

Indoor Skydive Australia Group Limited

ACN 154 103 607

ASX/Media Release

Sydney, Australia – 19th September 2013

Renounceable Pro-Rata Entitlements Offer with Retail Trading

Indoor Skydive Australia Group Limited (ASX:IDZ) (“Company”) is pleased to announce a capital raising which includes an institutional component (“**Institutional Offer**”) and a Renounceable Pro-Rata Entitlements Offer with Retail Trading (“**Retail Entitlement Offer**”) of new, fully paid ordinary shares at an Offer Price of \$0.40 each on the basis of two (2) new shares for every five (5) shares held on 24 September 2013 (“**the Record Date**”) (together, the “**Capital Raising**”).

Under the Capital Raising, if fully subscribed, the Company will raise \$9,414,933 of new capital through the issue of 23,537,333 new shares.

The Company has today entered a voluntary trading halt to allow Veritas Securities Limited, the Corporate Advisor to the Company, to conduct an institutional bookbuild for 13,526,667 shares, through the renunciation of Entitlements to the Retail Entitlement Offer by certain Directors and major shareholders of IDZ, which is expected to raise up to \$5.4 million. The balance of approximately \$4.0 million to be raised from shareholders under the Retail Entitlement Offer. The actual amount raised under the Institutional Offer will be announced on Monday 23 September, at which time the trading halt will be lifted.

The Directors have resolved to raise additional capital to fully explore the opportunities for a more rapid expansion than that originally envisaged in the Prospectus dated 1 November 2012 (as updated by supplementary prospectus’).

The Directors believe a more rapid expansion is warranted due to:

- the very positive response received to the Expression of Interest document released in June 2013 (ASX Announcement 11 June 2013);
- the rapid expansion of indoor skydiving facilities in the United States and elsewhere;
- the increased consumer demand for, and the impressive profitability of, existing indoor skydiving facilities.

The construction of the Penrith vertical wind tunnel facility continues to progress well and is on time and budget for operation in Quarter 1, 2014.

The Directors considered various options and have chosen to undertake a renounceable rights issue to provide all shareholders an opportunity to participate on the same footing. In order to attract institutional investors, some Directors and major shareholders will renounce their rights allowing this class of investor onto the register of IDZ. The Board views the presence of institutional investors important to the medium term expansion of the Company.

In consultation with our advisors the board has set the price for New Shares at \$0.40 taking into account historical recent trading volumes. This represents a 38.5% discount to the 60 day VWAP.

The purpose of the Capital Raising is to:

1. provide funds to pursue opportunities for additional indoor skydiving facilities. The Company is exploring various alternative locations (including obtaining development approval) for a second vertical wind tunnel, with a view to commencing construction, subject to financing, as soon as practicable after completion of construction of the Penrith facility in Quarter 1, 2014;
2. provide funds to repay the Convertible Note Loan Facility (as described in the Second Supplementary Prospectus dated 10 November 2012 which updated the Prospectus dated 1 November 2012), prior to any possible conversion, which is currently drawn to \$2.0 million with a further \$3.9 million available for drawdown (note this will not extinguish the Convertible Note Loan Facility leaving it available for future draw down);
3. improve the spread of shareholders and liquidity of IDZ shares;
4. bring institutional investors on the share register to assist with future growth capital; and
5. provide additional working capital for the Company.

Retail Entitlement Offer

The Retail Entitlement Offer is being conducted in accordance with section 708AA of the Act. Accordingly, IDZ is not required to lodge a prospectus with ASX or ASIC or provide one to shareholders. IDZ has prepared a document explaining the Retail Entitlement Offer in more detail ("**Retail Offer Booklet**").

Eligible shareholders with a registered address in Australia or New Zealand on the Record Date will be invited to participate in the Retail Entitlement Offer which will take place from 1st October to 15th October 2013 and eligible shareholders may also apply for additional New Shares in excess of their Entitlement from any shortfall, subject to availability and at the discretion of the Directors.

Entitlements under the Retail Entitlement Offer may be taken up in whole or in part, traded on ASX or transferred directly to another person and shareholders should refer to the instructions in the Retail Offer Booklet and personalised Entitlement & Acceptance Form, which will be despatched to eligible shareholders on 30th September 2013. Entitlements trading will commence on ASX on Monday 23rd September and end on Tuesday 8th October,

2013. Shareholders wishing to sell their Entitlement on market should contact their stockbroker.

The Board encourages shareholders to take up their entitlement or take active measures to sell their rights given this is an accelerated process.

The timetable below is indicative only and may be subject to change. In particular, IDZ reserves the right to amend any or all of these dates and times without notice and to extend the closing date of the Retail Entitlement Offer.

Event	Date
Institutional Offer & Bookbuild	Thursday, 19 September 2013
Institutional Offer Results	Monday, 23 September 2013
Retail Entitlements trading on ASX begins	Monday, 23 September 2013
Record Date (for eligibility for the Retail Entitlement Offer)	Tuesday, 24 September 2013
Institutional Offer settlement date	Thursday, 26 September 2013
Personalised Entitlement and Acceptance Form and Retail Offer Booklet despatched to Eligible Shareholders	Monday, 30 September 2013
Retail Entitlement Offer opens	Tuesday, 1 October 2013
Quotation of new shares issued under the Institutional Offer	Wednesday, 2 October 2013
Retail Entitlements trading on ASX ends	Tuesday, 8 October 2013
Retail Entitlement Offer closes	Tuesday, 15 October 2013
Announce Results & Shortfall (if any)	Friday, 18 October 2013
Placement of Shortfall (if any)	Tuesday, 22 October 2013
Issue of New Shares under the Retail Entitlement Offer	Thursday, 24 October 2013
Quotation of New Shares issued under the Retail Entitlement Offer	Monday, 28 October 2013
Despatch of holdings statements	Tuesday, 29 October 2013

A Cleansing Notice and Appendix 3B were also lodged with the ASX on 19 September 2013.

All documents are available for inspection on the ASX website at www.asx.com.au and IDZ's website at www.indoorskydiveaustralia.com.au

Shareholders need do nothing at this time and should wait until they receive the Retail Offer Booklet and Personalised Entitlement and Acceptance Form before taking any action. If you are in doubt about what to do, please contact your stockbroker, financial advisor or the Company.

ENDS

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

Indoor Skydive Australia Group Limited was established in 2011 as the parent company to facilitate a number of indoor skydiving facilities to cross our region in the next 3-5 years. These facilities allowing human flight within a safe environment are currently used by tourists, skydiving enthusiasts and military throughout the world. Flexible operating hours, low overheads and proven technology are just a few of the highlights that support the company's business model. The Company listed on ASX on 18 January 2013 under the code IDZ.

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

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