

27 June 2014

Dear Shareholder

#### **PARTICIPATION IN NON-RENOUNCEABLE RIGHTS ISSUE OF LOYALTY OPTIONS**

As announced to ASX on 18 June 2014, iCollege Limited (**Company**) is undertaking a non-renounceable rights issue of one option to acquire a fully paid ordinary share in the capital of the Company (exercisable at 20 cents on or before the date which is 3 three years from the date of issue) (**Loyalty Option**) for every 3 shares held by shareholders on 2 July 2014 (**Record Date**) to raise up to A\$186,736 (**Offer**).

The Offer will be fully underwritten by DJ Carmichael Pty Limited (**DJC**). In consideration for underwriting the Offer, the Company has agreed to pay to DJC a sum equal to 6% of the total amount underwritten. The Company has also agreed to issue 3 million options to DJC on the same terms as the Loyalty Options in consideration for corporate advisory services to be provided to the Company. The Company will issue these options within 3 months of completion of the Offer (at the Company's discretion).

All holders of ordinary shares in the 100 per cent online career education provider, with a registered address in Australia or New Zealand, are entitled to participate in the Offer.

Eligible shareholders who do not intend to take up the Offer will not be able to transfer and receive value for those entitlements. They may choose to accept nothing, part or all of their entitlements.

The rights attaching to the Loyalty Options together with all other relevant information relation to the Offer is set out in a prospectus which was lodged with the Australian Securities and Investments Commission and ASX on 25 June 2014 (**Prospectus**). A copy of the Prospectus, together with the Entitlement and Acceptance Form, will be sent to shareholders on or about 7 July 2014. Other key dates which shareholders should note are as follows:

|                                                     |              |
|-----------------------------------------------------|--------------|
| Ex date                                             | 30 June 2014 |
| Record Date for determining Entitlements            | 2 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 |

Following completion of the Offer, the Company will have issued approximately 18,673,616 Loyalty Options.

The Company will apply for official quotation of the Loyalty Options issued under the prospectus.

The funds raised from the Offer will be used for working capital excluding the costs of the Offer.

Application for Loyalty Options under the Offer may only be made by completing the Entitlement and Acceptance Form which accompanies the Prospectus. Shareholders eligible to participate in the Offer should read the Prospectus carefully.

If you do not wish to participate in the Offer you do not need to take any action.

Before deciding whether to participate in the Offer, you should consider the terms of the Offer and if any doubt, consult with your professional advisor.

Yours sincerely

CHRIS WATTS  
Company Secretary