

1 May 2014

Manager of Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2001

By E-Lodgement

TERMS AND CONDITIONS OF VENDOR OPTIONS

iCollege Limited (the **Company**) confirms that Options have been issued to the former shareholders of iCollege Holdings Pty Ltd pursuant to the heads of agreement between the Company, iCollege Holdings Pty Ltd (**iCollege**) and the former shareholders of iCollege on the terms set out below.

Vendor Options

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (i) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with these terms and conditions.
- (ii) The Options will expire at 5:00pm (WST) on 31 March 2019 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (iii) The amount payable upon exercise of each Option will be \$0.30 (**Exercise Price**).
- (iv) If prior to the expiry date of the Options:
 - (A) the Company is required by the ASX to re-comply with Chapters 1 and 2 of the ASX Listing Rules;
 - (B) the Company has received conditional approval for reinstatement to trading of its securities on ASX (at a time when the Company reasonably believes it can fulfil all of the requirements of Chapters 1 and 2 of the ASX Listing Rules) (**Conditional Approval**); and
 - (C) at the time the Company receives the Conditional Approval, the Exercise Price is less than \$0.20 (having potentially been adjusted in accordance with ASX Listing Rule 7.22.1 following a consolidation of the Company's issued shares), then the Exercise Price will be increased to \$0.20.
- (v) The Options may be exercised in whole or in part, and if exercised in part, multiples of 100,000 must be exercised on each occasion.
- (vi) Optionholders may exercise their Options by lodging with the Company, before the Expiry Date:
 - (A) a written notice of exercise of Options specifying the number of Options being exercised; and

- (B) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(Exercise Notice).

- (vii) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (viii) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (ix) The Options are freely transferable.
- (x) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (xi) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (xii) If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (xiii) There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least six (6) Business Days after the issue is announced. This will give the Optionholder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- (xiv) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (xv) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.