and the USA. NewSat is committed to providing the highest levels of quality and service, and is supported by the best technology and security. This has given NewSat a strong reputation amongst national and international customers, resulting in a long-term, loyal customer base.

NewSat's key teleport customers include Proactive Communications, Nixon Communications, HiTron Limited, Chevron and ExxonMobil.

As NewSat's teleport customer base continues to grow across high value and growth

NewSat Limited | Prospectus 21 | P a g e



markets, the Company is simultaneously building a customer-platform for Jabiru-1, with teleport customers set to become Jabiru-1 customers in the future. The ability to seamlessly upgrade teleport customers into Jabiru-1 customers is part of the long term plan to build expertise as a "solutions provider", to a "teleport operator" and ultimately a "satellite network operator".

2.3 Jabiru-1 Project Overview

In December 2011, NewSat contracted Lockheed Martin to construct the Jabiru-1 Satellite, and in March 2012 Arianespace to launch it into an orbital slot registered by Malaysian satellite operator MEASAT. The launch is planned for mid 2015.

Further details on the Jabiru-1 Project are set out in section 6 and terms of the material contracts relating to the construction, launch, operation and use of the Jabiru-1 Satellite are set out in sections 9.6.4 to 9.6.7.

The anticipated timeline for the Jabiru-1 Project is summarised in the Figure 2.1 as follows:

Figure 2.1

Milestone	Date	Status
Acquired seven orbital slots	January 2011	✓
Lockheed Martin construction agreement signed	December 2011	✓
Secured substantial off-take agreement	February 2012	✓
Arianespace launch agreement signed	March 2012	✓
Obtained approval from Ex-Im and COFACE	June / July 2012	✓
Achieved improved financing terms	January 2013	✓
Equity component of financing package	February 2013	✓
Planned close of ECA Facilities / first drawdown	March / April 2013	
Planned construction completion	Mid 2015	
Planned satellite launch	Mid 2015	

2.4 Jabiru-1 Fundraising Overview

The funds received under the Jabiru-1 Fundraising will be primarily used to finance the Company's construction and launch of the Jabiru-1 Satellite as well as associated costs. A summary of these costs is as follows:

NewSat Limited | Prospectus 22 | P a g e



Figure 2.2

Estimated Use of Funds	US\$M ¹
Spacecraft & Launch Vehicle	384
Insurance	36
Opex / Non-Satellite Capex	50
Interest During Construction	19
ECA Facilities Exposure Fees	39
Other ²	41
DSRA	14
Contingency	25
Working Capital	3
Total Uses	611

Notes:

In order to finance the Jabiru-1 Project, the NewSat Group has been in the process of negotiating a mixture of debt facilities and equity investments, summarised as follows:

Figure 2.3

Estimated Sources of Funds	US\$M ¹
Ex-Im Facility	291
COFACE Facility	108
Standby Credit Facility	25
Mezzanine Funding	30
Placement	108
Equity Spent to Date	49
Total Sources	611

Notes:

Approximate values shown; ECA Facilities subject to conditions precedent, including NewSat contributing ~US\$108 million in equity funding via the Placement and US\$30 million via the Mezzanine Funding. Details of the outstanding conditions precedent of the ECA Facilities are set out in section 7.1.2.

While the above sources and uses tables shows a total of US\$611 million, as made clear in Figure 2.3, NewSat has already spent US\$49 million from its existing working capital in relation to the Jabiru-1 project such that a further approximately US\$562 million funding is required.

NewSat Limited | Prospectus 23 | P a g e

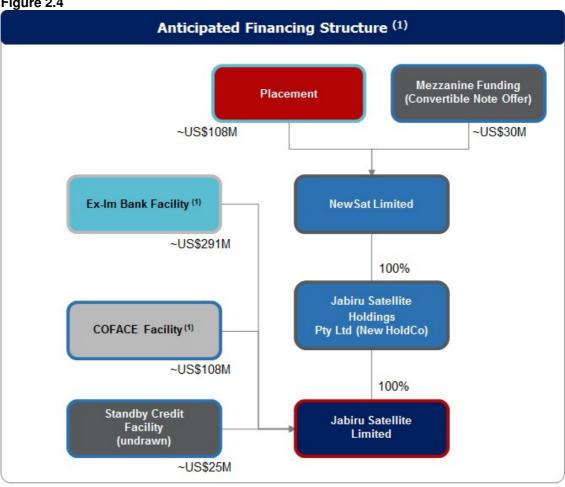
Approximate values shown

[&]quot;Other" composed of: refinancing of existing debt (US\$6.3m), Placement fees (US\$8.6m), Mezzanine Funding fees (US\$1.8m), ECA Facility co-ordination and advisory fees (US\$4.0m), Standby Credit Facility fees (US\$2.0m), ECA Lenders due diligence costs (US\$3.0m), COFACE Facility arrangement fees (US\$2.2m) and orbital slots and Jabiru-1 Project startup costs (US\$13.4m).



The following Figure 2.4 summarises the anticipated Jabiru-1 Fundraising structure:

Figure 2.4



Notes:

Approximate values shown; ECA Facilities subject to conditions precedent, including NewSat contributing ~US\$108 million in equity funding via the Placement and US\$30 million via the Mezzanine Funding. Details of the outstanding conditions precedent of the ECA Facilities are set out in section 7.1.2. NewSat and its subsidiaries will guarantee the Senior Facilities.

The ECA Facilities and Standby Credit Facility (Senior Facilities) are summarised in more detail in section 7.1.

The Mezzanine Funding is by way of the Convertible Note Offer and Mezzanine Warrants issued under the Jabiru Warrant Offer. Further details are set out in sections 3.1.2, 3.2.2, 7.2 and 8.4. Details on the Placement are set out in section 2.5 below.

2.5 Overview of the Placement

Previously, the Company had announced that the equity component required as a condition of the Debt Funding was US\$200 million.

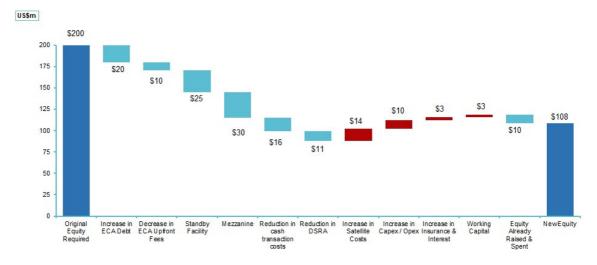
The Company has achieved a number of variations in relation to the funding and cost of the Jabiru-1 Project, which in aggregate have enabled a reduction of the amount of equity required to be raised by NewSat from US\$200 million to US\$108 million. These factors are summarised in the figure below:

NewSat Limited | Prospectus **24** | Page



Figure 2.5

Project Cost and Funding Variations



At the AGM on 29 November 2012, Shareholders approved the issue of up to US\$85 million in ordinary shares to sophisticated and professional investors, to assist with the Company's ability to negotiate the Placement and other funding arrangements necessary to fund the Jabiru-1 Project. The amount raised in excess of US\$85 million under the Placement will be issued by the Company pursuant to its placement capacity under Listing Rules 7.1 and 7.1A.

Under the Placement, sophisticated, professional and institutional investors were invited to apply for Shares to raise A\$105 million (~US\$108 million). The Placement was conducted through a bookbuild process by the Joint Lead Managers, with a final price of A\$0.40 per Share when it closed on 22 February 2013. The final price represents a 20% discount on the five trading day VWAP of the Share price prior to 29 November 2013, the date on which trading in the Shares was voluntarily suspended on the ASX.

The investors under the Placement have committed to pay approximately A\$105 million (or ~US\$108 million) for NewSat through the issue of approximately 262,500,000 new Shares. Settlement of the placement is subject to the terms of the Placement Agreement (which is summarised in section 9.6.2). Payment of the Placements funds and settlement is scheduled for 27 February 2012 and Placement Shares are expected to be issued on 28 February 2013.

NewSat Limited | Prospectus 25 | P a g e



3 DETAILS OF THE OFFERS

3.1 Details of the Offers

By this Prospectus, the Company is offering the following Offer Securities to Eligible Investors:

3.1.1 Share Offer

100 Shares at an issue price of A\$0.40 (Offer Shares).

3.1.2 Convertible Note Offer

30,000 Convertible Notes at an issue price of US\$1,000 to raise US\$30,000,000 (**Convertible Notes**). The Convertible Notes will be offered solely to Eligible Investors as follows:

Figure 3.1

Number to be offered	Eligible Investors	Rights attached
30,000	ETL	Refer section 8.4

Conversion of the Convertible Notes into Shares is subject to the Company obtaining the approval of Shareholders at a general meeting to be held on or about 1 May 2013. If Shareholder approval is not received, the Convertible Notes will remain debt instruments subject to redemption in accordance with their terms of issue.

3.1.3 Jabiru Warrant Offer

Approximately 128,000,000 Warrants will be issued for nil consideration and exercisable at \$0.00001 expiring five years after the date of issue (**Jabiru Warrants**). The Jabiru Warrants consist of various tranches, and will be offered solely to Eligible Investors as follows:

Figure 3.2

Tranche	Number to be offered	Eligible Investors	Terms of Issue
Mezzanine Warrants	94,852,941	ETL	Refer to sections 8.2.1 to 8.2.8
CCK Bridge Loan Warrants	5,502,140	CCK	Refer to sections 8.2.1 to 8.2.7 and 8.2.9
Advisor Warrants	27,500,000	Various advisors to the Company	Refer to sections 8.2.1 to 8.2.7

At the recent AGM, Shareholders approved the issue of up to 160,000,000 warrants on the terms of the Jabiru Warrants.

The Mezzanine Warrants will be issued to the Eligible Investor who takes up the Convertible Notes, being ETL. In consideration of the issue of the Mezzanine Warrants, ETL has entered into a deed with the Company under which it gives various undertakings restricting the exercise or transfer of the Mezzanine Warrants. This contractual regime is detailed in section 8.2.8. The net effect of the issue of Mezzanine Warrants is to provide the Eligible Investor with the following:

(a) 15 million Jabiru Warrants are immediately exercisable;

NewSat Limited | Prospectus 26 | Page



- (b) if the NewSat Share price is less than \$1.00 at the maturity date in five years, a "top-up" of additional Jabiru Warrants will become exercisable (up to a further 29,117,651); and
- (c) Shares, which will be issued on the exercise of the Mezzanine Warrants every six months (for a total of 10 six monthly tranches), up to a maximum of 50,735,284 Mezzanine Warrants, ETL may exercise additional Mezzanine Warrants with a minimum value of US\$1.725 million every six months, with the actual number of Mezzanine Warrants exercisable every six months being the number (having regard to the Share price at the time of exercise), that is necessary to deliver US\$1.725 million of value. The Share price for the purposes of that calculation is subject to a floor price (which caps the number of Shares that can be issued) of A\$0.34, being 85% of the issue price under the Placement.

To comply with the Listing Rules, the maximum number of Mezzanine Warrants will be issued upfront and any Mezzanine Warrants not required to meet the respective value threshold (as contemplated in paragraphs (b) and (c) above) will be cancelled. ETL (as the affected warrant holder) has agreed to consent to the cancellation for nil consideration. Further details regarding this cancellation structure are set out in section 8.2.8).

The CCK Bridge Loan Warrants are to be issued to CCK under the CCK Bridge Loan, as the premium and interest component payable on the CCK Bridge Loan. Refer to section 7.3.4 for further information on the CCK Bridge Loan.

The Advisor Warrants are to be issued to various advisors to the Company in lieu of fees relating to the Jabiru-1 Project and Jabiru-1 Fundraising.

3.1.4 \$0.40 Warrant Offer

21,500,000 Warrants will be issued for nil consideration and exercisable at \$0.40 per Warrant at any time after issue for a period of five years (**\$0.40 Warrants**), offered solely to Eligible Investors as follows:

Figure 3.3

Number to be offered	Eligible Investors	Terms of Issue
21,500,000	CCK	Refer to section 8.3

The \$0.40 Warrants are to be issued to CCK as part of the CCK Bridge Loan, in addition to the CCK Bridge Loan Warrants. The issue of \$0.40 Warrants is subject to the Company obtaining the approval of Shareholders at a general meeting, to be held on or about 1 May 2013. Should Shareholder approval not be obtained the \$0.40 Warrants will not be issued.

3.2 Purpose of the Prospectus

Under Australian law, Eligible Investors do not require a disclosure document to be issued by the Company in respect of the issue of the Placement Shares or the Offer Securities.

3.2.1 Share Offer

This Prospectus has been issued to facilitate secondary trading of Shares to be issued under the Placement, as these Shares will be issued to Eligible Investors without disclosure under Part 6D.2 of the Corporations Act.

The Company is unable to lodge a 'cleansing notice' under section 708A(5) of the Corporations Act in respect of the issue of the Placement Shares as trading in the Company's Shares has been suspended for more than a total of five days during the 12 months before the day on which the Placement Shares are to be issued, as required by section 708A(5)(b).

NewSat Limited | Prospectus 27 | P a g e



A prospectus is therefore required under the Corporations Act to enable persons who are issued with the Placement Shares to on-sell those Placement Shares within 12 months of their issue. Accordingly, this Prospectus is being issued to remove any secondary sale restrictions and facilitate future secondary trading of the Placement Shares in accordance with section 708A(11) of the Corporations Act.

The Company will not issue the Placement Shares with the purpose of the persons to whom they were issued selling or transferring the Placement Shares, or granting, issuing or transferring interests in the Placement Shares within 12 months of the issue but this Prospectus provides them the ability to do so should they so wish.

The Placement Shares will be issued after the date of this Prospectus, but before the Closing Date in respect of the Share Offer.

This Prospectus has also been issued to provide information on the Share Offer being made under this Prospectus as required by the Corporations Act.

3.2.2 Convertible Note Offer

The Company has entered into the Convertible Note Deed to secure the Mezzanine Funding.

Each Convertible Note issued under the Convertible Note Offer grants the holder a right to elect to convert the face value of that note into Shares, subject to certain conditions, including but not limited to the approval of Shareholders at general meeting (refer to section 8.4 for these terms and conditions).

While the issue of the Convertible Notes can be made to ETL without disclosure under Part 6D.2 of the Corporations Act, this Prospectus has been primarily issued to facilitate secondary trading of the Convertible Notes as well as any underlying Shares issued on the conversion of Convertible Notes (on the assumption Shareholder approval is obtained).

The Company is not able to issue a 'cleansing prospectus' under section 708A(11) of the Corporations Act in respect of the Convertible Notes and the underlying Shares issued on their conversion, as the Convertible Notes are not in a class of securities that are quoted securities of the Company. Accordingly, in order for the Eligible Investor who will receive Convertible Notes and any other person who subsequently acquires Convertible Notes, or any underlying Shares issued on the conversion of Convertible Notes to on sell those securities within 12 months of the issue of the Convertible Notes or the underlying Shares, the Company has elected to lodge this Prospectus.

Issuing the Convertible Notes under this Prospectus will enable the ETL to on-sell the Shares issued on conversion of the Convertible Notes pursuant to ASIC Class Order 04/671.

3.2.3 Warrant Offers

As part of the Convertible Note Offer and negotiating other financial accommodations with bridge loan lenders, the Company has agreed to issue the Jabiru Warrants and, subject to Shareholder approval, \$0.40 Warrants to Eligible Investors. Each Offer Warrant grants the holder an option to exercise that warrant into one Share, subject to certain conditions (refer to sections 8.2 and 8.3 for these terms and conditions).

While the issue of the Offer Warrants can be made to the relevant Eligible Investors without disclosure under Part 6D.2 of the Corporations Act, this Prospectus has been issued to facilitate secondary trading of the Offer Warrants as well as any underlying Shares issued on the exercise of Offer Warrants.

The Company is not able to issue a 'cleansing prospectus' under section 708A(11) of the Corporations Act in respect of the Offer Warrants or the Shares to be issued on their exercise, as the Offer Warrants are not in a class of securities that are quoted securities of the Company. Accordingly, in order for the Eligible Investors who are to receive Offer Warrants and any other

NewSat Limited | Prospectus 28 | P a g e



person who subsequently acquires Offer Warrants, or any underlying Shares issued on the exercise of Offer Warrants, to on sell those securities within 12 months of the issue of the Offer Warrants or the underlying Shares, the Company has elected to lodge this Prospectus.

Issuing the Offer Warrants under this Prospectus will enable the Eligible Investors who are issued Offer Warrants to on-sell the Shares issued on exercise of the Offer Warrants pursuant to ASIC Class Order 04/671.

3.3 Offer Periods

The Convertible Note Offer and Jabiru Warrant Offer will open for receipt of acceptances on 25 February 2013 and will close at 5.00pm (Melbourne time) on 27 February 2013 or such other date as the Directors may determine in their absolute discretion.

The Share Offer will open for receipt of acceptances on 25 February 2013 and will close at 5.00pm (Melbourne time) on 6 March 2013 or such other date as the Directors may determine in their absolute discretion.

The \$0.40 Warrant Offer will open for receipt of acceptances on 25 February 2013 and will close at 5.00pm (Melbourne time) on 2 May 2013 or such other date as the Directors may determine in their absolute discretion.

3.4 Minimum Subscription

There is no minimum subscription under any of the Offers.

3.5 Allotment of the Offer Securities

The Convertible Notes and Jabiru Warrants are expected to be allotted and issued by 28 February 2013. The Offer Shares are expected to be allotted and issued by 8 March 2013. Subject to Shareholder approval being obtained at a general meeting, the \$0.40 Warrants are expected to be allotted and issued by 3 May 2013 or such other date as the Directors may determine in their absolute discretion.

Until allotment and issue of the Offer Shares and Convertible Notes under this Prospectus, the Application Monies will be held in trust.

Any interest earned on the Application Monies will be for the benefit of the Company and will be retained by it irrespective of whether allotment and issue of the Offer Securities takes place.

3.6 Rights attaching to the Offer Securities

A summary of the important rights attaching to the Offer Securities, and the rights attaching to the underlying Shares the subject of the Convertible Notes, Jabiru Warrants and \$0.40 Warrants as set out in the Company's constitution, is contained in section 8 of this Prospectus. A summary of the Warrant Covenants which ETL has agreed to under the Convertible Note deed are set out in section 8.2.8.

All Offer Shares and Shares issued on the conversion of Convertible Notes or exercise of Jabiru Warrants or \$0.40 Warrants will rank equally in all respects with the existing Shares in the Company.

No brokerage or stamp duty is payable on the issue of the Offer Securities under the Offers.

3.7 ASX Listing

The Company will apply to ASX for Quotation of the Offer Shares offered under this Prospectus within seven days after the date of this Prospectus.

NewSat Limited | Prospectus 29 | P a g e



If an application for Quotation of the Offer Shares is not made within seven days after the date of this Prospectus, or ASX does not grant permission for official Quotation of the Offer Shares within three months after the date of this Prospectus, the Company will not issue the Offer Shares and will repay all Application Monies for the Offer Shares within the time prescribed under the Corporations Act, without interest.

The Company will not apply to ASX for Quotation of any of the Convertible Notes, Jabiru Warrants or \$0.40 Warrants.

3.8 Holding Statements and Offer Security Certificates

The Company operates an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers make up the Company's register of Shares. The Company will not issue certificates to investors for Offer Shares. Rather, holding statements (similar to bank statements) will be dispatched to the applicant as soon as practicable after allotment.

A holding statement will be sent either by CHESS or by the Company's Share Registry. The statement will set out the number of Offer Shares allotted under the Prospectus and provide details of a Holder Identification Number (for a CHESS sub-register) or Securityholder Reference Number (for an issuer sponsored sub-register). An updated holding statement will also be sent to the new investor following the month in which the balance of his/her holding of the Offer Shares changes, and also as required by the Listing Rules or the Corporations Act.

Eligible Investors who are issued Convertible Notes, Jabiru Warrants and/or \$0.40 Warrants will receive:

- (a) a convertible note certificate in respect of any Convertible Notes issued; and
- (b) a warrant certificate in respect of any Jabiru Warrants and \$0.40 Warrants issued.

3.9 Distribution of Prospectus

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. This Prospectus is not to be distributed or released in the United States. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Securities the subject of this Prospectus or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia.

3.10 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in Securities in the Company.

3.11 Privacy Disclosure

Eligible Investors who apply for the Offer Securities pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collects, holds and uses that personal information to assess applications for Securities to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws.

NewSat Limited | Prospectus 30 | P a g e



If the information requested is not supplied, applications for Offer Securities will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company or the Share Registry.

3.12 Enquiries

This document is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

If you have any questions relating to the Offer, please contact the Company on +61 3 9674 4644.

NewSat Limited | Prospectus 31 | P a g e



4 USE OF PROCEEDS OF THE JABIRU-1 FUNDRAISING AND EFFECT OF THE EQUITY FUNDING ON THE COMPANY

4.1 Use of Proceeds of Jabiru-1 Fundraising

The funds received under the Jabiru-1 Fundraising (including the amounts raised under the Placement and the Offers) will be used to finance the Company's construction and launch of Jabiru-1 as well as associated costs. A summary of these costs is as follows:

Figure 4.1

Estimated Uses of Funds	US\$M ¹
Spacecraft & Launch Vehicle	384
Insurance	36
Opex / Non-Satellite Capex	50
Interest During Construction	19
ECA Exposure Fees	39
Other 2	41
DSRA	14
Contingency	25
Working Capital	3
Total Uses	611

Notes:

Approximate values shown

The funds received under the Equity Funding are intended to be used exclusively for the Jabiru-1 build and associated costs. The Company has already begun development of the Jabiru-1 Satellite and has incurred approximately US\$49 million to date. Approximately, US\$559 million of the above uses will be incurred with the continued construction and development of the Jabiru-1 Satellite.

4.2 Effect of the Equity Funding on Capital Structure

4.2.1 Shares

Figure 4.2

Event	Number
Shares on issue at date of Prospectus	233,052,157
Placement Shares to be issued pursuant to the Placement 1	262,500,000
Shares to be issued on retirement of Orbital Bridge Loan ²	20,156,250
Offer Shares to be issued pursuant to the Share Offer	100
Total Shares on issue after completion of the Placement and Share Offer ³	515,708,507

NewSat Limited | Prospectus 32 | P a g e

[&]quot;Other" composed of: refinancing of existing debt (US\$6.3m), Placement fees (US\$8.6m), Mezzanine Funding fees (US\$1.8m), ECA Facilities co-ordination and advisory fees (US\$4.0m), Standby Credit Facility fees (US\$2.0m), ECA Lenders due diligence costs (US\$3.0m), COFACE Facility arrangement fees (US\$2.2m) and orbital slots and Jabiru-1 Project startup costs (US\$13.4m).



Notes:

- This is based on the firm commitment received from investors under the Placement conducted through a bookbuild process. These Shares will be issued after the date of this Prospectus but prior to the Closing Date of the Share Offer.
- Refer to section 7.3.3 for further details on the Orbital Bridge Loan. Shares to be issued by the Company on or around the date of issue of Placement Shares and Offer Shares, pursuant to the Company's placement capacity under Listing Rules 7.1 and 7.1A.
- The number of Shares assumes that no Options, Warrants or Performance Rights currently on issue are exercised prior to the Closing Date. This number does not take into account 2,500,000 shares to be issued to Kyprosat under a prior agreement, the issue of which is subject to regulatory approval by the Government of Cyprus.

4.2.2 Warrants

Figure 4.3

Warrants currently on issue	Number
50 cent Warrants vesting May 2011 and expiring May 2016	8,373,571
Offer Warrants offered pursuant to the Warrant Offers	
Mezzanine Warrants ¹	94,852,941
CCK Bridge Loan Warrants	5,502,140
Advisor Warrants	27,500,000
\$0.40 Warrants ²	21,500,000
Total Warrants on issue after completion of the Warrant Offers	149,355,081 ³

Notes:

- Refer to section 8.2.8 for details on the potential cancellation of a number of these Warrants based on Share price performance at time of exercise.
- On assumption Shareholder approval is obtained.
- Total amount that may be raised if all Warrants are exercised is approximately A\$12.787 million, on the assumption that Shareholder approval for the \$0.40 Warrants is obtained.

4.2.3 Convertible Notes

Figure 4.4

Convertible Notes currently on issue	Value
Khattar Convertible Note – issued June 2011 ¹	A\$1,000,000
Convertible Notes offered pursuant to the Convertible Note Offer	
Convertible Notes ²	US\$30,000,000
Total value of Convertible Notes on issue after completion of the Convertible Note Offer	A\$31,000,000 ³

Notes:

- Issue of Shares in the event of conversion of note approved by Shareholders at general meeting on 28 July 2011. Conversion price is A\$0.80. See section 7.3.2 for more details.
- Conversion of Convertible Notes into Shares subject to Shareholder approval to be obtained at general meeting. See section 8.4 for circumstances in which the Convertible Notes may convert. Convertible Notes are convertible at 85% of the VWAP over the 20 days prior to conversion (subject to a floor price of A\$0.34, being 85% of the issue price under the Placement). This maximum number is based on the floor price and assumes A\$1=US\$1. This number could change if the A\$ to US\$ exchange rate changes. Conversion cannot occur until maturity of the Convertible Notes, five years after the issue date, unless the Company defaults under the Convertible Note Deed.
- On assumption that US\$1 equals A\$1.

NewSat Limited | Prospectus 33 | P a g e



4.2.4 Other Securities

In addition to Shares, Warrants and Convertible Notes, the Company also has options and performance rights on issue. Each option and performance right is potentially convertible into one ordinary share. All options and performance rights do not carry a right to vote and are unquoted.

Options

Figure 4.5

Options currently on issue	Number		
Zero cost options issued to NewSat employees, Directors and consultants			
Vesting April 2013 and expiring April 2016	350,000		
Vesting August 2012 and expiring September 2016	270,000		
Vesting August 2013 and expiring September 2016	270,000		
Vesting August 2014 and expiring September 2016	270,000		
Management Incentives issued to NewSat employees, Director	ers and consultants 1		
Vesting March 2013 and expiring March 2015	5,640,000		
Vesting May 2013 and expiring May 2015	5,260,000		
Vesting October 2013 and expiring October 2015	1,200,000		
50 cent Options issued to NewSat employees, Directors and consultants ²			
Vesting December 2012 and expiring December 2014	500,000		
Vesting March 2013 and expiring March 2015	2,840,000		
Vesting May 2013 and expiring May 2015	3,340,000		
Vesting August 2013 and expiring August 2015	100,000		
Vesting October 2013 and expiring October 2015	400,000		
100 cent Options issued to NewSat employees, Directors and consultants ³			
Vesting December 2012 and expiring December 2014	500,000		
Total	20,940,000 4		

Notes:

- Vesting condition that Share price is A\$1.00 with an exercise price of A\$0.00005 per share.
- Vesting condition that Share price is A\$0.50 with exercise price of A\$0.50 per share.
- Vesting condition that Share price is A\$1.00 with exercise price of A\$1.00 per share.
- Total amount that may be raised if all options are exercised is approximately A\$4.09 million.

Performance rights

Figure 4.6

Performance rights currently on issue ¹	Number
Performance rights issued to NewSat employees, Directors and consultants with an expiry date of October 2016	11,600,000
Performance rights issued to NewSat employees, Directors and consultants with an expiry date of June 2017	12,450,000
Total	24,050,000

NewSat Limited | Prospectus 34 | P a g e



Notes:

50% vesting on financial close of the Jabiru-1 Fundraising and 50% vesting on completion of inorbit testing for the Jabiru-1 Satellite.

4.2.5 Dilution effect of the Placement and Offers

The below figure summarises the potential dilution effect of the Placement Shares, the Offer Securities and other Securities on issue or to be issued on the capital structure of the Company over a 12 month period taking into account the following:

- (a) exercise of Warrants, options and performance rights with a hurdle price below A\$0.40 that have vested and are exercisable in the next 12 months;
- (b) Mezzanine Warrants that vest in the next 12 months on the assumption that any "top up" warrants will be cancelled (refer to sections 3.1.3 and 8.2.8 for further details on the cancellation of "top up" warrants);
- (c) conversion of the Khattar Convertible Note is not included. The Khattar Convertible Note may be converted at the election of the noteholder at the conversion price is A\$0.80; and
- (d) conversion of the Convertible Notes is not included as conversion cannot occur until the maturity date, being five years after issue and is also subject to Shareholder approval.

Figure 4.7

Class of Securities	Number of Securities on issue ¹	Potential Share Dilution Impact ²	Further Information
Shares on issue	233,052,157	233,052,157	Section 4.2.1
Placement Shares	262,500,000	262,500,000	Sections 2.5 and 4.2.1
Shares to be issued on retirement of Orbital Bridge Loan	20,156,250	20,156,250	Sections 4.2.1 and 7.3.3
Share issue to Kyprosat ³	2,500,000	2,500,000	
Offer Shares	100	100	Section 3.1.1
Options on issue	20,940,000	1,160,000	Section 4.2.4
Performance rights on issue	24,050,000	12,025,000	Section 4.2.4
Warrants on issue	8,373,571	0	Section 4.2.2
Mezzanine Warrants	94,852,941	18,000,000	Section 3.1.3 and 4.2.2
CCK Bridge Loan Warrants	5,502,140	5,502,140	Section 3.1.3 and 4.2.2
Advisor Warrants	27,500,000	27,500,000	Section 3.1.3 and 4.2.2
\$0.40 Warrants 4	21,500,000	0	Sections 3.1.4 and 4.2.2
Total	720,927,159	582,395,647	

NewSat Limited | Prospectus 35 | P a g e



Notes:

The Convertible Notes and Khattar Convertible Note have not been included. Conversion of the Convertible Notes is subject to Shareholder approval and the noteholder cannot elect to convert until the maturity date (5 years after issue). The Khattar Convertible Note may be converted at the election of the noteholder; the conversion price is A\$0.80.

Assumes conversion of warrants and options with a hurdle price below A\$0.40 that have vested and are exercisable in the next 12 months and Mezzanine Warrants that vest in the next 12 months are not subject to any "top up".

lssue subject to approval from the Government of Cyprus.

Subject to Shareholder approval.

The scenario in Figure 4.7 does not illustrate the total potential dilution effect of all Offer Securities issued under this Prospectus, which may occur over a five year period (having regard to the potential conversion of the Convertible Notes and the exercise and potential cancellation of Mezzanine Warrants.

4.3 Effect of the Equity Funding on the Company's consolidated statement of financial position

The unaudited pro forma statements of financial position (**Pro Forma Balance Sheet**) set out below have been prepared to illustrate the financial position of the Company following completion of the Equity Funding (i.e the Placement and the Offers) as if it occurred on or before 31 December 2012. The Pro Forma Balance Sheet has been derived from the financial statements of the Company for the half-year to 31 December 2012 (lodged with ASX on 21 February 2013). The half-year financial statements will be subject to the review conclusion of the Company's auditor, Ernst & Young. The Company will lodge its Appendix 4D on or before 28 February 2013, which will contain the auditor's review conclusion. The Company's reviewed statement of financial position as at 31 December 2012 may differ from the position set out below.

The adjustment shown in the Pro Forma Balance Sheet shows the effect of the Equity Funding. No adjustment has been made to reflect the change in financial position of the Company since 31 December 2012.

The Pro Forma Balance Sheet is intended to be illustrative only and will not reflect the actual position and balances as at the date of this Prospectus or at the completion of the Equity Funding.

The pro-forma adjustments reflect the effect of the following:

- the receipt of proceeds of the Placement of US\$108 million net of fees;
- the repayment of the principal amount of A\$8.5 million of the CCK Bridge Loan;
- the receipt of proceeds from the US\$30 million Mezzanine Funding (which includes the application of US\$8.5 million from the repayment of the CCK Bridge Loan and any top-up from CCK) net of fees; and
- the conversion of the A8,062,500 in principal, interest and fees payable under the Orbital Bridge Loan to equity.

The pro-forma adjustments do not reflect:

- repayment of the A\$5 million NAB Facility and the repayment or conversion of the A\$1 million Khattar Convertible Note which are to be repaid post financial close just prior to the first ECA Facility drawdown; and
- the proposed new Debt Funding. Post financial close of the ECA Facilities, NewSat will drawdown progressively \$399.0M of ECA debt over three years and has a commitment for a \$25M Standby Credit Facility. Proceeds from this will be used to complete the Jabiru-1 Program.

NewSat Limited | Prospectus 36 | P a g e



Figure 4.8

	Actuals as at 31 December 2012	accou	ustment to nt for Equity ding close	31 December 2012 Pro Forma Balance Sheet
	A\$'000	Note	Adjustment A\$'000	A\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	6,932	а	119,164	126,096
Trade and other receivables	6,057			6,057
Inventories	518			518
Prepayments	3,915			3,915
Other financial assets	916			916
Total Current Assets	18,338		119,164	137,502
Non-current Assets				
Property, plant and equipment	6,468			6,468
Intangible assets and goodwill	87,853	b	2,463	90,316
Total Non-current Assets	94,321		2,463	96,784
Total Assets	112,659		121,626	234,285
LIABILITIES				
Current Liabilities				
Trade and other payables	17,570	С	(1,500)	16,070
Interest-bearing loans and borrowings	18,547	d	(13,500)	5,047
Provisions	2,153			2,153
Deferred income	5,106			5,106
Other post-employment benefit liability	131			131
Total Current Liabilities	43,507		(15,000)	28,507
Non-current Liabilities				
Interest-bearing loans and borrowings	979	е	29,100	30,079
Other liabilities	138		ŕ	138
Provisions	72			72
Total Non-current Liabilities	1,189		29,100	30,289
Total Liabilities	44,696		14,100	58,796
Net Assets	67,963		107,526	175,489
EQUITY				
Contributed equity	162,008	f	107,526	269,534
Retained earnings	(107,004)			(107,004)
Reserves	12,959			12,959
Total Equity	67,963		107,526	175,489

NewSat Limited | Prospectus 37 | P a g e



Notes:

- a Proceeds from the Placement of US\$108 million and the Mezzanine Funding of US\$21.5million net of fees of US\$8.55 million for the Placement and US\$1.8 million for the Mezzanine Funding.
- b Conversion premium on Orbital Bridge Loan, payable in equity, Refer to section 7.3.3. Costs of US\$0.9 million for Mezzanine Funding. Costs that are directly attributable to the Jabiru-1 Satellite development asset are capitalised as part of the asset.
- c Interest paid in equity on conversion of Orbital Bridge Loan (principal A\$5 million).
- d Conversion into equity of Orbital Bridge Loan (principal A\$5million). Repayment of CCK Bridge Loan of A\$8.5 million and subsequent reclassification of A\$8.5mil to non-current Interest bearing loans and liabilities as a result of application of proceeds to US\$30mil Mezzanine Funding.
- e US\$30 million Mezzanine Funding in the form of convertible notes issued to ETL which includes application of US\$8.5 million of the proceeds from repayment of the CCK Bridge Loan to the Mezzanine Funding (and consequent reclassification from current liabilities to non-current Interest-bearing loans and borrowings) and new Mezzanine Funding of US\$21.5million. Fees of US\$0.9 million for Mezzanine Funding are deducted from the carrying value of the liability.
- f Proceeds from Placement of US\$108 million and conversion of Orbital Bridge Loan (A\$5 million principal + A\$1.5 million interest + A\$1.56 million conversion premium) net of the fees of the Equity Funding as set out in a above

All US\$ denominated amounts have been converted into A\$ using an exchange rate of A\$1.00=US\$1.00

NewSat Limited | Prospectus 38 | P a g e



5 RISK FACTORS

5.1 Introduction

The Shares and underlying Shares the subject of the Options and Convertible Notes offered under this Prospectus should be considered speculative because of the nature of the Company's business.

This section identifies the areas the Directors regard as the major risks associated with an investment in NewSat. Eligible Investors should be aware that an investment in the Company involves risks which may be higher than the risks associated with an investment in other companies. Eligible Investors should read the whole of this Prospectus (including documents deemed to be incorporated into this Prospectus) in order to appreciate fully such matters and the manner in which the Company intends to operate before any decision is made to apply for the Offer Securities.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with NewSat's business.

Whilst some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, some of these risk factors are largely beyond the control of the Company and its Directors because of the nature of the business of the Company. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which the Offer Shares or underlying Shares the subject of the Convertible Notes or Offer Warrants will trade.

The following list represents key risk factors of which the Directors are aware and of which, although not exhaustive, Eligible Investors need to be aware of. This list is a summary of the more material matters to be considered and should be read in conjunction with specific matters referred to in the Company's announcements and reports. However, the summary is not exhaustive and Eligible Investors should examine the contents of this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for any Offer Securities.

5.2 Market Risks

5.2.1 Competitive Market Place

The satellite communications market is extremely competitive. Any weakening of NewSat's competitive position would adversely impact its ability to generate revenue. NewSat faces competition not only from other satellite services providers but also from providers of terrestrial-based networks, such as DSL and cable, which have advantages over satellite-based networks. Terrestrial-based networks are offered by telecommunications carriers, other large companies and governments, many of which have greater financial resources and greater name recognition. Additionally, government agencies are increasingly considering and implementing subsidies for broadband access in underserved areas which would reduce NewSat's target market. Pricing pressures from such competition may adversely impact NewSat's revenues.

5.2.2 Large Contracts

NewSat will rely on key customers for a major portion of its revenue. Whilst contracts are generally long-term, any degradation in the performance of the satellite or any deterioration in the relationship with, or a reduction in expenditure by, key clients may lead to a significant loss of revenue for NewSat. In addition, some of the customer contracts involve large financial obligations on the customers relative to the size of their business and they may not have the ability to fulfil their purchase contract obligations. Defaults by any of NewSat's larger customers or by a group of smaller customers who, collectively, represent a significant proportion of

NewSat Limited | Prospectus 39 | P a g e



NewSat's revenues, could adversely affect NewSat's revenue, operating margins and cash flows.

5.2.3 Customer Demand

Demand for satellite services and the Ka-band spectrum may decline or not increase as predicted. Any slow-down of growth in emerging markets or in the take-up of demand for Ka-band satellite services may adversely impact revenues. NewSat may not be able to retain its existing customers. In addition, general pricing pressures may have an adverse impact on NewSat's revenues.

5.3 Operational Risks

5.3.1 Satellite Operations

Satellites are subject to in-orbit malfunctions, interference or damage caused by solar radiation and debris or micrometeorite collisions. In-orbit satellite failures or degradations in performance could impair the commercial performance of a satellite, which could have a material adverse effect on operations and the ability to generate revenue, and could damage customer and distributor relationships.

5.3.2 Satellite Life

A number of factors could affect the useful life of a satellite such as quality of design and construction and durability of components. Any lessening of the useful life of a satellite as prescribed in its specifications could adversely impact NewSat's ability to generate revenue from the satellite.

5.3.3 Coordination Risks

The coordination of satellite orbital slots and associated frequencies is a complex and sometimes lengthy process requiring the cooperation of the involved satellite operators and their national licensing agencies. Significant delays, or an unfavourable result, in the coordination of the satellite orbital slots and associated frequencies that NewSat plans to use may adversely affect NewSat's operations and/or revenues.

5.3.4 Technology Risks

Changes in technology, content distribution methods and demand could impact NewSat's operations and outlook. For example, implementation of new technologies could reduce the capacity required on a satellite to transmit data and thereby reduce total demand. In addition, while the satellite industry has historically evolved slowly, there is the risk in the future that a satellite may not meet the needs of clients and/or that its design could become obsolete.

5.3.5 Design Risks

The design of the Jabiru-1 Satellite may be inadequate for its intended purposes, or the Jabiru-1 Satellite may not meet the technical or operational requirements of NewSat's target customers, which would have an adverse impact on NewSat's business and financial performance.

5.3.6 Schedule Risks

Delays relating to obtaining financing, satellite and launch vehicle construction and deployment, obtaining and maintaining regulatory approvals and licenses, including export controls, and/or the periodic unavailability of reliable launch opportunities may extend the time before significant revenues commence. A delay in the future delivery of a satellite may also impact NewSat's marketing plan for the Jabiru-1 Satellite and/or financial performance.

NewSat Limited | Prospectus 40 | P a g e



5.3.7 Launch Risks

Although the Jabiru-1 Satellite launch will be insured, failure, destruction or damage during launch would harm the business by delaying revenues and resulting in the possible loss of customers.

5.3.8 Derivative Orbital Slot and Frequency Usage Rights

NewSat's contractual rights to position the Jabiru-1 satellite at 91.5°E and potential future satellites at 54°E or 89.5°/90°E and make use of associated frequencies at these orbital slots are derivative of licenses and authorisations obtained and maintained by its counterparties. NewSat must rely on such counterparties to enforce, protect and maintain these licenses and authorisations, and their failure to do so may adversely impact NewSat's operations and/or revenues.

5.3.9 Orbital Slot Risks

If NewSat does not occupy certain unused orbital locations by specified deadlines, those orbital locations may become available for use by other satellite operators.

5.4 Business Risks

5.4.1 Business Plan

NewSat may be unsuccessful in implementing its business plan in relation to the existing "reseller" activities and the Jabiru-1 related activities it intends to develop. A failure to attract a sufficient number of customers for either would result in lower revenues than anticipated.

5.4.2 Key Personnel

NewSat is dependent on its senior management team, the majority of whom have spent a number of years on the Jabiru-1 Program. Whilst senior managers are employed on long term contracts with retention incentives, the loss of one of more members of the senior management team could have an adverse impact on the business if NewSat is unable to find appropriate replacements.

5.4.3 Future Satellites

NewSat may not be able to obtain sufficient customer contracts, consent of ECA Lenders or the equity investment necessary to fund future satellites.

5.4.4 Reliance on Contractors

NewSat is dependent on outside contractors for the construction and launch of satellites. This could result in increased costs and delays relating to the launch of satellites, including Jabiru-1, which would materially affect NewSat's business.

5.4.5 Strategy Risks

There is a risk that the assumptions upon which NewSat's strategic direction is based are incorrect, that market conditions may change, that the risks generated exceed expected and approved risk appetite, or that the execution of NewSat's strategic initiatives proves ineffective.

NewSat Limited | Prospectus 41 | P a g e



5.4.6 IT & Communications Risks

Interruption or failure of information technology and communications systems could impact NewSat's ability to operate its business effectively. Whilst NewSat has undertaken steps to secure its systems, these measures may not be effective in preventing theft, loss, damage or interruption from a number of possible events, including security breaches, inclement weather, environmental events, power losses or computer viruses.

5.4.7 Legal proceedings

NewSat may be involved from time to time in legal proceedings arising from the conduct of its business. The aggregate potential liability in respect thereof cannot be assessed. Any material legal proceedings could have an adverse impact on NewSat's financial performance and position.

5.5 Financial Risks

5.5.1 Tax Risks

NewSat is exposed to risks arising from the manner in which the Australian and international tax regimes applicable to it may be amended, applied, interpreted and enforced. As a result NewSat may become subject to unanticipated tax liabilities that may have a material adverse effect on NewSat's operations.

5.5.2 Foreign Exchange Risks

NewSat is exposed to volatility in the US dollar and the Australian dollar, and fluctuations in the exchange rate of these respective currencies may impact financial performance.

5.5.3 Cost Risks

NewSat may be required to spend in excess of current forecasts for the construction of the Jabiru-1 Satellite, the provision of launch services, the procurement of insurance and other miscellaneous fees and expenses.

5.5.4 Capital Intensity

NewSat's business is capital intensive and requires the Company to make long-term capital expenditure decisions. NewSat may be unable to raise adequate funding on satisfactory terms to support its business plan, which would materially impact its future prospects.

5.5.5 Insurance Risks

The Company intends to purchase satellite launch insurance coverage for Jabiru-1, with a coverage period from launch through one year of operations. However, NewSat's financial condition could be materially and adversely affected if it were to suffer loss that was not covered by launch or in-orbit insurance, for example for lost revenue in the event of total or partial loss of a satellite. In addition, limitations on insurance coverage terms and conditions and availability of sufficient insurance capacity may prevent NewSat from obtaining adequate insurance.

5.5.6 Funding Risks

NewSat's Debt Funding is subject to the execution of binding Senior Facility Agreements, each of which is also subject to conditions precedent (summarised in section 7.1.2) before funds may be drawn under the Senior Facilities.

If the agreements are not executed and/or conditions precedent are not satisfied or waived or NewSat is unsuccessful in raising the necessary Equity Funding, the Debt Funding will not be provided. If this occurs, the strategic arrangements with MEASAT may not continue, the



construction and launch of the Jabiru-1 Satellite may not proceed and the Company's access to orbital slots may expire. The occurrence of these events would materially adversely affect the future prospects of the Company.

5.5.7 Interest Rate Risk

NewSat, as a borrower of money, may be exposed to adverse movements in interest rates which may impact NewSat's financial position.

5.5.8 Debt Risks

At the Starting Point of Credit, NewSat may have up to US\$425 million in outstanding debt. If NewSat's existing and future business is unsuccessful NewSat may be unable to repay or refinance its debt funding arrangements which would lead it to be in default of its banking facilities. This ability is subject in part to factors that are beyond NewSat's control - such as general economic, financial, competitive, regulatory and legislative conditions. There is a risk that NewSat may not be able to make scheduled payments on its debt obligations and may default. Terms of debt obligations may also restrict NewSat's current and future operations and its ability to respond to changes in its business or take certain actions. If there is an event of default under the ECA Facilities, the ECA Lenders could also take enforcement action, accelerate all outstanding ECA Facilities and take over the Jabiru-1 satellite.

5.5.9 Dilution Risks

Future issuances of equity or the perception that such sales may occur, may result in a decrease of the market price of NewSat Securities and an increase in NewSat's issued capital may dilute a person's existing holding.

5.6 General Risks

A number of specific risk factors that may impact the future performance of the Company are described below. Shareholders should note that this list is not exhaustive.

5.6.1 Global Political Conditions

As NewSat will generate a large portion of its revenue internationally, geopolitical problems and instability could adversely impact the Company's revenue. NewSat's international operations are subject to a number of risks, including changes in domestic and foreign government regulations and licensing requirements; deterioration of relations between Australia and/or the United States and a particular foreign country or countries; increased tariffs, increased license fees or conditions, taxes and other trade barriers; changes in political and economic stability; and difficulties in obtaining or enforcing judgements in foreign jurisdictions.

5.6.2 Global Economic Conditions

Any major disruption to, or ongoing deterioration in, the economic climate could adversely impact revenues by affecting employment levels, consumer and business confidence, government expenditures and business activity. Current or potential customers, including government customers, may delay or decrease spending which may impact the demand for NewSat's services. In addition, current or potential customers may be unable to pay NewSat for its services if economic conditions deteriorate.

NewSat Limited | Prospectus 43 | P a g e



5.6.3 Regulatory Risks

The telecommunications industry is highly regulated. NewSat is subject to both international and domestic regulatory and licensing requirements, and its business is sensitive to regulatory changes in the countries in which it operates. Obtaining and maintaining approvals can involve significant time and expense, and delays in obtaining approvals or changes to laws and regulations may adversely impact NewSat's operations.

NewSat Limited | Prospectus 44 | P a g e



6 JABIRU-1 PROJECT

6.1 Overview

6.1.1 Summary

In December 2011, NewSat contracted with Lockheed Martin to construct the Jabiru-1 satellite, and in March 2012 with Arianespace to launch it into an orbital slot registered by MEASAT at 91.5 °E. Jabiru-1 will carry 7.6GHz of Ka-band capacity of approximately 210 transponder equivalents (36 MHz), via 24 spot beams, three regional beams and two steerable beams. Jabiru-1 will also carry 18 Ku-band transponders and one S-band transponder. Jabiru-1's Kaband payload will provide high powered coverage of the Middle East, Africa and Asia.

NewSat's key marketing strategy is to provide high-power Ka-band capacity to customers. Ka-band is able to meet large bandwidth capacity demand from government, resources and carrier-grade telecommunications customers for high growth markets in the Middle East, Asia and Africa. In addition, MEASAT has a right to acquire the entire Ku-band and S-band capacity of Jabiru-1 covering Malaysia and India. To date, NewSat has signed nine key pre-launch contracts representing in aggregate over US\$600 million in total revenue.

6.1.2 Orbital Slots

Orbital slots are finite resources managed by the ITU. Fixed Service Satellites like Jabiru-1 utilise the Geo-Stationary Orbit (**GSO**), a single orbit approximately 35.7 thousand kilometres above the equator. With over 400 satellites in this orbit, the GSO is crowded, particularly in Ku and C bands. Countries file applications with the ITU to use specific frequencies at an orbital position, often many at a single slot. All filings remain current for seven years, but only the most senior filing can be brought into use at that slot. If a filing is not brought into use, it expires and the next filing becomes senior. Before a frequency is utilised, the operator must coordinate with the neighbours around that orbital position to ensure there will be no interference when it is brought into use.

NewSat has acquired rights with respect to eight orbital slots from the Republic of Cyprus, which are considered by satellite operators to be valuable space assets.

NewSat's acquisition of these orbital slots was undertaken to set the foundation for NewSat's intended fleet of Jabiru satellites. Significantly, these slots are strategically placed to provide primary satellite coverage in geographies of immediate market interest to NewSat. The orbital slot portfolio also enables NewSat, subject to launch of additional satellites into those slots, to achieve complete global coverage over time.

6.1.3 Coverage

NewSat has identified particular target markets with unmet regional demand and demand for specialised capacity that is currently unavailable. Consequently, Jabiru-1's Ka-band payload will be focused on high growth regions from Pakistan, through Afghanistan, Iraq and Saudi Arabia, to the North East Coast of Africa. Jabiru-1 is designed to take advantage of the growing demand in these target regions for high throughput and secure capacity from government, enterprise telecommunications carriers and the emerging resources and mainstream consumer industries.

NewSat views Ka-band as the next frequency band that the satellite sector will expand into (as a result of saturation that exists at C and Ku band today). A key factor in NewSat's decision to launch its own satellite was its inability to source sufficient quantities of C/Ku band capacity (to provide to customers) to grow the Company's networks. NewSat having its own satellite allows it to take control of the capacity supply and work more closely with customers to meet their growth needs into the future rather than being reliant on other operators' satellite loading priorities.

NewSat Limited | Prospectus 45 | P a g e



For Jabiru-1, the satellite architecture was designed to provide 'raw' capacity (MHz) into the market rather than being configured to only be able to provide a hub-based managed service solution. NewSat did not want to launch a single purpose asset that is only useable for residential internet and the like. The focus of NewSat is to provide enterprise and carrier grade communications capacity for service providers, telecommunications operators and government users. This enables customers to configure networks to meet their specific service needs rather than having to conform to a mandated managed service which may not be ideal for their particular service requirements. The open system architecture also enables customers to modify their networks in response to evolving needs over the satellite lifetime.

With regard to the specific beams on Jabiru-1:

- Multispot payload this payload will be used by enterprise and government users to provide connectivity into and out of developing markets and to reach back to Tier 1 internet providers and headquarters elements. The payload is configured into 24 spot beam channels which are connected to the three gateways (Adelaide, Perth and Mediterranean) in groups of eight channels. Each channel provides an equal amount of forward link capacity into the region as well as return link capacity back to the gateway hub. This will allow customers to establish high speed duplex connections in and out of the region as needed. Customers can also develop managed service solutions on these beams as their requirements dictate.
- Regional payload there are three fixed regional shaped beams on Jabiru-1 (South West Asia, Middle East and East Africa). These regional beams will provide capacity for domestic communications networks in a similar fashion to how Ku-band serves those networks today. These beams are a good example of how NewSat will be using Kaband as the next expansion band for the FSS industry. Ka-Band can be configured, as NewSat have done on Jabiru-1, to provide high power satellite capacity for a wide variety of applications.
- Steerable payload there are two steerable beams on the satellite which are capable of being steered over the range of the full visible earth. The steerable beams can moved via ground command as needed through the satellite life. The steerable beams can be used to provide capacity over new markets to meet opportunistic demand or to supplement existing coverage over a given area.

There is flexibility in the on-board switching of capacity between the regional and steerable beams – this flexibility allows NewSat to assign additional transponders to areas of high demand as the market dictates over the satellite life.

6.1.4 Insurance

During the construction phase and the transit of Jabiru-1 to the launch site risk of loss for Jabiru-1 resides with the manufacturer, Lockheed Martin. Following ignition of the launch vehicle, risk of loss will transfer to NewSat.

NewSat has binding commitments for the provision of launch insurance in the amount of US\$352 million and as soon as practical following the Jabiru-1 Fundraising will purchase additional insurance as required. This is an all risk coverage that, if funds are received, will reimburse the NewSat Group and the ECA Lenders in the event of a launch failure, including sufficient amounts to repay all Senior Facilities and any outstanding Convertible Notes. The coverage period is from launch through to one year of operations. To secure the coverage, NewSat will pay a deposit of approximately 7.5% of the total premium, with the remaining amount due 30 days prior to launch.

Following the expiry of the launch plus one-year policy, NewSat or JSL may purchase coverage to protect against loss during operations. "In Orbit" insurance policies renew annually and can cover the asset replacement and other items as agreed with insurers.

NewSat Limited | Prospectus 46 | P a g e



6.2 Customers

6.2.1 Pre-Committed Customers

NewSat has entered into major contracts with eight customers that underpin Jabiru-1 and validate the high level of market demand for the company's service offerings. These contracts account for ~US\$46% of the total capacity on Jabiru-1 over the first three years of service and represents approximately US\$619 million in total revenue. More than 80% of the capacity for the useful life of Jabiru-1 remains available to be sold. A summary is provided in the table below.

Figure 6.3

Customer	Year 1 Commitment (US\$M)	Total Contract Value (US\$M) 1
MEASAT (Ku-band and S-band payload) ²	13	197
3A Technologies	13	134
TrustComm	32 ³	105
Middle East Telco	6	67
Quick Link Communications	13	40
Gulf Cooperation Council Company	6	32
South Asian reseller	10	30
US Comm's Co	4	13
Total	97	\$619

Notes:

Approximate values

The first year commitment ranges between US\$27.8 million and US\$37 million. Figure reflects the mid-point of these amounts.

6.2.2 Overview of key customer contracts

Refer to section 9.6.7 for further details.

6.3 Licenses and Regulatory Approvals

In order to launch and operate a geostationary satellite, NewSat needs to acquire and maintain several regulatory approvals. These are:

- ITU filings for sovereign rights to operate specific radio frequencies from the orbital slot;
- Coordination with countries and satellite operators utilizing those frequencies in neighbouring slots;
- Spectrum licensing for its satellite signals to be transmitted from ground stations in gateway locations. These spectrum licenses are necessary in order for NewSat to be able to operate terrestrial gateways in Australia, Cyprus and Malaysia. Jabiru-1 will operate in frequency bands which are permitted in these jurisdictions, subject only to paying a spectrum licence fee for each service that is transmitted:
- Space Object approval from the Australian Government; and

NewSat Limited | Prospectus 47 | P a g e

The agreement relating to the S-band payload with a total contract value of US\$17.1 million has been agreed but is subject to formal documentation. MEASAT has an option to purchase an additional amount of Ku-band capacity up to a total contract value of US\$76.5 million.



Other countries in NewSat's Jabiru-1 coverage do not require licensing of spacecraft that are already licensed by an administration that is a member state of the ITU. Each country has its own fees for licensing ground terminals, and these are the responsibility of the owner of the individual antenna, not the satellite operator.

6.3.1 ITU Frequency Filings

As part of NewSat's agreements with MEASAT, Jabiru-1 will utilise a Government of Malaysia orbital slot, making use of frequencies which have already been approved for use by MEASAT at 91.5°E. The 91.5°E slot is well coordinated and has available frequencies necessary for the Jabiru-1 mission.

Notwithstanding, NewSat has also acquired the rights to ITU frequency filings at eight orbital slots around the globe, including adjacent slots with filing seniority.

6.3.2 Coordination

Before new satellite frequencies can be brought into use, the proponent of the new satellite must undertake coordination activities with those administrations that hold rights to use similar frequencies in adjacent or nearby orbital slots.

This is generally conducted on an operator-to-operator basis between the satellite operators themselves. The operator-to-operator agreements are then ratified by each operator's respective administration.

At the primary Jabiru-1 slot, MEASAT's 91.5°E position, the Ku band has been fully coordinated and coordination of the Ka-band and S-band frequencies is well advanced. It is not anticipated that there will be any impediments to achieving full coordination at this position. As the national carrier, MEASAT is strongly placed to receive the full support of the Government of Malaysia in these activities.

6.3.3 Licensing Requirements in Australia and Malaysia

The control of a satellite during its orbital life is conducted via "redundant ground segment facilities", providing TT&C. Jabiru-1 will be controlled by TT&C ground installations in Malaysia with backup facilities in Australia. MEASAT is already a licensed telecommunications service provider in Malaysia and already operates facilities which transmit in the Jabiru-1 Ku band frequencies at its major teleports in Malaysia. MEASAT will obtain additional transmission licences covering the frequencies required for Jabiru-1 TT&C and services. The frequency allocations on Jabiru-1 are all within the standard frequency band allocations for Malaysia.

Similarly, NewSat is a licensed telecommunications carrier in Australia and currently operates two large teleports in Australia. NewSat has existing transmission licences for a wide range of frequency bands on various satellites. NewSat will apply for transmission licences for the Jabiru-1 Ku-band TT&C frequencies as well as the gateway frequency bands for the Ka-band payload. The Ka-band frequencies used in Australia as well as the Ku-and TT&C frequencies are all within the standard frequency band allocations for Australia

6.3.4 Australian Space Object Registration

The launch of objects into space by Australian entities is governed by the *Space Activities Act* 1998 (Cth). The responsibility for administration of the Act rests with the Space Policy Unit (part of the Department of Industry, Innovation, Science, Research and Tertiary Education).

The launch of Jabiru-1 will need to be approved by the Australian Government under the provisions of the Act. The application for an Overseas Launch Certificate will be submitted to the Space Policy Unit in mid-2014. The Company is confident in obtaining this registration.

NewSat Limited | Prospectus 48 | P a g e



6.3.5 Licensing requirements in the Jabiru-1 Coverage

Under satellite industry standard practice, customers are responsible for obtaining their own local licensing for services. NewSat's customers are aware of this requirement and are well versed in the process of obtaining local licensing in each country in which they operate. Nonetheless, NewSat recognises that potentially future clients may not have the skills or knowledge to obtain local licensing. NewSat has therefore commissioned an expert company to assist clients to understand the local licensing requirements in each of the countries covered by the Jabiru-1 footprint.

Further, NewSat has ensured that the frequency bands being operated on Jabiru-1 all fall within the designated bands for satellite services (as detailed in the ITU spectrum plan). Accordingly, this ensures there will be no conflict with local terrestrial services.

NewSat Limited | Prospectus 49 | P a g e



7 SUMMARY OF INDEBTEDNESS

7.1 Senior Facilities

7.1.1 Overview

NewSat has received a commitment letter and Board approval from Ex-Im Bank and a Promesse de Guarantie from COFACE related to the COFACE Facilities as well as a commitment letter from Standard Chartered related to the Standby Credit Facility. The definitive agreements for the facilities have been substantially negotiated over the course of the last 7 months, but have not yet been executed. The summaries contained in this section are based on the draft agreements as at 14 February 2013, which the Company considers to be close to final form. However, terms are still potentially subject to change. The Company expects the ECA Facility Agreements to be signed in March 2013 and financial close and first drawdown under the ECA Facilities in late March / early April 2013.

The key condition precedent to the Senior Facilities is the completion of the Placement and the Mezzanine Funding. There are a number of other conditions precedent that must be satisfied, including some Jabiru-1 Project specific conditions precedent described in section 7.1.2 below.

Ex-Im Bank and COFACE are export credit agencies established under OECD Guidelines. Ex-Im Bank is the official export credit agency of the United States. Ex-Im Bank's mission is to assist in financing the export of U.S. goods and services to international markets. JSL, a wholly owned subsidiary of NewSat has arranged a direct loan from Ex-Im Bank. COFACE manages export finance guarantees on behalf of the French state. JSL will obtain a credit facility from a syndicate of banks (initially Standard Chartered and Société Générale) that is backed by an guarantee policy issued by COFACE. The Senior Facilities will be senior secured facilities and will have first ranking security over all current and future assets of JSL, NewSat and the other Obligors.

The Senior Facilities described below will be made available under the Senior Facility Agreements. However, many of the terms and conditions of Senior Facilities are set out in a Common Terms Agreement which will apply in respect of all Senior Facilities. Under the Facility Agreements and the Common Terms Agreement, JSL is the borrowing entity. The Obligors will provide guarantees and security and other assurances in support of JSL's obligations.

Figure 7.1

Senior Facilities	Туре	Financier(s)	Maturity Date	Commitment (US\$M)
Facility A (Ex-Im Bank Facility)	Amortising term loan/letter of credit	Ex-Im Bank	8.5 years after the Starting Point of Credit	290.6
Facility B (COFACE Facility)	Amortising term loan	COFACE Lenders	8.5 years after the Starting Point of Credit	108.4
Secured Standby Letter of Credit and Term Loan Facility	Secured Standby Letter of Credit and Term Loan Facility	Standard Chartered	Term Loan Facility – 2 years after the Starting Point of Credit Drawings under the Secured Standby Letter of Credit – 4 years after the Starting Point of Credit	25

Principal amounts which are repaid under the ECA Facilities may not be redrawn.

NewSat Limited | Prospectus 50 | P a g e



7.1.2 Conditions Precedent

The Senior Facilities are also conditional on the satisfaction of a number of conditions precedent set out in the Common Terms Agreement and the Senior Facility Agreements. Under the Common Terms Agreement, these conditions precedent must be satisfied within 6 months of the date of the Common Terms Agreement otherwise the Senior Facilities will lapse. Under the COFACE Facility Agreement, the conditions precedent in the Common Terms Agreement, together with the additional conditions precedent in the COFACE Facility Agreement, must be satisfied within 120 days of the date of the COFACE Facility Agreement, otherwise Facility B will lapse.

The Senior Facilities cannot be utilised until, among others, the following conditions precedent have been provided or satisfied:

- (a) the Placement has been completed and all project accounts have been established and funded, where applicable, with certain required balances;
- (b) evidence that the Standby Credit Facility and Convertible Notes have been committed by the relevant financiers and all conditions precedent for the Standby Credit Facility and Convertible Notes have been satisfied and the Secured Standby Letter of Credit issued;
- (c) particular governmental authorisations, licenses and approvals required for the operation of Jabiru-1 and a report on the various frequency assignments and spectrum authorisations filed which a Group Company has or which will be filed in favour of any Obligor;
- (d) officer's certificate demonstrating that the contracted loan life cover ratio is not less than 0.6:1;
- (e) evidence of the full repayment of the existing NAB Facility (see section 7.3.1 below);
- (f) evidence and confirmations in respect of insurance policies held by the Obligors, including naming the Security Trustee as loss payee and additional insured, as applicable, in respect of key insurance policies;
- (g) due diligence reports required by the ECA Lenders in respect of the Jabiru-1 Project, including technical, insurance, market, legal and regulatory matters;
- (h) delivery of an agreed financial model, construction budget, construction schedule, preliminary operating budget and business plans;
- (i) evidence that the security in all assets of the NewSat Group has been granted to the Security Trustee on behalf of the Secured Parties and that such security interest has been perfected; and
- (j) satisfaction of all utilisation procedures under each ECA Facility Agreement.

Similar conditions precedent must be satisfied before each utilisation under the Senior Facilities and drawdown of the Standby Credit Facility.

The Company is working towards satisfaction of theses conditions, with work to do so well advanced, and expects to be in a position to satisfy them by late March / early April 2013.

NewSat Limited | Prospectus 51 | P a g e



7.1.3 Interest

Interest accrues daily on each advance made under each Senior Facility.

The rate of interest payable is equal to the aggregate of the relevant base rate plus the applicable margin and is payable on a semi-annual basis, as set out below. Interest on the ECA Facilities will be, in part, capitalised during the construction and launch period, prior to Jabiru-1's operating cash flows commencing, as set out below.

Figure 7.2

Facilities	Base Rate	Margin	Total Interest Rate
Facility A (Ex-Im Bank Facility)	CIRR currently (1.81%) ¹	0% during construction (prior to Starting Point of Credit)	~1.81% during construction (prior to Starting Point of Credit) ¹ (full interest rate capitalised)
		0.77% during operations (from Starting Point of Credit) ²	~2.58% during operations (from Starting Point of Credit) ¹ (full interest rate cash paid)
Facility B (COFACE Facility) (~83% Fixed)	1.76%	2.50% ³	4.26% (1.76% capitalised, 2.50% cash paid, until Starting Point of Credit. From Starting Point of Credit, full interest rate cash paid)
Facility B (COFACE Facility) (~17% Floating)	LIBOR ⁴	3.05% ³	~3.34% floating (LIBOR + 0.55% capitalised, 2.50% cash paid, until Starting Point of Credit. From Starting Point of Credit, full interest rate cash paid) ⁵

Notes:

- Commercial interest reference rate fixed for US dollars published by Ex-Im Bank. The CIRR is set five business days prior to the first drawing under the Ex-Im Bank Facility Agreement
- Note that the margin for Facility A is expressed to be an "Annual Exposure Fee" calculated on the each Interest Payment Date by reference to the amount outstanding under Facility A.
- Additional interest may be charged by the COFACE Lenders under Facility B to compensate for the costs of compliance with capital adequacy requirements imposed on them by the Bank of England, the Financial Services Authority (UK) or the Central European Bank.
- The LIBOR rate is set for an interest period two days prior to the first day of each interest period.
- Based on six month LIBOR as at 15 February 2013, being 0.46340%.

Higher interest rates and margins are payable on the Standby Credit Facility in terms of availability fees and if drawn.

7.1.4 Financial Covenants

Under the terms of the Common Terms Agreement, various financial covenants are imposed on the Obligors for the term of the Senior Facilities.

JSL must maintain a certain debt to base equity ratio, certain historical debt service cover ratios and loan life cover ratios and also maintain a DSRA and working capital reserve account for the term of the Senior Facilities.

NewSat and each other Obligor are restricted from making certain payments, including dividends or other distributions on account of equity interests, principal or interest payments on



Convertible Notes and intra-group payments (other than tax payments or other approved and budgeted payments) unless certain financial conditions are met. Refer to section 7.1.9 below.

The Company expects it will be able to operate within the financial covenants under the terms of the ECA Facilities.

7.1.5 Repayment of Senior Facilities

(a) Final Repayment

The ECA Facilities must be repaid in full 8.5 years after the Starting Point of Credit and otherwise as required under the relevant Facility Agreement.

The Standby Credit Facility must be repaid in full on the date which is no later than two years from the Starting Point of Credit.

(b) Principal Repayments

The ECA Facilities are to be repaid in 17 semi-annual instalments beginning at least six months after the Starting Point of Credit until the facility is repaid in full, in accordance with the following profile:

Year 1 (post launch): 4.9% Year 2 (post launch): 7.5% Average of remaining 6 1/2 years: 13.5%.

The Standby Credit Facility must be repaid in four equal semi-annual instalments beginning on the first Repayment Date provided that the final maturity date for such loans shall be no later than two years from the Starting Point of Credit.

(c) Mandatory Prepayment

Certain prepayments in respect of the Senior Facilities are mandatory under the Common Terms Agreement.

The Senior Facilities will benefit from the following cashflow sweep mechanism on each Repayment Date:

- (i) 100% sweep until the Standby Credit Facility has been repaid and cancelled; then
- (ii) 75% sweep until LLCR is \geq 2.0x and until Debt / EBITDA is \leq 3.0x; then
- (iii) 50% thereafter.

Proceeds from certain events (including but not limited to insurance proceeds, expropriation events greater than \$1 million, asset disposals greater than \$2 million, mandatory payments relating to financial indebtedness, liquidated damages under the Satellite Construction Contract and available cash from Jabiru-1 Project revenues and equity proceeds received from any subsequent equity raise) are to be applied as prepayments of amounts outstanding under the Senior Facilities and the relevant commitments of the financiers will be reduced by such amount prepaid.

The Senior Facilities may be immediately cancelled and all outstanding amounts (including interest) may become due and payable if certain change of control events occur in respect of an Obligor.

Either ECA Facility will be cancelled and all outstanding amounts (including interest) thereafter will become due and payable if it becomes unlawful for that ECA Facility to be

NewSat Limited | Prospectus 53 | P a g e



provided, on the date specified by the relevant financier in respect of that ECA Facility (which must be the last day of any grace period permitted by law).

7.1.6 Events of Default

The Common Terms Agreement provides that, among other events of default which are usual for a facility of this nature, the following events will be events of default for the purpose of the ECA Facilities:

- (a) an Obligor does not pay an amount payable on the Senior Facilities in accordance with the relevant senior finance documents (after any applicable grace period);
- (b) any representation or warranty given by an Obligor under the Common Terms Agreement or any other finance document proves to be false in any material respect when made or deemed to be made;
- (c) an Obligor fails to perform its obligations under any transaction document (after any applicable cure period);
- (d) an Obligor, Lockheed, MEASAT, Arianespace Kyprosat, Standard Chartered or ETL (together, the **Material Parties**) becomes insolvent, or subject to any creditor's process or one or more judgments, orders or decrees are made against it;
- (e) it becomes illegal or invalid for a Material Party to perform its obligations under certain material project contracts, including the finance documents;
- (f) a Material Party repudiates or rescinds or evidences an intention (in writing) to rescind certain material project contracts, including the finance documents;
- (g) an Obligor or MEASAT defaults on any amount owing or an amount becomes prematurely owing to a government authority;
- (h) an Obligor or MEASAT defaults on any amount owing, an amount becomes prematurely owing or a commitment is cancelled or suspended (except under the Standby Credit Facility or the Convertible Notes) if, in the case of:
 - (i) JSL, that amount exceeds a threshold of US\$100,000; or
 - (ii) any other Obligor or MEASAT, that amount exceeds a threshold of US\$1 million.

unless the ECA Lenders are satisfied that the amount has been repaid, the acceleration event has been waived or the commitment reinstated within five business days of the failure and no further action will be taken by the creditor.

- (i) all or a material part of a Material Party's assets (or its shares) is compulsorily acquired or a government authority takes certain actions (including impeding payment under the finance documents or otherwise affecting the business of a Material Party) which could reasonably be expected to have a material adverse effect:
- (j) the audited financial statements of a Material Party are qualified in a manner by its auditors or show a change in the business or financial condition which would materially and adversely affect the ability of that Material Party to perform its obligations under the finance documents;
- (k) NewSat ceases to own all the issued capital in any Obligor (subject to limited exceptions);

NewSat Limited | Prospectus 54 | P a g e



- a Material Party terminates, fails to perform a material obligation or is proved incorrect in a representation or warranty under certain material project documents;
- (m) an Obligor abandons a substantial part of its property or an Obligor, Lockheed (as Jabiru-1 Satellite construction contractor) or Arianespace (as launch provider) abandons the launch of the Satellite;
- (n) a material part of an Obligor's property is damaged so as to delay the launch of the Jabiru-1 Satellite by more than six months (unless such damage is covered by insurance proceeds to the satisfaction of the ECA Lenders);
- (o) the launch vehicle or Jabiru-1 Satellite is destroyed or the Jabiru-1 Satellite fails to reach its specified orbit or Jabiru-1 the Satellite cannot otherwise be used for its intended purpose as a communications satellite;
- (p) the Jabiru-1 Project fails to meet specified construction and other project milestones, including a final launch date of 31 October 2015 and the Project Completion Date must occur by 31 January 2016;
- (q) any material governmental authorisation required for the Jabiru-1 Project is suspended, revoked, terminated or not obtained or renewed or otherwise cease to be in full force and effect:
- (r) an Obligor (or any other party) repudiates or is no longer permitted to benefit from the authorisations required to operate in the orbital slots or the specific spectrum authorisations required for the Jabiru-1 Satellite;
- (s) certain required insurance is cancelled and not replaced within an applicable cure period;
- (t) the COFACE guarantee policy issued by COFACE in favour of the COFACE Lenders in respect of the COFACE Facility Agreement ceases to be in full force and effect; or
- (u) any event occurs which, in the determination of the Intercreditor Agent, could reasonably be expected to have a material adverse effect on:
 - (i) JSL, the Jabiru-1 Project or the NewSat Group as a whole;
 - (ii) the ability of an Obligor to perform its obligations under certain Jabiru-1 Project documents, including Senior Facility documents;
 - (iii) the ability of a Material Party to perform its obligations under certain material project documents;
 - (iv) the validity, enforceability or priority of a finance document or the ability of ECA Lenders to exercise their rights over property the subject of the security,

and if capable of remedy, is not so remedied within 10 business days of notice from the Intercreditor Agent;

- (v) any Obligor changes the nature or scope of its present business (except as permitted under the finance documents);
- (w) any security document fails or ceases to provide perfected security as required under the finance documents; or
- (x) any litigation or other action is commenced against

NewSat Limited | Prospectus 55 | P a g e



- (A) any Obligor or its property which could result in a judgment greater than \$1,000,000 or
- (B) any other Material Party, which action has had or could have a material adverse effect.

The occurrence of an Event of Default can result in all undrawn commitments under the ECA Facilities being cancelled and all amounts owing under those facilities becoming immediately due and payable or exercise any of its rights under the finance documents, including enforcing the security.

7.1.7 Guarantees and Security

Certain securities and guarantees are to be granted in support of the obligations under the Senior Facilities, including but not limited to:

- (a) a security agreement granted by JSL over the Launch Services Agreement and Satellite Construction Contract and certain insurance policies in favour of the Security Trustee;
- (b) a pledge agreement granted by NewSat over the shares it holds in NewSat America Inc:
- (c) cross guarantees from each Obligor;
- (d) general security agreements over all the present and future property of the Obligors (including rights under all project documents) granted in favour of the Security Trustee; and
- (e) real property mortgages granted by certain Obligors in favour of the Security Trustee.

7.1.8 Restrictions on distributions and payments

The Common Terms Agreement provides that NewSat and each other Obligor must not reduce its capital, declare or authorise any dividend (including dividends to investors in the Offer Shares or principal and interest payments on Convertible Notes) or other distribution or make any intra-group payment unless all of the following conditions are satisfied:

- (a) the payment or distribution is made within 30 days after a Repayment Date;
- (b) the payment or distribution occurs at least 30 months after the In-Orbit Acceptance Date;
- (c) the fifth principal repayment of the ECA Facilities has been made;
- (d) historical debt service cover ratio (without taking into account any curing equity contribution) for the immediately preceding payment period is not less than 1.40:1;
- (e) the forecast debt service cover ratio as of the most recent Repayment Date is not less than 1.40:1;
- (f) the contracted loan life cover ratio as of the most recent Repayment Date is not less than 1.40:1;
- (g) the DSRA has a balance in excess of a certain amount determined in accordance with the Common Terms Agreement:

NewSat Limited | Prospectus 56 | P a g e



- (h) any remaining standby equity amount has been fully released from the standby equity account;
- (i) the working capital reserve account has a balance in excess of US\$5,000,000;
- (j) the Standby Credit Facility has been fully an finally repaid and each Secured Standby Letter of Credit has been cancelled; and
- (k) no event of default would occur from the payment or distribution.

7.1.9 Subordination Agreement – Convertible Notes

The Subordination Agreement provides that, until all obligations in respect of the Senior Facilities under the senior finance documents (including under any security) have been fully and finally discharged:

- (a) **Subordination:** all amounts owing by and other claims of an Obligor to ETL, including amounts owing under any Convertible Notes will be subordinated and postponed and made subject to the payment in full of the Senior Facilities;
- (b) **No discharge of debt:** ETL must not discharge any amounts owing under the Convertible Notes, if it does so it will be liable to pay the amount discharged to the Intercreditor Agent for application against the Senior Facilities;
- (c) **Permitted Payments**: ETL must not receive any principal or interest payment unless the conditions set out in section 7.1.8 are satisfied:
- (d) **Negative Pledge**: ETL must not take any security over any Obligor's present or future assets; and
- (e) Restrictions on enforcement and acceleration: Unless required by Intercreditor Agent, ETL must not accelerate any amounts due, take enforcement action in respect of or otherwise exercise any remedy for the recovery of amounts owing under the Convertible Notes. ETL must not bring or support any legal action against an Obligor, or initiate or participate in any insolvency or winding up action against any Obligor.

As noted above in section 7.1.8, NewSat must not pay any principal or interest on the Convertible Notes to ETL unless the conditions set out in that paragraph are satisfied.

Payments received by ETL which are not permitted must be held by ETL on trust for the Intercreditor Agent and must be paid by ETL immediately to the Intercreditor Agent.

7.2 Mezzanine Funding

The Mezzanine Funding is made up of the Convertible Note Offer and Mezzanine Warrants issued under the Jabiru Warrant offer. The key terms are contained in the Convertible Note Deed (refer sections 8.4 and 8.2.8).

Pursuant to the Mezzanine Funding, the Company will raise US\$30 million before costs associated with the Convertible Note Offer. As previously stated, the funds received under the Equity Funding (including the Mezzanine Funding) are to be used exclusively for the Jabiru-1 Satellite build.

7.3 Existing Financial Arrangements

7.3.1 NAB Facility

NewSat Limited | Prospectus 57 | P a g e



The Company has a A\$5 million facility with National Australia Bank (**NAB Facility**) that will be discharged from the proceeds of the Jabiru-1 Fundraising. All existing security arrangements will be discharged as a pre-condition to financial close on the ECA Facilities.

7.3.2 Khattar Convertible Note

On 25 May 2011 the Company issued a Convertible Note to Khattar Capital Pte Ltd (**Khattar**) for consideration of A\$1 million as a part of the financing to support further investment in the Jabiru-1 Project (**Khattar Convertible Note**).

Terms of the Khattar Convertible Note are as follows:

- (a) Face value of note is A\$1 million paid in two tranches the first tranche of A\$500,000 was received on the date of issue and the second tranche of A\$500,000 was received on 15 June 2011;
- (b) Conversion price of A\$0.80 convertible by the holder into Shares any time during the life of note:
- (c) 14% interest coupon payable quarterly in arrears;
- (d) five year maturity date; and
- (e) Khattar has a "put" right three years after the issue date and then on each subsequent anniversary.

The Khattar Convertible Note is an unsecured debt obligation and does not grant any voting rights until such time as it is converted. The Company may redeem the Khattar Convertible Note at any time prior to the maturity date by paying a redemption price of 130% of the issue price (A\$1,300,000).

On 28 July 2011, at general meeting, Shareholders approved the issue of Shares upon conversion of the Khattar Convertible Note.

7.3.3 Orbital Bridge Loan

On 4 October 2012 the Company entered into a fixed rate cash advance facility (**Orbital Facility**) with Orbital Capital LP (**Orbital**) to provide A\$5 million to finance the Satellite Construction Contract. The Orbital Facility was provided on the following terms:

- (a) the Orbital Facility is for a term of 120 days from the date of the first drawdown and is repayable and terminable on demand by Orbital, since extended by mutual agreement to 28 February 2013;
- (b) NewSat may prepay all or part of the advance at any time during the term;
- (c) interest of A\$1.5 million is payable at the end of the term, or a pro rata amount on the date of any prepayment;
- (d) a facility fee of A\$1.5 million is also payable at the maturity date; and
- (e) NewSat and its subsidiary, NewSat Networks Pty Ltd, granted a general security interest over all its present and after-acquired property, subordinated to the NAB Facility, as well as second ranking mortgages over real property in respect of the Group's teleport land.

Orbital has agreed to be repaid the principal, interest and facility fee components of the Orbital Facility in Shares to be issued by the Company on or around the date of financial close under the Equity Funding, pursuant to the Company's placement capacity under Listing Rules 7.1 and 7.1A. The total amount of Shares to be issued in respect of the Orbital Facility is 20,156,250.

NewSat Limited | Prospectus 58 | P a g e



7.3.4 CCK Bridge Loan

On 8 May 2012, the Company entered into an unsecured subordinated promissory note with CCK for an amount of A\$3.5 million, maturing 12 months from the date of issue (**First Promissory Note**). On 12 December 2012, the Company entered into a further unsecured subordinated promissory note with CCK for an amount of A\$5 million, with a maturity date in line with the First Promissory Note (**Second Promissory Note**). Interest accrues under each of the First Promissory Note and Second Promissory Note at 5.0% per annum.

On or around 12 December 2012, the Company and CCK agreed to vary the First Promissory Note and Second Promissory Note as follows:

- (a) the principal amounts of the First Promissory Note and Second Promissory Note were added together (A\$8.5 million) (**Principal Amount**) and a redemption premium of 26% (being the average of the redemption premiums provided for in the First Promissory Note and Second Promissory Note) was agreed to be applied to the Principal Amount (**Redemption Premium**).
- (b) The total aggregate liability of the Principal Amount and the Redemption Premium is A\$10.71 million).
- (c) A sum equal to US\$8.5 million (attributable to the Principal Amount) will be rolled over into part of the Mezzanine Funding required for subscription in the Convertible Notes by ETL.
- (d) As the Principal Amount is A\$8.5 million and the amount to be credited is US\$8.5 million, to the extent there is any balance of the Principal Amount remaining after conversion from Australian dollars into US dollars, such surplus amount will be repaid by the Company in cash at the maturity date of the First Promissory Note and Second Promissory Note (being 8 May 2013). Based on the exchange rate of US\$1 to A\$0.97 as at 19 February 2013, this amount is anticipated to be approximately US\$300,000.
- (e) In relation to the Redemption Premium and remaining interest payable under the First Promissory Note and Second Promissory Note (approximately A\$100,000), NewSat will repay this amount in full through the issue of the CCK Bridge Loan Warrants under the Jabiru Warrant Offer.
- (f) As further consideration for the financial accommodations provided under the CCK Bridge Loan, CCK will be entitled to receive the \$0.40 Warrants under the \$0.40 Warrant Offer, subject to the Company obtaining the approval of Shareholders. The Company will convene a shareholders meeting on or around 1 May 2013 to seek such approval. Should Shareholder approval not be obtained, the \$0.40 Warrants will not be issued.

NewSat Limited | Prospectus 59 | P a g e



8 RIGHTS ATTACHING TO OFFER SECURITIES

8.1 Terms and Conditions of Shares

The following is a general description of the more significant rights and liabilities attaching to the Offer Shares and the underlying Shares the subject of the Convertible Notes, Jabiru Warrants and \$0.40 Warrants. This summary is not exhaustive. Full details of rights attaching to Shares are contained in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

There is only one class of shares in the Company, that class being fully paid ordinary shares (**Shares**). The rights attaching to Shares in the Company are:

- set out in the Constitution, a copy of which is available for inspection at the registered office of the Company; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASX Operating Rules and ASX Settlement Rules and the general law.

Voting

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every fully paid Share held by him or her, and a proportionate vote for every partly paid Share, registered in such Shareholder's name on the Company's share register.

On a poll, every Shareholder shall have one vote for each fully paid Share held and, if at any time there is an issue any Share which has not been fully paid up, that Share shall confer only the proportion of one vote which the sum paid out (excluding any amount credited as paid up) on that Share bears to the total issue price of that Share.

Dividends

Dividends are payable out of the Company's profits and are declared or determined to be payable by the Directors. Dividends declared will be payable on the Shares at a fixed amount per Share.

Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

Meetings and notice

Each Shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules.

Liquidation rights

The Company has only one class of Shares on issue, which all rank equally in the event of liquidation. Once all the liabilities of the Company are satisfied, a liquidator may, with all authority of a special resolution of Shareholders, divide among the Shareholders at the time the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but no Shareholder of the Company can be compelled to accept any Shares or other securities in respect of which there is any liability.

Shareholder liability

As the Share offered under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

NewSat Limited | Prospectus 60 | P a g e



Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three-quarters of the votes of Shareholders voting at the general meeting.

Company tax status

The Company is taxed in Australia as a public company.

8.2 Terms and Conditions of Jabiru Warrants

The material terms and conditions of the Jabiru Warrants the subject of this Prospectus are as follows:

- Each Jabiru Warrant shall entitle the holder (**Holder**) to acquire by way of subscription from the Company, one Share.
- Each Jabiru Warrant is issued for nil consideration.
- The exercise price of each Jabiru Warrant is payable in cash at a price of A\$0.00001 per Share (Exercise Price).
- Unless specified otherwise, the Jabiru Warrants may be exercised at any time and from time to time up to and including five years from the date of issue of the Warrants (Exercise Period) by giving notice in writing to the Company (Notice of Exercise) setting out the number of Warrants being exercised and delivering the executed Notice of Exercise to the Company and its Share Registry (or at such other location as the Company may advise the Holder in writing or advise by announcement to ASX), together with payment in cleared funds via wire transfer or by cheque of the aggregate Exercise Price for the number of Warrants being exercised.
- The Company will not apply for Quotation of the Jabiru Warrants on ASX.
- Notice of Exercise should be posted or emailed to the Company and the Company's Share Registry.

The Jabiru Warrants are subject to the following additional terms and conditions:

8.2.1 Exercise and payment

The Jabiru Warrants shall be exercisable at the option of the Holder, at any time or from time to time from the date of issue until the end of the Exercise Period.

The Company agrees that the Shares issued upon exercise of the Jabiru Warrants will be issued to the Holder of the Jabiru Warrants as the record owner of such Shares as of the close of business on the date on which the Notice of Exercise is delivered to the Company and payment of the Exercise Price is made for such Jabiru Warrants.

Subject to the provisions of section 8.2.2, Shares so issued shall be registered in the name of such Holder or such other name as shall be designated by such Holder by the Company within the time required by the Listing Rules and in any event within five business days after a Jabiru Warrant is validly exercised and clearance of funds for the aggregate Exercise Price.

In case of an exercise of less than all of the Jabiru Warrants held by a Holder, the Company or its share registry will reflect an appropriate reduction in the Jabiru Warrant register and issue a certificate that reflects the balance of Jabiru Warrants held.

NewSat Limited | Prospectus 61 | P a g e



8.2.2 Transfer of Jabiru Warrants

Except to the extent prohibited by law, the Jabiru Warrants will be freely transferable and assignable.

8.2.3 Shares to be Fully Paid; ASX Quotation

Shares issued upon the exercise of the Jabiru Warrants shall rank equally in all respects with Shares on issue on the date the relevant Shares are issued, save that they shall not rank for or be entitled to the benefit of any dividend or other distribution or right declared, paid, made or granted prior to (or by reference to a record date falling before) the date on which the relevant Shares are issued.

The Company shall, in accordance with the Listing Rules, make an application to have the Shares which are issued pursuant to an exercise of Jabiru Warrants quoted on ASX within five business days of the date of issue of those Shares.

8.2.4 Adjustment of Exercise Price and Number of Shares

The Exercise Price, the number of Shares that may be issued upon exercise of the Jabiru Warrants or the number of Jabiru Warrants (as applicable), shall be subject to adjustment from time to time in accordance with the Listing Rules upon the occurrence of certain events described below or, if the Listing Rules are amended after the date of issue of the Jabiru Warrants, in accordance with the Company's obligations under the Listing Rules to the extent those obligations are modified by the amendment.

Subdivision or Combination of Shares

In the event of a reorganization of issued capital, the Exercise Price or number of Offer Warrants, or both, will be adjusted in accordance with ASX Listing Rule 7.22 as it applies at the time of the reorganization.

Bonus Shares

If there is a pro-rata bonus issue, to the holders of issued Shares, the number of Shares that may be issued upon exercise of the Jabiru Warrants will be increased by the number of Shares which the holder of the Warrants would have received if the Jabiru Warrants had been exercised before the record date for the bonus issue.

Pro-rata issue

The Jabiru Warrants do not confer a right to participate in new issues of Shares of the Company unless the Holder has first exercised the Jabiru Warrants and such exercise took place on or before the record date for determining entitlements to the issue.

8.2.5 No Voting or Dividend Rights

Nothing contained in the terms of Jabiru Warrants shall be construed as conferring upon the Holder hereof the right to vote or to consent as a shareholder in respect of meetings of shareholders for the election of directors of the Company or any other matters or any rights whatsoever as a shareholder of the Company. No dividends or interest shall be payable or accrued in respect of the Jabiru Warrants or the Shares issuable hereunder until, and only to the extent that, the Jabiru Warrants shall have been exercised and the Shares issued.

8.2.6 Notices

Any notice, request or other document required or permitted to be given or delivered to the Holder or the Company shall be deemed to have been given:

• upon receipt if delivered personally or by courier to each such Holder at its address as shown on the Company's warrant register or to the Company at its registered office (attention: Company Secretary);

NewSat Limited | Prospectus 62 | P a g e



- three ASX trading days after being sent by prepaid mail (airmail if sent to an address outside Australia) to the Holder at its address as shown on the Company's warrant register;
- if it is sent by email, upon receipt in readable form; or
- if it is sent by facsimile, as soon as the sender receives from the sender's fax machine a report of an error free transmission to the correct fax number.

8.2.7 Warrant Register and Certificates

The Company shall maintain a register of all Warrants and, following the exercise of Jabiru Warrants by a Holder, shall issue a certificate setting forth the number of Jabiru Warrants still held.

8.2.8 Additional terms relating to the Mezzanine Warrants

Although the Mezzanine Warrants will be issued on the terms and conditions outlined in sections 8.2.1 through 8.2.7, in consideration for the issue of the Mezzanine Warrants for nil consideration ETL has separately agreed to additional restrictions around exercise and transfer under the Convertible Note Deed.

- ETL has agreed not to exercise the warrants other than in accordance with a schedule of eleven tranches identified as T-0, T-1, T-2, T-3, T-4, T-5, T-6, T-7, T-8, T-9 and T-10.
- The number of Mezzanine Warrants referable to each tranche was determined in accordance with the following formula:

$$X = (UI \times MV) / FP$$

Where:

X means the number of Mezzanine Warrants referable to the specified tranche (with fractions of Mezzanine Warrants being ignored);

FP is 85% of the issue price in Australian dollars under the Placement;

MV means in respect of:

- T-0, A\$1.00;
- Each of T-1 to T5, A\$1.15; and
- Each of T-6 to T-10, A\$1.725; and

UI means in respect of:

- T-0, the number 15,000,000
- Each of T-1 to T5, the number 1,500,000; and
- Each of T-6 to T-10, the number 1,000,000.
- The number of Mezzanine Warrants that ETL has agreed it may exercise at a given date is as follows:

NewSat Limited | Prospectus 63 | P a g e



Figure 8.1

Tranche	Maximum Number of Mezzanine Warrants that may be exercisable	Date from which the tranche of Mezzanine Warrants will be exercisable
T-0	15,000,000	From the date of issue
	29,117,651	60 months from the date of issue
T-1	5,073,529	6 months from the date of issue
T-2	5,073,529	12 months from the date of issue
T-3	5,073,529	18 months from the date of issue
T-4	5,073,529	24 months from the date of issue
T-5	5,073,529	30 months from the date of issue
T-6	5,073,529	36 months from the date of issue
T-7	5,073,529	42 months from the date of issue
T-8	5,073,529	48 months from the date of issue
T-9	5,073,529	54 months from the date of issue
T-10	5,073,529	60 months from the date of issue

 Under the terms of the Convertible Note Deed, ETL has agreed that a number of Mezzanine Warrants are subject to automatic cancellation for no consideration on each of the exercise dates as set out above, calculated in accordance with the following formula:

$$Y = X - (MV \times UI) / SP$$

Where:

Y means the number of Mezzanine Warrants to be cancelled except where the value of Y is a negative number, in which event no Mezzanine Warrants will be cancelled;

X means the maximum number of Mezzanine Warrants that may become exercisable in that tranche, as shown in the table above;

MV and UI have the meanings given above; and

SP means the share price (in A\$) based on 20 trading days VWAP up to but excluding the exercise date. However, where SP is a figure greater than MV, then SP will be taken as MV.

- As the holder of Mezzanine Warrants, ETL has also covenanted with the Company not to trade in Shares or engage in any short selling of Shares during any VWAP measurement period for determining SP and shall procure any of its associates to comply with this covenant.
- For the avoidance of doubt, under the Convertible Note Deed ETL has agreed that no Shares will be issued upon the exercise of Mezzanine Warrants until the number of Mezzanine Warrants to be cancelled has been calculated for the relevant Tranche (other than in respect of the first 15,000,000 Mezzanine Warrants in T-0, which are not subject to cancellation, and the balance of 29,117,651 Mezzanine Warrants in T-0 which will only

NewSat Limited | Prospectus 64 | Page



become exercisable pursuant to the Convertible Note Deed five years after issue and will expire the following day). The Company will notify the holder of the number of Mezzanine Warrants to be cancelled in respect of the relevant tranche/s as soon as practicable after receipt of an exercise notice.

- Under the Convertible Note Deed, ETL has agreed that before the Company accepts any
 request for the transfer of a Mezzanine Warrant to a transferee, that transferee must
 accede to the terms of the agreement pursuant to which the Mezzanine Warrants are
 issued. The Company may withhold its consent to a transfer of Mezzanine Warrants
 under the Convertible Note Deed.
- On the occurrence of an Event of Default, all of the Mezzanine Warrants shall become immediately exercisable. An Event of Default in this instance includes where:
 - the Company defaults under the Convertible Note Deed (refer to section 8.4 for a summary of the default events under this agreement); or
 - the Company fails to issue the holder Shares on receipt of a valid exercise notice and the relevant Exercise Price (subject to any cancellation rights that may apply).

8.2.9 Additional terms relating to the CCK Bridge Loan Warrants

The CCK Bridge Loan Warrants are issued on the same terms as specified in sections 8.2.1 to 8.2.7, save that no Bridge Loan Warrant may be exercised prior to 8 May 2013.

8.3 Terms and Conditions of \$0.40 Warrants

Subject to receipt of Shareholder approval, the \$0.40 Warrants will be issued on the same terms as the Jabiru Warrants (specified in sections 8.2.1 to 8.2.7), save that the Exercise Price for each \$0.40 Warrant is A\$0.40.

8.4 Terms and Conditions of Convertible Notes

The material terms and conditions of the Convertible Notes (as well as the Convertible Note Deed) the subject of this Prospectus are as follows:

Issuer NewSat

Noteholder ETL

Principal Amount US\$30 million

Convertible Notes to 30,000 Convertible Notes each with face amount of US\$1,000

be issued

Security Unsecured

Maturity Five years from financial close

Interest rate Non-interest bearing

Redemption At maturity, the investor can elect to receive either:

(a) A\$34.5 million in cash (if sufficient free cash is available and may be paid under the terms of the ECA Facilities); or

(b) A\$30 million in the form of Shares valued at 85% of the average

NewSat Limited | Prospectus 65 | P a g e



of the VWAP for the 20 trading days prior to maturity (subject to a floor price of 85% of the issue price of the Placement Shares).

Prior to maturity, the Company may redeem the Convertible Notes by paying the Noteholder the Principal Amount plus a redemption premium of 15% per annum of the Principal Amount calculated to the redemption date.

Events of Default

Prior to maturity, on the occurrence of a Event of Default (defined below), the Noteholder may elect to:

- (a) receive the Principal Amount plus a default premium of 25% per annum of the Principal Amount calculated to the date of default;
- (b) have the Convertible Notes remain on foot and receive such amount of the default premium that may be payable in payment in kind notes; or
- (c) subject to shareholder approval for conversion, receive A\$30 million in the form of Shares valued at 85% of the average of the VWAP for the 20 trading days prior to maturity (subject to a floor price of 85% of the issue price of the equity raised for Jabiru-1).

The occurrence of any one or more of the following will be an Event of Default whether or not within the control of the Company:

- (a) the ECA Facility Agreements are not executed within two months of the Closing Date of the Convertible Note Offer;
- (b) the Company does not repay the Principal Amount (and any premium applicable) or convert the Convertible Notes within five business days after the date on which payment or conversion becomes due in accordance with the terms and conditions of the Convertible Notes;
- (c) any insolvency event occurs in respect of the Company;
- (d) the Company disposes, or agrees to dispose, of the whole, or a substantial part, of its business, assets or property (other than in the ordinary course of its ordinary business) without the prior written consent of the Noteholder (such consent not to be unreasonably withheld or delayed);
- (e) a breach by the Company under the ECA Facilities or any act by the Company which causes an acceleration of obligations under the ECA Facilities;
- (f) the Company fails to a material extent to perform any other undertaking, covenant, obligation or agreement under the Convertible Note Deed and does not remedy the failure within 10 business days after receipt by the Company of a notice from the Noteholder specifying the failure (if capable of remedy);
- (g) all the issued shares in the Company are transferred or cancelled (except for the purposes of reconstruction or amalgamation of the Company and the scheme for reconstruction or amalgamation);

NewSat Limited | Prospectus 66 | P a g e



- (h) there is a change of control of the Company; or
- (i) The Project Completion Date does not occur by the Project Completion Long-Stop Date.

Conversion

Subject to the conditions around redemption, the Noteholder has the right to convert the Convertible Notes by delivering a conversion to the Company at any time prior to the Maturity Date.

The Noteholder does not have the right to convert only some of the Convertible Notes. A conversion notice must be in respect of all the Convertible Notes held by the Noteholder.

Conversion of the Convertible Notes is subject to the Company obtaining Shareholder Approval to the conversion (for the purposes of Listing Rule 7.1 and any other required purposes). Should this approval not be obtained, the Convertible Notes shall remain a debt instrument and shall be redeemable in accordance with its terms (save for the ability to convert a Convertible Note into Shares).

Conversion will occur on the later of five business days after the Maturity Date or the date on which the Company obtains Shareholder approval.

Conversion of the Convertible Notes will be calculated in accordance with the following formula:

CS = FP / CP

Where:

- CP = the conversion price, being 85% of the average of the VWAP of the Shares for the 20 trading days prior to the date of the conversion notice, converted into U.S. dollars in accordance with the relevant exchange rate at that date (subject to a floor price of 85% of the issue price of Shares under the Placement);
- CS = the number of Shares to be issued to the Noteholder on conversion; and
- FP = the aggregate Face Price of the Convertible Notes being converted.

The holder of Convertible Notes covenants with the Company not to trade in Shares or engage in any short selling of Shares during any VWAP measurement period for determining CP and shall procure any of its associates to comply with this covenant.

Additional rights attached to Convertible Notes

The Convertible Notes do not carry a right to participate in dividends or any offering of securities (including any bonus issues) by the Company. The Noteholder may attend general meetings of the Company but the Notes do not carry a right to vote at a general meeting of the Company.

The Company will send to the Noteholder a copy of all reports, notices and announcements sent to holders of Shares at the time they are sent.

NewSat Limited | Prospectus 67 | P a g e



If, prior to the date of conversion or redemption, any reconstruction of the issued capital of the Company (including a consolidation, reduction, sub-division or return of capital) occurs, the entitlement of the Noteholder to convert its Convertible Notes must be reconstructed in the same proportion and manner as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Noteholder which are not conferred on holders of Shares and, so far as is possible, does not prejudice the Noteholder, but in all other respects, the terms of the Convertible Notes will remain unchanged.

Transfer of Convertible Notes

The Convertible Notes may be transferred by written transfer instrument in any usual or common form or in any other form approved by the Directors provided that the transferee has executed and delivered:

- (i) to the Company an undertaking to observe, perform and be bound by the terms of the Convertible Note Deed (to the extent applicable); and
- (ii) to the ECA Lenders, a deed of accession to the Subordination Agreement (without modification) or a subordination agreement substantially in the form of the Subordination Agreement and otherwise in form and substance satisfactory to the ECA Lenders in their sole discretion.

Any Shares issued on conversion of Convertible Notes will be freely transferable without legal or contractual restrictions.

Conditions Precedent

The issue of the Convertible Notes is conditional on satisfaction of the following conditions:

- (a) financial close of the Placement occurring;
- (b) execution of the Subordination Agreement with the ECA Lenders (refer to section 7.1.9); and
- (c) the Company having issued this Prospectus to ensure that the Convertible Notes and Mezzanine Warrants and any Shares issued on conversion of the Convertible Notes or exercise of Mezzanine Warrants will not be subject to any on-sale restrictions under section 707(3) of the Corporations Act.

Covenants

Under the Convertible Note Deed, the Company covenants and undertakes:

- (a) as soon as reasonably practicable but in any event prior to the Maturity Date, to call a shareholders meeting to seek approval from the Company's shareholders for the issue of any Shares upon conversion of the Convertible Notes as well as the issue of the \$0.40 Warrants to CCK under the \$0.40 Warrant Offer;
- (b) by no later than six months prior to launch of the Jabiru-1 Satellite to have put in place sufficient launch insurance to cover the ECA Facilities and the Principal Amount, where net insurance proceeds received by the Company or any of its

NewSat Limited | Prospectus 68 | P a g e



subsidiaries as a result of any loss or casualty event shall be applied as follows:

- (i) exclusively to repayment of loans under the ECA Facilities until such loans and all other obligations under the ECA Facilities are repaid in full; and
- (ii) then to repayment of the Principal Amount and any other amount owing to the Noteholder under the Convertible Note Deed.

in each case in accordance with the terms of the Subordination Agreement; and

(c) not to cause or permit any Security Interest to exist or to be granted except under the ECA Facilities, any refinancing of the ECA Facilities or such other Security Interest to be provided contemporaneously with the ECA Facilities.

Warranties

The Company has provided customary warranties to the Noteholder under the Convertible Note Deed, relating to, amongst other things, the capacity and authority of the Company to enter into the document and issue the Convertible Notes and that the Shares issued on conversion of Convertible Notes will rank equally with the existing Shares.

Use of Funds

The Company must use the Principal Amount to contribute to the construction costs of the Jabiru-1 Satellite.

Note Register

The Company shall keep at its registered office a register in which the Company shall provide for the registration of Convertible Notes, together with details of all payments under the Convertible Notes by ETL and payment of any redemption or details of any conversion of the Convertible Notes.

Ranking of Notes

In the event of a winding up of the Company, the Notes shall rank ahead of Shares in order of priority for repayment. The Notes are subject to the terms of the Subordination Agreement and rank behind the Senior Facilities and any other permitted securities allowed under the Subordination Deed.

NewSat Limited | Prospectus 69 | P a g e



9 ADDITIONAL INFORMATION

9.1 Transaction Specific Prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements.

The information in this Prospectus principally concerns the terms and conditions of the Offer and the information reasonably necessary to make an informed assessment of:

- (a) the effect of the Offer on the Company; and
- (b) the rights and liabilities attaching to the Offer Securities and, in the case of the Convertible Notes, Jabiru Warrants and \$0.40 Warrants, the underlying Shares offered pursuant to this Prospectus.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company.

9.2 Continuous Reporting and Disclosure Obligations

The Company is listed on ASX and its Shares are quoted on ASX under the code "NWT".

The Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

9.3 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules and which is required to be set out in this Prospectus.

9.4 Information Available To Shareholders

The Company will provide a copy of each of the following documents, free of charge, to anyone who so requests:

- (a) the Annual Financial Report for the financial year ended 30 June 2012; and
- (b) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Financial Report and prior to the date of this Prospectus.

Figure 9.1

Date	ASX Announcement
28/09/2012	30 June 2012 Year End Financial Statements

NewSat Limited | Prospectus 70 | P a g e



Date	ASX Announcement
25/10/2012	NewSat appoints new Non-Executive Director
29/10/2012	Notice of Annual General Meeting
29/10/2012	2012 NewSat Annual Report
31/10/2012	Initial Director's Interest Notice
14/11/2012	Response to ASX Query
29/11/2012	Trading Halt
29/11/2012	NewSat Annual General Meeting Presentation
29/11/2012	Results of NewSat Annual General Meeting
03/12/2012	NWT – Voluntary Suspension
03/12/2012	Voluntary Suspension Request
10/12/2012	Voluntary suspension continues to complete JSL funding
21/12/2012	Jabiru-1 Satellite Funding Update
04/01/2013	Jabiru-1 Satellite Funding Update
18/01/2013	Jabiru-1 Satellite Funding Update
04/02/2013	Jabiru-1 Satellite Funding Update
18/02/2013	Jabiru-1 Satellite Funding Update
21/02/2013	NewSat to commence Bookbuild

9.5 Market Price of Shares

The lowest and highest recorded closing market sale prices of the Shares quoted on ASX during the three month period immediately prior the date of this Prospectus was A\$0.49 and A\$0.53 respectively. The closing market sale price of the Shares quoted on ASX on the last day that trading took place in the Shares prior to the date of this Prospectus was A\$0.52 and the five trading day VWAP prior to the date of this Prospectus was A\$0.50.

9.6 Material Contracts

Set out below are summaries of the contracts to which the Company is a party or has a relevant interest in; and which the Company considers to be material to the operations of the Company and necessary to be disclosed under the Offers:

9.6.1 Debt Funding Documents

The material Debt Funding agreements are as follows:

NewSat Limited | Prospectus 71 | P a g e



Figure 9.2

Agreement	Summary of Key Terms
ECA Facilities Common Terms Agreement	Refer to section 7.1
Ex-Im Bank Facility Agreement	Refer to section 7.1
COFACE Facility Agreement	Refer to section 7.1
Standby Credit Facility Agreement	Refer to section 7.1
Subordination Agreement	Refer to section 7.1.9
Convertible Note Deed	Refer to section 8.4

9.6.2 Placement Agreement with Joint Lead Managers

The Company has executed a placement agreement with the Joint Lead Managers (**Placement Agreement**) pursuant to which the Company appointed the Joint Lead Managers to exclusively act as placement agents, managers and bookrunners in connection with the Placement.

Fees

Upon completion of the Placement, the Joint Lead Managers will receive a management and selling fee equal to 6% of the gross proceeds of the Placement (**Management and Selling Fee**). Each Joint Lead Manager will be entitled to a 50% share of the Management and Selling Fee. Each Joint Lead Manager may then appoint co-managers and brokers at its cost.

The Joint Lead Managers will also receive payment of reasonable costs and expenses incurred by it in connection with the Placement. The Company will pay any GST applicable to any fee payable to the Joint Lead Managers under the Placement Agreement.

Termination

The appointment of a Joint Lead Manager under the Placement Agreement may be terminated by that Joint Lead Manager before settlement of the Placement (anticipated to be 27 February 2013) on the occurrence of specified events set out below:

- (a) (**listing**): ASX announces that the Company will be removed from the Official List or that any Shares will be delisted from Quotation by ASX;
- (b) (**suspension**): ASX announces that the Shares will still be suspended from trading on the second trading day following the settlement date for the Placement;
- (c) (market fall): the S&P/ASX Index is lower than 85% of the level of that index as at the last close of normal trading on ASX on the date of the Placement Agreement;
- (d) (due diligence): any material information supplied by or on behalf of the Company to the Joint Lead Managers is false, misleading or deceptive;
- (e) (material contracts): certain material contracts in relation to the Company's funding arrangements (including with respect to the Mezzanine Funding) are terminated, rescinded, repudiated, released, breached or amended without the consent of the Joint Lead Managers or the Mezzanine Funding otherwise does not proceed;
- (f) (**regulatory proceedings**): ASIC issues or threatens to issue proceedings in relation to the Placement, Mezzanine Funding or the Share Offer;
- (g) (offer documents): a statement contained in certain documents related to the Placement, Mezzanine Funding or the Offer Shares (including this Prospectus) is or becomes misleading or deceptive or omits any information they are otherwise required to

NewSat Limited | Prospectus 72 | P a g e



- contain or any expression of opinion or intention is not supportable or there are no reasonable grounds for making a statement in the relevant document;
- (h) (**lodgement**): failure to lodge this Prospectus with ASIC on or before the agreed lodgement date;
- (i) (**consents**): if a relevant person refuses to give their consent to the issue of this Prospectus (or withdraws such consent) or to otherwise be named in the Prospectus;
- (j) (supplementary prospectus): a supplementary or replacement prospectus must, in the reasonable opinion of the NewSat and the Joint Lead Managers, be lodged with ASIC or the Issuer lodges a supplementary or replacement prospectus without the prior written approval of the Joint Lead Managers;
- (k) (section 730 notice): any person gives a notice under section 730 of the Corporations Act:
- (I) (Quotation): ASX does not grant official Quotation of all Placement Shares on an unconditional basis by the settlement date under the Placement Agreement;
- (m) (prosecution): if any of the following occur:
 - (i) a Director or senior manager of the Company is charged with an indictable offence:
 - (ii) any regulatory body commences any public action against a Director; or
 - (iii) any Director is disqualified from managing a corporation under the Corporations Act;
- (n) (timetable): any event in the proposed timetable for the Placement is delayed by the Company for more than one business day without the prior consent of the Joint Lead Managers;
- (o) (withdrawal): the Company withdraws the Placement or any other component of the Mezzanine Funding or the Share Offer;
- (p) (**certificates**): a failure to furnish certain management certificates as required under the Placement Agreement;
- (q) (insolvency): a member of the Group is insolvent or the Company otherwise undertakes an act or omission which will or is likely to result in an insolvency event;
- (r) (**fundraising**): any aspect of the Placement, Mezzanine Funding or Share Offer does not comply with the Corporations Act or the ASX Listing Rules;
- (s) (debt facilities): the Company being in breach of or committing an event of default in respect of its financing arrangements or if a material debt facility of the Company is terminated or amended in a material respect without the Joint Lead Managers' prior consent;
- (t) (material adverse change): there is an adverse change in the financial position or prospects of the Group other than as disclosed by the Company to the ASX before the Placement;
- (u) (banking disruption): a suspension or material limitation in trading in securities on ASX, NYSE, LSE or HKSE or an adverse change or disruption to the existing financial markets, political or economic conditions of Australia, the United States, Hong Kong,

NewSat Limited | Prospectus 73 | P a g e



Singapore or the United Kingdom or a general moratorium on commercial banking activities in those jurisdictions;

- (v) (**breach**): the Company is in breach of any terms and conditions of the Placement Agreement or any representation or warranty is incorrect, untrue or misleading;
- (w) (change in laws): there is introduced into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia or any Commonwealth, State or Territory authority adopts a new policy;
- (x) (change in senior management): a change to the Managing Director of the Board of Directors of the Company;
- (y) (**compliance with laws**): a contravention by the Company of the Corporations Act, its constitution, any of the ASX Listing Rules or any other applicable law or regulation other than as disclosed to the Joint Lead Managers;
- (z) (hostilities): hostilities not presently existing commence involving any one or more of Australia, the United States, Japan, New Zealand, a member state of the European Union or the People's Republic of China or a national emergency is declared by any of those countries or a significant terrorist act is perpetrated anywhere in the world; or
- (aa) (**information**): any information made public to the ASX by the Company during the 12 month period prior to the date of the Placement Agreement includes a statement which is or becomes misleading or deceptive.

A Joint Lead Manager can only terminate due to the circumstances described in paragraphs (s) to (aa) above where the relevant event has a material adverse effect on the success of the Placement, the ability of the Joint Lead Managers to promote the Placement or could reasonably be expected to give rise to a contravention by the Joint Lead Manager of the Corporations Act or any other applicable law.

If a Joint Lead Manager terminates its obligations under the Placement Agreement, the remaining Joint Lead Manager may elect to assume the obligations (and will in turn have the benefit of all the rights of) the terminating Joint Lead Manager.

The Placement Agreement also contains a number of conditions precedent, indemnities and representations and warranties from the Company to the Joint Lead Managers that are considered standard for that type of agreement.

9.6.3 ECM Advisory Services Agreement

The Company has entered into a services agreement (**ECM Advisory Services Agreement**) with Baillieu Holst Limited (formerly E.L. & C. Baillieu Stockbroking Limited) (**Baillieu**) pursuant to which the Company has appointed Baillieu as its equity capital markets advisor in respect of the Offers. As consideration for Baillieu's services, the Company will pay Baillieu a fee of 1.5% of the gross proceeds of the Placement on the successful completion of the Placement.

Baillieu will also receive payment for reasonable out-of-pocket expenses incurred by it in connection with the Placement. The Company will pay any GST applicable to any fee payable to Baillieu under the ECM Advisory Services Agreement.

The ECM Advisory Services Agreement can be terminated by either party on seven days notice. If the ECM Advisory Services Agreement is terminated by the Company, the Company must pay to Baillieu the costs and expenses of Baillieu up to the date of termination.

The Company indemnifies Baillieu, together with its associates and related companies, its directors, agents and staff, against any and all liabilities losses which may be incurred by them in respect of any services they provide under the ECM Advisory Services Agreement.

NewSat Limited | Prospectus 74 | Page



9.6.4 Lockheed Martin Satellite Construction Contract

Lockheed Martin, NewSat and JSL executed an agreement in December 2011 (since amended and restated), for the construction and on-ground delivery of the Jabiru-1 Satellite on a firm, fixed price basis.

Satellite Overview

- 15 year design life;
- 5,950kg maximum launch mass (conforms with Launch Services Agreement);
- Total capacity of ~8.3 GHz, comprised of:
 - S Band payload covering Malaysia;
 - Ku Band payload covering South East Asia and South Asia; and
 - Ka Band payload covering South Asia, Middle East and East Africa (including steerable capacity with broad possible coverage).

JSL shall supply a launch vehicle and all support equipment, interface hardware and documentation necessary for the integration of the Jabiru-1 Satellite and provide access to the launch site and facilities.

Liquidated damages

The contract provides for delay-related liquidated damages to be paid by Lockheed Martin if the Satellite is delivered after the scheduled delivery date. In addition, the contract provides for a warranty payback period in the event that there are less than a specified number of operational transponders available during the first eight years of the Jabiru-1 Satellite life.

Termination

JSL may terminate this agreement at any time after the pre-financing period but prior to preliminary acceptance for its own convenience by giving 30 days advance written notice.

Either party may terminate the agreement on 30 days advance written notice to the other party if there is an otherwise excusable delay that lasts for more than 180 days.

Where JSL terminates the agreement for Lockheed Martin's default prior to the preliminary acceptance of the Satellite, it shall be entitled to a refund of all payments previously made to Lockheed Martin with appropriate interest and the liquidated damages cap amount. In this instance, Lockheed Martin shall retain title to all deliverable items including the Satellite.

JSL has no right to terminate the agreement for an event of default by Lockheed Martin after inorbit acceptance of the Satellite.

9.6.5 Arianespace Launch Services Agreement

NewSat has executed an agreement dated 2 March 2012 with Arianespace S.A (**Arianespace**) for the provision of an Ariane 5 launch vehicle for the launching of the Jabiru-1 Satellite at a fixed price to be launched from the Ariane launch base in Kourou, French Guiana within the contracted time.

The launch of the Jabiru-1 Satellite is expected to take place in mid-2015.

Payment for services

Payment for the launch vehicle and launch services shall be made in staggered amounts from the date of the ECA Facilities commencement until 3 months prior to the launch date.

NewSat Limited | Prospectus 75 | Page



Warranties and Indemnities

The parties both give the appropriate warranties and indemnities for an agreement of this kind, including indemnifying the other party against any property or bodily loss or damage to a third party customer of Arianespace.

The Company is party to an interparty waiver and waives any rights to any claims against Arianespace or third party customers for any loss, damage or launch failure or any of the above and agrees to indemnify and or defend Arianespace and its third party customers against any claims by an associate of the Company and Arianespace agrees to indemnify the Company against any claims by a third party customer.

Insurance

Arianespace must take out third party liability insurance for a period of 12 months from the date of the launch of the Jabiru-1 Satellite in the amount of €61 million, on behalf of itself and the Company to protect both parties against loss and damage. Arianespace will indemnify the Company for any amount in excess of the insured amount. The policy is to name the Commonwealth of Australia, the Government of France, the Government of Malaysia, the Security Trustee and the ECA Lenders as additional insured.

Termination

The Company may unconditionally terminate the agreement at any time prior to the launch. In case of termination, Arianespace shall be entitled to the termination fees.

Events of force majeure, replacement launches or re-flights or damage caused by the Company to the property of Arianespace or to its staff or associates shall not be taken into account for the computation of the above nine and six month delay periods.

Arianespace may terminate the agreement if the Company fails to comply with its payment obligations under the agreement 30 days after receipt of a written notice. In this event Arianespace shall be entitled to the same termination fees as detailed above.

Assignment and Step In Rights

If the Company is in default of its obligations under the agreement, its agreement with MEASAT or its financing agreements, it must assign its rights and obligations under the agreement to MEASAT, as long as the assignment does not negatively and materially affect Arianespace's financial position under the agreement.

MEASAT, under a separate agreement with the Company, may step in and perform any of the Company's obligations under the agreement in order to prevent termination of the agreement. However, MEASAT shall have no rights or authority to direct or to give instructions to Arianespace for the purpose of the agreement and shall have no direct rights of action or enforcement against Arianespace.

9.6.6 MEASAT Agreements

NewSat, JSL and MEASAT have entered into a series of agreements related to Jabiru-1 (**MEASAT Project Agreements**), the key terms of which are set out below.

- MEASAT has agreed to purchase Ku-band payload and (subject to final documentation)
 S-band payload on Jabiru-1 over the 15 year life of the satellite for total of approximately US\$197 million;
- MEASAT has an option for further Ku-band transponders up to a maximum of US\$76.5 million;
- NewSat will locate Jabiru-1 in MEASAT's 91.5 °E orbital slot;

NewSat Limited | Prospectus 76 | P a g e



- NewSat and MEASAT have agreed on exclusive markets for each party from the 91.5°E orbital slot;
- MEASAT to provide support for all of the appropriate approvals and frequency coordination at the 91.5°E orbital slot; and
- NewSat has engaged MEASAT to perform the TT&C for the satellite at the 91.5 °E orbital slot

The MEASAT Project Agreements pertain to different aspects of the procurement, financing, launch and operation of, and sale and purchase of transponders on the Jabiru-1 Satellite.

All of the agreements are governed by English law. Disputes under the MEASAT Project Agreements are to be settled by arbitration by three arbitrators under the London Court of International Arbitration rules in London.

Term

The term will expire on the End of Life of the Jabiru-1 Satellite or a follow-on satellite (if any).

Termination

The MEASAT Project Agreements may be terminated by (i) both parties upon mutual agreement; (ii) by either party upon a default by the other party; (iii) either party if Jabiru-1 is required by government direction to be relocated outside the agreed orbital slot; (iv) by JSL, if JSL cannot use its payload as intended; and (v) by JSL, if in the event of a change of control of JSL the consent sought from the Government of Malaysia (if required) is not obtained within 270 days.

Warranties

The parties give standard warranties for an agreement of this kind, including a warranty by MEASAT that it has the right to the relevant licenses required to operate the satellites and that the licenses are in full force and effect.

The Satellite shall not be relocated from the orbital slot for fifteen years.

Payments

MEASAT shall pay the purchase price of approximately US\$197 million in equal quarterly instalments. MEASAT has the option to pre-pay the purchase price at a net present value equal to JSL's weighted average cost of debt. MEASAT's obligations to pay the purchase price shall not be excused or altered except for transponder partial or total failures on the MEASAT-3c payload or certain interruptions or a suspension of the Jabiru-1Satellite by a party for legal reasons. These interruptions do not include an act or omission by MEASAT, its staff, ground station facilities or its equipment, short tests on the transponders and an interruption caused by the sun or a force majeure.

MEASAT Cure Rights

MEASAT has the right (but not the obligation) to step in and cure an event of default by JSL under its procurement, launch and insurance agreements (**Transaction Documents**) or Debt Funding agreements, in each case, where all JSL cure periods have been exhausted and termination or foreclosure notices have been issued, subject in the case of the Transaction Documents to the lenders' own cure rights and remedies for the same under the Debt Funding agreements. If MEASAT steps-in, it will assume JSL's rights and obligations under the Transaction Documents and Debt Funding agreements, and where JSL customers agree, any JSL customer contracts for the Jabiru-1 Satellite.

MEASAT may also choose to take unilateral control of the Jabiru-1 Satellite for up to sixty days in order to cure any event of default in the above circumstances.

Default and Termination
MEASAT shall be in default if:

NewSat Limited | Prospectus 77 | P a g e



- (a) it does not meet its payment obligations within thirty days from the relevant due date and such payment is not made within seven days upon receipt of notice from JSL requiring such payment;
- (b) it does not remedy any breach of a material obligation under the agreement within sixty days upon receipt of notice from JSL requiring the remedy of such breach (it has the ability to extend this period by thirty days on reasonable grounds); or
- (c) it becomes insolvent or otherwise admits its inability to pay debts.

JSL shall be in default if:

- (a) it does not provide MEASAT with quiet enjoyment of its payload;
- (b) it fails to transfer title to the MEASAT payload when required:
- (c) it does not remedy any breach of a material obligation under the agreement within sixty days upon receipt of notice from MEASAT requiring the remedy of such breach (it has the ability to extend this period by thirty days on reasonable grounds);
- (d) it, or its the parent guarantor becomes insolvent or otherwise admits its inability to pay debts; or
- (e) the Jabiru-1 Satellite is not launched within two years of the midpoint date of the originally contracted launch period.

Limitations on Liability

JSL's and MEASAT's liability for any interruption, transponder failure or loss of the MEASAT-3c payload is limited to a reduction in payments.

Both parties bear limited liability for any matters pertaining to fitness for purpose, adequacy of insurance or delay or deficiency in construction or launch that is not caused by a party's breach or gross negligence or wilful misconduct.

The program liability cap of each party shall be set at the amount of the purchase price and decline (up to an amount equal to one half of the purchase price) from the commencement of the agreement by the quarterly payment amount.

Change of Control

If JSL undergoes a change of control whereby control of JSL vests in a competitor of MEASAT, without MEASAT's prior consent, then MEASAT's only recourse will be to rescind the its right to launch a follow-on satellite at the end of life of the Jabiru-1 Satellite.

9.6.7 Summary of Key Capacity Agreements

The Company has a standard form master services agreement (MSA) which sets out the terms and conditions under which satellite network services (Services) may be ordered by the Company's customers (Customers) on a "take-or-pay" basis via one or more satellites of JSL (Satellites) and terrestrial and/or earth station facilities owned or operated by JSL or third parties under contract with JSL.

Under the terms of the MSA, Customers execute service orders (**Service Orders**) which describe the particular Services to be provided by JSL to the relevant Customer in return for the payment of a service fee (**Service Fees**).

Under the MSA, the Customer assumes various obligations regarding its use of the Services (including a requirement to comply with the various operational requirements of JSL) which the Company believes are standard for similar agreements in the industry.

NewSat Limited | Prospectus 78 | P a g e



JSL may terminate the MSA if:

- (a) the Customer is in breach of the MSA after being notified of such breach by JSL;
- (b) Customer is insolvent, becomes an externally-administered body corporate or ceases to carry on business or becomes unable to pay its debts when due; or
- (c) there are no current Service Orders in force.

Additionally, JSL may terminate a Service Order if:

- (a) the Customer fails to make outstanding payments;
- (b) the Customer is insolvent, becomes an externally-administered body corporate or ceases to carry on business or becomes unable to pay its debts when due;
- (c) the Customer fails to remedy a breach as required by JSL;
- (d) the Customer breaches JSL's standard service terms or any Service Order; or
- (e) the MSA has been terminated.

Either party may terminate a Service Order if there is a confirmed failure (as that term is defined in the MSA) or the Satellite is removed from commercial operation at the orbital location indicated in the Service Order.

The MSA also contains a standard force majeure clause and provisions which limit the liability of JSL in respect of the provision of the Services. The Customer also indemnifies JSL for:

- (a) any losses arising out of the Customer's use of the Services;
- (b) any breach by the Customer of the service terms or any Service Order;
- (c) disputes arising between the Customer and third parties;
- (d) any warranty, representation or statement made by the Customer to a third party in connection with the Service; and
- (e) any claims brought against JSL in connection with JSL's installation of any equipment for the purposes of providing or maintaining the Service.

Details of the Customers that JSL has an MSA with in respect of Jabiru-1 are set out in section 6.2. Each of these Customers has provided a Service Order to JSL, pursuant to which, the following additional termination rights are provided,

Either party may terminate the Service Order if Jabiru-1 has not commenced service within five years of Service Order date. In addition, JSL may terminate a Service Order at any time prior to Jabiru-1 commencing service if JSL:

- (a) decides not to or is unable to construct or launch the Jabiru-1 Satellite;
- (b) decides not to or is unable to operate the Jabiru-1 Satellite within five degrees of the 90 °E orbital location; or
- (c) determines, in its reasonable judgment, that it will be unable to provide the Services pursuant to the Service specifications or that it will not be able to begin doing so within five years of Service Order Date.

NewSat Limited | Prospectus 79 | P a g e



In the event of termination under these provisions, JSL must refund any deposit paid by a Customer within 10 days of termination.

9.7 Litigation

The Directors are not aware of any legal proceedings which have been threatened or actually commenced against the Company.

9.8 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company:
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no benefits have been given or agreed to be given to any Director:

- (d) to induce him to become, or to qualify him as, a Director; or
- (e) for services rendered by him in connection with the formation or promotion of the Company or the Offers.

The direct and indirect interests of the Directors in the Securities of the Company as at the date of this Prospectus are as follows:

Figure 9.3

Director	Shares	Options	Performance Rights
Richard Green	377,534	2,400,000	600,000
Charles Ellison	12,750	1,200,000	1,200,000
Andrew Plympton	0	800,000	600,000
Mark Fishwick	0	800,000	600,000
William Abbott	190,000	500,000	3,500,000
Adrian Ballintine	1,051,578	3,000,000	5,000,000

9.9 Related Party Transactions

A loan of approximately A\$120,000 that was provided to related parties of Mr Adrian Ballintine on February 2012 was repaid during the current financial year.

A loan of A\$250,000 was provided to Mr Adrian Ballintine on an arm's-length basis on 27 November 2012 for a term of one year. Interest on the loan is charged at 10%. The loan is secured by and is an advance against his bonus or, if his employment is terminated prior to repayment on the loan, any termination payment including statutory entitlements.

NewSat Limited | Prospectus 80 | P a g e



9.10 Consents of Advisers

Each of the parties referred to this section:

- (a) does not make, or purport to make, any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by any of those parties, other than as specified in this section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of the Prospectus other than a reference to its name and a statement included in this prospectus with the consent of that party as specified in this section.
- Ernst & Young has given and has not withdrawn its consent to being named as the Company's auditor in the Corporate Directory of this Prospectus in the form and context in which it is named.
- BMK Partners Pty Ltd has given and has not withdrawn its consent to being named as Investigating Accountant in the Corporate Directory of this Prospectus in the form and context in which it is named.
- HWL Ebsworth Lawyers has given, and has not withdrawn its consent to being named as Australian Lawyers to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named.
- Computershare Investor Services Pty Ltd has given and has not withdrawn its consent to being named as Share Registry for the Company in the Corporate Directory of this Prospectus in the form and context in which it is named.

9.11 Interests of Advisers

Other than as set out below or elsewhere in this Prospectus, no promoter or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus holds, or has held within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any promoter or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, for services rendered by that person in connection with the formation or promotion of the Company or the Offers.

Pursuant to section 711(3)(b) of the Corporations Act:

- Ernst & Young will not be paid any amount in relation to this Prospectus. In the past two years Ernst & Young has been paid fees and/or is entitled to receive fees totalling approximately A\$304,000 (exclusive of GST) for services provided to the Company.
- BMK Partners Pty Ltd will be paid approximately A\$40,000 (exclusive of GST) for services in relation to this Prospectus. In the past two years BMK Partners has been paid fees and/or is entitled to receive fees totalling A\$55,285 (exclusive of GST) for services provided to the Company.

NewSat Limited | Prospectus 81 | P a g e



• HWL Ebsworth Lawyers will be paid approximately A\$250,000 (exclusive of GST and disbursements) for services in relation to this Prospectus. HWL Ebsworth Lawyers are legal advisers to the Company and have been paid fees and/or are entitled to receive fees totalling approximately A\$511,000 (exclusive of GST and disbursements) for services provided to the Company in relation to legal matters over the past two years. Any further services required will be charged in accordance with its normal hourly rates and on commercial terms.

9.12 Estimated Expenses of the Offers

The estimated expenses of the Offers (excluding GST) payable by the Company including, administrative fees, ASIC fees and other costs arising from this Prospectus and the Offers are estimated to be approximately A\$296,000. The Company will bear all of these expenses as follows:

Figure 9.4

Fees/Expenses	A\$
Legal fees	\$250,000
Accounting fees	\$40,000
Other fees (including ASX fees, ASIC fees and share registry)	\$6,000
Total	\$296,000

9.13 Foreign Selling Restrictions

This Prospectus, and any other material related to the Offers do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. By applying for Offer Securities, each Eligible Investor represents and warrants that there has been no breach of such laws.

The distribution of this Prospectus outside Australia and New Zealand may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. NewSat disclaims all liabilities to such persons. Eligible Investors who are nominees, trustees or custodians are therefore advised to seek independent advice as to how they should proceed. Eligible Investors who are acting on behalf of persons who are not resident in Australia are responsible for ensuring that taking up Offer Securities under the Offers does not breach the selling restrictions set out in this Prospectus or otherwise violate the securities laws in the relevant overseas jurisdictions.

No action has been taken to register or qualify this Prospectus, the Offer Securities or the Offers, or otherwise to permit a public offering of the Offer Securities, in any jurisdiction outside Australia.

Singapore

This document and any other materials relating to the Offer Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Offer Securities, may not be issued, circulated or distributed, nor may the Offer Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of

NewSat Limited | Prospectus 82 | P a g e



the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Offer Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Offer Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

9.14 ASIC Relief

ASIC has provided relief to the Company from the requirement under the Corporations Act to wait seven days before the Company may accept applications for the Convertible Notes offered under this Prospectus.

9.15 Electronic Prospectus

Pursuant to Class Order 00/44, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus, subject to compliance with certain conditions. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

NewSat Limited | Prospectus 83 | P a g e



10 DIRECTORS' CONSENT

This Prospectus is dated 25 February 2013 and is issued by NewSat.

The Directors have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisors.

Each of the Directors of NewSat has consented to the lodgement of this Prospectus in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

Signed for and on behalf of NewSat.

Richard Green Chairman 25 February 2013

NewSat Limited | Prospectus 84 | P a g e



11 DEFINITIONS

\$0.40 Warrant means a Warrant issued pursuant to the \$0.40 Warrant Offer, with the rights specified in section 8.3.

\$0.40 Warrant Offer means the offer of 21,500,000 \$0.40 Warrants, subject to Shareholder approval, in accordance with this Prospectus.

Advisor Warrants means the Jabiru Warrants to be issued to various advisors of the Company under the Jabiru Warrant Offer with the rights specified in section 8.2.

AGM means the most recent annual general meeting of the Company, held on 29 November 2012.

Annual Financial Report means the annual financial report for the Group for the period ended 30 June 2012, issued by the Company on 28 September 2012.

Application Monies means the amount of money payable for the Offer Securities applied for by the relevant Eligible Investors under the Share Offer or Convertible Note Offer.

Arianespace means Arianespace S.A.

Arianespace Launch Services Agreement means an agreement between Arianespace and NewSat dated 2 March 2012 for the provision of an Ariane 5 launch vehicle for the launching of the Jabiru-1 Satellite and associated launch services, the material terms of which are set out in section 9.6.5.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the securities exchange operated by ASX Limited (as the context requires).

Board means the board of Directors of NewSat.

CCK Bridge Loan Warrants means the Jabiru Warrants to be issued to CCK with the rights specified in section 8.2.

CHESS means Clearing House Electronic Sub-register System of ASX Settlement Pty Ltd (ACN 008 504 532).

CCK means Mr Ching Chiat Kwong, an existing Shareholder.

CCK Bridge Loan means the loan of A\$8.5 million provided by CCK to the Company under the unsecured subordinated promissory notes described in section 7.3.4.

Closing Date means in respect of the closing date of:

- (a) the Convertible Note Offer and Jabiru Warrant Offer 5.00pm (Melbourne time) on 27 February 2013 (unless extended);
- (b) the Share Offer 5.00pm (Melbourne time) on 6 March 2013 (unless extended); and
- (c) in respect of the closing date of the \$0.40 Warrant Offer being 5.00pm (Melbourne time) on 2 May 2013 (unless extended).

COFACE means Compagnie Française d'Assurance pour le Commerce Extérieur.

COFACE Agent means Société Générale.

NewSat Limited | Prospectus 85 | P a g e



COFACE Facility means the facility or facilities provided under the COFACE Facility Agreement.

COFACE Facility Agreement means the facility agreement to be entered into between the COFACE Agent (as COFACE agent and lender), Standard Chartered (as lender), JSL (as borrower) and each Obligor (as guarantor).

COFACE Lenders means the COFACE Agent and Standard Chartered.

Common Terms Agreement means the common terms agreement in respect of the ECA Facilities to be entered into between each COFACE Lender, Ex-IM Bank, the Ex-Im Bank Agent, the Obligors and the Intercreditor Agent.

Constitution means the Company's Constitution as at the date of this Prospectus.

Convertible Note means a convertible Security in the Company issued with a face value of US\$1,000 pursuant to the Convertible Note Deed and the Convertible Note Offer, which, subject to Shareholder approval, may be convertible into Shares on such terms specified in section 8.4.

Convertible Note Deed means the convertible note deed between the Company, ETL and CCK dated 21 February 2013 and the options deed between the Company and ETL dated 21 February 2013 collectively.

Convertible Note Offer means the offer of 30,000 Convertible Notes pursuant to the Convertible Note Deed and on the terms specified in this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Cth means the Commonwealth of Australia.

Debt Funding means the raising of approximately US\$425 million by way of the ECA Facilities and the Standby Credit Facility.

Director means a director of the Company.

Dollars, **A\$**, **\$** and **cents** are references to Australian currency.

DSRA means debt service reserve account.

ECA Facilities means the Ex-Im Bank Facility and COFACE Facility collectively.

ECA Lenders means Ex-Im Bank and the COFACE Lenders collectively.

Eligible Investor means such person to whom the Company may make an offer of any of the Offer Securities to under this Prospectus, where such person is a person to whom an offer and issue of Offer Securities may be:

- (a) lawfully made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that an offer to such person is exempt from the disclosure requirements of Part 6D.2 pursuant to sections 708(8) or 708(11) of the Corporations Act; or
- (b) made outside Australia and the United States without registration, lodgement or approval of a formal disclosure document or other filing in accordance with the laws of any foreign jurisdiction (except to the extent to which the Company, in its absolute discretion, is willing to comply with such requirements).

Equity Funding means the raising of A\$105 million (or approximately US\$108 million) by way of the Placement and US\$30 million by way of the Mezzanine Funding as well as an amount of

NewSat Limited | Prospectus 86 | P a g e



US\$49 million raised in equity and spent by the Company on the Jabiru-1 Project prior to the date of the Prospectus.

ETL means Ever Tycoon Limited, as an investment vehicle for a number of sophisticated and/or professional investors, one of whom is CCK.

Ex-Im Bank means Export-Import Bank of the United States.

Ex-Im Bank Agent, Intercreditor Agent and **Security Trustee** means the Bank of New York Mellon.

Ex-Im Bank Facility means the facility or facilities provided under the Ex-Im Bank Facility Agreement, more particularly described in section 7.1.

Ex-Im Bank Facility Agreement means the credit agreement to be entered into between, amongst others, Ex-Im Bank (as lender), JSL (as borrower) and NewSat (as guarantor).

FSS means fixed satellite service.

Group or NewSat Group means NewSat and its subsidiaries and each is a Group Company.

GST means goods and service tax levied in Australia pursuant to *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

In-Orbit Acceptance Date means the date on which any of the following occurs:

- (a) successful completion by Lockheed Martin of the in orbit testing of Jabiru-1; or
- (b) successful completion of operations handover of Jabiru-1 in accordance with the agreed statement of work.

ITU means International Telecommunications Union.

Jabiru Warrant means a Warrant issued pursuant to the Jabiru Warrant Offer, with the rights specified in section 8.2.

Jabiru Warrant Offer means the offer of 127,855,081 Jabiru Warrants in accordance with this Prospectus.

Jabiru-1 or **Jabiru-1 Satellite** means a satellite with both Ka- and Ku- band capacity to be owned by the NewSat Group.

Jabiru-1 Fundraising means the raising of at least US\$611 million by the NewSat Group by way of the Debt Funding and the Equity Funding.

Jabiru-1 Project means the development, construction, delivery, launch and operation of the Jabiru-1 Satellite.

Joint Lead Managers means the lead managers for the Placement, being Credit Suisse (Australia) Limited and Baillieu Holst Limited.

JSL means Jabiru Satellite Limited ACN 121 667 365, a wholly-owned subsidiary of the Company.

Khattar Convertible Note means the convertible note issued to Khattar Capital Pte Ltd, as further defined in section 7.3.2.

Kyprosat means AP Kypros Satellites Limited, a company registered in Cyprus.

NewSat Limited | Prospectus 87 | P a g e



LIBOR means the British Bankers' Association Interest Settlement Rate for U.S dollars and the relevant period displayed on the appropriate page of the Reuters screen at 11.00am London Time on the relevant day.

Listing Rules means the Listing Rules of ASX.

Lockheed Martin means Lockheed Martin Corporation.

MEASAT means MEASAT Satellite Systems Sdn Bhd.

Mezzanine Funding means the raising of US\$30 million by way of the Convertible Note Offer pursuant to this Prospectus and the Convertible Note Deed.

Mezzanine Warrants means the Jabiru Warrants to be issued to ETL with the rights specified in section 8.2.

NewSat and Company means NewSat Limited ACN 003 237 303.

Notice of Meeting means the notice of meeting convening the AGM and accompanying explanatory statement issued by the Company on 29 October 2012.

Obligors means NewSat, JSL and any other Group Company that may be required by the ECA Lenders.

Offers mean the Share Offer, the Warrant Offers and the Convertible Note Offer under this Prospectus collectively and each is an **Offer**.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Offer Securities means the Offer Shares, Convertible Notes and Offer Warrants collectively.

Offer Share means a Share issued pursuant to the Share Offer.

Offer Warrants means Jabiru Warrants and \$0.40 Warrants collectively.

Official List means the official list of ASX.

Opening Date means 25 February 2013.

Orbital Bridge Loan means the bridging loan facility of A\$5 million provided by Orbital Capital LP to the Company, described in section 7.3.3.

Placement means the placement of A\$105 million (or ~US\$108 million) of Shares by the Company at an issue price of A\$0.40 per Share to sophisticated, professional and institutional investors determined by a bookbuild process conducted by the Joint Lead Managers between 21 and 22 February 2013.

Placement Shares means the Shares issued pursuant to the Placement.

Project Completion Date means when the following events have occurred:

- (a) the In-Orbit Acceptance Date;
- (b) the Jabiru-1 Satellite has commenced commercial operations; and
- (c) the Intercreditor Agent is satisfied that the Jabiru-1 Satellite control functions are completed.

NewSat Limited | Prospectus 88 | P a g e



Project Completion Long Stop Date means 31 January 2016.

Prospectus means this prospectus dated 25 February 2013.

Quotation and Official Quotation means official Quotation on ASX.

Repayment Date means the date on which a principal repayment must be made in respect of the ECA Facilities.

Satellite Construction Contract means the contract entered into between Lockheed Martin, NewSat and JSL dated 25 May 2012 for the on-ground delivery of the Jabiru-1 Satellite, the material terms of which are set out in section 9.6.4.

Secured Standby Letter of Credit means a standby letter of credit issued under the Standby Credit Facility.

Securities means any equity securities in the Company.

Senior Facilities means the ECA Facilities and the Standby Credit Facility collectively.

Senior Facility Agreements means:

- (a) Ex-Im Bank Facility Agreement;
- (b) COFACE Facility Agreement; and
- (c) Standby Credit Facility Agreement.

Share means a fully paid ordinary share in the Company.

Share Offer means the offer of 100 Offer Shares pursuant to this Prospectus.

Share Registry means Computershare Investor Services Pty Ltd.

Shareholder means the holder of a Share as recorded in the register of the Company.

Standard Chartered means Standard Chartered Bank.

Standby Credit Facility means the reserve banking facility of US\$25 million provided by Standard Chartered, as more particularly described in section 7.1.

Standby Credit Facility Agreement means the facility agreement to be entered into between, amongst others, Standard Chartered (as lender), JSL (as borrower) and NewSat (as guarantor).

Starting Point of Credit means the earlier of the In-Orbit Acceptance Date and the Project Completion Long Stop Date.

Subordination Agreement means the subordination agreement to be entered into between ETL, NewSat, JSL and the Intercreditor Agent.

TT&C means telemetry, tracking and control.

US\$ means US dollars.

US Securities Act means the US Securities Act of 1933, as amended from time to time.

VSAT means Very Small Aperture Terminal, a form of satellite antenna.

NewSat Limited | Prospectus 89 | P a g e



VWAP means volume weighted average price.

Warrant means an equity security in the Company that grants the holder an option to exercise into one Share on such terms as may be specified.

Warrant Offers means the Jabiru Warrant Offer and the \$0.40 Warranty Offer collectively.

NewSat Limited | Prospectus 90 | P a g e



CORPORATE DIRECTORY

Directors Richard Green (Chairman)

Elwood Charles Ellison III (Deputy Chairman) Mark Fishwick (Non-Executive Director) Andrew Plympton (Non-Executive Director) William Abbott (Non-Executive Director)

Adrian Ballintine (Executive Director and CEO)

Secretary Adam Shapiro (Company Secretary and CFO)

Registered Office Level 4

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AUSTRALIA

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Accountant Level 8

80 Dorcas Street

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Level 26

530 Collins Street

Melbourne Victoria 3000

AUSTRALIA

Share Registry Computershare Investor Services Pty Ltd

452 Johnston Street Abbotsford Victoria 3067

AUSTRALIA

NewSat Limited | Prospectus 91 | P a g e