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Company Update – Major Operational Milestones Reached and New Groundbreaking Technology Successfully Developed and Tested

Highlights

- Launch of first batch of Pearls remains on-track for 2019, with the final design phase nearing completion with Gomspace, and construction of the first Pearls due to commence
- New ground-breaking Network Management and data compression software was recently developed and successfully tested by SAS team, adding to the core IP asset base of the Company
- Software under development will provide autonomous control and monitoring of the Pearls, and ground infrastructure will support the operation of the Pearls from Day 1
- Hardware projects deliver infrastructure and capabilities to support the building, launch and operation of the commercial constellation of Pearls nano-satellites
- Multiple binding commercial agreements secured, including details of specific payments to SAS, which include minimum orders and pricing
- Moving to launch and full operational phase of the business – key management appointed to support future operations and increase employees to 25, adding space system engineers, launch experts, program managers, operations personnel and sales and marketing team

Sky and Space Global Ltd (**ASX: SAS, “Sky and Space Global” or the “Company”**) is pleased to provide the following operational update progressing toward the launch of the first batch of Pearls, being the World’s first fully autonomous nano-satellite communications network that will provide comprehensive narrowband connectivity services.

Over the past 12 months, the Company has dedicated significant resources towards the development of the required infrastructure to build, launch and operate a commercial network of nano-satellites. The activities include a number of hardware projects, software projects, the development of infrastructure and organisational changes to support future operations.

Importantly, the Company has made significant progress in the development in its proprietary software, which utilises unique Network Management and data compression to allow SAS to be the first in the world to operate an autonomous nano-satellite constellation. This intellectual property (IP) is a significant asset for the Company and distinguishes it from other nano-satellite operator alternatives. The SAS narrowband platform and technology is unique today in the global telecommunications industry and has potential applications to be commercialise in the future and used by third parties.

Hardware and Software Projects

The Company today currently manages several hardware and software projects, which all contribute to the successful deployment of a commercial constellation of satellites.

These main hardware projects are:

1. The Equatorial Pearls

The construction contract for the Pearls was signed with GomSpace over a year ago (March 2017). Over the last 18 months, GomSpace has been successfully working on the development of the Equatorial Pearl nano-satellites, ensuring the Company is on track to launch of the first Pearl batch in 2019. Gomspace has transformed its facilities to accommodate SAS' specific requirements, including building, testing and production facilities and expanding its existing capabilities to become one of the world leaders in nano-satellite manufacturing. The final design phase is now nearing completion and construction of the first Pearls is due to commence.

a. Canisters

Once delivered, the Pearls will be installed in dedicated canisters prior to launcher integration. The development of the dedicated Pearls canisters is on schedule with prototype testing completed and serial production commenced.



b. Canisters supporting structure -the Village

Nano-satellite canisters must be installed into a dedicated supporting structure to ensure proper deployment in orbit. The Pearls supporting structure, or the "village", is at the advanced stages of design and testing and on schedule for delivery and integration

c. Propulsion system

Gomspace is developing a propulsion system to meet all of SAS' operational requirements for the Pearls program. Assembly of the propulsion system prototype is complete and is now undergoing final testing at the Gomspace facility in Sweden.

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d. End user devices

SAS is developing a unique, portable, low-cost and high-performance end user device, which will act as a satellite terminal and a "hotspot", enabling users with SAS' Chatellite app to access the Company's network. Chatellite will allow end users to make voice calls and use instant messaging services. The tender process for the development of SAS' end user device is nearing completion and the Company expects its delivery will meet both the Pearls' launch schedule and the requirements of SAS' customers.

The main software projects are:

1. Payload and constellation management

The Company's subsidiary, SAS Poland (PL) has been developing the required payload software and IP communication protocols, with revolutionary solutions and algorithms to guarantee system efficiency and operations. It is also developing the network's autonomous management system. The Company has made strong progress in its development and is currently investigating other uses of SAS PL algorithms.

2. System of Systems simulator

The Company is conducting initial test runs of the system simulator developed by a world-renowned simulation manufacturer SciSys. This unique "System of Systems" simulator is the first of its kind, using real flight software and complex scenarios that allow SAS to perform system testing, sensitivity analysis and system optimisation with 1 million simulated users.

3. Fuel Consumption Optimization (FuCo) software

The Company is in the advanced stages of development of its automated Fuel Consumption algorithm, which will enable autonomous orbit management for the Pearls constellation, and include collision avoidance manoeuvres. The FuCo tool will be tested using the system simulator to ensure its validity prior to launch.

4. Ground station software

As the first company in the world to operate an autonomous constellation, the development of state-of-the-art control software is required. Following a rigorous tender process, the Company is finalising contractual details to ensure the required system will be delivered well ahead of the Pearls' launch, allowing ample time for proper testing and training of the ground crew.

5. Company operations software systems integration

To support extensive growth, dedicated software systems have been integrated to streamline the Company's daily operational processes and activities, including ERP and CRM systems, data management and billing.

Ground infrastructure

SAS is developing the necessary ground infrastructure required to operate the Pearls constellation from Day 1:

1. London operations centre

The Company now operates the 3 Diamonds from its operations centre in London. Lessons learnt from daily operations are utilized in the planning of the Pearls operations facility.

2. Ground station facility

The Company is in the final stages of designing its future ground station, which will include as a minimum, the following components:

- i. Satellite Operations Centre (SOC) – required to monitor the key functions of the satellites, including a satellite's health, orbit and maintenance parameters. The Company has already begun recruitment of satellite operators required for the Pearls.
- ii. Network Operations Centre (NOC) – required to monitor network operations including network traffic, gateways, ground infrastructure and user parameters. The Company has already started recruiting the required network experts to support facility operations.
- iii. Customer Services Centre – the Company is developing the customer service centre, required databases, customer portals, and other services to support the needs of SAS customers.

3. Global logistics operations and supply chain

This is currently being implemented by the Company to ensure a streamlined process and customer satisfaction at all stages.

The 3 Diamonds

Since the launch on 23 June 2017, the 3 Diamonds have been operating successfully without any major issues. They went through 8 months of testing, calibration, upgrading and optimisation, until they were designated "Fully Operational" in early 2018. SAS is now using the 3 Diamonds to test new software versions and as a testbed for new capabilities, such as spectrum mapping and monitoring.

Commercial traction

The Company is leveraging 3 Diamonds to expand its customer base and develop new commercial agreements.

1. Demonstrations

The Company performed two successful demonstrations, one in South America and one in the Caribbean, and plans to complete additional demonstrations before the end of the year, focusing on additional capabilities of interest.



2. Binding contracts and agreements

To date, the Company has signed multiple binding agreements and contracts for the Pearls. All binding agreements, including the recently announced MoUs, have a binding commercial annex which details specific payments to SAS, the number of SAS End User Devices required, and services pricing. All MoUs serve as the baseline for the full commercial agreements.

Organisational structure and operations team

Growth of the Company's operations over the last year is visible in the increase in SAS employees, and the investment to secure highly skilled employees to support current growth and future nano-satellite operations to operate the Equatorial constellation in 2019. Today SAS employs over 25 employees, which include space system engineers, launch experts, software program managers, operations personnel, a sales and marketing team and additional operational staff. The Company has gone through the required organisational change to meet the Company's future operational requirements as it moves towards its first Pearls launch and the business' full operational phase

Preparing for full operations and revenues in 2019

To date, the Company has invested significant funding in the development of its Pearls nano-satellites and supporting launch hardware, establishing operating procedures and protocols, developing and testing the required constellation software, establishing ground infrastructure to support the Pearls operationally from first launch, and investing in internal processes and highly skilled employees to establish SAS' operations and support the business now and into the future.

Ends

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About Sky and Space Global Ltd

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

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

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

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