



16 June 2017

Company Announcements Office
ASX Limited
20 Bridget Street
SYDNEY NSW 2000

By electronic lodgement

Total pages: 10

Dear Sir/Madam

NOTICE OF GENERAL MEETING

Please find attached a Notice of General Meeting and Explanatory Memorandum being despatched to shareholders of Skydive the Beach Group Limited ACN 167 320 470 (ASX:SKB) today.

The meeting is being called for the shareholders of SKB to consider, and if thought fit to pass, a special resolution under section 260B of the Corporation Act 2001. This approval is required under the Share Sale Deed to be passed by shareholders as a formality relating to the recent acquisition of Reef Magic Cruises Pty Ltd ACN 076 453 257.

Yours faithfully
For and on behalf of Skydive the Beach Group Limited

A handwritten signature in black ink, appearing to read "Anthony Ritter". The signature is stylized with a large, looped initial "A" and "R".

Anthony Ritter
Director and Company Secretary

SKYDIVE THE BEACH GROUP LIMITED
ACN 167 320 470

NOTICE OF
EXTRAORDINARY GENERAL MEETING

including Explanatory Memorandum
for meeting to be held at **the offices of Bird & Bird at Level 11, 68 Pitt Street, Sydney,**
NSW 2000 on 19 JULY 2017 commencing at 11.00am (AEST)

This is an important document and requires your immediate attention. You should read this document in its entirety. If you are in doubt as to what you should do, you should consult your investment or other professional adviser.

How to Vote

VENUE

The Extraordinary General Meeting for Shareholders will be held at **the offices of Bird & Bird at Level 11, 68 Pitt Street, Sydney, NSW 2000 on 19 July 2017 commencing at 11.00am (AEST)**

VOTING

IN PERSON – You may attend the Extraordinary General Meeting in person at the date, time and place specified in the Notice of Meeting. Prior registration is not required.

ONLINE – Visit www.votingonline.com.au/skydivethebeachgm2017 no later than 11.00am (AEST) on Monday, 17 July 2017.

BY PROXY – If you are unable to attend the Extraordinary General Meeting, please vote by completing and signing the relevant proxy form enclosed with this document as soon as possible but so that it is received **no later than 11.00am (AEST) on Monday, 17 July 2017.**

Proxy forms received after this time will be invalid.

You may return the relevant proxy forms by posting them in the reply paid envelope provided or by delivering them to:

BY MAIL:	Share Registry	–	Boardroom Pty Limited Level 12, 225 George St Sydney NSW 2000	GPO Box 3993 Sydney NSW 2001
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or

Company	–	Attention: Company Secretary Skydive the Beach Group Limited Level 1, 51 Montague Street Wollongong NSW 2500
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BY FAX:	Share Registry	–	+ 61 2 9290 9655
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IN PERSON:	Share Registry	–	Boardroom Pty Limited Level 12, 225 George St Sydney NSW 2000
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If the appointment of proxy is signed by an attorney, the power of attorney or a certified copy of it must also be sent.

If you have any questions, please email Anthony Ritter, Company Secretary at:
companysecretary@skydive.com.au

NOTES

1. *A shareholder is entitled to appoint a proxy. A shareholder who is entitled to cast two or more votes is entitled to appoint two proxies. If two proxies are appointed by a shareholder, that shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, each proxy may exercise half the votes.*

2. *For the purpose of determining a person's entitlement to vote at the meeting, a person will be recognised as a shareholder and the holder of shares if that person is registered as a holder of those shares at 11.00am (AEST) on Monday, 17 July 2017 ("**Entitlement Time**").*
3. *A proxy need not be a shareholder of the Company.*
4. *A proxy form and the power of attorney or authority (if any) under which it is signed or a copy of the power of attorney or authority certified as a true copy by statutory declaration, must be duly completed and returned to the Company Secretary, Skydive the Beach Group Limited, either at the Company at Level 1, 51 Montague Street, North Wollongong NSW 2500, or at Boardroom Pty Ltd, Level 12, 225 George St, Sydney NSW 2000 GPO Box 3993, Sydney NSW 2001, or fax number: + 61 2 9290 9655 by no later than 10.00am on Monday, 17 July 2017 for proxy forms for the Extraordinary General Meeting. Proxy forms received after this time will be invalid.*

SKYDIVE THE BEACH GROUP LIMITED
ACN 167 320 470

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an Extraordinary General Meeting of shareholders of Skydive the Beach Group Limited ("Company") will be held at the offices of Bird & Bird at Level 11, 68 Pitt Street, Sydney, NSW 2000 on 19 JULY 2017 at 11.00am (AEST)

Important:

For information relevant to your decision as to how to vote, please refer to the Explanatory Memorandum.

Special Business

Approval of financial assistance by Reef Magic Cruises Pty. Ltd. ACN 076 453 257 ("**Reef Magic Cruises**") (which is a wholly held subsidiary of the Company), in connection with the acquisition of Reef Magic Cruises by the Company.

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

"That for the purposes of section 260B(2) of the *Corporations Act 2001* (Cth), approval is given for the financial assistance to be provided by Reef Magic Cruises Pty. Ltd. ACN 076 453 257 in connection with the acquisition of all of the issued shares and options of that entity by the Company, as described in the Explanatory Memorandum accompanying the Notice of Meeting to pass this resolution."

By order of the Board



ANTHONY RITTER
Director

DATED: 16 June 2017

Explanatory Memorandum to the Notice of Extraordinary General Meeting

This Financial Assistance Explanatory Memorandum has been prepared in connection with the resolution proposed to be passed as a special resolution of Skydive The Beach Group Limited ACN 167 320 470 (**Parent**) pursuant to section 260B(2) of the *Corporations Act 2001* (Cth) (**Corporations Act**) to approve the giving by Reef Magic Cruises Pty. Ltd. ACN 076 453 257 (**Target**) as a subsidiary of the Parent, of financial assistance within the meaning of section 260A of the Corporations Act and in connection with a resolution of the Target to approve the financial assistance (**Financial Assistance Resolution**).

1. BACKGROUND TO THE REQUIREMENT FOR FINANCIAL ASSISTANCE RESOLUTION

1.1 Restrictions on companies giving financial assistance

Under section 260A(1) of the Corporations Act, a company may financially assist a person to acquire shares (or units of shares) in the company or a holding company of the company only if:

- (a) giving the assistance does not materially prejudice:
 - (i) the interests of the company or its shareholders; or
 - (ii) the company's ability to pay its creditors; or
- (b) the assistance is approved by shareholders under section 260B of the Corporations Act (as to which see paragraph 1.2 below); or
- (c) the assistance is exempted under section 260C of the Corporations Act.

1.2 Shareholder approval of financial assistance

For a company, such as the Target, to financially assist a person to acquire shares (or units of shares) in itself, section 260B(1) of the Corporations Act states that the financial assistance must be approved by its shareholders by:

- (a) a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by the person acquiring the shares (or units of shares) or by their associates; or
- (b) a resolution agreed to, at a general meeting, by all ordinary shareholders.

In addition, if the company will be a subsidiary of a listed domestic corporation (**Listed Australian Holding Company**) immediately after the acquisition, then section 260B(2) requires that the financial assistance must also be approved by a special resolution passed at a general meeting of that Listed Australian Holding Company.

1.3 Approval under section 260B(1) and section 260B(2)

The purpose of this Explanatory Memorandum is to explain in further detail the proposed Financial Assistance Resolution set out in the Notice which must be passed by the Parent under section 260B(2) of the Corporations Act to enable the giving of the financial assistance by the Target in connection with the Acquisition (as described below).

2. THE ACQUISITION AND DESCRIPTION OF INVOLVED COMPANIES

2.1 The Acquisition

Under the terms of a securities sale agreement dated 31 March 2017 between the Target, Ronald John Rivett, Timothy John North, Lesley Virginia Ritchie and the Parent, the Parent agreed to acquire the entire issued capital of the Target, comprised of both shares and options (**Acquisition**).

Accordingly on completion of the Acquisition, the Target became a wholly-owned subsidiary of the Parent.

The Parent is listed and is a domestic corporation which is not itself a subsidiary of another domestic corporation.

2.2 Resolution required in connection with the Financial Assistance

The Target must have the financial assistance outlined in this Explanatory Memorandum approved by a resolution agreed to, at a general meeting, by all its ordinary Shareholders in accordance with section 260B(1)(b) of the Corporations Act.

Since the Parent is a Listed Australian Holding Company the financial assistance proposed to be given by the Target and outlined in this Explanatory Memorandum must also be approved by a special resolution at a general meeting of the Parent in accordance with section 260B(2) of the Corporations Act.

3. RELEVANT FINANCIAL ACCOMMODATION

3.1 General

On or about 4 May 2017, the Parent entered into the following arrangements with National Australia Bank Limited ACN 004 044 937 (**Lender**) and Bank of New Zealand:

- (a) a Facility Agreement (**Facility Agreement**) pursuant to which the Parent may use drawings for purposes including (but not limited to) funding certain acquisitions;
- (b) a Master Asset Finance Agreement; and
- (c) a General Security Deed,

(together the **Finance Documents**). At that time, the majority of subsidiaries of the Parent also entered into certain of the Finance Documents (or documents that were substantially similar).

Following completion of the Acquisition, as required by the Lender, the Target is required to become an additional guarantor and will be required to provide security as outlined below (in each case subject to shareholder approval of the Target and the Parent being granted in accordance with s260B of the Corporations Act in respect of the Financial Assistance).

3.2 Facility Agreement

Facility limits and terms

The Facility Agreement is comprised of Facility A1, Facility A2, Facility B and Facility C (**Facilities**), as follows:

- (a) Facility A1 is cash advance facility with a limit of \$20,000,000 and a term of 3 years from the date of the Facility Agreement.
- (b) Facility A2 is a master asset finance facility with a limit of \$20,000,000 and a term of 1 year from the date of the Facility Agreement.
- (c) Facility B is a Bank Guarantee facility with a limit of \$240,000 and a term of 1 year from the

date of the Facility Agreement.

- (d) Facility C is a credit card facility with a limit of \$500,000 and a term of 1 year from the date of the Facility Agreement.

Subject to the Facility Agreement, amounts repaid under each Facility may be redrawn during the term of the facility.

Purpose

Facility A1 can be used for various purposes including funding acquisitions.

Facility A2 can be used for various purposes including leasing equipment on a revolving basis.

Facility B can be used towards the issue of Australian dollar bank guarantees for rental bond purposes and for any other purpose agreed or approved in writing by the Lender.

Facility C can be used to cover financial requirements for the day to day operations of the Parent and its subsidiaries and for any other purpose agreed or approved in writing by the Lender.

3.3 Guarantees

The Finance Documents contain guarantees and indemnities in respect of the Facilities.

The guarantors are the Parent, the majority of its subsidiaries and, subject to shareholder approval of the Target and the Parent being granted in accordance with s260B of the Corporations Act in respect of the Financial Assistance, the Target.

3.4 Security from Parent

The Parent and the majority of its subsidiaries have granted the Lender and Bank of New Zealand a general security deed over all its assets and undertaking.

3.5 Security from the Target

Subject to shareholder approval of the Target and the Parent being granted in accordance with s260B of the Corporations Act in respect of the Financial Assistance, the Target will grant security to the Lender and Bank of New Zealand over all of its assets and undertaking to secure, among other obligations, amounts owing under the Facility Agreement and other finance documents under a General Security Deed and/or other security.

4. FINANCIAL ASSISTANCE

4.1 The Finance Documents

It is proposed that, pursuant to the terms of the Finance Documents, the Target becomes a guarantor of all moneys owing under the Finance Documents.

Following approval of the Financial Assistance, the Target (in its capacity as a guarantor under the Finance Documents) would (among other things) become bound by the guarantees, indemnities and undertakings and give the representations and warranties referred to above. In addition, it is proposed that the Target will grant security over its assets (**Security**) as described above.

4.2 Other Support

In addition, the Target may, or may be required to:

- (a) subordinate intercompany claims;
- (b) make available directly or indirectly their cash flows (whether through dividends, capital

distributions, intercompany loans or otherwise) or other resources in order to enable the Parent and the other guarantors to comply with their payment and other obligations in respect of the financing;

- (c) consent or agree to amendments to the Finance Documents, including amendments that make their obligations more onerous;
- (d) provide additional support which may include incurring additional obligations and/or providing additional guarantees, mortgages and/or charges on the same or different terms to the Security;
- (e) provide other financial assistance in connection with the Acquisition including, without limitation, in connection with any refinancing;
- (f) transfer assets to, or assume liabilities of, the Parent or other subsidiaries or entities of the Parent.

5. FINANCIAL ASSISTANCE RESOLUTIONS

5.1 Financial assistance approvals

The entry by the Target into, and the performance by the Target of its obligations under, the Facility Agreement and the Security and the participation by the Target in the funding arrangements and other transactions, all as described above, may constitute the giving of financial assistance in connection with the Acquisition, within the meaning of Part 2J.3 of the Corporations Act.

Pursuant to section 260B of the Act, it is proposed that the giving by the Target of the financial assistance be approved by a special resolution of the shareholders of the Parent pursuant to section 260B(2) of the Corporations Act.

5.2 Reasons for giving financial assistance

The reason for the giving of the financial assistance described above is to enable the Parent, certain of its subsidiaries and the Target to comply with certain of their obligations under the Finance Documents and to ensure that the Facilities remain available.

If such obligations are not complied with an Event of Default under the Finance Documents could occur which will result in an insufficiency for the funding needs of the Group generally and in connection with the Acquisition.

5.3 Effect of financial assistance

As the Parent is already liable for the amounts payable under the Finance Documents, the giving of the financial assistance described in this Explanatory Memorandum by the Target is unlikely to have any adverse effect on the Parent, except that the operations of the Target will be restricted by the representations and undertakings given by it under the Finance Documents.

The substantial effect of the financial assistance on the Target is that it will have guaranteed all amounts payable under the Finance Documents and have granted the Security for such obligations. The operations of the Target will also be restricted by the representations and undertakings given by it under the Finance Documents.

The directors of the Parent and the Target do not currently believe that either the Parent or the Target is likely to default in their obligations under the Finance Documents or in respect of any Facility.

5.4 Advantages of the proposed resolution

The advantage to the Parent of the proposed resolution is that the Target will be able to provide the guarantees and give the Security which is a condition to the continued availability of the Facilities.

Funds to be available under the Facilities are required to assist the Parent to make future acquisitions and to pay operational expenses of the Parent and its subsidiaries (**Group**).

The advantages of the proposed resolution to the Target include:

- (a) the Facilities will be available. The directors of the Target believe that this is in the interests of the Target because:
 - (i) the Target will have greater access to funding in the bank and capital markets as a result of integration with the Group; and
 - (ii) the Target will benefit from synergies, cost savings and greater growth potential through its integration with the Group;
- (b) the directors of the Target believe that the financing is the most efficient form of financing available to finance the ongoing financial requirements of the Group;
- (c) the Target will have access to additional working capital being funds drawn under the Facilities.

The directors of the Target and of the Parent believe that transactions contemplated by this Explanatory Memorandum are in the interests of the Target and the Parent.

5.5 Disadvantages to Parent of proposed resolutions

As the Parent is already liable for and has provided Security, the directors of the Parent do not believe there are any disadvantages to the Parent of the proposed resolution, except that the operations of the Target will be restricted by the undertakings and representations and warranties given by the Target under the Finance Documents.

5.6 Disadvantages to the Target of the proposed resolution

The disadvantages of the proposed resolution for the Target include the following:

- (a) it will become liable for the amounts due under the Finance Documents;
- (b) the Target's assets will be subject to security and its operations will be restricted by the representations and undertakings given by it under the Finance Documents;
- (c) the Parent may default under a Facility;
- (d) the Lender or Bank of New Zealand may make a demand under the guarantee provided by it requiring immediate repayment of the amounts due under the Finance Documents; and
- (e) the Lender or Bank of New Zealand may enforce the guarantee and/or Security granted by it to recover the amounts due.

A demand made under the guarantees may result in the winding up of the Target and a sale of the Target's assets by the Lender or Bank of New Zealand upon an enforcement of the Security or execution of a judgment for moneys owing under the guarantee. This may result in a return to the Parent (and ultimately its Shareholders) significantly lower than could have been achieved had those assets been sold in the ordinary course of business or had the Parent or, as applicable, the Target continued trading.

5.7 Passing the Financial Assistance Resolution

The Financial Assistance Resolution under consideration is set out in the Notice that accompanies this Explanatory Memorandum.

The Financial Assistance Resolution of the Parent will be passed if it is passed as a special resolution.

Shareholders may vote either for or against the Financial Assistance Resolution on which they have a vote.

6. RECOMMENDATION

The directors of the Parent and the Target (as applicable) recommend that the Shareholders vote in favour of the Financial Assistance Resolution to approve the giving of financial assistance.

7. NOTICE TO AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION

As required by section 260B(5) of the Corporations Act, copies of the Notice and this Explanatory Memorandum as sent to the Shareholders were lodged with the Australian Securities & Investments Commission before they were sent to the Shareholders.

8. DISCLOSURE

The directors of the Parent and the Target (each a Company) consider that this Explanatory Memorandum contains all information known to the Company that would be material to the Shareholders in deciding how to vote on the proposed resolution other than information which it would be unreasonable to require the Company to include because it has been previously disclosed to the shareholders of the Company.

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 11:00am (AEST) on Monday, 17 July 2017.**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** www.votingonline.com.au/skydivethebeachegm2017
- 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:

- 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.
- 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 **11:00am (AEST) on Monday, 17 July 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/skydivethebeachegm2017
- 📠 **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.

☐

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 **Skydive the Beach 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 Extraordinary General Meeting of the Company to be held at **the offices of Bird & Bird, Level 11, 68 Pitt Street, Sydney, NSW 2000 on Wednesday, 19 July 2017 at 11:00am (AEST)** 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.

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

STEP 2 VOTING DIRECTIONS

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

Resolution 1 Approval of Financial Assistance by Reef Magic Cruises Pty. Ltd. ACN 076 453 257

For Against Abstain*

☐☐☐

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