

ASX RELEASE

Q3 2018 Activities Update

Kleos Space lists on ASX; significant technical and commercial progress towards satellite launch in Q2 2019

Key highlights for Q3 2018:

- Commenced trading on ASX following successful A\$11 million capital raise
- MoU signed with Airbus Defence and Space to expand radio transmitter geolocation market opportunities
- Contract signed with GomSpace for satellite supply and build milestones achieved
- Contract signed with Rocket Lab for Q2 2019 launch of Scouting Mission satellites
- Strong business development activities around the globe in US, Australia, Germany and Italy
- Second MoU signed with Airbus Defence and Space to collaborate on In-Space proprietary technology
- Strengthened team, Board changes and Advisory Board formed
- Funded and on track to launch Kleos Scouting Mission in Q2 2019, and begin generating revenue

18th October 2018 (Canberra, Luxembourg): Kleos Space (ASX: KSS) is pleased to provide the following update on its first quarter of activities since listing on ASX on 24 August 2018.

Successful listing on ASX

Kleos Space commenced trading on ASX on 24 August 2018 following a successful A\$11 million capital raising via initial public offering.

The capital raising received significant support from Australian-based institutional investors, reflecting increasing interest in space-powered intelligence.

Kleos Space will use satellites to provide space-enabled, activity-based intelligence, geolocation data as a service (DaaS) to government and commercial organisations.

Kleos' listing comes at a time when governments around the world are looking to invest in new intelligence, surveillance and reconnaissance technology to protect their borders. Kleos will provide an accessible and commercial solution for government and enterprise clients.

Signed Memorandum of Understanding with Airbus Defence and Space

During the quarter, Kleos Space signed a non-binding Memorandum of Understanding with one of the world's largest aerospace companies, Airbus Defence and Space. Under the MOU, both

companies are investigating opportunities to collaborate with the mutual aim of expanding the market for international radio frequency monitoring and transmitter geolocation.

The company's first satellites known as the Kleos Scouting Mission (KSM) will begin monitoring the Earth in Q2 2019. These satellites will capture data currently hidden from detection, including passive radio transmissions without Automatic Identification Systems (AIS), GPS or VMS protocols, and locate their origin and timing independently of GPS.

This data will enable governments and organisations to detect activity such as drug and people smuggling, illegal fishing and piracy, as well as identify those in need of search and rescue at sea.

Signed agreement with GomSpace for the supply of multi-nanosatellite system

Kleos Space has made significant progress towards the launch of its KSM satellites, commissioning GomSpace to supply its multi-nanosatellite system. In addition to the delivery of the multi-nanosatellite system, the contract with GomSpace includes test equipment and launch support. Delivery of the multi-nanosatellite system is expected to take place in Q2 2019.

A preliminary design review between Kleos and GomSpace's engineering team on the technical progress of the satellite build contract confirmed it is on track.

Signed agreement with Rocket Lab for launch of Kleos Scouting Mission satellites

In September, Kleos signed a contract with US orbital launch provider Rocket Lab to launch the KSM satellites. These satellites are scheduled to launch on an Electron rocket from New Zealand in Q2 2019.

The satellites will be integrated into Rocket Lab's in-house designed and built Maxwell dispensers and deployed from the Electron kick stage to low Earth orbit. Rocket Lab's unique kick stage, powered by the 3D printed Curie engine, is designed to circularise small satellite orbits and perform complex manoeuvres, including multiple engine burns, to deploy many satellites into different orbits. This provides unmatched mission flexibility, making it ideal for deploying and replenishing constellations.

Kleos went through an exhaustive process in choosing an orbital launch provider and found Rocket Lab to offer the best fit for its scouting mission.

Global Business Development Activities

Kleos Space Asia Pacific, based in Canberra, continues to focus on capitalising on the Australian Government's recent pledge to invest A\$500 million to improve its space-based intelligence, surveillance and reconnaissance capabilities. As part of this pledge, Australian Government and Defence contractor Scientific Management Associates has been engaged to provide Australian national surveillance and defence opportunities. Kleos and Scientific Management Associates intend to work together for mutual benefit arising from business opportunities in this sector.

Kleos Space exhibited and Chairman Air Commodore Peter Round presented at the Maritime ISR (Intelligence, Surveillance, Reconnaissance) Global Conference – Rome, Italy in September. The presentation Delivering Independent, Global, Precise, Commercial Activity-Based Intelligence Data

was well received and led to successful engagement across multiple Government agencies and large commercial players.

Kleos Space exhibited as part of a Luxembourg delegation at The International Astronautical Congress (IAC), 1 to 5 October. The Congress is a scientific conference with a space exhibition. It is a once a year opportunity when about 4,000 space actors from all over the world come together. Successful engagement across multiple Government agencies and sector specific investor groups was achieved.

Kleos Space has completed its first technical milestone with the European Space Agency who administer the Luxembourg Government grant programme. This allows Kleos to access Luxembourg Government grant funding of €392K which is expected to be received in 2018. Further milestones with the European Space Agency in 2019 will allow Kleos to access an additional €881K of grant funding.

Second MoU Signed with Airbus Defence and Space

A second MoU with Airbus Defence and Space covers the companies' agreement to collaborate on In-Space manufacturing technology. Kleos Space are developing an In-Space manufacturing system that will provide a method of producing very large carbon composite 3D structures in space. A prototype system has been successfully built and tested under 'near space' conditions at Kleos' development facility. The test demonstrated the potential for the production of assemblies, equipment or even buildings from fully cured and consolidated carbon fibre materials, potentially miles in length. The Kleos Space device allows the fabrication of In-Space structures that would be too large to launch from Earth.

Airbus is prospecting In-Space manufacturing with a view to developing and accessing the required capabilities in Europe. In this capacity Airbus has agreed to support Kleos with guidance and expertise, enabling the development of applicable 3D structures.

The In-Space Manufacturing industry encompasses many applications (Communications, Science, Exploration, Earth Observation and Space Resources) and is a significant long-term business opportunity for the Company in a complimentary fashion to the near term primary mission geolocation intelligence data sales. Future revenue for the Company from the technology is expected to be in the form of specific application hardware sales and/or application based licencing.

Strengthened team, and Advisory Board formed

Kleos recruited technical experts in radio frequency, data and project engineering. These appointments enhance the company's operational capabilities and ensure Kleos is well-placed to execute its technical programme. Further recruitment is ongoing to fill supporting roles.

In addition, during the quarter Kleos moved its team into a larger office facility and laboratory facility in Luxembourg City. The company was previously based out of Technoport, a shared Luxembourg Government supported incubator office space.

Peter Round – Chairman and Executive Director agreed to amend his time commitment as specified in his ‘Chairman and Executive Director’ Contract from 100 days per annum to 150 days per annum. The increase in effort is to be applied to the business development, international relations and military relations activities.

Erik Tyler is stepping down from the Board of Directors from 1st November. On the move; Erik Tyler said: “Stepping away from a board position at Kleos will allow me to focus on the important Asia Pacific market, and continue to provide consultancy services. Moving towards our KSM launch in Q2 2019, with industry support from Tier 1 companies is a true validation for the Kleos technology, and I look forward to continuing my work as part of that journey.”

Towards the end of Q3 2018, Kleos Space formed a world-class Advisory Board, initially comprising two leading geospatial intelligence and defence advisers from the United States and United Kingdom (announced 3 October 2018).

Roger Davies MBE QGM and Karyn Hayes-Ryan are international opinion leaders in their respective specialty areas across security, counter-intelligence, geospatial intelligence, government and defence projects.

Funded and on track to launch Kleos Scouting Mission in Q2 2019, and begin generating revenue

In its first quarter on ASX, Kleos Space has progressed its technical and commercial pathways as planned. The company has achieved key technical milestones with build partner GomSpace and contracted Rocket Lab to launch its first satellites into low Earth orbit. At 30 September 2018, the Company had no debt and €6 million cash and is funded through to launch of its KSM satellites.

Kleos Space CEO Andy Bowyer said, “Since listing on ASX, the business has rapidly advanced our commercial plans with a focus on business development and increasing our technical capabilities.

We are well-funded and on track to launch our Kleos Scouting Mission satellites in Q2 2019, when we will be able to commence generating revenue. The launch of our first satellites will allow us to better engage with customers and demonstrate the capability and scalability of our technology.

Our technology will assist in addressing critical problems being faced by government agencies and the intelligence community at a time when global investment in emerging space technologies is at an all-time high.”

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Investor update call

Kleos management will be available for investor conference calls regarding its Q3 2018 business update, and talk through the company’s strategy and outlook. Please contact Eric Kuret at Market Eye to arrange.

For further information, please contact:**Kleos Space S.A.**

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About Kleos Space S.A.

Kleos Space S.A. (ASX: KSS) is a space enabled, activity-based intelligence, data as a service and Space technology development company based in Luxembourg. Kleos Space aims to guard borders, protect assets and save lives by delivering global activity-based intelligence and geolocation as a service. The first Kleos Space satellite system, known as Kleos Scouting Mission (KSM), will deliver commercially available data and perform as a technology demonstration. KSM will be the keystone for a later global high capacity constellation. The Scouting Mission will deliver targeted daily services with the full constellation delivering near-real-time global observation. For more information please visit: www.kleos.space.