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SPACE AND SPATIAL INDUSTRY INNOVATION PARTNERSHIP

Canberra, 29 August 2013

The Australian Government has announced the establishment of a Space and Spatial Industry Innovation Partnership with its headquarters at Mount Stromlo ACT and with locations in Queensland, South Australia and Western Australia.

Announcing the government's decision to fund the Space and Spatial Industry Innovation Partnership at Mount Stromlo today, the Minister Assisting for Innovation and Industry, Senator Kate Lundy said:

“The Partnership will be headquartered here at Mt Stromlo, where there are facilities operated by EOS Space Systems Pty Ltd and the ANU, two of the [3] core partners. There will also be other centres in South Australia, Queensland, Western Australia, Victoria, and other states as more partners sign up.”

“The third core partner is 43PL, which represents 50 small, medium and large geospatial companies and down-stream user companies. As a core partner, 43PL represents the broader spatial industry and the needs of SMEs in Australia.”

“The initiative will receive government funding of up to \$6 million to 2016-17, which will be matched cash or in-kind by core partners, to increase productivity, improve efficiencies, grow skill capacity and ensure long-term sustainability and growth of the sector.”

“There is also access to a pool of project funding of up to \$10 million each year, which is a competitive merit-based scheme for all Innovation Partnerships.”

“Other partners from industry, government and the university sector include major organisations like Geoscience Australia, NICTA, NewSat, NCI (Australia's National Computational Infrastructure), the ACT Government and the Institute for Telecommunications Research, working alongside other leading research universities such as Monash University and the University of NSW.”

[For the full text of the Minister's speech: <http://www.katelundy.com.au/>]

The Chief Executive Officer of EOS Space Systems, Dr Craig Smith said:

“The Australian economy and society are fundamentally dependent on space and spatial industry activities for navigation, resource management, communication, internet, climate change monitoring, transport and even banking transactions. Australian space and spatial industry includes some of the best technologists in the world, and has public and private sector operations which operate world best practice.”

“However Australia does not have many companies with sufficient space-related revenue to fund the R&D, market intelligence, global representation and capital infrastructure required to achieve and sustain critical mass. The Australian scene is made up almost entirely of SMEs which in the long term cannot effectively compete unless they cooperate and actively seek synergies.”

“EOS has recognised this for some time. It has a long-term and close collaboration with the Australian National University which led to the establishment of EOS’ Space Research Centre at ANU’s Mount Stromlo Observatory in 2003, and the relocation of all EOS’ other space operations in Eastern Australia to Mount Stromlo in 2009. Space Research Centre infrastructure investment at Mount Stromlo now exceeds \$30 million, and is growing. In addition ANU has recently invested over \$20 million in new space research and space qualified assembly facilities suitable for use by industry. EOS and ANU also operate combined research teams.”

“This partnership model can and should be extended to the broader space and spatial industry. On 5 June 2013 EOS submitted an application to the Commonwealth for \$7.5 million in funding over 5 years to establish a Space and Spatial Industry Innovation Partnership for this purpose.”

Responding to the Minister’s announcement the Group Chief Executive Officer of EOS, Dr Ben Greene said:

“The Commonwealth’s approval of this application will see a Partnership headquarters established at Mount Stromlo with nodes in WA, QLD and SA. The Partnership will be established as a fully independent, non-profit corporate entity at arm’s length from EOS.”

“The Partnership will develop a national strategy, a supporting roadmap and development activities to grow space sector revenue. It will provide services nationally to assist members overcome barriers to international markets and build and consolidate links between industry, government, defence, research and education to enhance the long-term sustainability and growth of the sector. The Commonwealth funds represent an important nucleus for the Partnership to grow from.”

“Although EOS will have no direct commercial interest in it, the Partnership’s role in accelerating growth in the space sector in Australia in terms of both revenue and employment will benefit EOS and other Australian space entities in the long term. EOS is proud to have been instrumental in the establishment of the Space and Spatial Industry Innovation Partnership.”

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ABOUT ELECTRO OPTIC SYSTEMS (ASX: EOS; OTC: EOPSY)

EOS is an Australian aerospace company. EOS develops and produces products incorporating advanced electro-optic technologies for the global aerospace market.

EOS products are developed through internal research and development programs based on EOS core technologies in software, lasers, electronics, optics, gimbals, telescopes and beam directors, optical coatings, precision mechanisms and highly ruggedized assemblies.

EOS employs around 100 staff globally. It has research centres in Australia, the US and Germany, and has production facilities in Australia and the US.

EOS operations are divided in two sectors: **Space Systems** and **Defence Systems**.

Defence Systems

EOS is a key global company in the market for remotely weapon systems [RWS] and autonomous military surveillance and combat systems.

Over 1,000 RWS from EOS have been sold or deployed overseas. EOS currently produces around 20% of all new RWS contracted by open tender globally. Product configurations sold have been for naval weapon systems, armoured vehicle turrets and remote controlled highly mobile weapon systems. EOS is a major development centre for major RWS users globally.

The Company's RWS product family is based on a common module set and fully-qualified fire control software. These modules include high resolution cameras, thermal vision systems, image processing systems, computer systems, laser systems, sensor systems and power management systems, all qualified for the harsh military environment. Over 90% of all EOS research and development for RWS is performed in Australia.

Space Systems [SSA]

The EOS Space Systems sector focuses on both commercial and defence requirements for space information. EOS specializes in obtaining space information based on the use of EOS-developed optical instruments and sensors to detect, track, classify and characterise objects in space. This information is required for both military and commercial space applications.

EOS space technology and products have special advantages in cost-effectively addressing the **commercial implications** of space debris, and in particular are aimed at providing risk mitigation [asset management] for satellite proprietors seeking to avoid space collisions.

Space debris is a serious and growing problem for all users of space, with around 300,000 pieces of debris causing navigation hazards in space to thousands of spacecraft. Over \$700 billion of capital investment in space is now at risk at some level from space debris. There is no present means of reliably mitigating this risk for all users, and the combined resources of all space-faring countries do not currently offer a solution.

EOS space debris tracking technology has been developed over 20 years to offer a cost-effective solution to space asset management for major commercial satellite operators. With two satellite collisions with space debris now occurring each year, debris is now a real threat to space commerce. With increased risk to satellites and reduced operating cost from better technology, EOS can now meet most market expectations for the cost of commercial SSA data.

National security concerns with space debris parallel those of the commercial space community. EOS is active in defence space applications also.

EOS is one of the most experienced companies globally in the deployment of passive and active optical tracking sites for space information. It has installed, operated and maintained major space tracking facilities globally for over 25 years.