



30 MARCH 2015

SKYDIVE THE BEACH GROUP LIMITED ACN 167 320 470

(ASX:SKB)

ASX ANNOUNCEMENT

ACQUISITION OF AUSTRALIA SKYDIVE PTY LTD

UPDATE

Skydive the Beach Group Limited (**SKB** or the **Company**) listed on ASX on Friday 27 March 2015.

The Company specialises in tandem parachute jumps, in which the customer is attached to a highly experienced and qualified instructor for the duration of the activity. The Company derives approximately 95% of its revenue from tandem jumpers, with the remaining approximately 5% of revenue from experienced solos skydiving activity and other sources.

An important reason for the Company's Replacement Prospectus and listing was to raise funds to acquire all of the shares in Australia Skydive Pty Ltd ("Australia Skydive") on or before 31 March 2015. Australia Skydive conducts predominantly tandem skydiving operations in Cairns, Mission Beach, Brisbane, Byron Bay and Central Coast.

On Friday afternoon, 27 March 2015, two experienced solo skydivers were involved in a parachute accident at Australia Skydive's Byron Bay dropzone while performing specialised aerial manoeuvres as part of a week-long canopy training course. Those two solo skydivers subsequently passed away. The Company expresses its sincere condolences to all those affected by this tragedy.

In accordance with industry standards and procedures, the Australian Parachute Federation is conducting an investigation into the cause of the accident and the Police will prepare a report for the Coroner.

The Board of the Company has considered the possible commercial and financial impact of this tragic accident, taking into account the applicable insurance position.

The Board has concluded that the accident is unlikely to have a material adverse financial effect on Australia Skydive or on the financial forecasts included in the Replacement Prospectus in relation to Australia Skydive. It has therefore determined to proceed towards completion of the acquisition in accordance with the Share Sale Deed dated 10 December 2014.

The Company will make a further release when the acquisition is due for completion.

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