

Indoor Skydive Australia Group Limited

ACN 154 103 607

ASX/Media Release

Sydney, Australia – 22 May 2014

Operational Update

Indoor Skydive Australia Group Limited (ASX:IDZ) (ISA Group) is pleased to announce that the initial utilisation rates and revenue from Australia's first indoor skydiving facility is in line with management expectations and that early brand recognition is strong.

Penrith Operations

The Penrith indoor skydiving facility opened to the public on 26 April 2014 after successful interim operations. The utilisation of the facility by weekend first time flyers has been particularly strong and reflects the foundations laid through marketing and distribution channels over the last few months. ISA Group has been delighted by the response to the facility and early revenue figures have exceeded our expectations. However, this early trading experience is being monitored closely to understand the impact of early adopter enthusiasm and brand recognition to validate baseline capacity utilisation. Similarly we are working hard on the corporate side of the business and how this will affect tunnel utilisation.

The professional skydivers and military use of the facility has been inline with expectations and consistent with the enthusiasm displayed in October 2013, when the early bird offer made exclusively to professional skydivers sold out in 5 days. Military training programs commenced at the facility on 30 April 2014 and will continue to be provided throughout the year.

The corporate market response has also been very positive with Exact Target conducting the first corporate event on 24 March 2014. The Australian Parachuting Federation is also holding its annual conference at Penrith this week which brings 150 delegates to the area and significant tunnel utilisation after conference hours.

The focus is now turning to tailoring standard solutions for the corporate market, implementing 'value add' programs such as the Junior iFlyer, education and training programs, and converting first time flyers to frequent flyers. These initiatives are designed to increase demand during 'off peak' hours and increase overall tunnel utilisation.

The systems and processes at the facility have all performed well during the initial opening period with no significant issues or setbacks. Some minor fit out works remain to be completed with the key area being the café, upRAW Café & Juice Bar. The café has been operating with a limited menu and the wholesome food and juice offering has been well received. Full operations at the café are expected by the end of May.

The feedback from clients on the customer service has been very impressive and ISA Group is committed to ensuring that the iFly Downunder experience remains at the highest standard possible.

Gold Coast Project

The next facility to proceed to construction will be at Surfers Paradise on the Gold Coast. A tenancy proposal has been entered into for the preferred site and an agreement for lease is expected to be entered into shortly.

The preferred site is located on Surfers Paradise Boulevard which offers high visibility for local and visitor traffic and enables ISA Group to capture part of the tourist market which is almost 12 million visitors per year (*Urbis Report – Pacific Fair 2013*).

Architectural designs are well advanced for the Gold Coast. A 12 foot tunnel catering to the retail/tourist market supported by ancillary services, including retail, appears to provide the best utilisation of the site. The request for development approval will be submitted in June 2014 to enable construction to be commenced prior to an increase in building activity in the area ahead of the 2018 Commonwealth Games. As part of this process key suppliers have been identified as well as a broad construction plan. Initial estimates of the capital costs for the tunnel are between \$9.5m and \$10.5m.

Next Project

ISA Group continues to finalise site identification and selection for facilities in Adelaide, Perth and Melbourne. The next project is likely to overlap the Gold Coast construction and be in either Perth or Adelaide. However, ISA Group remains agile and able to capitalise on potential sites as they are identified across Australia and New Zealand and the region.

Further information is available on the Company's website www.indoorskydiveaustralia.com.au and at www.iflydownunder.com.au.

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About Indoor Skydive Australia Group Limited (ACN: 154 103 607)

Indoor Skydive Australia Group Limited was established in 2011 to build and operate a number of indoor skydiving facilities across our region. These facilities, allowing human flight within a safe environment, are currently used by tourists, skydiving enthusiasts and military throughout the world. Flexible operating hours, low overheads and proven technology are just a few of the highlights that support the company's business model. The Company listed on ASX on 18 January 2013 under the code IDZ.

For further information visit: www.indoorskydiveaustralia.com.au

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