

Cleansing Notice

Site Group International Limited
ACN 003 201 910

27 October 2011

Issued under section 708A(12c)(e) of the Corporations Act 2001 (Cth) (**Act**) (as notionally inserted by ASIC Class Order [CO 10/322])

This Cleansing Notice has been prepared to enable fully paid ordinary shares in Site Group International Limited (**Site or the Company**) to be issued on conversion of a convertible notes issued by Site to be on-sold to retail investors without disclosure under Part 6D.2 of the Act.

This Cleansing Notice is important and should be read in its entirety.

Background

On 1 September 2011, Site Group International Limited (**Site** or the **Company**) announced to the market that it had entered into a convertible note mandate with Claymore Capital Pty Ltd to raise up to \$4 million through the issue of convertible notes (**Capital Raising**).

As announced to the market on 18 October 2011, the Directors of Site had committed \$1.7 million to the Capital Raising on the basis that the Directors' participation is subject to shareholder approval which will be sought at the next general meeting to be held by the Company.

On 27 October 2011 Site issued the following convertible notes:

Name of Investor	Amount Raised
Clients of Claymore Capital	\$2,162,000
Vern Wills (and associated entities), Executive Chairman	\$1,463,000
Darryl Somerville, Non-Executive Director	\$250,000
Shaun Scott, Non-Executive Director	\$125,000
Total Principal Amount	\$4,000,000

(collectively referred to as **Notes**).

This Cleansing Notice relates to the issue of Notes. An outlined of the rights and liabilities attaching to the Notes is provided in section 2 of this Cleansing Notice.

1. The effect of the issue of the Notes on Site

1.1 Purpose and effect of the issue of the Notes on Site

On 27 October 2011 the Company received \$2,550,000 (the remaining \$1,450,000 was previously lent to the Company and the loans were subsequently varied to become Convertible Notes on the terms set out below) in funding in consideration for the issue of the Notes. As previously announced to the market, the Notes were issued to raise funds for the Company to be used for working capital and the ongoing implementation of Site's international business plan.

Site considers that the benefits of the issue of the Notes include the following:

- Low cost capital raising;
- Site is not required to provide security to secure the repayment of the money's advanced;
- provides necessary capital to assist the Company in moving forward.

The principal effects of the issue of the Notes on Site are as follows:

- Site will assume a liability to repay the Total Principal Amount of the Notes or issue Shares upon conversion of the Notes;
- Site will assume an obligation to pay interest on the Total Principal Amount Outstanding to the holder of the note at a rate of 10% per annum payable within 10 Business Days after the date of issue of the Conversion Shares or the Maturity Date

unless the noteholder makes an election to add the interest amount to the amount to be converted and receive payment in Shares.

- If the Notes are converted in whole, the number of Shares on issue in the Company will increase as a consequence of the issue of new Shares (see section 1.2).

1.2 The effect of the Notes on the capital structure of Site

The current issued capital of Site (before the issue of the Notes) is set out below.

Security	Number on issue prior to the Notes being issued
Fully paid ordinary shares	132,919,101 ¹
Options	(8,115,000)

Notes¹ We note that the Company has 134,035,101 ordinary shares on issue which include partially paid shares.

The exact number of Shares to be issued upon Conversion of the Notes cannot be ascertained at this time. As outlined above the Notes are held by various individuals/entities and are capable of conversion at different times prior to the Maturity Date. Further, the number of Shares to be issued upon conversion is dependent upon the applicable conversion price. The conversion price is calculated as:

- (a) For Clients of Claymore Capital, the price equal to the lesser of 85% of the Volume Weighted Average Price (**VWAP**) of the Shares for the 30 Business Days immediately preceding the date the Conversion Notice is provided to the Company or 20 cents per Share provided that the issue price can not be below 10 cents per Share; and
- (b) For all other Noteholders, the greater of 85% of the Volume Weighted Average Price (**VWAP**) of the Shares for the 30 Business Days immediately preceding the date the Conversion Notice is provided to the Company or 10 cents per Share.

As such, the conversion price and the number of Shares to be issued in respect of each Note will only be capable of being determined once the Conversion Notice is provided to the Company.

Example

By way of example, we set out the following scenario which represents conversion of all Notes totalling \$4 million.

If the Principal Amount of \$4 million was converted by the Noteholders (provided all required Approvals were obtained) at an issue price of 10 cents per Share (which is the minimum issue price) then an additional 40,000,000 Shares would be issued taking the total issued capital in the Company to 174,034,601. It should be noted that if the noteholder made the Interest Election additional shares may be required to be issued as the Conversion Amount would be increased.

Assuming this issue price applied to all of the Notes and all of the Notes were converted, the Company would issue 40,000,000 Conversion Shares, which on that example would represent approx 23% of the then Issued Capital. Further, this example assumes that noteholders do not make the election to have any interest owing to them repaid in Shares.

It is important to recognise that these examples are for illustrative purposes only. The actual outcome of any conversion of the Notes will be dependent on the timing of the conversion and the Company's VWAP over the conversion period (if it is higher than 10 cents). However, outlined above is the maximum number of Shares that could be issued if all Notes (totalling \$4 million) were converted (excluding the conversion of any interest payable under the Notes).

1.3 Pro forma balance sheet of Site

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011**

	Consolidated Group		Consolidated Group
	2011		2011
	\$	Pro Forma	Proforma
	Audited	Adjustment	Balance Sheet
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	409,449	3,761,400	4,170,849
Trade and other receivables	171,828		171,828
Inventories	99,515		99,515
Other assets	114,977		114,977
TOTAL CURRENT ASSETS	<u>795,769</u>		<u>4,557,169</u>
NON-CURRENT ASSETS			
Property, plant and equipment	4,810,628		4,810,628
Intangible assets	-		-
Other non-current assets	324,170		324,170
TOTAL NON-CURRENT ASSETS	<u>5,134,798</u>		<u>5,134,798</u>
TOTAL ASSETS	<u>5,930,567</u>		<u>9,691,967</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	1,937,543		1,937,543
Current tax liabilities	8,502		8,502
Interest bearing liabilities		3,761,400	3,761,400
Provisions	112,756		112,756
TOTAL CURRENT LIABILITIES	<u>2,058,801</u>		<u>5,820,201</u>
NON-CURRENT LIABILITIES			
Other provisions	13,036		13,036
TOTAL NON-CURRENT LIABILITIES	<u>13,036</u>		<u>13,036</u>
TOTAL LIABILITIES	<u>2,071,837</u>		<u>5,833,237</u>
NET ASSETS	<u>3,858,730</u>		<u>3,858,730</u>
EQUITY			
Issued capital	16,587,918		16,587,918
Reserves	818,262		818,262
Retained earnings	(13,547,450)		(13,547,450)
TOTAL EQUITY	<u>3,858,730</u>		<u>3,858,730</u>

2. Rights and liabilities attaching to the Notes

A summary of the key terms of the Notes is set out below.

2.1 Purchase Price

The Principal Amount for each of the notes is set out in the table contained under the 'background' heading above. Site raised \$4 million from the issue of the Notes

2.2 Interest

Interest is payable on the Principal Amount at a rate of 10% per annum payable within 10 Business Days after the date the Conversion Shares are issued or the Maturity Date (as the case may be) unless the noteholder elects to have the interest repaid in the same manner as the Principal Amount (**Interest Election**).

If the noteholder makes the Interest Election then the Interest amount will be added to and form part of the Conversion Amount on the date the Conversion Notice is provided to the Company and may be capable of redemption by the issue of Shares in the Company using the Conversion Formula.

2.3 Maturity Date

The Maturity Date of the Notes is 6 months from the date of issue of the Notes.

2.4 Security

The Notes are unsecured and therefore, the repayment of any Principal Amount outstanding ranks behind all secured debts owed by Site and equally with all other unsecured debts owed by Site.

2.5 Conversions

The noteholder may elect from time to time at any time on or before the Business Day immediately preceding the Maturity Date to convert part or all of the Moneys Owing under the Notes into Shares by:

- (a) issuing the Conversion Notice to the Company; and
- (b) surrendering the current note certificate.

Upon the Conversion Notice being received and subject to the conditions (as outlined in Section 2.6 below) being met, the Company will issue to the noteholder (or nominee appointed by the noteholder such number of Shares at the Issue Price (**Conversion Shares**) determined in accordance with the Conversion Formula.

Each Conversion Share will rank, on and from issue, in all respects pari passu with the then existing Shares and the Company will apply to the ASX for official quotation of the Conversion Shares.

If the Company reorganises its share capital in any way (including consolidation, subdivision, bonus issue, reduction or return) (**Reorganisation Event**) while the Notes are on issue the number of Shares issued on conversion after the Reorganisation Event will be:

- (a) adjusted so that the entitlement of the Shares issued upon conversion of the Note to participate in profits and assets of the Company will be the same as the entitlement of the Shares which the Notes would have been converted had there been no Reorganisation Event; and

- (b) otherwise reorganised in accordance with the ASX Listing Rules so that the noteholder will not receive a benefit that the holders of Shares do not receive and vice versa.

Conversion of the Note the Moneys Owing will be repaid in full on and from the date of issue of the resultant Conversion Shares.

2.6 Approvals Required

The conversion of the Notes is subject to and conditional upon:

- (a) the Company obtaining all required Approvals; and
- (b) either:
 - (1) the Company being satisfied that it can rely on Section 708A(5) of the Corporations Act in respect of the issue of any Conversion Shares; or
 - (2) the Company obtaining relief from the Australian Securities and Investments Commission to be entitled to rely on Section 708A(5) of the Corporations Act in respect of the issue of any Conversion Shares,

(Conditions).

The noteholder has provided an acknowledgment that each Note issued is subject to the Conditions irrespective of the Principal Amount to be lent or the Conversions Shares to be issued and the Company will have no obligation to issue any Conversion Shares unless and until the Conditions are satisfied.

In the event that the Conditions in respect of the Conversion Notice are not satisfied on or before the date being 2 months from the Company receiving a Conversion Notice the Company will repay to the Holder the Moneys Owing in full on or before 2 month after receipt of the Conversion Notice in immediately available funds.

2.7 Repayment of Money's Owing

If there are Moneys Owing on the Maturity Date and a Conversion Notice has not been issued in respect of such Money's Owing, the Company must repay the Moneys Owing in Immediately Available Funds no later than 10 Business Days from the Maturity Date.

2.8 Events of Default

The Moneys Owing will become payable to the Holder on the earlier of the Immediate Repayment Events or the Maturity Date whereupon the Company will repay to the Holder the Moneys Owing in full, in Immediately Available Funds and without set-off, counter claims, conditions or, unless required by law, deductions or withholdings.

Upon the noteholders receipt of Moneys Owing from the Company, the Note will be at an end and the parties will be discharged from any further obligations to each other pursuant to the Note.

The Moneys Owing will, at the option of the noteholder become immediately due and payable on the happening of an Immediate Repayment Event.

3. Rights and liabilities attaching to Shares issued on conversion of the Notes

Any Conversion Shares to be issued to the noteholder on conversion of the Notes will rank equally in all respects with the existing Shares. The rights attaching to Shares, including the Conversion Shares are set out in the Constitution of the Company and in certain circumstances, regulated by the Act, ASX Listing Rules and general law.

A summary of the Constitution and the significant rights attaching to the Conversion Shares to be issued is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of holders of the Conversion Shares.

A copy of the Constitution is available from the ASX announcements platform or may be inspected during normal business hours at the registered office of the Company.

3.1 Voting

At a general meeting of the Company on a show of hands, every member present in person or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

3.2 Dividends

The New Shares will rank equally with all other issued Shares in the capital of the Company and will participate in dividends of the Company from time to time. Subject to the rights of holders of Shares of any special preferential or qualified rights attaching thereto, dividends may be paid to the holders of Shares in proportion to the amounts paid up on such Shares respectively at the date of declaration of the dividend. The directors of the Company may from time to time pay to Shareholders such final and interim dividends as in their judgement the position of the Company justifies.

3.3 Winding Up

Upon paying the application monies, shareholders will have no further liability to make payments to the Company in the event of the Company being wound up pursuant to the provisions of the Act.

3.4 Transfer of Securities

Generally, the Shares and options in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The directors of the Company may decline to register any transfer of Shares or options, but only where permitted to do so under its Constitution, the Corporations Act or the Listing Rules. The current Constitution of the Company permits the Directors to decline to register any transfer of Shares in a number of additional circumstances which relate to partly paid Shares and Shares over which the Company has a lien.

3.5 Sale of Non-Marketable Holdings

The Company may take steps in respect of non-marketable holdings of Shares in the Company to effect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings.

The Company may only take steps to eliminate nonmarketable holdings in accordance with the Constitution and the Listing Rules.

3.6 Future Increases, Alteration and Reduction of Capital

The allotment and issue of securities is under the control of the directors of the Company. Subject to restrictions on the allotment of securities to related parties, the Listing Rules, the

Constitution of the Company and the Act, the directors of the Company may allot, issue or otherwise dispose of new securities on such terms and conditions as they decide.

The Company in general meeting may convert its securities into a larger or smaller number of securities, and subject to the Act and the ASX Listing Rules, the Company may reduce its share capital and buy-back Shares in itself.

3.7 Variation of Rights

The Company may only modify or vary the rights attaching to any class of Shares with the consent in writing of the holders of at least 75% of the issued Shares of the class or the sanction of a special resolution passed at a meeting of the holders of the issued Shares of that class.

4. Additional Information

4.1 ASX listing, continuous disclosure and documents available for inspection

Site is a “disclosing entity” for the purposes of the Act and as such, is subject to regular reporting disclosure obligations under both the Act and the ASX Listing Rules.

The reporting and disclosure obligations require Site to notify ASX of information periodically as well as information as it arises that a reasonable person would be expected to have a material effect on the price or value of Site’s securities.

Site is required to prepare and lodge with ASIC both yearly and half yearly financial statements accompanied by a Directors’ statement and report, and an audit report or review. Copies of documents lodged with ASIC in relation to Site may be obtained from, or inspected at an ASIC office.

The following documents are available on the ASX announcements platform:

- The 2011 annual financial report (**2011 Financial Report**);
- The half-year financial report most recently lodged by Site with ASIC being the financial report of Site for the half year ended 31 December 2010; and
- Any continuous disclosure documents given by Site to ASX since readmission on 17 December 2010 (as set out in the table below).

These documents may also be obtained free of charge from the Company if requested.

Date	Subject of announcement
18/10/2011	Revised revenue timing, Convertible Note issue and Management Appointments
30/9/2011	Full year statutory accounts
29/9/2011	Amended Appendix 4E and Preliminary Final Report
20/9/2011	Restricted securities due to release from escrow
01/09/2011	Convertible note mandate signed
31/08/2011	Appendix 4E and Preliminary Final Report
31/08/2011	Securities releasing from voluntary escrow
08/08/2011	Milestone agreement reached with TWISEA
04/08/2011	Initial Director’s Interest Notice x 2
03/08/2011	Appointment of Directors
02/08/2011	Final Director’s Interest Notice - DH
29/07/2011	Appendix 4C - quarterly
26/07/2011	Services Agreement with Cyba Recruitment
08/07/2011	Academic Pathway Agreement with Swinburne University
30/06/2011	Director Resignation
21/06/2011	Appendix 3B
09/06/2011	Investor Presentation
06/06/2011	Company Update and Proposed Capital Raising
23/05/2011	Release from voluntary escrow
23/05/2011	Lapse of takeover bid for Careers Australia Group Limited
16/05/2011	Sponsored Workforce Training Initiative Proving Successful
13/05/2011	Notice of status of conditions
11/05/2011	Offer for Careers Australia Group to remain conditional
29/04/2011	Appendix 4C - quarterly
29/04/2011	Supplementary bidder’s statement for Careers Aust. Group Ltd
18/04/2011	Target Statement by Careers Australia Group Ltd

06/04/2011	Final Director's Interest Notice - PY
01/04/2011	Bidder's Statement
01/04/2011	Director Appointment/Resignation
31/03/2011	Bidders' Statement Despatched
17/03/2011	Bidder Statement Acceptance Form
17/03/2011	Appendix 3B - Bidder's Statement
17/03/2011	Bidder's Statement
17/03/2011	Merger Proposal for Careers Australia Group Ltd
28/02/2011	Half Year Accounts
31/01/2011	Appendix 4C - quarterly
24/12/2010	Updated Share Trading Policy
22/12/2010	Agreement signed with SPPI
20/12/2010	MOA signed with Crew Skills International
17/12/2010	Update to Company Details
16/12/2010	Readmission to Official Quotation

4.2 Excluded Information

As at the date of this Cleansing Notice, Site advises that it has fully complied with its disclosure obligations (including its financial reporting obligations) under the ASX Listing Rules and the Act, and in particular, there is no information which Site has excluded from any continuous disclosure notices given in accordance with the ASX Listing Rules and the Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:

- The assets and liabilities, financial position and performance, profits and losses and prospects of Site; and
- The rights and liabilities attaching to the Notes and the Shares.

4.3 Consent to be named

Claymore Capital has given their consent to be named in this Cleansing Notice in accordance with the Act (as amended by ASIC Class Order CO10/322] and has not been withdrawn as at the date of this Cleansing Notice.

5. Defined Terms

In this Cleansing Notice, the following terms mean:

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

Approval means any approval of the Company's shareholders required by the noteholder or required pursuant to the Act and the ASX Listing Rules to the transactions contemplated by or arising out of the Note, including without limitation:

- (a) under Chapter 6 or Part 2E of the Act;
- (b) any required ASX Listing Rule Approval; and
- (c) the Conversion Approval,

in respect of the issue of the Notes or conversion of the Notes as the case may be.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the official listing rules of the ASX.

ASX Listing Rule Approval means the Approval of the Company's shareholders under:

- (a) Chapter 7 of the ASX Listing Rules to authorise the conversion of the Note; or
- (b) Chapter 10 of the ASX Listing Rules where the noteholder is deemed to be a related party of the Company to authorise the conversion of the Note,

as contemplated by or arising out with under the Note.

Business Day means a day on which banking institutions generally are open in Brisbane, but excluding Saturdays, Sundays and public holidays.

Capital Raising has the meaning set out in the 'background' section.

Company or Site means Site Group International Limited ACN 003 201 910.

Conversion Amount means all or part of the Principal Amount plus any Interest that may be added (as set out in the Conversion Notice) that is to be converted into Shares in the Company.

Conversion Approval means any approval of the Company's shareholders required pursuant to Item 7 of Section 611 of the Act in respect of the conversion by the noteholder of the Note up to the maximum number of Shares that the Company may issue to the noteholder (or nominee appointed by the noteholder) on conversion of the Note.

Conversion Formula means:

$$N = CA/IP$$

Where:

N = the number of Conversion Shares to be issued;

CA = the Conversion Amount; and

IP = the Issue Price

Conversion Notice means a notice in the form that appears on the note certificate or in such other form as the Company has from time to time approved, which specifies the Conversion Amount and the corresponding number of Shares to be issued upon Conversion.

Conversion Shares has the meaning set out in 2.5.

Immediate Repayment Event means the following events:

- (a) if the Company materially breaches any provisions of Note documentation;
- (b) if the Company suffers an insolvency event;
- (c) if the Company alters its Constitution without the prior written consent of the noteholder; and
- (d) if the Company ceases to be listed on the ASX.

Interest Election has the meaning set out in 2.2.

Maturity Date means 6 months from the date of issue of the Notes.

Moneys Owning means the moneys owing to the noteholder at any specified time, including, but without limitation, the Principal Amount and also any costs or expenses which the noteholder will be entitled to debit or charge to the Company under the note documentation.

Notes means the convertible notes issued by the Company on or about 27 October 2011.

Principal Amount means the amount (or part thereof as identified in the Conversion Notice) provided by the noteholder to the Company pursuant to the Note.

Shares means fully paid ordinary shares on issue in the Company.

Total Principal Amount means the total amount raised for the issue of Notes being \$4 million.

VWAP means the VWAP for the Shares for the 30 Business Days immediately preceding the date the Conversion Notice is provided to the Company or the Maturity Date as the case may be.