

iCollege Limited
ACN 105 012 066

RIGHTS ISSUE PROSPECTUS – LOYALTY OPTIONS

For a non-renounceable rights issue of one (1) Loyalty Option (exercisable at \$0.20 on or before the date which is 3 years after the date of issue) for every three (3) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.01 per Loyalty Option.

The Offer is fully underwritten by DJ Carmichael Pty Limited (**Underwriter**). Refer to section 8.4.1 for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Loyalty Options offered by this Prospectus should be considered as speculative.

TABLE OF CONTENTS

1.	CORPORATE DIRECTORY	1
2.	TIMETABLE	2
3.	IMPORTANT NOTES	3
4.	DETAILS OF THE OFFER	4
5.	PURPOSE AND EFFECT OF THE OFFER	9
6.	RIGHTS AND LIABILITIES ATTACHING TO SECURITIES	13
7.	RISK FACTORS	18
8.	ADDITIONAL INFORMATION	22
9.	DIRECTORS' AUTHORISATION	33
10.	GLOSSARY	34

1. CORPORATE DIRECTORY

Directors

Mr Johannes de Back (Non-Executive Chairman)

Mr Victor Hawkins (CEO and Managing Director)

Mr Phillip Re (Non-Executive Director)

Registered Office

Suite 1,
Ground Floor,
437 Roberts Road,
Subiaco, WA 6008

Telephone: + 61 (08) 6380 2555

Facsimile: +61 (08) 9381 1122

Website: <http://iwww.college.net>

Company Secretary

Mr Christopher Watts

ASX Code: ICT

Share Registry*

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Telephone: +61 (08) 9323 2000

Facsimile: +61 (08) 9323 2033

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Auditor*

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Underwriter

DJ Carmichael Pty Limited
Level 3, London House
216 St Georges Terrace
Perth
Western Australia 6000

*These entities are included for information purposes only. These entities have not been involved in the preparation of this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with the ASIC	25 June 2014
Lodgement of Prospectus & Appendix 3B with ASX	25 June 2014
Notice sent to Optionholders	25 June 2014
Notice sent to Shareholders	27 June 2014
Ex date	30 June 2014
Record Date for determining Entitlements	2 July 2014
Prospectus despatched to Shareholders & Company announces despatch has been completed	7 July 2014
Closing Date*	16 July 2014
Securities quoted on a deferred settlement basis	17 July 2014
ASX notified of under subscriptions	21 July 2014
Issue of holding statements	23 July 2014
Quotation of Loyalty Options issued under the Offer*	24 July 2014

* The Directors may extend the Closing Date by giving at least 3 Business Days notice to ASX prior to the Closing Date. As such the date the Loyalty Options are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 25 June 2014 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Loyalty Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Loyalty Options the subject of this Prospectus should be considered highly speculative.

Applications for Loyalty Options offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk factors

Potential investors should be aware that subscribing for Loyalty Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Loyalty Options in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Loyalty Options pursuant to this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The purpose of the Offer is to recognise the invaluable support the Company has received from its Shareholders. The Offer is an opportunity for Shareholders to participate in the development of the Company.

The Offer is being made as a non-renounceable rights issue of one (1) Loyalty Option for every three (3) Shares held by Shareholders registered at the Record Date at an issue price of \$0.01 per Loyalty Option. Fractional Entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 18,673,616 Loyalty Options will be issued pursuant to this Offer to raise up to approximately \$186,736. If all the Loyalty Options issued under the Offer are exercised, the Company will receive approximately \$3.73 million.

As at the date of this Prospectus the Company has 14,677,624 Options on issue, all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Loyalty Options offered under this Prospectus will be issued on the terms and conditions set out in section 6.1 of this Prospectus.

All of the Shares issued upon the future exercise of the Loyalty Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 6.2 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in section 5.1 of this Prospectus.

4.2 Minimum subscription

The minimum subscription under the Offer will be \$186,736, being the full subscription.

4.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:

- (i) fill in the number of Loyalty Options you wish to accept in the space provided on the Entitlement and Acceptance Form; and
- (iii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.01 per Loyalty Option); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

4.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "iCollege Limited – Entitlement Offer Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm WST on the Closing Date.

4.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.6 Underwriting

The Offer is fully underwritten by the Underwriter. Refer to section 8.4.1 of this Prospectus for details of the terms of the underwriting.

4.7 Effect on control of the Company

The Underwriter is not presently a shareholder of the Company. The Underwriter is not a related party of the Company for the purpose of the Corporations Act.

As set out in section 8.4.2, under the Mandate Agreement, the Company has agreed to issue 3,000,000 Underwriter Options to the Underwriter in lieu of corporate advisory fees, subject to the provision of corporate advisory services.

The Underwriter's relevant interest and changes under several scenarios are set out in the table below and are based on the assumption that the Underwriter takes up its full entitlement of Underwriter Options under each scenario, that all of the Options issued to the Underwriter are exercised, that no other Options or Loyalty Options are exercised, that no convertible securities are converted into Shares and no further Shares are issued.

Event	Shares held by Underwriter (assuming all Options held by the Underwriter are exercised)	Voting power of Underwriter (assuming all Options held by the Underwriter are exercised)
Date of Prospectus	0	N/A
Completion of Entitlement Offer and issue of Underwriter Options		
• Fully subscribed	3,000,000	5.08%
• 75% subscribed	7,668,404	12.04%
• 50% subscribed	12,336,808	18.05%
• 0% subscribed	14,005,211	20.00%

The number of Shares held by the Underwriter on conversion of its Loyalty Options and Underwriter Options and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders, other than the Underwriter, will take up Entitlements under the Offer or that only the Underwriter will accept the Options held by it. The Underwriter has also indicated that it will seek sub-underwriters in respect of its sub-underwriting obligations under the Underwriting Agreement. It is a term of the Underwriting Agreement that the Underwriter may not be issued with such number of Options such that, upon exercise of all Options held, the Underwriter's voting power could increase above 20%.

The Underwriter may subscribe for a maximum of 14,005,211 Options, including 11,004,211 Options (being the maximum amount of Loyalty Options that the Underwriter may take up under the Offer) together with an additional 3,000,000 Underwriter Options (to which the Underwriter is entitled pursuant to the Underwriter Offer upon the provision of corporate advisory services). However, the underwriting obligation corresponding to the Offer, and therefore voting power of the Underwriter, will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by the other Shareholders (to the extent those Loyalty Options are exercised).

In addition, Shareholders should note that, if they do not participate in the Offer, their holdings, upon the future exercise of the Loyalty Options offered pursuant to the Offer, are likely to be diluted by approximately 25% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	10,000,000	17.85%	3,333,334	10,000,000	13.39%
Shareholder 2	5,000,000	8.93%	1,666,667	5,000,000	6.69%
Shareholder 3	1,500,000	2.68%	500,000	1,500,000	2.01%
Shareholder 4	400,000	0.71%	133,334	400,000	0.54%
Shareholder 5	50,000	0.09%	16,667	50,000	0.07%
Total	56,020,846		18,673,616	74,694,462	

Notes:

1. This table has been drafted without taking into account any Underwriter Options. Refer to section 8.4.2 for further details in respect of the Mandate Agreement.
2. This table does not take into account the issue of any Shares upon satisfaction of the milestones under the performance shares (of which 10,000,002 are on issue).
3. This table does not take into account Options on issue at the date of this Prospectus.
4. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are taken up by the Underwriter.

4.8 ASX listing

Application for Official Quotation of the Loyalty Options offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Loyalty Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Loyalty Options and will repay all application monies for the Loyalty Options within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Loyalty Options is not to be taken in any way as an indication of the merits of the Company or the Loyalty Options now offered for subscription.

4.9 Issue

Loyalty Options issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Pending the issue of the Loyalty Options or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Loyalty Options issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

4.10 Underwriter Offer

This Prospectus includes a separate offer of up to 3,000,000 Underwriter Options to the Underwriter (or its nominee). The Underwriter Offer will remain open for a period of 3 months after the Closing Date.

The Company has entered into the Mandate Agreement with the Underwriter under which the Company has appointed the Underwriter to provide certain corporate advisory services to the Company (the material terms of which are summarised at Section 8.4.2 of this Prospectus).

Under the terms of the Mandate Agreement, the Company has agreed to grant the Underwriter 3,000,000 Underwriter Options within a period of 3 months of the Closing Date. As such, upon being satisfied that the Underwriter has performed the corporate advisory services the subject of the Mandate Agreement, the Underwriter will be provided with a personalised Application Form in relation to the Underwriter Offer together with a copy of this Prospectus.

The Underwriter Options will be issued using the Company's 15% placement capacity under the ASX Listing Rules.

4.11 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Loyalty Options these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Loyalty Options will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.12 Enquiries

Any questions concerning the Offer should be directed to Mr Christopher Watts, Company Secretary, on +61 6380 2555.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to reward the loyalty of Company shareholders and will result in the raising of up to approximately \$186,736.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Expenses of the Offer ¹	\$40,000	21.42%
2.	Working capital	\$146,736	78.58%
	Total	\$186,736	100%

Notes:

1. Refer to section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

5.2 Effect of the Offer and the Underwriter Offer

The principal effect of the Offer and the Underwriter Offer, assuming all Loyalty Options and Underwriter Options offered under the Prospectus are issued, will be to:

- (a) increase the cash reserves by \$146,736 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Options on issue from 14,677,624 as at the date of this Prospectus to 36,351,240 Options.

5.3 Pro-forma balance sheet

The unaudited balance sheet as at 16 June 2014 and the unaudited pro-forma balance sheet as at 16 June 2014 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Loyalty Options offered under the Prospectus are issued.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	UNAUDITED 16 June 2014	PROFORMA 16 June 2014
CURRENT ASSETS		
Cash ¹	2,658,080	2,804,816
Other current assets	86,788	86,788
TOTAL CURRENT ASSETS	2,744,868	2,891,604
NON-CURRENT ASSETS		
Intellectual Property	1,749,974	1,749,974
Fixed Assets	122,092	122,092
TOTAL NON-CURRENT ASSETS	1,872,066	1,872,066
TOTAL ASSETS	4,616,934	4,763,670
CURRENT LIABILITIES		
Creditors and borrowings	24,460	24,460
TOTAL CURRENT LIABILITIES	24,460	24,460
TOTAL LIABILITIES	24,460	24,460
NET ASSETS (LIABILITIES)	4,592,474	4,739,210
EQUITY		
Share capital ²	30,018,819	30,018,819
Options Reserve	491,130	637,866
Retained loss	(25,917,475)	(25,917,475)
TOTAL EQUITY	4,592,474	4,739,210

	UNAUDITED 16 June 2014	PROFORMA 16 June 2014
Note 1:		
Balance as at 16 June 2014	2,658,080	2,658,080
Funds raised from the Offer	-	186,736
Costs of the Offer	-	(40,000)
TOTAL CURRENT ASSETS	2,658,080	2,804,816
Note 2:		
Balance as at 16 June 2014	491,130	491,130
Funds raised from the Offer	-	186,736
Costs of the Offer	-	(40,000)

	UNAUDITED 16 June 2014	PROFORMA 16 June 2014
TOTAL CURRENT ASSETS	491,130	637,866

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Loyalty Options offered under the Prospectus are issued, is set out below.

Shares

	Number
Shares currently on issue ¹	56,020,846
Shares offered pursuant to the Offer	N/A
Total Shares on issue after completion of the Offer	56,020,846

Note:

¹ 18,750,008 Shares are subject to ASX imposed escrow.

Options

	Number
Options currently on issue: 11,667 unlisted Options each exercisable at \$30.00 on or before 28/8/14, 3,334 unlisted Options each exercisable at \$30.00 on or before 1/5/17, 5,955 unlisted Options each exercisable at \$1.39 on or before 8/7/14, 2,989,994 unlisted Options each exercisable at \$0.20 on or before 31/12/15, and 11,666,674 unlisted Options each exercisable at \$0.30 on or before 31/3/19	14,677,624
Loyalty Options offered pursuant to the Offer (Quoted exercisable at \$0.20 on or before the date being three years from the date of issue of the Loyalty Options) ¹	18,673,616
Underwriter Options ^{1, 2}	3,000,000
Total Options on issue after completion of the Offer	36,351,240

Note:

¹ The full terms and conditions of the Loyalty Options and Underwriter Options are set out in section 6.1.

The company also has a total of 10,000,002 performance shares on issue which will convert to Shares in the event the specified milestones are satisfied by their expiry date. Refer to the notice of general meeting dated 12 February 2014 for the terms and conditions of the performance shares.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 80,698,472 Shares and on completion of the Offer (assuming all Entitlements are accepted, all of the Underwriter Options are issued, and no Options are exercised prior to the Record Date) would be 102,372,088 Shares.

5.5 Details of substantial holders

Based on publicly available information as at 24 June 2014, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Performa Capital Pty Ltd <Performa A/C>	7,500,000	13.39%
Frontier Capital Pte Ltd	4,166,666	7.44%
Traditional Securities Group Pty Ltd <LPR A/C>	2,916,667	5.21%

The Offer will have no effect on the quantity of Shares held by these substantial shareholders as only Options are being issued.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Loyalty Options and Underwriter Options

(a) **Entitlement**

Each Loyalty Option entitles the holder to subscribe for one Share upon exercise of the Loyalty Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Loyalty Option will be \$0.20 (**Exercise Price**).

(c) **Expiry Date**

Each Loyalty Option will expire at 5:00 pm (WST) on the date being three years from the date of issue of the Loyalty Options (**Expiry Date**). A Loyalty Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Loyalty Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Loyalty Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Loyalty Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Loyalty Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Loyalty Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of Loyalty Options specified

in the Notice of Exercise and for which cleared funds have been received by the Company;

- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Loyalty Options.

If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Loyalty Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Loyalty Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a Loyalty Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Loyalty Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Loyalty Options without exercising the Loyalty Options.

(l) **Change in exercise price**

A Loyalty Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Loyalty Option can be exercised.

(m) **Quoted**

The Company will apply for quotation of the Loyalty Options issued under this Prospectus.

(n) **Transferability**

The Loyalty Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

6.2 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being the underlying securities of the Loyalty Options to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to, and in accordance with, the Corporations Act, the Listing Rules, the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares. The Directors may rescind a decision to pay a dividend if they decide before the payment date of the dividend that the Company's financial position no longer justifies the payment.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia

and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7. RISK FACTORS

7.1 Introduction

The Loyalty Options offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Competition Risk

The Company will be participating in a highly competitive market, however there are few, if any, specific competitors who have a dominant market share and dictate the structure or practices in the market.

These competitors include existing online education providers using the name "iCollege" or variations to market online courses, registered training organisations providing accredited and non-accredited courses, education content resellers like SEEK Education, Universities, both public and private, online universities like Open University and professional development providers.

The fact that there are no dominant competitors makes market entry and penetration easier but not without the need to ensure that the Company can position and differentiate itself to gain market share.

There is no certainty that the Company will be successful in this market, that revenue growth will be stimulated or that the Company will operate profitably in the short term, or at all.

(b) Technology Risk

The Company's technology platform has been developed as a proprietary system and all intellectual property rights are licensed by the Company. The platform is suitable for its application and based on the core programming languages and tools used to develop it, should be able to be scaled initially to meet growth in consumer demands.

However, with any technology there are security risks and upgrade risks, both of which have been mitigated due to the use of common web based technologies.

However, future demand levels may require improvements and updating of the technology or software architecture to meet scale out

demand. The future demand loads for the technology are not as yet quantified.

7.3 Industry specific

(a) Contractors and Service Providers

The Directors are unable to predict the risk of financial failure, default, insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or insolvency or other managerial failure by any of the other service providers used by the Company for any activity. Such events could adversely impact on the Company's operations.

(b) Future Capital Requirements

Future funding will be required by the Company to develop various projects. There can be no assurance that such funding will be available on satisfactory terms or at all. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, which may adversely affect the business and financial condition of the Company and its performance.

7.4 General risks

(a) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's development and future activities, as well as on its ability to fund those activities.

(b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future

performance of the Company or any return on an investment in the Company.

(c) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(d) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(e) **Taxation**

The acquisition and disposal of Shares and/or Options will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares and/or Options from a taxation viewpoint and generally.

In addition, the Underwriter shall be required to seek its own tax advice in respect of the Underwriter Offer.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Options under this Prospectus.

(f) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Loyalty Options offered under this Prospectus

Therefore, the Loyalty Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Loyalty Options.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Loyalty Options pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in paragraph (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in paragraph (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the tables below.

Documents Released as ICT

Date	Description of Announcement
18/06/2014	Update Non-Renounceable Rights Issue
18/06/2014	Non-Renounceable Rights Issue
21/05/2014	iCollege sets the Standard for Globally Compliant Training
16/05/2014	Dr Phil Rutherford appointed Director of Education
15/05/2014	Chairman Update
08/05/2014	Investor Presentation
06/05/2014	Change of Registered Office
05/05/2014	Notices of Initial Substantial Holder
05/05/2014	Initial Director's Interest Notice
02/05/2014	Company Secretary Appointment/Resignation
02/05/2014	Final Director's Interest Notice x 3
02/05/2014	Appendix 3B
01/05/2014	Top 20 Shareholders
01/05/2014	Terms and Conditions of Options
01/05/2014	Securities Trading Policy
01/05/2014	Confirmations
01/05/2014	Capital Structure and Financial Information
01/05/2014	Restricted Securities
01/05/2014	Distribution Schedule
01/05/2014	Appendix 1A and Information Form and Checklist
01/05/2014	Pre-reinstatement Disclosure
01/05/2014	ASX Notice - Reinstatement to Official Quotation
01/05/2014	Reinstatement to Official Quotation
29/04/2014	March 2014 Quarterly Cash Flow Report and Update
17/04/2014	Issue of Securities to Vendors and Shareholders of iCollege

Documents Released as DGI Holdings Limited (the previous name of the Company)

Date	Description of Announcement
10/04/2014	Capital Raising Completed, Change of Name and ASX Code
31/03/2014	Extension of Prospectus Closing Date
31/03/2014	Completion of Security Consolidation
21/03/2014	Extension of Prospectus Closing Date
21/03/2014	Appendix 3B
14/03/2014	Results of Meeting
14/03/2014	Suspension from Official Quotation
28/02/2014	Appendix 3B
28/02/2014	Appendix 4D and 31 December 2013 Half Year Report
25/02/2014	Appendix 3B
25/02/2014	Prospectus
12/02/2014	Notice of General Meeting/Proxy Form
12/02/2014	Appendix 3B
31/01/2014	December 2013 Quarterly Cash Flow Report and Update
23/12/2013	DGI Exercises Option to Purchase Online Education Company
23/12/2013	Trading Halt
18/12/2013	Appendix 3B
17/12/2013	Appendix 3B
17/12/2013	Ceasing to be a substantial holder
28/11/2013	DGI Signs Option to Purchase Online Education Company
26/11/2013	Trading Halt
14/11/2013	Results of Annual General Meeting
30/10/2013	September 2013 Quarterly Cash Flow Report and Update
08/10/2013	Notice of Annual General Meeting/Proxy Form

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.225	24 March 2014 – 1 May 2014
Lowest	\$0.14	12 June 2014
Last	\$0.18	24 June 2014

8.4 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

8.4.1 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to underwrite the Offer for 18,673,616 Loyalty Options (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% of the value according to this Prospectus of the Loyalty Options offered to Shareholders pursuant to the Offer and has also agreed to reimburse the Underwriter for out-of-pocket expenses directly related to the Offer.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. For example, the Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **Prospectus:** any of the following occurs in relation to the Prospectus:
 - (i) the Underwriter reasonably forms the view that there is a material omission, it contains a material statement which is misleading or deceptive, or a material statement has become misleading or deceptive;
 - (ii) ASIC gives notice of intention to hold a hearing under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act; or
 - (iii) any person other than the Underwriter who consented to being named in the Prospectus withdraws that consent;
- (b) **Supplementary Prospectus:** the Underwriter reasonably forms the view that a supplementary or replacement document (as appropriate) must be lodged with ASIC under section 719 or section 724 of the Corporations Act and the Company does not lodge a supplementary or replacement document (as the case may be) in the form and content and within the time reasonably required by the Underwriter, or the Company lodges a supplementary or replacement document without the prior written agreement of the Underwriter;
- (c) **ASX listing:** ASX does not give approval for the Underwritten Securities to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;
- (d) **Index changes:** the S&P / ASX All Ordinaries Index (ASX Code: XAO) falls more than 10% from the date of the Underwriting Agreement for any 2 Business Days;
- (e) **indictable offence:** a director of the Company or any Related Corporation is charged with an indictable offence;
- (f) **return of capital or financial assistance:** the Company or a Related Corporation takes any steps to undertake a proposal contemplated under section 254N, section 257A of the Corporations Act or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;

- (g) **change in laws:** any of the following occurs:
- (i) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia;
 - (ii) the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory; or
 - (iii) the adoption by the ASIC, its delegates, ASX, the Reserve Bank of Australia or any other regulatory authority of any regulations or policy,
- which does or is likely to prohibit, restrict or regulate the principal business of the Company, the Entitlements Issue or the operation of stock markets generally;
- (h) **failure to comply:** the Company or any Related Corporation fails to comply with any of the following:
- (i) a provision of its constitution;
 - (ii) any statute;
 - (iii) the Listing Rules;
 - (iv) a requirement, order or request, made by or on behalf of the ASIC or any governmental agency; or
 - (v) any material agreement entered into by it;
- (i) **alteration of capital structure or constitution:** except as described in this Prospectus, the Company alters its capital structure or its Constitution without the prior written consent of the Underwriter;
- (j) **hostilities:** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, Philippines, Indonesia, Japan, Russia, the United Kingdom, the United States of America, or the Peoples Republic of China, other than hostilities involving Afghanistan or Iraq, any country bordering Afghanistan or Iraq or any Arab country (being a country the majority of whose inhabitants are of Arab ethnicity);
- (k) **extended Force Majeure:** a Force Majeure (as defined in the Underwriting Agreement), which prevents or delays an obligation under the Underwriting Agreement, lasting in excess of 7 days occurs;
- (l) **default:** the Company is in default of any of the terms and conditions of the Underwriting Agreement or breaches any warranty or covenant given or made by it under the Underwriting Agreement;
- (m) **adverse change:** any adverse change occurs which materially impacts or is likely to impact the assets, operational or financial position of the Company or a Related Corporation (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official

being appointed over any of the assets or undertaking of the Company or a Related Corporation);

- (n) **investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Corporation;
- (o) **due diligence:** there is a material omission from the results of the due diligence investigation performed in respect of the Entitlements Issue or the results of the investigation or the verification material are false or misleading;
- (p) **Prescribed occurrence:** a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs, other than as disclosed in this Prospectus;
- (q) **Suspension of debt payments:** the Company suspends payment of its debts generally;
- (r) **Event of insolvency:** an Event of Insolvency (as defined in the Underwriting Agreement) occurs in respect of a Related Corporation; or
- (s) **Judgment against a related corporation:** a judgment in an amount exceeding \$25,000 is obtained against the Company or a Related Corporation and is not set aside or satisfied within 7 days.

The Underwriting Agreement also contains a number of additional termination events, indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

8.4.2 Mandate Agreement

The Company has also entered into a mandate agreement (**Mandate Agreement**) with the Underwriter under which the Company has appointed the Underwriter to provide the following corporate advisory services to the Company:

- (a) facilitating the Company's strategic marketing;
- (b) developing strategic market milestones for the next 6-12 months;
- (c) assisting with the preparation of, review and release of ASX releases and news announcements;
- (d) developing and assisting with the content of presentational material and general marketing assistance;
- (e) completing roadshows and presentations to brokers around Australia;
- (f) completing roadshows and presentations to institutional clients with investment philosophies consistent with the Company's assets, projects, focus areas, size and growth strategy;
- (g) providing introductions to media contacts and facilitating strategic marketing;
- (h) providing equity market feedback and where applicable advice to the Company, gauging the reaction of shareholders and the investment

community at large to the Company's initiatives and promotional activity; and

- (i) endeavouring to re-energise current shareholder support, and/or seek new investor groups (where applicable, or in line with the Company's strategy).

Pursuant to the Mandate Agreement, the Company agreed, in lieu of fees, to offer the Underwriter the right to subscribe for 3,000,000 Underwriter Options for no cash consideration, on the same terms as the Loyalty Options issued under the Offer.

The Mandate contains other terms and conditions considered standard for an agreement of its nature. This includes, but is not limited to, clauses in relation to termination, representations and warranties, indemnities and confidential information.

8.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options ³	Performance Shares	Entitlement	\$
Phillip Re ¹	2,916,667	1,458,333	1,750,002	972,222	\$9,722
Victor Hawkins ²	7,500,000	3,750,000	4,500,000	2,500,000	\$25,000

Johannes de Back	Nil	Nil	Nil	Nil	Nil
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Notes:

- ¹ Held by Traditional Securities Group Pty Ltd as trustee for the LPR Family Trust (of which Mr Re is a beneficiary).
- ² Held by Performa Capital Pty Ltd (a company of which Mr Hawkins is a director and shareholder) as trustee for the Performa Trust (of which Mr Hawkins is a beneficiary)
- ³ Exercisable at \$0.30 per Option on or before 31 March 2019.

The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Shareholders in general meeting and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$300,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	2014 Financial Year	2013 Financial Year	2012 Financial Year
Victor Hawkins	\$83,332	Nil	Nil
Phillip Re	\$20,000	Nil	Nil
Johannes de Back	\$20,000	Nil	Nil

8.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (d) the formation or promotion of the Company; or
- (e) the Offer.

DJ Carmichael Pty Limited will be paid an underwriting fee of approximately \$11,204 in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, DJ Carmichael Pty Limited received \$28,059.90 (including GST) for services provided to the Company in respect of its readmission to the Official List of the ASX and for a placement undertaken by the Company in December 2012.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$226,683 (excluding GST and disbursements) for legal services provided to the Company.

8.7 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section;

- (c) DJ Carmichael Pty Limited has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named;
- (d) Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.8 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$40,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,225
ASX fees ¹	10,557
Underwriting fees	11,204
Legal fees	10,000
Printing and distribution	6,014
Total	40,000

Note:

1. This does not take into account the listing fees for the Underwriter Options. A further \$3,701 will be payable as listing fees upon the issue of the Underwriter Options.

8.9 Electronic prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 6380 2555 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the company announcements platform at www.asx.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Loyalty Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.12 Privacy Act

If you complete an application for Loyalty Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Loyalty Options, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Philip Re
Director
For and on behalf of
ICOLLEGE LIMITED

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Loyalty Options pursuant to the Offer.

Application Form means an Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means iCollege Limited (ACN 105 012 066).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Loyalty Option means an Option to acquire a Share on the terms and conditions set out in section 6.1 of this Prospectus.

Loyalty Optionholder means a holder of a Loyalty Option.

Mandate Agreement has the meaning set out at Clause 8.4.2.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Underwriter means DJ Carmichael Pty Limited (ACN 003 058 857).

Underwriter Options means the Options to be issued to the Underwriter under the Mandate Agreement on the same terms as the Loyalty Options and otherwise pursuant to the terms and conditions set out in section 8.4.2 of this Prospectus.

Underwriting Agreement has the meaning given to the term in section 8.4.1.

WST means Western Standard Time as observed in Perth, Western Australia.