

**Indoor Skydive Australia Group Limited
Chairman's Address
2014 Annual General Meeting – 26 November 2014**

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Good morning ladies and gentlemen and welcome to Indoor Skydive Australia Group Limited's Annual General Meeting for 2014.

My name is Ken Gillespie and I am the non-executive chairman of Indoor Skydive Australia Group Limited.

As a quorum is present and the meeting is validly constituted, I formally declare the 2014 Indoor Skydive Australia Group Annual General Meeting open.

With me today are my fellow Directors:

- Wayne Jones, also Chief Executive Officer
- Danny Hogan, also Chief Operations Officer
- David Murray,
- Stephen Baxter, and
- Malcolm Thompson, alternative director for Stephen Baxter.

Detailed professional backgrounds for each Board member is available in the 2014 Annual Report. The Annual Report has been available to shareholders for some time, and can be downloaded from the ISA Group website:

www.indoorskydiveaustralia.com.au. If you have not read the report I strongly recommend that you do so.

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Turning to the Agenda for today's meeting, I will initially provide a brief overview of the key activities of ISA Group during the 2014 financial year, before moving to consider the matters to be formally resolved at this meeting.

There will of course be an opportunity to ask questions at certain times during the meeting. Management and the Board will also be available at the end of the meeting to answer any informal questions.

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So, what have we been doing over the past year?

Our first flagship indoor skydiving facility, iFLY Downunder at Penrith, commenced operations in March this year and opened to the public in April. Since that time we

have been closely monitoring its performance and validating our business models. In this regard we have been very pleased with the results to date.

One of the drivers, or measures, of our financial performance is the utilisation of the facility based on a 15 hour operating day. Utilisation of the facility peaked at 97.6% during the school holidays which exceeded our expectations.

Typical utilisation in the operating period has shown higher utilisation on weekends compared to midweek, with a spike during the school holiday periods. This pattern of usage was anticipated and, consistent with our expectations, is delivering an overall usage in excess of 69%.

As you can see from the graph showing the age of flyers anyone can experience human flight be they 3 or 103. Bearing this in mind, one of the keys to delivering higher utilisation is diversity of market.

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Since the commencement of ISA Group operations the Sales and Marketing team has targeted a combination of professional and leisure customer markets for the facility.

The graphs on screen show that each of our target markets being the first timers, professional skydivers, military and groups/events are using the facility.

The popularity of indoor skydiving with first time flyers has been greater than expected and supports the strong weekend performance. Military and professional flyer utilisation has also been strong and a number of agreements have been entered into to provide training and coaching to increase safety and quality training for all levels of experience. The focus now is on growing the mid-week performance through increased corporate market utilisation and reaching out to younger flyers through the delivery of educational programs.

The technical operations and performance of our systems within the facility have matched or exceeded expectations.

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At last year's AGM I detailed the steps we had taken to lay the foundations for our Australian tunnel roll out. With this now well in hand, our strategy for growth has developed into a two pronged approach. We are currently focusing on delivering additional facilities throughout Australia. But, we are also continuing to explore opportunities for growth globally, with a particular focus on Asia.

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The Australian tunnel roll out is progressing well and is ahead of schedule.

Construction of our Gold Coast facility is underway and is progressing well. The iFLY Gold Coast facility will comprise a 12 foot, full glass chamber, vertical wind tunnel. It will be one of the first of its kind in the world. iFLY Gold Coast is situated on Surfers Paradise Boulevard and caters to the high local traffic and tourist market. Construction is on schedule for a target completion of mid to late 2015. We have enjoyed, and are grateful for, a very strong and supportive relationship with the Gold Coast City Council.

We have also recently announced that our third facility will be the iFLY Perth facility. In late October 2014 we entered into an Offer to Lease for the development and construction of an indoor skydiving facility with associated activities and facilities on the Great Eastern Highway in Perth. The site is situated 5 km from the Perth CBD and provides extensive street frontage with high visibility to local and visiting traffic. Subject to approvals and final analysis, iFLY Perth will comprise a 14ft vertical wind tunnel with related facilities which is expected to be operational by mid 2016.

A number of suitable sites in Adelaide have been identified and analysed. The preferred sites for the iFLY Adelaide operations have been selected and we anticipate proceeding to the next stage ahead of schedule.

The site identification and investigation process is underway in Melbourne with a number of potential opportunities to be considered by the Board in due course. Our development activities are exciting, productive and clearly demonstrate our commitment laid out to shareholders in our prospectus and in market updates.

The development of each of our new facilities is supported by our flagship, iFLY Downunder facility. We are leveraging off all of the lessons learned during the construction process and the operational experience of Penrith. As the only company in Australia with an operating facility we have a unique first mover advantage which we intend to fully exploit.

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As noted earlier in my briefing, we are also now turning our attention to global opportunities with a particular focus on Asia. The Asian region offers few experiential leisure activities, it lacks existing facilities, it has a strong growth in per capita income, and it has a very strong tourist demand.

The development of indoor skydiving facilities, particularly the first facility in another country, carries some risk. It requires considerable planning, an understanding of

the regulatory and operating environment in the particular country and then the identification of suitable locations and partners. The ISA Group is well connected in the Region and is now starting to focus on potential opportunities which might add to our market weight, diversify our financial and resource framework and advance the sport – and subsequent demand - on a regional basis.

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Finally in this portion of my briefing, I would like to comment on the recent completion of a capital raising. This raising provides us with a stable funding structure for the growth I have outlined. Let me start my comments by offering my sincere appreciation to each of our shareholders for their ongoing support of ISA Group.

The capital raising was very successful and raised \$14.5 million. These funds will be used to partially fund the construction of the Gold Coast facility and to support the development of the Perth Facility. The funds received under the Institutional Placement component of the Capital Raising have already been used to repay all amounts drawn down under the existing Convertible Note thereby removing the risk of dilution on conversion.

The ISA Group is now strongly positioned for growth.

Since our last meeting we have significantly strengthened our corporate structure and capability. We now have a senior leadership team which is experienced in Australia and well skilled for developments in the Asia Pacific region. The Board and management enjoy a very cohesive relationship and have driven a strong growth strategy whilst maturing the Group's structure and governance arrangements. The appointments throughout the year of highly skilled Chief Financial Officer and a dynamic Company Secretary and legal counsel have added to our robustness and our capacity to perform operations across a diverse geographic foot print.

Additionally, we have built a dedicated Project Management Office which is capable of managing multiple projects in parallel. The PMO is mandated to manage the risks associated with the pre-construction and construction phases of each of our projects.

I would like to thank Wayne Jones and Danny Hogan and their management team for their dedication, vision and hard work. They are why we're making such strong progress.