

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.

Following completion of the Offer, the Company may have issued a maximum of 18,673,616 Loyalty Options and 3,000,000 options to DJC resulting in total options on issue of approximately 21,673,616.

A Shareholder who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of Loyalty Options to which they would otherwise be entitled.

If you have any queries concerning the Offer, please contact your financial adviser.

Yours sincerely

CHRIS WATTS
Company Secretary