

INDOOR SKYDIVE AUSTRALIA GROUP LIMITED

ABN: 39 154 103 607

**NOTICE OF
MEETING
2014 ANNUAL
GENERAL MEETING**

15 October 2014

Dear Fellow Shareholders,

The second Annual General Meeting (**AGM**) of Indoor Skydive Australia Group Limited (**ISA Group** or the **Company**) will take place on Wednesday 26 November 2014 at iFly Downunder 123 Mulgoa Road Penrith NSW 2750 at 10am (Sydney time). A copy of the Notice of Meeting is attached.

The 2014 financial year was highlighted by the opening of our first indoor skydiving facility at Penrith. I encourage you to visit the facility, it is of world class standard and provides entertainment for spectators and participants alike. The 2014 AGM is being held at the facility and provides an opportunity to meet with directors and senior management and to see the Company's operations in action.

At the AGM, we will consider:

- Our financial and statutory reports for 2014;
- The re-appointment to the Board of Directors of Stephen Baxter and David Murray;
- Approval to allow the Company to issue up to an additional 10% of the Company's issued capital under Listing Rule 7.1A.

Approval to allow the Company to issue up to an additional 10% of the Company's issued capital under Listing Rule 7.1A was also sought at the 2013 AGM. Although the Company has not utilised this capacity to date, we consider it an important tool providing Company with the flexibility and agility to be able to act on opportunities as and when they arise. Accordingly you will be asked to provide approval under Listing Rule 7.1A to enable the Company to issue up to an additional 10% of the Company's issued capital in the 12 months from the date of the AGM. This resolution is a special resolution and requires 75% of votes to be passed.

You will also be asked to cast a non-binding vote in respect of the adoption of the Remuneration Report. The Remuneration Report details ISA Group's remuneration policy and discloses the remuneration of ISA Group's senior executives and Board members. The Remuneration Report can be found in the Directors' Report section of the Annual Report.

All resolutions are explained in more detail in the Notice of Meeting and the Explanatory Memorandum enclosed with this letter. For those shareholders unable to attend the AGM, the results will be released on the ASX as soon as possible after the conclusion of the meeting and be available on our website, www.indoorskydiveaustralia.com.au.

Thank you for your continued support of ISA Group.

Yours sincerely



Lt Gen Ken Gillespie

Chairman

NOTICE OF 2014 ANNUAL GENERAL MEETING

NOTICE is given that the 2014 Annual General Meeting of shareholders of Indoor Skydive Australia Group Limited (the Company) will be held at iFly Downunder, 123 Mulgoa Road, Penrith on Wednesday 26 November 2014 at 10.00 am (Sydney time).

AGENDA

A. Reports and Accounts

To receive and consider the Financial Report, the Director's Report and the Auditor's Report for the year ended 30 June 2014.

Unless the Company's Share Registry has been notified otherwise, shareholders **will not** be sent a hard copy of the annual report. All shareholders can view the annual report, which contains the financial report for the year ended 30 June 2014 on the Company's website, www.indoorskydiveaustralia.com.au.

B. Questions and Comments

Following the consideration of the reports, the Chairman will give shareholders a reasonable opportunity to ask questions about, or comment on, the management of the Company. The Chairman will also give shareholders a reasonable opportunity to ask the auditor questions relevant to:

- (a) The conduct of the audit;
- (b) The preparation and content of the independent audit report;
- (c) The accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) The independence of the auditor in relation to the conduct of the audit.

The Chairman will also give the auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the independent audit report or the conduct of the audit. A list of written questions, if any, submitted by shareholders will be made available at the start of the AGM and any written answer tabled by the auditor at the AGM will be made available as soon as practicable after the AGM.

C. Items for Approval

1. Re-election of Stephen Baxter

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

"That Stephen Baxter, who retires in accordance with clause 11.5(a) of the Company's Constitution and Listing Rule 14.4, and having offered himself for re-election and being eligible, is hereby re-elected as a Director of the Company."

2. Re-election of David Murray

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

"That David Murray, who retires in accordance with clause 11.4(b) of the Company's Constitution and Listing Rule 14.4, and having offered himself for re-election and being eligible, is hereby re-elected as a Director of the Company."

3. Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an advisory resolution of the Company:

“That, the Remuneration Report of the Company for the financial year ended 30 June 2014 is adopted.”

In accordance with section 250R of the *Corporations Act 2001 (Cth)* (Corporations Act), the vote on this resolution will be advisory only.

4. Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A (Special Resolution)

To consider and, if thought fit, to pass the following resolution as a special resolution:

“That, pursuant to and in accordance with ASX Listing Rule 7.1A, and for all other purposes, the issue of securities in the Company of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, over a 12 month period from the date of the Annual General Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions in the Explanatory Memorandum, be and is hereby approved.”

VOTING EXCLUSION STATEMENT

Resolution 1

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in respect of Resolution 1 by Stephen Baxter and his associates. However, the Company need not disregard a vote cast on the resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in respect of Resolution 2 by David Murray and his associates. However, the Company need not disregard a vote cast on the resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 3

The Corporations Act restricts the Key Management Personnel (KMP) of the Company and their closely related parties from voting on Resolution 2 (Remuneration Report). Closely related party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by the KMP. The KMP of the Company are set out in the Remuneration Report.

The Company will disregard any votes cast on Resolution 2:

- by or on behalf of a KMP named in the Company's Remuneration Report or their closely related parties (regardless of the capacity in which the votes are cast), or
- as proxy by a person who is a KMP on the date of the AGM or their closely related parties.

However, the company need not disregard a vote on Resolution 3 if the vote is cast by a person as proxy for a person entitled to vote:

- in accordance with a direction on the proxy form; or
- by the person chairing the meeting, in accordance with an express authorisation in the proxy forms to exercise the proxy even though the resolution is connected with the remuneration of the Company's KMP.

Resolution 4

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in respect of Resolution 4 by a person and any associates of that person who:

- may participate in the issue; and
- might obtain a benefit if this Resolution is passed, except a benefit solely in their capacity as a shareholder if the resolution is passed.

However, the Company need not disregard a vote cast on the resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Important Note: The proposed allottees of any placement pursuant to resolution 4 are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case here), Shareholders must consider the resolution on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

By order of the Board



Fiona Yiend

Company Secretary

Date: 15 October 2014

These notes form part of the Notice of Meeting.

VENUE

A meeting of the shareholders of Indoor Skydive Australia Group Limited will be held at 10.00am (Sydney time) on Wednesday 26 November 2014 at:

*iFLY Downunder
123 Mulgoa Road
Penrith NSW 2750*

BACKGROUND INFORMATION

To assist you in deciding how to vote on the above resolutions, background information to the resolutions are set out in the Explanatory Memorandum forming part of the Notice of Meeting.

ENTITLEMENT TO ATTEND AND VOTE

In accordance with Reg 7.11.37 of the Corporations Regulations 2001, the Board has determined that persons who are registered holders of shares of the Company as at 7 pm (Sydney Time) on 24 November 2014 will be entitled to attend and vote at the AGM as a shareholder. This means that if you are not the registered holder of a share in the Company at that time you are not entitled to attend or vote at the AGM.

If more than one joint holder of shares is present at the AGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

HOW TO VOTE

You may vote by attending the meeting in person, by proxy or by an authorised representative. You may also vote online at www.votingonline.com.au/idzagm2014.

VOTING IN PERSON

To vote in person, attend the meeting on Wednesday 26 November 2014 at the venue above. The meeting will commence at 10.00am (Sydney time). Shareholders are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that the Company may check their shareholding against the Company's share register and note attendances.

VOTING BY PROXY

A Shareholder who is entitled to attend and cast a vote at the meeting may appoint a person as the Shareholder's proxy to attend and vote for the Shareholder at the meeting. The person appointed as the Shareholder's proxy may be an individual or a body corporate and is not required to be a shareholder. The appointment may specify the proportion or number of votes that the proxy may exercise. If a Shareholder is entitled to cast 2 or more votes at the meeting, the Shareholder may appoint 2 proxies and may specify the proportion or number of votes each proxy may exercise. If the Shareholder appoints 2

proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, proxy may exercise half the votes.

Where two proxies are appointed a separate form should be used for each. Shareholders are requested to show on the form a specified proportion of the Shareholder's voting rights which the proxy may exercise.

A shareholder who is entitled to vote on a resolution may direct their proxy how to vote on the resolution by following the instructions on the proxy form that accompanies this Notice of Meeting. A proxy may decide whether or not to vote on any proposed resolution, except where required by law or the Company's Constitution to vote. If the shareholder appointing the proxy:

- Directs the proxy how to vote on a proposed resolution, then the proxy may vote on that resolution only in the way directed or
- Does not direct the proxy how to vote on a proposed resolution, then the proxy may vote on that resolution as the proxy thinks fit, subject to any voting exclusion that apply to the proxy.

If a shareholder appoints the Chairman of the AGM as proxy, or the Chairman is appointed by default, and the Chairman is not directed as to how to vote on an item of business, then, on the vote for that item, the Chairman intends to vote all available proxies for that shareholder in favour of that item of business. Please note that if the Chairman of the AGM is a shareholder's proxy and the shareholder does not direct him how to vote on Resolution 3 (Remuneration Report), then by signing and returning the proxy form the shareholder will be expressly authorising the Chairman to exercise their proxy on Resolution even though it is connected with the remuneration of the Company's KMP.

If a shareholder does direct the Chairman how to vote on an item of business, the Chairman how to vote on an item of business the Chairman must vote on a poll in accordance with the direction.

If you wish to vote by proxy, please complete and sign the relevant proxy form enclosed with this Notice of Meeting as soon as possible and either:

- return the proxy form by post to Boardroom Pty Limited, GPO Box 3993, Sydney, NSW 2001; or
- send the proxy form by facsimile to Boardroom Pty Limited on facsimile number +61 2 9290 9655;
- deliver the proxy in person to Boardroom Pty Limited at Level 7, 207 Kent Street, Sydney NSW 2000

so that it is received not later than 10.00am (Sydney time) on Monday 24 November 2014.

To be valid, the proxy form must be received by Boardroom Pty Limited, Level 7, 207 Kent Street, Sydney, NSW, 2000 or GPO Box 3993, Sydney, NSW 2001, sent to fax No (+61) (2) 9290 9655, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Proxies received after that time will not be effective.

Your proxy form is enclosed

CORPORATE REPRESENTATIVE

A body corporate that is a shareholder, or that has been appointed as a proxy of a shareholder, may appoint an individual to act as its representative at the AGM. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including the authority under which the appointment is signed, unless that evidence has been previously been given to the Company. Certificates of appointment or corporate representatives are available on request by contacting Boardroom Pty Limited.

QUESTIONS FROM SHAREHOLDERS

If you wish to put a question the Chairman of the AGM or auditor you may submit the question to the registry prior to the meeting. Questions should relate to matters that are relevant to the business of the AGM, as outlined in this Notice of Meeting and the attached Explanatory Memorandum. Questions that are relevant to:

- the contents of the auditor's report; or
- the conduct of the audit of the Company's financial report,

may be addressed to the Company's auditor.

To assist the Company and the auditor of the Company to collate and respond to any questions, questions must be received no later than 12.00 Noon (Sydney time) on Wednesday 19 November 2014. To submit a question:

By mail: Boardroom Pty Limited, GPO Box 3993, Sydney, NSW 2001

By Facsimile: (within Australia) (02) 9290 9655

In person at the Registry: Boardroom Pty Limited

Level 7, 207 Kent Street

Sydney, NSW, 2000

Email: enquiries@boardroomlimited.com.au

EXPLANATORY MEMORANDUM

Please refer to the Explanatory Memorandum attached to this Notice of Meeting for further details in relation to the items of business set out in this Notice. The purpose of the Explanatory Memorandum is to provide shareholders with information that is reasonably required to decide how to vote upon the resolutions. The Directors recommend that shareholders read the Explanatory Memorandum before determining whether to not to support the resolutions.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice of Meeting.

FINANCIAL AND STATUTORY REPORTS

The financial report and the reports of the Directors and of the auditor for the financial year ended 30 June 2014 will be laid before the AGM, as required by section 317 of the Corporations Act. The Corporations Act does not require a vote of shareholders on these reports.

The Company's 2014 Annual Report (which includes the Directors', auditors' and financial reports) is available on the Company's website, www.indoorskydiveaustralia.com.au.

Resolution 1: Re-election of Stephen Baxter

Mr Baxter retires by rotation pursuant to the Company's Constitution and Listing Rule 14.4 and, being eligible, offers himself for re-election as a Director. The Company's Constitution provides that one third of the directors of the Company other than the managing director must resign each year at the AGM on a rotating basis. The directors who resign are eligible to stand for re-election.

Former Regular Army electronics technician turned successful entrepreneur, Steve is the founder of early Internet Provider SE Net and co-founder of Australia's premier competitive telecommunications infrastructure company, Pipe Networks Ltd (ASX:PWK). In 2008 he moved to the USA and joined Google Inc (NASDAQ:GOOG) deploying high speed telecommunication infrastructure, before returning to Australia. He has been a Director on several successful ASX listed companies boards and is an Australian success story with extensive experience in successful start-up and listed companies. He is also founder of Brisbane based not-for-profit River City Labs - an early stage and start-up coworking space for tech and creative companies.

The Directors, with Mr Baxter abstaining, unanimously recommend that shareholders vote in favour of this resolution.

Resolution 2: Re-election of David Murray

Mr Murray retires pursuant to the Company's Constitution and Listing Rule 14.4 and, being eligible, offers himself for re-election as a Director. The Company's Constitution provides that any director who is appointed during the year must retire at the next AGM after their appointment. Directors required to retire under this rule are eligible to stand for re-election at the AGM.

David Murray was appointed a director of ISA Group on 3 February 2014. Former CEO of Commonwealth Bank of Australia and Chairman of the Australian Government Future Fund, David has over 40 years' experience in banking and financial services. David was appointed an Officer of the Order of Australia in 2007 for services to the finance sector nationally and internationally through strategic leadership and policy development, to education through fostering relations between educational institutions, business and industry and to the community as a supporter and fundraiser. David is Chairman of the Butterfly Foundation.

The Directors, with Mr Murray abstaining, unanimously recommend that shareholders vote in favour of this resolution.

Resolution 3: Adoption of Remuneration Report

Section 250R(2) of the Corporations Act 2001 requires shareholders to vote on an advisory resolution that the Remuneration Report be adopted. The Remuneration Report is set out in the Directors Report from page [x] of the 2014 Annual Report.

The Remuneration Report:

- Explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- Explains the relationship between the Board's remuneration policy and the Company's performance;
- Sets out the remuneration details for each director and the most highly remunerated senior executives of the Company;
- Details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

The Chairman will give shareholders a reasonable opportunity to ask questions or make comments on the report.

The vote on the Remuneration Report is advisory only and does not bind the Directors or the Company. However the Directors will take into account the discussions on this item, and the outcome of the vote when considering the future remuneration arrangements of the Company.

Resolution 4: Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A (Special Resolution)***General***

As we are committed to a strong growth phase, the Company would like to have the flexibility and agility to be able to act on opportunities as and when they arise. ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities (as that term is defined in the ASX Listing Rules) up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity and is seeking shareholder approval to give the Company the flexibility offered by ASX Listing 7.1A.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer below).

The Company may use funds raised from any placement under this 10% Placement Facility to deliver on its commitment to operate additional indoor skydiving facilities across Australia, New Zealand and Asia and for general working capital requirements. The flexibility the 10% Placement Facility provides will enable the Company to take advantage of opportunities as they arise and to deliver shareholder value.

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that shareholders vote in favour of this resolution

Description of ASX Listing Rule 7.1A***Shareholder approval***

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of the Notice, has on issue one class of Equity Securities, ordinary shares.

Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of the issue or agreement:

- plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the 12 months;
- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 and 7.4;
- less the number of fully paid shares cancelled in the 12 months.

Note that A is has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

ASX Listing Rule 7.1 and ASX Listing Rule 7.1A

The ability of an entity to issue Equity Securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

At the date of this Notice, the Company has on issue 88,239,378 Shares and therefore has the capacity to issue:

- 13,235,907 Equity Securities under ASX Listing Rule 7.1; and
- Subject to Shareholder approval being granted under Special Resolution, 8,823,938 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer above).

Minimum Issue Price

The issue price of Equity Securities issued under ASX Listing Rule 7.1A must be not less than 80% of the VWAP of Equity Securities in the same class calculated over the 5 Trading Days immediately before:

- the date on which the price at which the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 Trading Days of the date above, the date on which the Equity Securities are issued.

10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- the date of the approval by shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

ASX Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under ASX Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific Information required by ASX Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- The Equity Securities will be issued at an issue price of not less than 80% of the VWAP for the Company's Equity Securities over the 5 Trading Days immediately before:
 - the date on which the price at which the Equity Securities are to be issued is agreed; or
 - if the Equity Securities are not issued within 5 Trading Days of the date above, the date on which the Equity Securities are issued.
- If Resolution 4 is approved by the Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of unlisted options, only if the unlisted options are exercised). There is a risk that:
 - the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current issued shares and the current market price of Shares calculated in accordance with the formula in ASX Listing Rule 7.1A(2) as at the date of this Notice of Meeting.

The table also shows:

- two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary shares the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		\$0.34 50% decrease in deemed price	\$0.68 Deemed price	\$1.36 100% increase in deemed price
Current Variable A 88,239,378 shares	10% Voting Dilution	8,823,938 shares	8,823,938 shares	8,823,938 shares
	Funds raised	\$3,000,138.92	\$6,000,277.94	\$12,000,555.68
50% increase in Variable A 132,359,067 shares	10% Voting Dilution	13,235,907 shares	13,235,907 shares	13,235,907 shares
	Funds raised	\$4,500,208.38	\$9,000,416.76	\$18,000,833.52
100% increase in Variable A 176,478,756 shares	10% Voting Dilution	17,647,876 shares	17,647,876 shares	17,647,876 shares
	Funds raised	\$6,000,278	\$12,000,555.68	\$24,001,111.36

The table has been prepared on the following assumptions:

- The Company issues the maximum securities available under the ASX Listing Rule 7.1A being 10% of the Company's shares on issue at the date of the Meeting;
- The Convertible Note Loan Facility does not convert;
- The table does not demonstrate an example of dilution that may be caused to a particular shareholder by reason of placements under ASX Listing Rule 7.1A, based on that shareholder's holding at the date of the Meeting;
- The table only demonstrates the effect of issues of securities under ASX Listing Rule 7.1A. It does not consider placements made under ASX Listing Rule 7.1, the "15% rule";
- The price of ordinary securities is deemed for the purposes of the table above to be \$0.68, being the closing price of the Company's listed securities on ASX on 8 July 2014 (Deemed Price). The Deemed Price is indicative only and does not consider the 20% discount to market that the securities may be placed at;
- The table does not demonstrate the effect of listed or unlisted options being issued under ASX Listing Rule 7.1A, it only considers the issue of the fully paid ordinary securities.
- The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities or ASX Listing Rule 11.2 (disposal of main undertaking).
- The Company may seek to issue the Equity Securities for the following purposes:
 - non-cash consideration for the acquisition of new resources, assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
 - cash consideration. In such circumstances, the Company intends to use the funds raised towards the Company's rapid expansion and/or general working capital, or if applicable,

towards the acquisition of new assets (such as indoor skydiving technology) or investments (including expense associated with such acquisition).

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:

- the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- the effect of the issue of the Equity Securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company were to pursue an acquisition and were it to be successful in acquiring new resources assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

- The Company has previously obtained Shareholder approval under ASX Listing Rule 7.1A but has not issued any securities under ASX Listing Rule 7.1A.
- A voting exclusion statement is included in the Notice of Meeting to which this Explanatory Memorandum relates. At the date of that Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The Directors unanimously recommend Shareholders vote in favour of Special Resolution 4.

All Correspondence to:

 **By Mail** Boardroom Pty Limited
 GPO Box 3993
 Sydney NSW 2001 Australia

Level 7, 207 Kent Street,
 Sydney NSW 2000 Australia

 **By Fax:** +61 2 9290 9655

 **Online:** www.boardroomlimited.com.au

 **By Phone:** (within Australia) 1300 737 760
 (outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am AEDT on Monday 24 November 2014.**

TO VOTE ONLINE

STEP 1: VISIT www.votingonline.com.au/idzgm2014

STEP 2: Enter your holding/investment type:

STEP 3: Enter your Reference Number:

STEP 4: Enter your Voting Access Code (VAC):

PLEASE NOTE: For security reasons it is important you keep the above information confidential.

BY SMARTPHONE



Scan QR Code using smart phone or
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

(a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person.

Please indicate the office held by signing in the appropriate place.


STEP 4 LODGEMENT


Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am AEDT on Monday 24 November 2014**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

 **Online** www.votingonline.com.au/idzgm2014

 **By Fax** + 61 2 9290 9655

 **By Mail** Boardroom Pty Limited
 GPO Box 3993,
 Sydney NSW 2001 Australia

 **In Person** Level 7, 207 Kent Street,
 Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Indoor Skydive Australia Group Limited

ACN 154 103 607

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Indoor Skydive Australia Group Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **iFly Downunder, 123 Mulgoa Road Penrith NSW 2750 on Wednesday 26 November 2014 at 10:00am AEDT** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

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If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Resolution 3, please place a mark in the box.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of Resolution 3 and that votes cast by the Chair of the meeting for this resolution other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolution 3 and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To re-elect Mr Stephen Baxter as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To re-elect Mr David Murray as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	To Approve the Issue of an Additional 10% of the Issued Capital of the Company under Listing Rule 7.1A (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2014