

INDOOR SKYDIVE AUSTRALIA GROUP LIMITED

ABN: 39 154 103 607



NOTICE OF MEETING

2017 ANNUAL GENERAL MEETING



ISA GROUP
INDOOR SKYDIVE AUSTRALIA GROUP

NOTICE OF 2017 ANNUAL GENERAL MEETING

NOTICE is given that the 2017 Annual General Meeting of shareholders of Indoor Skydive Australia Group Limited (**ISA Group** or the **Company**) will be held at iFly Downunder, 123 Mulgoa Road, Penrith on Tuesday 21 November 2017 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 2017.

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 2017 on the Company's website, www.indoorskydive.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 practical after the AGM.

C. Items for Approval

1. Re-election of Steve Baxter

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

"That Steve 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. Appointment of Auditor

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

"That, in accordance with section 327B(1)(a) of the Corporations Act 2001 (Cth) and for all other purposes, Grant Thornton Audit Pty Ltd having been nominated by a shareholder and consented in writing to act in the capacity of Auditor, be appointed as the Auditor of Indoor Skydive Australia Group Limited."

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 2017 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."

5. Adoption of Employee Option Plan

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

"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Indoor Skydive Australia Group Limited Employee Option Plan and for the issue of securities under than Plan, on the terms and conditions set out in the Explanatory Statement."

6. Ratification of Issue of Options to Eligible Employees

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval is given for the issue of 1,950,000 Incentive options to Eligible Employees under the Indoor Skydive Australia Group Limited Employee Option Plan, on the terms and conditions set out in the Explanatory Statement."

7. Issue of Incentive Options – Wayne Jones

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

"That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.14, and for all other purposes, approval is given for the issue of 1,100,000 Incentive Options to Wayne Jones (and/or his nominee) under the Indoor Skydive Australia Group Limited Employee Option Plan as set out in the Explanatory Statement."

8. Issue of Incentive Options – Danny Hogan

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

"That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.14, and for all other purposes, approval is given for the issue of 1,100,000 Incentive Options to Danny Hogan (and/or his nominee) under the Indoor Skydive Australia Group Limited Employee Option Plan as set out in the Explanatory Statement."

Resolution 1

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in respect of Resolution 1 by Steve 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 3

The Corporations Act restricts the Key Management Personnel (**KMP**) of the Company and their closely related parties from voting on Resolution 3. 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 3:

- 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 5 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.

Resolution 5

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in respect of Resolution 5 by any director who is eligible to participate in the employee incentive scheme and their 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 6

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in respect of Resolution 6 by any person who participated in the issue the subject of this Resolution and any person associated with those persons. 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.

Resolutions 7 and 8

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in respect of Resolutions 7 and 8 by any director who is eligible to participate in the employee incentive scheme and their 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.

By order of the Board



Fiona Yiend

Company Secretary

Date: 4 October 2017

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 Tuesday 21 November 2017 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 19 November 2017 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/idzagm2017.

VOTING IN PERSON

To vote in person, attend the meeting on Tuesday 19 November 2017 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 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 3 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 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 Grosvenor Place, Level 12, 225 George Street, Sydney NSW 2000

so that it is received not later than 10.00am (Sydney time) on Sunday 19 November 2017.

To be valid, the proxy form must be received by Boardroom Pty Limited, Grosvenor Place, Level 12, 225 George Street, Sydney, NSW, 2000 or GPO Box 3993, Sydney, NSW 2001, sent to fax (+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 to 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 Tuesday 14 November 2017. 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
Grosvenor Place
Level 12, 225 George Street
Sydney, NSW, 2000

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 2017 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 2017 Annual Report (which includes the Directors', Auditors' and financial reports) is available on the Company's website, www.indoorskydive.com.au.

Resolution 1: Re-election of Steve Baxter

Steve 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 Australian Regular Army electronics technician turned successful entrepreneur, Steve is the founder of early Internet Provider SE Net and co-founder of telecommunications infrastructure company, Pipe Networks Ltd. In 2008 he moved to the USA and joined Google Inc deploying high speed telecommunication infrastructure, before returning to Australia.

Steve is known for his entrepreneurial skills and appears on the popular TV show “Shark Tank”. He is the founder of Brisbane based not-for-profit River City Labs - an early stage and start-up co-working space for tech and creative companies. Steve is a former director of ASX listed, Other Levels Limited (resigned 31 December 2016) and Vocus Communications Limited (resigned 22 February 2016).

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

Resolution 2: Appointment of Auditor

Resolution 2 seeks shareholder approval for the appointment of Grant Thornton Audit Pty Ltd (Grant Thornton) as the auditor of the Company.

Grant Thornton were appointed auditor of the Company on 24 January 2017 following the completion of a competitive audit tender. In accordance with section 327C of the Corporations Act, Grant Thornton holds office until the next annual general meeting at which time shareholder approval of the auditor is required.

In accordance with section 328B of the Corporations Act which requires a member of the Company to nominate the auditor, Sector West Pty Ltd, a company associated with Chairman, Ken Gillespie, has nominated Grant Thornton. A copy of the nomination of Grant Thornton is included in this notice of meeting as Schedule 1 as required by the Corporations Act.

Grant Thornton has given its consent to act as the Company’s auditor and has not withdrawn that consent.

The Directors unanimously recommend that shareholders vote in favour of this resolution.

Resolution 3: Adoption of Remuneration Report

Listed companies, such as Indoor Skydive Australia Group Limited, are required to provide detailed disclosures of director and senior executive remuneration in the Remuneration Report which forms part of Directors 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 of the 2017 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. 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)***Why shareholder approval is being sought?***

The Company requests approval to utilise Listing Rule 7.1A so that it has the flexibility to act on opportunities as and when they arise. Approval under Listing Rule 7.1A does not create an obligation on the Company to issue shares under the rule, rather it gives the Company the option to do so.

ASX Listing Rule 7.1A allows eligible companies to issue an additional 10% of the issued capital of the Company over a 12 month period provided that prior approval is received from shareholders at the Annual General Meeting. This issue is in addition to the ability to issue 15% of the Company's issued capital under Listing Rule 7.1.

The Company is seeking approval to give it flexibility rather than in relation to a specific contract or opportunity. Approval under Listing Rule 7.1A was granted by shareholders at the 2013, 2014 and 2015 Annual General Meetings and has only been utilised once as set out below.

General

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. 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 act on opportunities to build, invest in, operate or manage additional indoor skydiving facilities 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

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 quoted 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 to issue:

- 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 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 136,696,514 shares and therefore has the capacity to issue a maximum of:

- 18,477,576 Equity Securities under ASX Listing Rule 7.1; and
- Subject to Shareholder approval being granted under Special Resolution, 12,318,384 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

Any equity securities issued under rule 7.1A.2 must be in an existing quoted class of the eligible entity's equity securities and the issue price of each such security must be no less than 75% of the volume weighted average market price for the securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (a) The date on which the price at which the securities are to be issued is agreed; or
- (b) If the securities are not issued within 5 trading days of the date in paragraph (a), the date on which the 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 75% of the volume weighted average price (**VWAP**) for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded 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 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 approval under Listing Rule 7.1A; 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		
		\$0.12 <i>50% decrease in deemed price</i>	\$0.24 <i>Deemed price</i>	\$0.48 <i>100% increase in deemed price</i>
Current Variable A 136,696,514 shares	10% Voting Dilution	13,669,651 shares	13,669,651 shares	13,669,651 shares

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		<i>\$0.12</i> <i>50% decrease in deemed price</i>	<i>\$0.24</i> <i>Deemed price</i>	<i>\$0.48</i> <i>100% increase in deemed price</i>
	Funds raised	\$1,640,354	\$3,280,716	\$6,561,433
50% increase in Variable A 205,044,771 shares	10% Voting Dilution	20,504,477 shares	20,504,477 shares	20,504,477 shares
	Funds raised	\$2,460,537	\$4,921,075	\$9,842,149
100% increase in Variable A 273,393,028 shares	10% Voting Dilution	27,339,303 shares	27,339,303 shares	27,339,303 shares
	Funds raised	\$3,280,716	\$6,651,433	\$13,122,865

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 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 \$0.24, being the closing price of the Company's listed securities on ASX on 21 August 2017 (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 obtained Shareholder approval under ASX Listing Rule 7.1A at each Annual General Meeting since 2013. The Company issued securities under ASX Listing Rule 7.1A in accordance with the 2013 approval only.

In the last 12 months the Company has made the following issues which have all been in the same class, fully paid ordinary shares ranking equally with existing shares on issue:

- 783,712 ordinary shares issued to the executive directors for nil consideration on the exercise of performance rights in accordance with the ISA Group Performance Rights Plan pursuant to Listing Rule 7.2 Exception 9 on 23 September 2016;
- 13,157,895 ordinary shares issued to a small number of existing and new institutional and sophisticated investors for consideration of \$0.38 per share (being a discount of 13% to the close price on the day of issue) pursuant to a placement under Listing Rule 7.1 on 8 December 2016;
- 1,750,014 ordinary shares issued to existing shareholders of the Company for consideration of \$0.38 per share (being a discount of 8% to the close price on the day of issue) under a Share Purchase Plan pursuant to Listing Rule 7.2 Exception 15 on 21 December 2016;
- 354,781 ordinary shares issued to the executive directors for nil consideration on the exercise of performance rights in accordance with the ISA Group Performance Rights Plan on 26 July 2017; and
- 457,108 ordinary shares issued to eligible employees for nil consideration on the exercise of performance rights in accordance with the ISA Group Performance Rights Plan pursuant to Listing Rule 7.2 Exception 9 on 26 July 2017.

The funds raised under the placement and share purchase plan detailed above were used to provide working capital for Australian and South East Asian Projects, strengthen cash reserves and foreign exchange risk mitigation.

- 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.

Resolution 5: Adoption of Employee Option Plan

Resolution 5 seeks shareholder approval of the employee incentive scheme titled Indoor Skydive Australia Group Limited Employee Option Plan (**Plan**) in accordance with Listing Rule 7.2 Exception (9b). This is the first approval sought under Listing Rule 7.2 Exception 9(b) with respect to the Plan.

On 24 August 2017 1,950,000 Options were issued under the Plan (see Resolution 6 for further information.) Also on 24 August 2017 the Company agreed to issue 1,100,000 Options to each of Wayne Jones and Danny Hogan subject to obtaining shareholder approval (see Resolutions 7 and 8 for further information.)

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to issue securities under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

The objective of the Plan is to attract, motivate and retain executive directors, management and key employees and it is considered by the Company that the adoption of the Plan and the future issue of Options under the Plan will provide selected executive directors, management and employees with the ability to participate in the future growth of the Company.

Any future issues of securities under the Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 7 to 8 for the issue of Options to executive directors pursuant to the Plan.

A summary of the key terms and conditions of the Plan is set out in Schedule 2. In addition, a copy of the Plan is available for review by shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to shareholders upon request to the Company Secretary (Fiona Yiend). Shareholders are invited to contact the Company if they have any queries or concerns.

Resolution 6: Ratification of Issue of Options to Eligible Employees

Resolution 6 seeks approval for the ratification of a total of 1,950,000 Employee Options which were issued under the Plan to Eligible Employees on 24 August 2017.

Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of the ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 sets out the procedure and effect of Shareholder approval of a prior issue of securities and provides that where shareholders in general meeting ratify a previous issue of securities made without approval under Listing Rule 7.1, provided that the previous issue of securities did not breach ASX Listing

Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Listing Rule 7.5 requires that the following information be provided to the shareholders in relation to obtaining approval of Resolution 6 for the purposes of Listing Rule 7.4:

- (a) 1,950,000 Employee Options have been issued pursuant to the terms of the Plan.
- (b) The Employee Options have been issued for nil cash consideration.
- (c) Full terms of the Employee Options are set out in Schedule 3.
- (d) The Employee Options have been issued as an incentive and reward for eligible employees of the Company and in recognition of their contribution to the Company to date.
- (e) No funds will be raised from the issue of the Employee Options.

The Directors unanimously recommend you vote in favour of Resolution 6.

Resolutions 7 and 8: Issue of Incentive Options to Wayne Jones and Danny Hogan

General

On 24 August 2017 the Company agreed, subject to obtaining Shareholder approval, to issue a total of 2,200,000 Options (**Incentive Options**) to Wayne Jones and Danny Hogan (together **the Executive Directors**) pursuant to the Plan and on the terms and conditions set out below. Approval is being sought pursuant to section 208 of the Corporations Act and Listing Rule 10.14

Wayne Jones and Danny Hogan are both entitled to participate in the Plan. The terms and conditions of the Incentive Options are identical to the terms and conditions of the Employee Options the key terms of which are summarised in Schedule 3.

Background

The Incentive Options contemplated by Resolutions 7 and 8 will be issued to the Executive Directors to align the long term goals of the Executive Directors with that of shareholders and to establish an incentive for the Executive Directors to provide ongoing dedicated services to the Company. These Incentive Options are intended to provide remuneration to the Executive Directors (and/or their nominees) that is linked to the performance of the Company. The benefit would only be received from the Incentive Options upon the Share price exceeding the exercise price of the Incentive Options and thereby warranting their exercise.

Under the Company's current circumstances, the Directors consider that the incentive noted above, represented by the issue of Incentive Options, is a cost effective and efficient reward and incentive to provide the Executive Directors, as opposed to alternative forms of incentive such as the payment of cash compensation only.

Section 208 of the Corporations Act

Section 208 of the Corporations Act states that a public company cannot give a "financial benefit" (including an issue of shares and options) to a "related party" of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting.

Each of the Executive Directors is a related party of the Company within the meaning specified under section 228 of the Corporations Act. Further, the provision of the Incentive Options constitutes a financial benefit within the meaning of section 229 of the Corporations Act. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of the Incentive Options on the

terms set out in Resolutions 7 and 8 to the Executive Directors (and/or their nominees) as related parties of the Company.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolutions 7 and 8:

- (a) the related parties are Wayne Jones and Danny Hogan who are related parties by virtue of being directors of the Company;
- (b) the maximum number of Incentive Options (being the nature of the financial benefit being provided) to be granted to the Executive Directors is:
 - (i) 1,100,000 Incentive Options to Wayne Jones;
 - (ii) 1,100,000 Incentive Options to Danny Hogan;
- (c) The financial benefit (being the Incentive Options) has been valued as follows:

	First Tranche	Second Tranche	Total
Wayne Jones	\$40,078.23	\$40,078.23	\$80,156.46
Danny Hogan	\$40,078.23	\$40,078.23	\$80,156.46

The Incentive Options have been valued using a Black Scholes option pricing model updated to reflect the volume weighted average price of ISA Group shares traded on the ASX during the 7 day period up to and including 24 August 2017. The following assumptions have been used in the model:

Assumptions

Valuation Date	28 August 2017
Exercise Price	\$0.35 being 145% premium to the volume weighted average price of shares traded on the ASX during the 7 day period up to and including 24 August 2017.
Expiry Date	23 August 2021
Risk Free Interest Rate	2.66% being the 10 year government bond rate as at 16 August 2017.
Volatility	Future estimated share price volatility level of 50% has been used in determining the value of the Options.

- (d) Details of the Executive Directors annualised fixed remuneration as set out in the 2017 Remuneration Report is as follows:

	Salary	Non-Monetary	Superannuation	Total
Wayne Jones	208,725	8,943	19,829	237,497
Danny Hogan	208,725	16,020	19,829	244,574

- (e) The terms and conditions of the Incentive Options are identical to the terms and conditions of the Employee Options the key terms of which are summarised in Schedule 3.

- (f) If all of the Director Incentive Options under Resolutions 7 and 8 were exercised, and no other shares were issued by the Company, the shareholding of existing shareholders would, based on the current issued capital of the Company, be diluted by approximately 1.6%.
- (g) The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Incentive Options.
- (h) No funds will be raised from the issue of the Incentive Options. Funds raised in the event of exercise of the Incentive Options will be applied towards working capital requirements or in any other manner that the Board considers appropriate at the relevant time. However, there is no guarantee that any of the Incentive Options will be exercised at any future time.
- (i) Each Executive Director, as a recipient of the Incentive Options, has a material personal interest in the outcome of the Resolution that applies specifically to him. No Director has a material personal interest in the outcome of Resolutions 7 and 8 other than in respect of the proposed issue of Incentive Options to him or his nominee.
- (j) See below for the Director's Recommendation

Listing Rule 10.14

ASX Listing Rule 10.14 provides that a company must not issue equity securities to a director or an associate of a director of the company under an employee incentive scheme without the approval of holders of ordinary securities, or to a person whose relationship with the company or a related party of the company is, in ASX's opinion, such that approval should be obtained. Further, ASX Listing Rule 7.2 (Exception 14) states that approval pursuant to ASX Listing Rule 7.1 is not required if shareholder approval is obtained under ASX Listing Rule 10.14.

The Executive Directors are related parties of the Company within the definition specified in ASX Listing Rule 19.12. Accordingly, Shareholder approval is sought under ASX Listing Rule 10.14 to permit the issue of 2,200,000 Incentive Options to the Executive Directors (and/or their nominees) as related parties of the Company on the terms set out in this Explanatory Statement and Schedule 3.

The issue of the Incentive Options under Resolutions 7 and 8 will not affect the capacity of the Company to issue securities in the next 12 months under ASX Listing Rule 7.1, as those Incentive Options (once issued) will be excluded from the calculations under ASX Listing Rule 7.1.

For the purposes of Listing Rule 10.14, the following information is provided to shareholders in relation to Resolutions 7 and 8:

- (a) the maximum number of Incentive Options to be granted to the Executive Directors is:
 - (i) 1,100,000 Incentive Options to Wayne Jones;
 - (ii) 1,100,000 Incentive Options to Danny Hogan;
- (b) The Incentive Options are issued for no cash consideration. The terms of the Incentive Options are identical to the Employee Options the key terms of which are set out in Schedule 3.
- (c) No persons referred to in Listing Rule 10.14 have received any securities under the Plan.
- (d) The Executive Directors, Wayne Jones and Danny Hogan, are the only persons referred to in Listing Rule 10.14 entitled to participate in the Incentive Options under the Plan.
- (e) No loan has been provided to the Executive Directors with respect to the Incentive Options.
- (f) The Incentive Options will be issued as soon as possible after the Annual General Meeting and in any event, no later than 12 months after the Annual General Meeting (or such later date to the extent permitted by any ASX waiver of the ASX Listing Rules).

Directors Recommendations

The primary purpose of the grant of the Incentive Options to the Executive Directors is to provide a performance linked incentive component in the remuneration package for the Executive Directors to

motivate and reward the performance of the Executive Directors in their respective roles as executives of the Company.

Each Executive Director, as a recipient of the Incentive Options, has a material personal interest in the outcome of the Resolution that applies specifically to him. No Director has a material personal interest in the outcome of Resolutions 7 and 8 other than in respect of the proposed issue of Incentive Options to him or his nominee.

Resolution 7

Wayne Jones expresses no opinion and makes no recommendation in respect of the issue of the Incentive Options to him (and/or his nominee) as he has a material personal interest in the outcome of Resolution 7.

Each of the other Directors recommend that shareholders vote in favour of the issue of the Incentive Options to Wayne Jones (and/or his nominee) for the reasons set out in this Explanatory Statement and on the basis that, in their opinion, the proposed issue of Incentive Options:

- (i) provides a long-term incentive to Wayne Jones linked to the future success of the Company;
- (ii) is a fair and reasonable alternative to additional cash payment for performance;
- (iii) recognises the contribution Wayne Jones has and will continue to make to the Company; and
- (iv) is in line with the remuneration benefits paid to other executive directors of other companies operating in the Company's industry and business environment.

Resolution 8

Danny Hogan expresses no opinion and makes no recommendation in respect of the issue of the Incentive Options to him (and/or his nominee) as he has a material personal interest in the outcome of Resolution 8.

Each of the other Directors recommend that shareholders vote in favour of the issue of the Incentive Options to Danny Hogan (and/or his nominee) for the reasons set out in this Explanatory Statement and on the basis that, in their opinion, the proposed issue of Incentive Options:

- (i) provides a long-term incentive to Danny Hogan linked to the future success of the Company;
- (ii) is a fair and reasonable alternative to additional cash payment for performance;
- (iii) recognises the contribution Danny Hogan has and will continue to make to the Company; and
- (iv) is in line with the remuneration benefits paid to other executive directors of other companies operating in the Company's industry and business environment.

SCHEDULE 1 – NOMINATION OF AUDITOR

Lieutenant General Ken Gillespie AC, DSC, CSM

SectorWest Pty Ltd

30 August 2017

The Board of Directors
Indoor Skydive Australia Group Limited
Suite 202 Level 2
203 Miller Street
North Sydney NSW 1585

Dear Sirs

Nomination of Grant Thornton as Auditor of Indoor Skydive Australia Group Limited

SectorWest Pty Ltd, being a shareholder of Indoor Skydive Australia Group Limited, hereby nominates Grant Thornton Audit Pty Ltd ACN 130 913 594 of Level 17, 383 Kent Street Sydney NSW 2000 for the appointment as auditor of Indoor Skydive Australia Group Limited ACN 154 103 607 at its 2017 Annual General Meeting.

I consent to the distribution of a copy of this nomination as an annexure to the Notice of Annual General Meeting of Indoor Skydive Australia Group Limited as required by *section 328B(3) of the Corporations Act 2001 (Cth)*.

Yours faithfully



Ken Gillespie
Director
SectorWest Pty Ltd

SCHEDULE 2 – TERMS AND CONDITIONS OF INDOOR SKYDIVE AUSTRALIA GROUP LIMITED EMPLOYEE OPTION PLAN

The principle terms of the Plan are summarised below:

(a) Eligible Participants

Under the Plan, an option (**Option**) is a right to subscribe for or acquire a fully paid ordinary share in the capital of the Company (**Share**). The Board at its sole discretion may invite any eligible person selected by it to complete an application relating to a specified number of Options allocated to that eligible person by the Board. The Board may offer Options to any eligible person it determines and determine the extent of that person's participation in the Plan (**Participant**).

An offer by the Board is required to specify, among other things, the date and total number of Options granted, exercise price and exercise period for the Options and any other matters the Board determines necessary, including the vesting conditions attaching to the Options.

(b) 5% Limit

The Plan has been prepared to comply with ASIC Class Order [CO 14/1000] and as such, offers under the Plan are limited to the 5% capital limit set out in the Class Order.

(c) Option Rights

Unless the Board determines otherwise, Options granted under the Plan are not capable of being transferred or encumbered by a Participant. Options do not carry any voting or dividend rights however shares issued to Participants on the exercise of an Option carry the same rights and entitlements as other shares on issue. The Company will not seek quotation of any Options on the ASX however will seek quotation for shares issued on the exercise of Options.

(d) Exercise of Options

At the sole and absolute discretion of the Board, and in general terms, Options granted under the Plan may only be exercised if particular exercise or vesting conditions have been met, the exercise price has been paid to the Company and the Options are exercised within the exercise period relating to the Option. An Option granted under the Plan may not be exercised once it has lapsed.

(e) Cashless Exercise Facility

Under the terms of the Plan, a Participant may request to pay the Exercise Price for an Option by setting off the exercise price against the number of shares which they are entitled to receive upon exercise (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, the holder will receive shares to the value of the surplus after the Exercise Price has been set off. Any such request must be expressly made by the Participant in the Exercise Notice. The Board may approve or refuse the request in its sole and absolute discretion.

(f) Change of Control Event

On the occurrence of a change of control event, being, in general terms, an unconditional takeover bid under Chapter 6 of the Corporations Act, a court sanctioned scheme of arrangement or any other merger involving the Company occurs which results in the holders of shares holding 50% or less of the voting

shares in the Company, the Board may in its sole discretion determine that all or a percentage of unvested Options will vest and become exercisable in accordance with the Plan Rules.

(g) Cessation of Employment

If a Participant ceases to be a director, employee or a contractor of any member of the Company's group, being associated bodies corporate of the Company, due to his or her resignation, redundancy dismissal for cause or poor performance prior to the relevant vesting date of the Options, the Options will lapse.

If a Participant ceases to be a director, employee or a contractor of any member of the Company's group, being associated bodies corporate of the Company, due to his or her resignation, redundancy dismissal for cause or poor performance on or after the vesting date of the Options, the expiry date is adjusted to 60 days (in cases of resignation or redundancy) or 30 days (in cases of dismissal for cause or poor performance) after the termination date (or a later date determined by the Board).

(h) Fraudulent Behaviour

If, in the opinion of the Board, a Participant has acted fraudulently or dishonestly, the Board may determine that any Option granted to that Participant should lapse, and the Option will lapse accordingly.

(i) Reconstruction of Share Capital

In the event of any reconstruction of the share capital of the Company, the number of Options to which each Participant is entitled and/or the exercise price of those Options must be reconstructed in accordance with the ASX Listing Rules. Options must be reconstructed in a manner which is fair with respect to the Participants and the holders of other securities in the Company, subject to the ASX Listing Rules.

(j) Participation Rights

Holders of Options issued under the Plan may only participate in new issues of securities by the Company if they have first exercised their Options within the relevant exercise period and become a shareholder of the Company prior to the relevant record date and are then only entitled to participate in relation to shares of which they are a registered holder.

(k) Compliance with Laws

Options may not be granted and/or shares may not be allotted and issued, acquired, transferred or otherwise dealt with under the Plan if to do so would contravene the Corporations Act or any other applicable laws or regulations.

The Plan Rules contain customary and usual terms having regard to Australian law for dealing with administration, variation and termination of the Plan.

SCHEDULE 3 – TERMS AND CONDITIONS OF EMPLOYEE OPTIONS AND INCENTIVE OPTIONS

- (a) Each Option shall entitle the holder the right to subscribe for one (1) fully paid ordinary share in the capital of the Company (**Share**).
- (b) Each Option is exercisable at a 145% premium to the volume weighted average price of shares traded on the ASX during the 7 day period up to and including the day on which an agreement is reached for the issue of the Options (**Exercise Price**).
- (c) Each Option will expire on 23 August 2021 (**Option Expiry Date**). Each Option may be exercised at any time prior to 5.00pm AEST on the Option Expiry Date and any Option not so exercised shall automatically expire on the Option Expiry Date.
- (d) The Options are exercisable at any time on and from the date the relevant Option vests in accordance with Plan.
- (e) Half of the Options will vest on the 2 year anniversary from the acquisition date of the Options if the employee remains employed by the Company and the other half will vest on the 3 year anniversary from the acquisition date of the Options if the employee remains employed by the Company.
- (f) Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to the Options except to the extent an offer provides otherwise.
- (g) Each Share allotted as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all aspects pari passu with the existing ordinary fully paid shares in the capital of the Company on issue at the date of allotment.
- (h) A registered owner of an Option (**Option Holder**) will be entitled to receive and will be sent all reports, accounts and notices required to be given to members of the Company but will not be entitled to attend or vote at any meetings of the members of the Company unless they are members of the Company.
- (i) A certificate or holding statement will be issued by the Company with respect to Options held by an Option Holder. Attached to these terms and attached or endorsed on the reversed side of each certificate or holding statement will be a notice that is to be completed when exercising the Options the subject of the certificate or holding statement (**Notice of Exercise of Options**). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted.

The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full of the relevant number of shares being subscribed, being the Exercise Price per Share unless the Option Holder elects to exercise the Cashless Exercise Facility.

On exercise of Options, the Option Holder must surrender to the Company the Option Holder's option certificate or holding statement with respect to those Options being exercised.

Within 14 days from the date the Option Holder properly exercised Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of fully paid ordinary shares in the capital of the Company so subscribed for by the Option Holder.

- (j) If at the Option Holder's sole discretion they elect to utilise the Cashless Exercise Facility, they will receive, without payment of cash or other consideration, the number of shares determined in accordance with the following formula:

$$A = \frac{B * (C - D)}{C}$$

Where:

-
- A = the number of shares to be issued to the holder of the Options;
- B = the number of Options exercised by using the Cashless Exercise Facility;
- C = the volume weighted average price of shares traded on the ASX during the 7 day period up to and including the date of delivery of the Notice of Exercise; and
- D = the Exercise Price

- (k) In the event of a reconstruction (including a consolidation, sub-division, reduction, return or pro-rata cancellation) of the issued capital of the Company, the number of Options or the exercise price of the Options or both shall be reconstructed in such a manner that it will not result in any benefits being conferred on the Option Holders which are not conferred on shareholders (subject to the provision with respect to rounding of entitlements sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms of the exercise of Options shall remain unchanged.
- (l) There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the Option Expiry Date unless and until Options are exercised. The Company will ensure that during the exercise period of the Options, the record date for the purposes of determining entitlement to any new such issue, will be at least 9 Business Days after such new issues are announced in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
- (m) The Company will not apply for quotation of the Options on ASX. Options can only be transferred with the prior written consent of the Company (which consent may be withheld in the Company's sole discretion).
- (n) If the Company is listed on ASX and makes a pro rata issue (except a bonus issue) to the holders of ordinary shares, the exercise price of each Option shall be amended in accordance with the ASX Listing Rules.
- (o) If the Company makes a bonus issue or other securities convertible into ordinary shares pro rata to holders of ordinary shares the number of shares issued on exercise of each Option will include the number of bonus shares that would have been issued if the Option had been exercised by the Option Holder prior to the books closing date for bonus shares. No change will be made in such circumstances to the exercise price of each Option.

NOTES

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INDOOR SKYDIVE AUSTRALIA GROUP LIMITED

ABN: 39 154 103 607

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 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 Sunday 19 November 2017.**

🖥 TO VOTE ONLINE

- STEP 1:** VISIT www.votingonline.com.au/idzagm2017
- STEP 2:** Enter your Postcode OR Country of Residence (if outside Australia)
- STEP 3:** Enter your Voting Access Code (VAC):

📱 BY SMARTPHONE



Scan QR Code using smartphone
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 securityholder 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 Sunday 19 November 2017**. 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/idzagm2017
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George 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

ABN 39 154 103 607

☐

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 securityholder) 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 on Tuesday, 21 November 2017 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.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 3, 5, 6, 7 and 8, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolutions 3, 5, 6, 7 and 8 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting intends to vote all undirected proxies in favour of all Items of business (including Resolutions 3, 5, 6, 7 and 8). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

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	Re-election of Steve Baxter as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Adoption of Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of Issue of Options to Eligible Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Incentive Options – Wayne Jones	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Incentive Options – Danny Hogan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

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 / / 2017