

1 April 2016

Australian Securities Exchange Limited
Via e-lodgement – ASX Code ICT

Section 708A(12C)(e) Cleansing Notice

iCollege Limited ("**ICT**") (**ASX:ICT**) submits the attached notice under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (the "**Act**"), as modified by *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82*.

ICT will issue convertible bonds in 2 tranches with a total face value of \$750,000 (the "**Bonds**") to Gleneagle Securities Nominees Pty Limited ACN 150 259 877 (the "**Bondholder**") in accordance with the terms of the Convertible Bond Deed between, amongst others, ICT, the Bondholder, and Gleneagle Securities (Aust) Pty Limited (the "**Deed**"). The Deed is annexed to this notice at Attachment A.

This notice is in respect of the issue of the first tranche of the Bonds, comprising 250 Bonds, with a total face value of \$250,000 (the "**Tranche 1 Bonds**"), which were issued today.

1 Effect of issue of the Tranche 1 Bonds on ICT

The effect of the offer and issue of the Tranche 1 Bonds on ICT will be that ICT will raise \$250,000 before costs. The proceeds from the issue of the Tranche 1 Bonds will be used for the working capital purposes of ICT.

As a result of the issue of the Tranche 1 Bonds, ICT will be indebted to the Bondholder for the amount of \$250,000.

2 Rights and liabilities attaching to the Tranche 1 Bonds

The rights and liabilities of the Tranche 1 Bonds are summarised below.

The terms of the Tranche 1 Bonds will include customary terms for convertible bonds and include the key terms set out below. The full terms of the Bonds are set out in the Deed. Capitalised terms used below have the meanings given to them in the Deed.

- (a) **Status:** Unquoted and convertible into fully paid ordinary shares of ICT ("**Shares**").
- (b) **Total face value:** \$250,000 in respect of the issue of the Tranche 1 Bonds. Subject to the satisfaction of certain conditions (including ICT having obtained all Shareholder approvals required under the Deed and Gleneagle Securities (Aust) Pty Limited being satisfied (in its absolute discretion) with the Company Financial Model), the Deed contemplates an additional issue of 500 Bonds by ICT with a total face value of \$500,000 (the "**Tranche 2 Bonds**"). The aggregate face value of the Bonds to be issued under the Deed as the Tranche 1 Bonds and the Tranche 2 Bonds is \$750,000 (comprising 750 Bonds).

- (c) **Maturity:** The Maturity Date of the Tranche 1 Bonds is 24 months from the date of issue of the Bonds. On the Maturity Date, ICT is required to redeem each Bond at an amount equal to the face value of each Bond plus all accrued and unpaid interest from time to time payable by ICT in respect of the Bond.
- (d) **Interest:** Interest accrues daily and compounds monthly on the face value of each Bond at an interest rate of 12% per annum. Each Bondholder may elect for accrued interest to be satisfied by ICT issuing Shares and/or additional Bonds in accordance with the terms of the Deed.
- (e) **Conversion:**
 - (i) At the election of the Bondholder, and until the relevant Maturity Date of the Bond, each Bond is convertible in whole (and not in part) into a number of Shares determined by dividing the face value of the Bond by the Conversion Price of \$0.12. The Conversion Price may be adjusted in certain prescribed circumstances, including:
 - (A) following a bonus issue, sub-division, consolidation, reduction, buy-back or return of capital of ICT's securities;
 - (B) following any new issue of securities by ICT, as defined in the Deed as a "New Securities Issue", at a price less than the Conversion Price at the date of the New Securities Issue, in which case the Conversion Price will be automatically reduced to the relevant "lesser" price; and
 - (C) when the volume weighted average price of the Shares on the ASX for any 10 Trading Days is less than \$0.075, in which case the Conversion Price will be automatically reduced to \$0.10.
 - (ii) Where the total number of Shares to be issued results in a fraction of a Share, that fraction will be rounded down.
 - (iii) In addition, ICT has agreed with each Bondholder, that simultaneously with the conversion of any Bond or exercise of any Continuing Conversion Right (as defined below), the Bondholder will be issued with one option to subscribe for one Share at an exercise price of \$0.10 (as may be adjusted) for every 2 Shares that are issued upon conversion of the relevant Bond or the exercise of the relevant Continuing Conversion Right by that Bondholder (these options are defined in the Deed as a "Conversion Option"). Each Conversion Option expires on the date that is 3 years from its date of grant. The Conversion Options include customary terms for options. The full terms of the Conversion Options are set out in Schedule 5 to the Deed.
- (f) **Transfer:** Each Tranche 1 Bond is freely transferable by a Bondholder without the consent of ICT provided that the transfer is for the whole (and not part) of the Bond and the transfer is to a sophisticated or professional investor (as those terms are defined in the Act).

- (g) **Security and Guarantee:** ICT and its subsidiaries have granted the Bondholder security over all of their assets and undertakings. The security is to be released once all amounts outstanding under the Bonds are redeemed or converted. ICT's subsidiaries have also guaranteed all obligations of ICT under the Transaction Documents.

(h) **Events of Default and Change of Control:**

- (i) The Deed includes customary events of default, including but not limited to:
- (A) breaches of law;
 - (B) the insolvency of ICT or any of its subsidiaries;
 - (C) the failure by ICT to obtain all required approvals for the purposes of the Act and/or the ASX Listing Rules (including all required Shareholder approvals under the Deed) to give effect to the transactions contemplated by the Transaction Documents; and
 - (D) a Material Adverse change occurring in respect of ICT or any of its subsidiaries.

In addition, it is noted that if the conditions to the issue of the Tranche 2 Bonds (as described above) are not satisfied by the prescribed time period (or become incapable of being satisfied), it will be an Event of Default under the Deed.

The full list of events that are defined as Events of Default are set out in Schedule 1 to the Deed.

- (ii) Following the occurrence of an Event of Default, a Bondholder may require ICT to redeem any or all of its Bonds for a price equal to the face value of each Bond plus all accrued and unpaid interest from time to time payable by ICT in respect of the Bond. In addition, if any Bonds are redeemed due to an Event of Default, ICT is required to pay Gleneagle Securities (Aust) Pty Limited a once-off default fee of \$100,000.
- (iii) A Bondholder may also require ICT to redeem any or all of its Bonds for a price equal to the face value of each Bond plus all accrued and unpaid interest from time to time payable by ICT in respect of the Bond if a Change of Control event occurs or the Bondholders' Representative determines that a Change of Control Event may occur.

(i) **Early Repayment of the Bonds:**

- (i) ICT may elect to repay any or all of the Bonds prior to the relevant Maturity Date of the Bond at an amount equal to the face value of each Bond plus all accrued and unpaid interest from time to time payable by ICT in respect of the Bond.

- (ii) If a Bond is repaid early by ICT, the Conversion Right attaching to the Bond being repaid early survives the early repayment of the Bond and remains in full force and effect after the early repayment until the date immediately prior to the relevant Maturity Date of the Bond, continuing as a Continuing Conversion Right as if the Bond had not been repaid early. Upon exercise of a Continuing Conversion Right, the Bondholder (or its nominee) will be issued the number of Shares determined by dividing the Face Value of the Bond that was repaid early by the Conversion Price. Where the total number of Shares to be issued results in a fraction of a Share, that fraction will be rounded down.
- (iii) In addition, if a Bond is repaid early by ICT, the existing right of the Bondholder to be granted the Conversion Options simultaneously with the conversion of each Bond being repaid early survives the early repayment of the Bond and remains in full force and effect after the early repayment of the Bond until the date immediately prior to the relevant Maturity Date of the Bond, to be granted to the Bondholder (or its nominee) following the exercise of the relevant Continuing Conversion Rights in respect of the Bond as if the Bond had not been repaid early.

(j) **Other key terms**

- (i) The Deed includes numerous customary representations and warranties, indemnities and affirmative and negative undertakings from ICT and its subsidiaries.
- (ii) As part of the transaction, the Bondholder has been granted:
 - (A) specific Board observation rights so long as any Bond remains outstanding (irrespective of whether any Conversion Rights have been approved and granted by Shareholders) or any Continuing Conversion Right remains exercisable; and
 - (B) the right to nominate a representative to join the Board as a director of ICT from the period commencing on the date that all Tranche 1 Bonds and Tranche 2 Bonds have been converted into Shares until the time when Gleneagle Securities Nominees Pty Limited (or any of its Associates) no longer hold any Shares.
- (iii) As part consideration for arranging the subscription of the Bonds, Gleneagle Securities (Aust) Pty Limited has been paid a fee of \$18,000 and granted 2,000,000 options, each entitling the holder to subscribe for one Share at an exercise price of \$0.10 (as may be adjusted) (these options are defined in the Deed as the "Gleneagle Options"). Each Gleneagle Option expires on the date that is 3 years from its date of grant. The terms of the Gleneagle Options are the same as the terms of the Conversion Options.

3 Rights and liabilities attaching to Shares issued on the conversion of the Bonds or exercise of a Continuing Conversion Right, Conversion Option or Gleneagle Option

The rights and liabilities of ordinary shares of ICT can be summarised as follows.

The rights and liabilities attaching to ownership of Shares arise from a combination of the constitution of ICT, statute, the ASX Listing Rules and general law.

A summary of the significant rights and liabilities attaching to Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of ordinary shareholders in ICT.

Defined terms used below have the meanings given to them in ICT's constitution.

- (a) **Voting at a general meeting:** Subject to the ASX Listing Rules, the constitution and any special rights or restrictions attached to a share, at a meeting of shareholders:
 - (i) on a show of hands, each shareholder present (in person, by proxy, attorney or representative) has one vote; and
 - (ii) on a poll, each shareholder present (in person, by proxy, attorney or representative) has:
 - (A) one vote for each fully paid share they hold; and
 - (B) a fraction of a vote for each partly paid share they hold. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). Amounts paid in advance of a call are ignored.
- (b) **Meeting of Members:** Subject to the constitution, each shareholder is entitled to receive notice of and to attend general meetings of ICT and to receive all notices, accounts and other documents required to be sent to shareholders under the constitution, the Act or the ASX Listing Rules.
- (c) **Dividends:** Subject to any special rights or restrictions attached to a share, the Directors may pay Dividends as they decide but only out of profits. The Directors may determine that a Dividend will be payable on a share and fix the amount, the time of payment, and method of payment. The methods of payment may include the payment of cash, the issue of shares or other securities, the grant of options and the transfer of assets. If the Directors do not exercise their power with respect to dividends under the constitution, ICT in general meeting may.
- (d) **Transfer of Shares:** Subject to the constitution, a shareholder may transfer a share:
 - (i) in the case of transfers effected through a prescribed CS facility, in accordance with the operating rules of the CS facility;

- (ii) by an instrument or transfer in any common form or other form approved by the Directors; and
 - (iii) by any other method of transferring securities recognised by the Act and ASX, and also approved by the Directors.
- (e) **Issue of further Shares:** Without limiting the ICT's powers under the Act, ICT (under the control of the Directors) may issue shares in ICT and grant options over unissued shares in ICT on any terms, with any rights or restrictions attached to the shares, at any time, and for any consideration the Directors decide.
- (f) **Winding Up:** Subject to any special rights or restrictions attached to shares:
 - (i) if on a winding up there are enough assets to repay all capital to shareholders, all capital must be repaid to the shareholders and any surplus must be distributed among the shareholders in proportion to the amounts paid on their respective shares before the winding up began; or
 - (ii) if on a winding up there are not enough assets to repay all capital to shareholders, the available assets must be distributed among the shareholders in proportion to the amounts paid on their respective shares before the winding up began (without the necessity of a call up).
- (g) **Share buy-back:** Subject to the provisions of the Act and the ASX Listing Rules, ICT may buy back shares in itself.
- (h) **Variation of class rights:** Subject to the Act, ICT may:
 - (i) vary or cancel rights attached to shares in a class of shares; and
 - (ii) convert shares from one class to another by:
 - (iii) special resolution of ICT; and
 - (iv) approval of the holders of shares in that class by:
 - (A) special resolution passed at a meeting of the holder of shares in that class; or
 - (B) the written consent of shareholders with at least 75% of the votes in that class.
- (i) **Alteration of the constitution:** The constitution can only be amended by special resolution passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.

4 Compliance with continuous disclosure

ICT is a disclosing entity for the purposes of the Act. As a disclosing entity, ICT is subject to regular reporting and disclosure obligations. Broadly, these obligations require ICT to prepare both yearly and half yearly financial statements, a report on the operations of ICT during the relevant accounting period together with an audit or review report by ICT's auditor.

Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office.

ICT must ensure that ASX is continuously notified of information about specific events and matters as they arise for the purpose of ASX making the information available to investors on ASX.

ICT has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning it of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of its quoted securities.

As at the date of this notice, ICT has complied with:

- the provisions of Chapter 2M of the Act, as they apply to ICT; and
- section 674 of the Act, as it applies to ICT.

ICT will provide a copy of any of the following documents free of charge to the subscriber of the Bonds, any holder of Bonds or any shareholder who requests a copy:

- its annual financial report for the year ended 30 June 2015 and its financial statements for the half-year ended 31 December 2015;
- any continuous disclosure notices by ICT in the period after the lodgement of the annual financial report for the year ended 30 June 2015 and before lodgement of this announcement with ASX.

All requests for copies of the above documents should be addressed to:

The Company Secretary
iCollege Limited
Suite 1 G, 437 Roberts Road, Subiaco WA 6008

These documents are also available from ICT's website at www.icollege.edu.au.

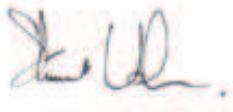
5 Information excluded from continuous disclosure notice

ICT is not aware of any information about the offer of securities that:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules;

- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
- (i) the assets and liabilities, financial position and performance, profits and losses and prospects of ICT; and
 - (ii) the rights and liabilities attaching to the securities being issued.

Signed for iCollege Limited by



Stuart Usher
Company Secretary

About iCollege Limited:

iCollege Limited is an ASX listed training organisation positioned to become one of Australia's leading educators.

iCollege has a demonstrated commitment and clear strategy to provide ethical and sustainable training to Australian students through over 170 accredited and non-accredited courses. This has enabled the Company to achieve high quality student outcomes, including course completion rates of over 70 per cent of students, against an industry average of around 35 per cent. iCollege students have excellent employment prospects upon graduation and are assisted through iCollege's growing network of strategic partnerships with peak industry bodies, like the Western Australian Business Association and Clubs Queensland.

-ENDS-

For further information:

Mr Ross Cotton, Executive Chairman

iCollege Limited

+61 (0) 419 870 363

ross.cotton@icollge.edu.au

iCollege Limited
ACN 105 012 066

and

Gleneagle Securities Nominees Pty Limited
ACN 150 259 877

and

Gleneagle Securities (Aust) Pty Limited
ACN 136 930 526

and

Each of the parties set out in Schedule 6

Convertible Bond Deed
relating to iCollege Limited

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THIS DEED is made on

31 MARCH

2016

PARTIES

ICOLLEGE LIMITED

ACN 105 012 066

of Suite 1 G, 437 Roberts Road, Subiaco WA 6008

("Company")

and

GLENEAGLE SECURITIES NOMINEES PTY LIMITED

ACN 150 259 877

of Level 27, 25 Bligh Street, Sydney NSW 2000

("Gleneagle Nominees" or the "Bondholder")

and

GLENEAGLE SECURITIES (AUST) PTY LIMITED

ACN 136 930 526

of Level 27, 25 Bligh Street, Sydney NSW 2000

("Gleneagle Securities")

and

EACH OF THE PARTIES SET OUT IN SCHEDULE 6

(each, a "Guarantor and together "the Guarantors")

BACKGROUND

- A The Company wishes to create the Bonds and issue them to the Bondholder on the terms set out in this deed.
- B The Bondholder wishes to subscribe for the Bonds on the terms set out in this deed.
- C The Guarantors agree to guarantee the obligations of the Company on the terms and conditions set out in this deed.

AGREED TERMS

1 Definitions and interpretation

1.1 Definitions

In this deed, unless the context requires otherwise:

"**Assets**" mean all tangible and non-tangible property and assets owned or used by the relevant person or entity.

"**Associate**" has the meaning given to that term in the Corporations Act.

"**ASX**" means the securities exchange conducted by ASX Limited (ABN 98 008 624 691).

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

"Authorisation" means any licence, approval, right, registration, permit, certificate, consent or authority.

"Authorised Officer" means in relation to a party:

- (a) a company director or company secretary of that party or any person whose title of office includes the words "Director", "Manager" or other similar expression;
- (b) any person acting in any such office; or
- (c) any person nominated by that party as an authorised officer by written notice to the other parties.

"Bank" means a corporation authorised by Law to carry on the general business of banking in Australia.

"Board" means the board of Directors of the Company.

"Bond" means a bond (including any Tranche 1 Bond or any Tranche 2 Bond) issued by the Company pursuant to, and on the terms set out in, this deed.

"Bond Certificate" means a certificate executed by the Company substantially in the form of Attachment 1.

"Bond Register" means the register of holders of Bonds maintained by the Company in accordance with this deed.

"Bondholder" means Gleneagle Nominees, and after Completion means:

- (a) each person in whose name a Bond is registered in the Bond Register; and/or
- (b) each person holding a Continuing Conversion Right.

"Bondholder Majority" means Bondholders who on their own or together hold more than 50% of the Bonds outstanding.

"Bondholders' Representative" means:

- (a) if Gleneagle Nominees or an Associate of Gleneagle Nominees is a Bondholder, Gleneagle Securities; or
- (b) if Gleneagle Nominees or an Associate of Gleneagle Nominees is not a Bondholder, a person nominated by the Bondholder Majority.

"Bonus Issue" has the meaning given to that term in the ASX Listing Rules.

"Business Day" means a day on which Banks are open for general banking business in Sydney, Australia, excluding Saturdays, Sundays and public holidays.

"Certified Subregister" has the meaning given to that term in the ASX Listing Rules.

"Change of Control" means:

- (a) a sale of more than 50% of the Shares in the Company;
- (b) a sale of the main undertaking or main Assets of the Group; or
- (c) a transaction or series of transactions that result in a change of Control of the Company.

"Change of Control Redemption Right" has the meaning given to that term in clause 8.3.

"CHESS" has the meaning given to that term in the ASX Listing Rules.

"Claim" means any allegation, claim, notice, demand, action, proceeding, litigation, investigation or judgement however arising and whether present or future, fixed or unascertained, actual or contingent.

"Cleansing Notice" means a notice executed by the Company substantially in the form of Attachment 7.

"Collateral" means the property subject to the security interest granted under the Security Deed.

"Collateral Security" means:

- (a) the Security Deed; and
- (b) each other document or agreement created or entered into as security (directly or indirectly) for the payment of the Secured Money or the performance by any Group Member of any of its obligations to the Bondholder under the Finance Documents.

"Company Financial Model" has the meaning given to that term in clause 3.5(a).

"Completion Date" means:

- (a) in respect of each Tranche 1 Bond, the Tranche 1 Completion Date;
- (b) in respect of each Tranche 2 Bond, the Tranche 2 Completion Date; and
- (c) in respect of any other Bond, the relevant date of issue of that Bond.

"Conditions" has the meaning given to that term in clause 3.1(a).

"Confidential Information" means all information, regardless of its form, relating to the Disclosing Party, its Affiliates or their businesses or affairs, and all information contained in and relating to each Transaction Document, other than any part of the information that is or becomes lawfully part of the public domain.

"Constitution" means, in relation to a company, the constitution of that company.

"Continuing Conversion Right" means in respect of each Bond being repaid early, the Conversion Right attaching to the Bond, which:

- (a) survives the early repayment of the Bond; and
- (b) remains in full force and effect after the Early Repayment Date until and including the date immediately prior to the relevant Maturity Date of the Bond, continuing in the form of a Continuing Conversion Right on the terms set out in clause 7.3,

as if the Bond had not been repaid early.

"Continuing Conversion Right Certificate" means a certificate executed by the Company substantially in the form of Attachment 5.

"Continuing Conversion Right Exercise Date" means the date which is 2 Business Days after the date a Continuing Conversion Right Exercise Notice is given.

"Continuing Conversion Right Exercise Notice" means a notice substantially in the form of Attachment 6.

"Control" means having the direct or indirect power to control the affairs of a person or entity, including by any of the following:

- (a) holding 50% or more of the voting shares or the economic interest in an entity;
- (b) having the right to elect or appoint the majority of the board of directors of that entity; or
- (c) having control within the meaning of section 50AA of the Corporations Act.

"Controller" means, in relation to a person's property:

- (a) a receiver or receiver and manager of that property; or
- (b) anyone else who (whether or not as agent for the person) is in possession, or has control of that property to enforce a Security Interest.

"Conversion Date" means the date which is 2 Business Days after the date a Conversion Notice is given.

"Conversion Notice" means a notice substantially in the form of Attachment 2.

"Conversion Option" has the meaning given to the term in Schedule 5.

"Conversion Price" means \$0.12, as adjusted in accordance with clause 6.

"Conversion Right" has the meaning given to that term in clause 5.1(a).

"Conversion Right Property" means the number of Shares to be issued to a Bondholder (or its nominee) either:

- (a) from the conversion of a Bond by exercising the Conversion Right attaching to the Bond, determined by dividing the face value of the Bond by the Conversion Price; or
- (b) from the exercise of a Continuing Conversion Right, determined by dividing the Face Value of the Bond that was repaid early (notwithstanding that the Bond has been repaid and cancelled) by the Conversion Price.

"Corporate Fee" means \$18,000.00.

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

"Director" means a director of the Company from time to time.

"Disclosing Party" means a party that has disclosed Confidential Information to another party or to whom Confidential Information relates.

"Disputant" has the meaning given to that term in clause 12.1.

"Dispute" has the meaning given to that term in clause 12.1.

"Dividend" means any dividend, distribution or payment made in respect of the Company's issued share capital or to Shareholders as a class whether of cash, Assets or other property, and however described and whether payable out of share capital, profits, retained earnings or any other capital or revenue reserve or account (and for these purposes a distribution of Assets includes without limitation an issue of Shares, or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves), including payment pursuant to a buy-back of Shares.

"Early Repayment Date" means the date which is 2 Business Days after the date an Early Repayment Notice is given.

"Early Repayment Notice" means a notice in writing to be issued by the Company to each Bondholder to exercise the right of the Company to repay any or all of the Bonds early under clause 7.1.

"End Date" means the earlier of:

- (a) the date of the next general meeting of the Company occurring after the date of this deed; and
- (b) the date which is 90 days after the date of this deed,

unless otherwise agreed in writing by the Bondholders' Representative.

"Encumbrance" means an interest or power:

- (a) reserved in or over an interest in any Asset, excluding any retention of title arising in the ordinary course of business; or
- (b) created or otherwise arising in or over any interest in any Asset under a bill of sale, mortgage, charge (whether fixed or floating), lien, pledge, trust or power,

by way of, or having similar commercial effect to, security for the payment of a debt or any other monetary obligation or the performance of any other obligation and includes, but is not limited to, any agreement to grant or create any of the above, and also includes any Security Interest, and **"Encumber"** has a related meaning.

"Event of Default" means any Event of Default specified in Schedule 1.

"Event of Default Redemption Price" means in respect of each Bond being redeemed, an amount per Bond equal to:

- (a) the Face Value; plus
- (b) all accrued and unpaid interest from time to time payable in respect of the Bond under this deed.

"Event of Default Redemption Right" has the meaning given to that term in clause 8.4(a).

"Face Value" has the meaning given to that term in clause 4.1.

"Final Interest Payment Date" means in respect of each Bond, the earlier to occur of:

- (a) the relevant Maturity Date;
- (b) the Conversion Date;
- (c) the Early Repayment Date; or
- (d) the Redemption Date,

for that Bond.

"Finance Documents" means:

- (a) the Security Deed;
- (b) each facility agreement, loan agreement, convertible bond deed, loan note or other document pursuant to which the Bondholder makes available financial accommodation to any Group Member or any Group Member has an obligation to repay financial indebtedness to the Bondholder;

- (c) each Collateral Security; and
- (d) each other document that the Company and the Bondholders' Representative agree is a Finance Document from time to time.

"Financial Indebtedness" means any debt or other monetary Liability in respect of moneys borrowed or raised or any financial accommodation, irrespective of whether the debt, Liability or financial accommodation:

- (a) is present or future;
- (b) is actual, prospective, contingent or otherwise;
- (c) is at any time ascertained or unascertained;
- (d) is owed or incurred alone or severally or jointly or both with any other person; or
- (e) comprises any combination of the above,

including in respect of any Guarantee.

"Gleneagle Option" has the meaning given to the term "Option" in the Gleneagle Option Deed.

"Gleneagle Option Deed" means the deed set out in Attachment 4 to be entered into by the Company and Gleneagle Securities simultaneously with the parties entering into this deed.

"Government Agency" means:

- (a) a government or government department;
- (b) a governmental, semi-governmental, regulatory or judicial entity or authority, including any self-regulatory organisation established under statute or any stock exchange; or
- (c) a person (whether autonomous or not) who is charged with the administration of a Law.

"Group" means the Company and each of its Subsidiaries.

"Group Member" means any member of the Group.

"GST" has the meaning given to that term in the GST Act.

"GST Act" means the act known as *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

"Guarantee" means any guarantee, indemnity, suretyship, letter of credit, letter of comfort or any other obligation (whatever called and of whatever nature):

- (a) to provide funds (whether by the advance or payment of money, the purchase of or subscription for shares or other securities, the purchase of Assets or services, or otherwise) for the payment or discharge of;
- (b) to indemnify any person against the consequences of default in the payment of; or
- (c) to be responsible for,

any debt or monetary Liability or obligation (whether or not it involves the payment of money) of another person or the assumption of any responsibility or obligation in respect of an obligation or indebtedness, or the financial condition or solvency, of another person.

"Guaranteed Obligations" has the meaning given to that term in clause 15.1.

"Initial Period" has the meaning given to that term in clause 12.3.

"Insolvency Event" means the occurrence of any of the following events in relation to any person:

- (a) the person becomes insolvent as defined in the Corporations Act, states that it is insolvent or is presumed to be insolvent under an applicable Law;
- (b) the person is wound up, dissolved or declared bankrupt;
- (c) the person becomes an insolvent under administration as defined in the Corporations Act;
- (d) a liquidator, provisional liquidator, Controller, administrator, trustee for creditors, trustee in bankruptcy or other similar person is appointed to, or takes possession or control of, any or all of the person's Assets or undertaking;
- (e) the person enters into or becomes subject to:
 - (i) any arrangement or composition with one or more of its creditors or any assignment for the benefit of one or more of its creditors; or
 - (ii) any re-organisation, moratorium, deed of company arrangement or other administration involving one or more of its creditors;
- (f) an application or order is made (and, in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken which is preparatory to or could result in any of (b), (c), (d) or (e) above;
- (g) the person is taken, under section 459F(1) of the Corporations Act, to have failed to comply with a statutory demand;
- (h) the person suspends payment of its debts, ceases or threatens to cease to carry on all or a material part of its business or becomes unable to pay its debts when they fall due; or
- (i) anything occurs under the Law of any jurisdiction which has a substantially similar effect to any of the other paragraphs of this definition,

unless the event occurs as part of a solvent reconstruction, amalgamation, merger or consolidation that has been approved in writing by the Bondholders' Representative.

"Interest Payment Date" has the meaning given to that term in clause 4.3(a).

"Interest Rate" means 12% per annum.

"Laws" means all laws, statutes, enactments, rules, regulations, by-laws, subordinate legislation, judgments, Authorisations, rulings, orders or decrees of any Government Agency, regulatory agency or other competent authority.

"Liability" means any liability or obligation, irrespective of whether the liability:

- (a) is present or future;
- (b) is actual, prospective, contingent or otherwise;
- (c) is at any time ascertained or unascertained;
- (d) is owed or incurred alone or severally or jointly or both with any other person; or
- (e) comprises any combination of the above.

“Loss” means any debt or other monetary Liability (including for Tax) or penalty, fine or payment or any damages, losses, costs, charges, outgoings or expenses of whatever description (including interest) however arising and whether present, unascertained, immediate, future or contingent.

“Material Adverse Change” means any change, effect, event, occurrence, state of facts or development that is or could reasonably be expected to be materially adverse to the business, Assets, Liabilities, financial position or prospects of the relevant person.

“Material Adverse Effect” means a material adverse effect upon:

- (a) a person's ability to perform any of its obligations under a Transaction Document; and/or
- (b) the enforceability or priority of a Transaction Document.

“Material Agreement” means any agreement, arrangement or understanding to which a Group Member is a party and which is:

- (a) for a term of 12 Months or longer; or
- (b) material to the financial position, performance or operation of the business of the Group Member, including any agreement with a value of 25% or more of the total Assets of the Group Member or generating 25% or more of the revenue of the Group Member (recalculated on a rolling 6 Month basis).

“Material Asset” means any Asset of a Group Member which is material to the business conducted by the Group, including any Asset representing 25% or more of the total Assets of the Group or generating 25% or more of the revenue of the Group (recalculated on a rolling 6 Month basis).

“Maturity Date” means:

- (a) in respect of each Tranche 1 Bond (or the Continuing Conversion Right associated with that Bond), the date which is 24 Months from the Tranche 1 Completion Date;
- (a) in respect of each Tranche 2 Bond (or the Continuing Conversion Right associated with that Bond), the date which is 24 Months from the Tranche 2 Completion Date; and
- (b) in respect of any other Bond (or the Continuing Conversion Right associated with that Bond), the date which is 24 Months from the date of issue of the relevant Bond.

“Month” means a calendar month.

“New Issue Consideration” has the meaning given to that term in clause 6.2.

“New Securities Issue” means create, allot, issue or grant any Securities, or otherwise offer or invite any person to subscribe for any Securities (or agree to do any of the same).

“Option” means a Conversion Option and/or a Gleneagle Option.

“Optionholder” means a person holding an Option.

“Option Exercise Price” means:

- (a) where referring to a Gleneagle Option, the meaning given to the term “Exercise Price” in the Gleneagle Option Deed; or

- (b) where referring to a Conversion Option, the meaning given to the term "Exercise Price" in Schedule 5.

"Permitted Disposal" means:

- (a) a disposal expressly permitted by the Finance Documents; or
(b) a disposal to which the Bondholders' Representative has consented in writing.

"Permitted Security Interest" means:

- (a) a Collateral Security;
(b) a lien or charge arising by operation of law in the ordinary course of ordinary business. It does not include a lien or charge that secures overdue debts;
(c) an Encumbrance provided for by one of the following transactions if the transaction does not secure payment or performance of an obligation:
(i) a transfer of an account or chattel paper;
(ii) a commercial consignment; or
(iii) a PPS lease,
(in each case, as those terms are defined in the PPSA);
(d) registration no. 201602030031322 registered on the PPS Register granted by Celtic Training & Consultancy Pty Ltd in favour of Celtic Care Pty Ltd; and
(e) an Encumbrance to which the Secured Party has consented. It does not include an Encumbrance to which the Secured Party has consented on one or more conditions if any of those conditions are not complied with.

"PPSA" means the *Personal Property Securities Act 2009* (Cth).

"PPS Register" means the Personal Property Securities Register established under section 147 of the PPSA.

"Principal Sum" means:

- (a) the Tranche 1 Principal Sum; and
(b) the Tranche 2 Principal Sum.

"Redemption Date" means the date which is 2 Business Days after the date a Redemption Notice is given.

"Redemption Notice" means a notice in writing to be issued by a Bondholder to the Company in respect of the decision of the Bondholder to exercise any of the following rights:

- (a) any Change of Control Redemption Rights; or
(b) any Event of Default Redemption Rights.

"Redemption Price" means in respect of each Bond being redeemed, an amount per Bond equal to:

- (a) the Face Value; plus
(b) all accrued and unpaid interest from time to time payable by the Company in respect of the Bond.

"Recipient" means a party that has received Confidential Information from another party or that otherwise comes into possession of Confidential Information relating to another party.

"Reorganisation Event" means:

- (a) a Bonus Issue of Securities;
- (b) a sub-division or consolidation of Securities;
- (c) a reduction, buy-back or return of capital of Securities; or
- (d) any other form of reorganisation, reclassification or reconstruction of the Company's capital where the Company neither pays nor receives cash.

"Secured Money" has the meaning given to it in the Security Deed

"Securities" means any securities, including shares, stocks, options, warrants, debentures, bonds, convertible bonds, notes, derivative instruments, interests in a managed investment scheme, units and any other securities with rights (either directly or indirectly) of conversion, exchange or subscription for shares or any other form of equity share capital.

"Security Deed" means the General Security Deed to be entered into by the Company, Gleneagle Nominees and the Guarantors simultaneously with the parties entering into this deed.

"Security Interest" means a "security interest" within the meaning of section 12 of the PPSA.

"Share" means a fully paid ordinary share in the Company.

"Shareholders" means the holders of Shares.

"Subsidiary" means:

- (a) a subsidiary as defined in section 46 of the Corporations Act; or
- (b) an entity that is controlled by the Company within the meaning of section 50AA of the Corporations Act.

"Tax" means:

- (a) any tax (including any goods and services tax), levy, charge, impost, duty, fee, deduction, goods and services tax, compulsory loan or withholding; or
- (b) any income, stamp or transaction duty, tax or charge,

which is assessed, levied, imposed or collected by any Government Agency.

"Tax Act" means the *Income Tax Assessment Act 1997* (Cth) or *Income Tax Assessment Act 1936* (Cth) (as appropriate).

"Third Party" means a person who is not a party to this deed.

"Trading Day" has the meaning given to that term in the ASX Listing Rules.

"Tranche 1 Bonds" means 250 Bonds.

"Tranche 1 Completion" means completion of the subscription by the Bondholder for, and the issue by the Company of, the Tranche 1 Bonds as contemplated by this deed.

"Tranche 1 Completion Date" means the date that Tranche 1 Completion occurs, which must be:

- (a) on the date of this deed; or
- (b) any other date agreed by the Company and the Bondholders' Representative in writing.

"Tranche 1 Principal Sum" means \$250,000.

"Tranche 2 Bonds" means 500 Bonds.

"Tranche 2 Completion" means completion of the subscription by the Bondholder for, and the issue by the Company of, the Tranche 2 Bonds as contemplated by this deed.

"Tranche 2 Completion Date" means the date that Tranche 2 Completion occurs, which will occur, subject to the Conditions being satisfied (or waived) in accordance with clause 3.1:

- (a) on the date of that is 3 Business Days after the satisfaction (or waiver) of all of the Conditions; or
- (b) any other date agreed by the Company and the Bondholders' Representative in writing.

"Tranche 2 Principal Sum" means \$500,000.

"Transaction Document" means:

- (a) this deed;
- (b) the Security Deed; and
- (c) the Gleneagle Option Deed.

"Transfer Form" means a document substantially in the form of Attachment 3.

"VWAP Event" has the meaning given to that term in clause 6.4(a).

"Warranties" means each of the representations and warranties given by the Company and/or the Guarantors under this deed.

1.2 Interpretation

In this deed, unless expressly provided otherwise:

- (a) the singular includes the plural and vice versa;
- (b) words denoting any gender include all genders;
- (c) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) a reference to a party, clause, paragraph, schedule or annexure is a reference to a party, clause, paragraph, schedule or annexure to or of this deed;
- (e) a reference to this deed includes any schedules or annexures;
- (f) headings are for convenience and do not affect interpretation;
- (g) the background or recitals to this deed are adopted as and form part of this deed;
- (h) a reference to any document or agreement includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;

- (i) a reference to "\$", "A\$" or "dollar" is a reference to Australian currency;
- (j) a reference to a time is a reference to Australian Eastern Standard Time or Australian Eastern Daylight Time, whichever is appropriate;
- (k) a reference to a party includes its executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns;
- (l) a reference to writing includes any method of representing words, figures or symbols in a permanent and visible form;
- (m) words and expressions denoting natural persons include bodies corporate, partnerships, associations, firms, governments and governmental authorities and agencies and vice versa;
- (n) a reference to any legislation or to any provision of any legislation includes:
 - (i) any modification or re-enactment of the legislation;
 - (ii) any legislative provision substituted for, and all legislation, statutory instruments and regulations issued under, the legislation or provision; and
 - (iii) where relevant, corresponding legislation in any Australian State or Territory;
- (o) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this deed or any part of it;
- (p) the words "including", "for example", "such as" or other similar expressions (in any form) are not words of limitation; and
- (q) a reference to any act of a company includes an act performed in general meeting or on the company's behalf by its directors, officers, employees, share registrars, accountants, solicitors or agents.

1.3 Other rules of interpretation

In this deed, unless expressly provided otherwise:

- (a) **(Business Days)** if:
 - (i) the day on or by which any act, matter or thing is to be done is a day other than a Business Day, the act, matter or thing will be done on the next Business Day; and
 - (ii) any money falls due for payment on a date other than a Business Day, that money will be paid on the next Business Day (without interest or any other amount being payable in respect of the intervening period);
- (b) **(Consents and approvals)**
 - (i) **(general consents and approvals)** if the doing of any act, matter or thing requires the consent, discretion, decision, approval or agreement of any party, that consent, discretion, decision, approval or agreement may be given conditionally or unconditionally or withheld in that party's absolute discretion; and
 - (ii) **(Bondholders consents and approvals)** any matter which requires the consent of or a decision to be made by the Bondholders (except for a decision to redeem, exercise or convert any Bonds, Continuing Conversion Rights and/or Conversion Options) will be made where such consent is given or decision is made by the Bondholders' Representative;
- (c) **(GST exclusive):** the consideration payable by a party for a taxable supply made by the other party pursuant to this deed represents the value of the taxable supply and is expressed exclusive of any GST; and
- (d) **(Operation of indemnities):**

- (i) each indemnity is a continuing obligation which:
 - (A) constitutes a separate and independent obligation of the party giving the indemnity from its other obligations under this deed;
 - (B) continues after Completion and survives the expiry or termination of this deed;
 - (C) is not discharged by one payment; and
- (ii) a party may recover a payment under an indemnity before it makes the payment in respect of which the indemnity is given.

1.4 Payments

In this deed, unless expressly provided otherwise:

- (a) any payment of money by one party to another under this deed must be made in Australian currency by bank cheque or by credit of cleared funds to a bank account specified by the recipient;
- (b) payment will be deemed to have been made pursuant to clause 1.4(a) when a bank cheque is posted or a deposit is made (as applicable);
- (c) all payments made pursuant to this deed must be free and clear and without:
 - (i) any set-off or counterclaim; or
 - (ii) any deduction of all present and future withholdings (including Taxes, duties, levies, imposts, deductions and charges); and
- (d) if the Company is required by Law to withhold or deduct any withholding from any payment under this deed, the Company must pay to each Bondholder such amount necessary to ensure that the net amount received by each Bondholder after the withholding equals the amount each Bondholder would otherwise have been entitled to receive if not for the withholding.

1.5 ASX Listing Rules

- (a) In this deed, any reference to the ASX Listing Rules and any requirements of the ASX Listing Rules are only applicable as set out in this deed if the Company is quoted on the ASX, and are only applicable to the extent that the Company is subject to the relevant ASX Listing Rules.
- (b) Subject to clause 1.5(a), in the event of any inconsistency between the terms of this deed and the ASX Listing Rules, the ASX Listing Rules will prevail to the extent of the inconsistency.

2 Tranche 1 Completion

2.1 Obligations at Tranche 1 Completion

On the Tranche 1 Completion Date:

- (a) the Company must to the satisfaction of Gleneagle Nominees:
 - (i) **(Issue the Tranche 1 Bonds)** issue to Gleneagle Nominees the Tranche 1 Bonds free and clear from any Encumbrances or other third party rights;
 - (ii) **(Pay the Corporate Fee)** pay, or procure the payment of, the Corporate Fee to Gleneagle Securities as part consideration for arranging the subscription of the Bonds;
 - (iii) **(Cleansing Notice)** give the ASX a Cleansing Notice in accordance with section 708A(12C)(e) of the Corporations Act (as modified by ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible

Notes) Instrument 2016/82) in relation to the issue of the Tranche 1 Bonds without disclosure under Part 6D.2 of the Corporations Act so that the on-sale of each Bond and all Shares that may be issued from the conversion of each Bond (and any associated Continuing Conversion Right) falls within the exception in section 708A(12C) of the Corporations Act (as modified by Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82); and

- (b) Gleneagle Nominees must pay, or procure the payment of, the Tranche 1 Sum to the Company.

2.2 Documents to be delivered at Tranche 1 Completion

On the Tranche 1 Completion Date:

- (a) the Company must to the satisfaction of Gleneagle Nominees:
 - (i) **(Convertible Bond Deed)** deliver to Gleneagle Nominees this deed duly executed;
 - (ii) **(Bond Certificate)** issue and deliver to Gleneagle Nominees a Bond Certificate in the name of Gleneagle Nominees in respect of the Tranche 1 Bonds;
 - (iii) **(Bond Register)** deliver to Gleneagle Nominees a certified copy of the Bond Register showing the Bondholder as the registered holder of the Tranche 1 Bonds;
 - (iv) **(Security Deed)** deliver to Gleneagle Nominees a duly executed Security Deed;
 - (v) **(Gleneagle Option Deed)** deliver to Gleneagle Securities a duly executed Gleneagle Option Deed;
 - (vi) **(Title documents)** deliver to Gleneagle Nominees original share certificates and original blank executed stock transfer forms in respect of all shares or securities the subject of a Security Interest under the Security Deed;
 - (vii) **(Mortgage duty)** deliver to Gleneagle Nominees sufficient cleared funds or a bank cheque to enable payment of all applicable mortgage duty in respect of the issue of the Bonds;
 - (viii) **(Release of Security Interests)** deliver to Gleneagle Nominees evidence satisfactory to Gleneagle Nominees that all Security Interests over each Group Member and each Group Member's Assets other than Permitted Security Interests have been fully and finally released and that all registrations on the PPS Register in respect of any Security Interests have been amended to reflect the relevant release;
- (b) Gleneagle Nominees must deliver to the Company a duly executed Security Deed and this deed;
- (c) Gleneagle Securities must deliver to the Company a duly executed Gleneagle Option Deed and this deed;
- (d) the Guarantors must deliver to each of the Company and Gleneagle Nominees a duly executed Security Deed and this deed; and
- (e) Gleneagle Nominees must be satisfied with the results of all searches and enquiries (including as to solvency) as it so requires in respect of the Group.

2.3 Tranche 1 Completion simultaneous

- (a) Subject to clause 2.3(b), the actions to take place as contemplated by clause 2 are interdependent and must take place, to the extent reasonably possible,

simultaneously and will be taken to have occurred simultaneously. If one action does not take place, then without prejudice to any rights available to any party as a consequence:

- (i) there is no obligation on any party to undertake or perform any of the other actions;
 - (ii) to the extent that such actions have already been undertaken, the parties must do everything reasonably required to reverse those actions; and
 - (iii) the parties must each return to the other parties (as applicable) all documents delivered to it under clause 2 and must each repay to the other parties (as applicable) all payments received by it under clause 2.
- (b) Each Bondholder, Gleneagle Nominees and Gleneagle Securities may waive any or all of the actions that the Company and/or the Guarantors are required to perform under clause 2. The Company and the Guarantors may waive any or all of the actions that each Bondholder, Gleneagle Nominees and/or Gleneagle Securities are required to perform under clause 2.
- (c) Tranche 1 Completion is taken to have occurred when each party has performed its obligations not waived under clause 2.

2.1 Nominees

The parties each acknowledge and agree that:

- (a) Gleneagle Nominees may at any time prior to or at Tranche 1 Completion nominate one or more Third Parties to be issued any or all of the Tranche 1 Bonds; and/or
- (b) each Bondholder may at any time prior to or on the conversion of any Bond nominate one or more Third Parties to be issued any or all of the Shares to be issued from the conversion of any of the Bonds,

in which case the parties each acknowledge and agree that the provisions of this document are intended to be for the benefit of those Third Parties, that such Third Parties are entitled to enforce the provisions of this document and that this deed will operate as a deed poll in favour of such Third Parties.

3 Tranche 2 Completion

3.1 Tranche 2 Completion

- (a) Tranche 2 Completion, and all associated obligations of the parties under this clause 3 and as otherwise set out in this deed in respect of the subscription for and issue of the Tranche 2 Bonds, are subject to and conditional upon the satisfaction or waiver of the following conditions precedent to the satisfaction of Gleneagle Nominees ("**Conditions**"):
 - (i) (**Shareholder approval**) the Company having obtained all of the Shareholder approvals required under clause 5.2; and
 - (ii) (**Company Financial model**) Gleneagle Securities being satisfied (in its absolute discretion) with the Company Financial Model. Gleneagle Securities may at any time give the Company notice that it is not satisfied with the Company Financial Model, in which case this Condition automatically becomes incapable of being satisfied.
- (b) If any of the Conditions are not satisfied or waived by the End Date (or become incapable of being satisfied), then at the option of Gleneagle Nominees, Gleneagle Nominees will be released from its obligation to pay, or procure the payment of, the Tranche 2 Sum to the Company and otherwise to subscribe for

the Tranche 2 Bonds with immediate effect by giving written notice to the other parties.

- (c) If Gleneagle Nominees elects to exercise its right under 3.1(b) not to subscribe for the Tranche 2 Bonds:
 - (i) all provisions in this deed will continue to apply, except for part or all of any provision of this deed in respect of the subscription for and issue of the Tranche 2 Bonds;
 - (ii) all accrued rights and remedies of a party will not be affected; and
 - (iii) the application of this clause will not affect the continued operation of the remaining provisions of this deed.
- (d) A Condition may only be waived in writing by Gleneagle Nominees and will only be effective to the extent set out in that written waiver.
- (e) Each party must use all reasonable endeavours (other than waiver) to ensure that the Conditions are satisfied on or before the End Date. Nothing in this clause requires Gleneagle Securities to be satisfied, or to take any action whatsoever to become satisfied, with the Company Financial Model.
- (f) Each party must notify the other parties in writing as soon as practicable after it becomes aware that any Condition is satisfied or that any Condition is incapable of being satisfied.

3.2 Obligations at Tranche 2 Completion

On the Tranche 2 Completion Date:

- (a) the Company must to the satisfaction of Gleneagle Nominees:
 - (i) **(Issue the Tranche 2 Bonds)** issue to Gleneagle Nominees the Tranche 2 Bonds free and clear from any Encumbrances or other third party rights;
 - (ii) **(Cleansing Notice)** give the ASX a Cleansing Notice in accordance with section 708A(12C)(e) of the Corporations Act (as modified by Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82) in relation to the issue of the Tranche 2 Bonds without disclosure under Part 6D.2 of the Corporations Act so that the on-sale of each Bond and all Shares that may be issued from the conversion of each Bond (and any associated Continuing Conversion Right) falls within the exception in section 708A(12C) of the Corporations Act (as modified by Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82); and
- (b) Gleneagle Nominees must pay, or procure the payment of, the Tranche 2 Sum to the Company;
- (c) Gleneagle Nominees must be satisfied with the results of all searches and enquiries (including as to solvency) as it so requires in respect of the Group; and
- (d) Gleneagle Nominees must have received all such other items or information that it may request, including to its satisfaction that no Event of Default has occurred or will occur by the issue of the Tranche 2 Bonds.

3.3 Documents to be delivered at Tranche 2 Completion

On the Tranche 2 Completion Date:

- (a) the Company must to the satisfaction of Gleneagle Nominees:
 - (i) **(Bond Certificate)** issue and deliver to Gleneagle Nominees a Bond Certificate in the name of Gleneagle Nominees in respect of the Tranche 2 Bonds; and

- (ii) **(Bond Register)** deliver to Gleneagle Nominees a certified copy of the Bond Register showing Gleneagle Nominees as the registered holder of the Tranche 2 Bonds.

3.4 Tranche 2 Completion simultaneous

- (a) Subject to clause 3.4(b), the actions to take place as contemplated by clauses 3.2 and 3.3 are interdependent and must take place, to the extent reasonably possible, simultaneously and will be taken to have occurred simultaneously. If one action does not take place, then without prejudice to any rights available to any party as a consequence:
 - (i) there is no obligation on any party to undertake or perform any of the other actions;
 - (ii) to the extent that such actions have already been undertaken, the parties must do everything reasonably required to reverse those actions; and
 - (iii) the parties must each return to the other parties (as applicable) all documents delivered to it under clauses 3.2 and 3.3 and must each repay to the other parties (as applicable) all payments received by it under clauses 3.2 and 3.3.
- (b) Each Bondholder, Gleneagle Nominees and Gleneagle Securities may waive any or all of the actions that the Company and/or the Guarantors are required to perform under clauses 3.2 or 3.3. The Company and the Guarantors may waive any or all of the actions that each Bondholder, Gleneagle Nominees and/or Gleneagle Securities are required to perform under clauses 3.2 or 3.3.
- (c) Tranche 2 Completion is taken to have occurred when each party has performed its obligations not waived under clauses 3.2 or 3.3.

3.5 Company Financial Model

- (a) As soon as practicable after the date of this deed, the Company must appoint an appropriately qualified and experienced independent third party approved by Gleneagle Securities to prepare a financial model of the Company on terms and including such information as required by Gleneagle Securities to its satisfaction ("**Company Financial Model**").
- (b) The Company must provide to Gleneagle Securities all draft and final versions of the Company Financial Model received by the Company from time to time within 2 Business Days of receipt of such by the Company.
- (c) Following receipt of any draft or final version of the Company Financial Model, Gleneagle Securities may request that the Company provide Gleneagle Securities with any additional information and documents regarding the Company Financial Model and/or the Company as required by Gleneagle Securities, and the Company must provide such information and documents to Gleneagle Securities within 2 Business Days of any such request.

3.6 Nominees

The parties each acknowledge and agree that:

- (a) Gleneagle Nominees may at any time prior to or at Tranche 2 Completion nominate one or more Third Parties to be issued any or all of the Tranche 2 Bonds; and/or
- (b) each Bondholder may at any time prior to or on the conversion of any Bond nominate one or more Third Parties to be issued any or all of the Shares to be issued from the conversion of any of the Bonds,

in which case the parties each acknowledge and agree that the provisions of this document are intended to be for the benefit of those Third Parties, that such Third Parties are entitled to enforce the provisions of this document and that this deed will operate as a deed poll in favour of such Third Parties.

4 Terms of the Bonds

4.1 General terms

Each Bond:

- (a) has a face value of \$1,000 (**Face Value**);
- (b) bears interest in accordance with clause 4.3;
- (c) may be converted into Shares in accordance with clause 5.1;
- (d) may be repaid early by the Company in accordance with clause 7.1, in which case the Conversion Right attaching to each Bond being repaid early survives the early repayment of the Bond and remains in full force and effect after the Early Repayment Date until and including the date immediately prior to the relevant Maturity Date of the Bond, continuing as a Continuing Conversion Right as if the Bond had not been repaid early; and
- (e) must be redeemed by the Company in accordance with clause 8.1.

4.2 Status

The Bonds are secured liabilities of the Company and rank:

- (a) equally among themselves; and
- (b) as first priority secured liabilities ahead of all obligations of the Company other than those mandatorily preferred by Law.

4.3 Interest

- (a) Interest:
 - (i) accrues daily on the Face Value of each Bond at the Interest Rate from, and including, the due date for payment up to but excluding the actual date of payment;
 - (ii) compounds Monthly;
 - (iii) is payable in arrears in accordance with clause 4.3(b) on:
 - (A) each Month after the relevant Completion Date for that Bond until the occurrence of a Final Interest Payment Date; and
 - (B) on the occurrence of a Final Interest Payment Date, (each referred to as an "**Interest Payment Date**").
- (b) On an Interest Payment Date, and at the election of each Bondholder, the Company must satisfy the payment of all accrued interest to each Bondholder by:
 - (i) paying the Bondholder all accrued interest in respect of each Bond held by that Bondholder; or
 - (ii) issuing to the Bondholder a number of Shares determined by dividing the amount of all accrued interest by the Conversion Price in accordance with clause 4.4(c); or
 - (iii) issuing to the Bondholder a number of Bonds determined by dividing the amount of all accrued interest by the Face Value in accordance with clause 4.4(d).

4.4 Conversion of Interest

- (a) The Company warrants and undertakes to each Bondholder that it will be able to satisfy all conversion rights attaching to the Bonds (including in respect of the issue of all Shares required to be issued) pursuant to clauses 4.3(b)(ii) and 4.3(b)(iii) from time to time without any Shareholder approval in accordance with its placement capacity under the ASX Listing Rules.
- (b) Notwithstanding clause 4.4(a), if the Company is not able (for any reason) to satisfy all conversion rights attaching to the Bonds (including in respect of the issue of all Shares required to be issued) pursuant to clauses 4.3(b)(ii) and 4.3(b)(iii), the Company must, at the election of the Bondholders' Representative (in its absolute discretion), take one or more of the following actions to the satisfaction of the Bondholders' Representative:
 - (i) issue all or some of the Shares and/or Bonds required to be issued in satisfaction of the payment of the relevant accrued interest as soon as the Company is able to do so under its placement capacity under the ASX Listing Rules, and until all required Shares and/or Bonds have been issued the Company must not offer, undertake, complete or otherwise make any New Securities Issue under its placement capacity under the ASX Listing Rules; and/or
 - (ii) obtain as soon as possible all Shareholder approvals required to enable the Company to issue all Shares and/or Bonds required to be issued in satisfaction of the payment of the relevant accrued interest, and the Company agrees to use reasonable endeavours to encourage the Directors to unanimously recommend that the Shareholders vote in favour of any such Shareholder resolutions, subject at all times to the Directors' fiduciary duties. The Company must issue the relevant notice of meeting to Shareholders in connection with such Shareholder resolutions within 10 Business Days of the Bondholders' Representative requiring the Company to obtain the Shareholder approvals under this clause, and the Company must hold the relevant Shareholder meeting within 35 Business Days of the Bondholders' Representative requiring the Company to obtain the Shareholder approvals under this clause.
- (c) If a Bondholder elects for all accrued interest to be converted into Shares pursuant to clause 4.3(b)(ii):
 - (i) the number of Shares to be issued will be rounded down to the nearest whole Share. Any accrued interest that cannot be converted into Shares will, at the election of the Bondholder, either be paid to the Bondholder on the Interest Payment Date or carried forward to the next Interest Payment Date;
 - (ii) any Shares issued must:
 - (A) be fully paid and free from any Encumbrances or other third party rights;
 - (B) rank in all respects pari passu with the Shares on issue on the Interest Payment Date; and
 - (C) be issued either:
 - (1) in uncertificated form through CHESS if the Bondholder specifies a valid CHESS account; or
 - (2) in uncertificated form registered in the Company's Certified Subregister if the Bondholder does not specify a valid CHESS account,in the name of the Bondholder (or its nominee);

- (iii) the Company must apply on the Interest Payment Date for official quotation on the ASX of the Shares issued; and
 - (iv) the Company must do all things necessary to ensure that the CHESSE statements of holdings for the Shares issued are sent by mail free of charge to the Bondholder (or its nominee), and are received by the Bondholder (or its nominee) within 7 Business Days after the Interest Payment Date.
- (d) If a Bondholder elects for all accrued interest to be converted into Bonds pursuant to clause 4.3(b)(iii):
- (i) the Bonds will be issued on the same terms as the Bonds issued under this deed;
 - (ii) the number of Bonds to be issued will be rounded down to the nearest whole Bond. Any accrued interest that cannot be converted into a Bond will, at the election of the Bondholder, either be paid to the Bondholder on the Interest Payment Date or carried forward to the next Interest Payment Date; and
 - (iii) on the Interest Payment Date the Company must:
 - (A) issue and deliver to each Bondholder a Bond Certificate in the name of the Bondholder in respect of the Bonds issued; and
 - (B) deliver to the Bondholder a certified copy of the Bond Register showing the Bondholder as the registered holder of the Bonds issued.

4.5 Use of Principal Sum

The Company undertakes to the Bondholder that the Principal Sum will be applied for the general working capital purposes of the Company provided that the Bondholders' Representative is given prior notice as to how the proceeds are to be so applied.

4.6 Bond Register and Title

- (a) The Company must keep and maintain, or cause to be kept and maintained, a Bond Register which contains:
 - (i) the name and address of each Bondholder;
 - (ii) the particulars of the Bonds; and
 - (iii) the particulars of all transfers, conversions, early repayments, and redemptions of the Bonds.
- (b) The Company must ensure that the Bond Register is managed and maintained in accordance with the Corporations Act and the ASX Listing Rules.
- (c) The Bond Register is conclusive evidence of the identity of each Bondholder at any particular point in time, subject to rectification in the case of fraud or manifest error or to otherwise give effect to this deed.

4.7 Transfer

- (a) Each Bond is freely transferable by a Bondholder without the consent of the Company provided that:
 - (i) the transfer is for the whole (and not part) of the Bond;
 - (ii) the transfer is to a sophisticated or professional investor (as those terms are defined for the purposes of Chapter 6D of the Corporations Act); and
 - (iii) the Bondholder delivers to the Company:

- (A) the Bond Certificates for the Bonds being transferred (or a statutory declaration duly executed by the Bondholder declaring that such Bond Certificates have never been issued or have been permanently lost or destroyed without replacement); and
 - (B) a completed Transfer Form executed by the proposed transferee.
- (b) Within 2 Business Days of receiving the documents in clause 4.7(a)(iii), the Company must:
 - (i) do all things necessary to give full effect to the transfer of the Bonds, including entering the transferee's name in the Bond Register as the holder of the transferred Bonds;
 - (ii) deliver a Bond Certificate to the transferee in respect of the transferred Bonds; and
 - (iii) in the event of the transfer of only part of the Bonds represented by a Bond Certificate, cancel the existing Bond Certificate and issue and deliver a new Bond Certificate to the transferor for the untransferred balance of the Bonds held by that Bondholder.
- (c) The transferor of a Bond remains the holder of that Bond until the name of the transferee is recorded in the Bond Register as the holder of that Bond.
- (d) A person becoming entitled to any one or more Bonds as a consequence of the death or bankruptcy of a Bondholder or of a vesting order, or a person administering the estate of a Bondholder and entitled by Law to do so, may apply for the transfer of the Bonds as if it was the Bondholder or, if so entitled, become registered as the Bondholder upon producing such evidence as to that entitlement or status as the Company (acting reasonably) considers sufficient.

5 Conversion

5.1 Conversion Rights and Conversion Options

- (a) A Bondholder may convert each Bond held by that Bondholder into a number of Shares equal to the Conversion Right Property:
 - (i) in respect of any Tranche 1 Bonds, during the period commencing on the Tranche 1 Completion Date and ending on (but including) the date immediately prior to the relevant Maturity Date for that Bond;
 - (ii) in respect of any Tranche 2 Bonds, during the period commencing on the Tranche 2 Completion Date and ending on (but including) the date immediately prior to the relevant Maturity Date for that Bond; and
 - (iii) in respect of any other Bond, during the period commencing on the issue date of the relevant Bond and ending on (but including) the date immediately prior to the relevant Maturity Date for that Bond,
 ("Conversion Right").
- (b) A Conversion Right can only be exercised and a Bond converted:
 - (i) if the conversion is for the whole (and not part) of the Bond; and
 - (ii) in accordance with the conversion procedure in clause 5.3.
- (c) Simultaneously with the exercise of any Conversion Right, and as a condition of this deed, the Company must grant to each Bondholder (or its nominee) the number of Conversion Options required to be granted to the Bondholder (or its nominee) in accordance with the terms set out in Schedule 5.

- (d) Each Bond is cancelled and of no further force and effect upon the Conversion Right in respect of the Bond being exercised (except that the Company remains bound to fully perform its obligations with respect to the issue of all Shares required to be issued as the Conversion Right Property and the grant of all Conversion Options required to be granted under this deed). For the avoidance of doubt, the cancellation of a Bond in accordance with this clause is without prejudice to the rights attaching to, and the obligations of the Company in respect of, any other Bonds, Continuing Conversion Rights relating to all Bonds (including without limitation and for the avoidance of doubt, those Bonds which are redeemed) and/or Options.

5.2 Shareholder approvals

- (a) As soon as possible after the Tranche 1 Completion Date, and in any event by no later than the End Date, the Company must obtain Shareholder approval to the satisfaction of the Bondholders' Representative:
- (i) for the grant of the Conversion Rights attaching to each Tranche 2 Bond, which includes Shareholder approval for the requirement that if any or all of the Tranche 2 Bonds are repaid early by the Company, the Conversion Right attaching to each Tranche 2 Bond being repaid early will survive the repayment of those Tranche 2 Bonds and will remain in full force and effect after the Early Repayment Date until and including the date immediately prior to the relevant Maturity Date of that Tranche 2 Bond being repaid early, continuing as a Continuing Conversion Right as if the Tranche 2 Bond had not been repaid early;
 - (ii) for the grant of the Conversion Options attaching to each Tranche 2 Bond, which includes Shareholder approval for the requirement that if any or all of the Tranche 2 Bonds are repaid early by the Company, the right to be granted the Conversion Options simultaneously with the conversion of each Tranche 2 Bond being repaid early will survive the early repayment of those Tranche 2 Bonds and will remain in full force and effect after the Early Repayment Date until and including the date immediately prior to the relevant Maturity Date of that Tranche 2 Bond being repaid early, to be granted to the Bondholder (or its nominee) following the exercise of the relevant Continuing Conversion Rights in respect of the Tranche 2 Bond as if the Tranche 2 Bond had not been repaid early;
 - (iii) under ASX Listing Rule 7.4 in order to replenish the Company's placement capacity under ASX Listing Rule 7.1; and
 - (iv) any other shareholder approvals reasonably required by the Bondholders' Representative to give effect to the terms of, and transactions contemplated by, this deed.
- (b) If the Shareholder approvals obtained pursuant to clause 5.2(a) are no longer considered by the Bondholders' Representative to be valid (for any reason, including that the circumstances surrounding the approvals given by Shareholders have changed), the Bondholders' Representative may by written notice require the Company to obtain any additional approvals of its Shareholders for the matters listed in clause 5.2(a) within 90 days of the Company receiving the written notice.

5.3 Conversion procedure

- (a) To exercise a Conversion Right a Bondholder must deliver to the Company:
- (i) a completed Conversion Notice; and

- (ii) the Bond Certificates for the Bonds being converted (or a statutory declaration duly executed by the Bondholder declaring that such Bond Certificates have never been issued or have been permanently lost or destroyed without replacement).
- (b) Following satisfaction of clause 5.3(a), the Company must:
 - (i) issue to the Bondholder (or its nominee) on the Conversion Date all Shares required to be issued as the Conversion Right Property in respect of each Bond being converted; and
 - (ii) grant to each Bondholder (or its nominee) on the Conversion Date the number of Conversion Options required to be granted to the Bondholder (or its nominee) in accordance with the terms set out in Schedule 5.
- (c) Where the total number of Shares to be issued as the Conversion Right Property results in a fraction of a Share, that fraction will be rounded down.
- (d) Shares issued as the Conversion Right Property must:
 - (i) be fully paid and free from any Encumbrances or other third party rights;
 - (ii) rank in all respects pari passu with the Shares on issue on the Conversion Date; and
 - (iii) be issued as specified in each Conversion Notice, either:
 - (A) in uncertificated form through CHESS if the Bondholder specifies a valid CHESS account; or
 - (B) in uncertificated form registered in the Company's Certified Subregister if the Bondholder does not specify a valid CHESS account,
 in the name of the Bondholder (or its nominee).
- (e) The Company must apply on the Conversion Date for official quotation on the ASX of all Shares issued as the Conversion Right Property.
- (f) The Company must do all things necessary to ensure that the statements of holdings for the Shares issued as the Conversion Right Property are sent by mail free of charge to each Bondholder (or its nominee), and are received by each Bondholder (or its nominee) within 7 Business Days after the Conversion Date.
- (g) In the event of the conversion of only part of the Bonds represented by a Bond Certificate, the Company must cancel the existing Bond Certificate and issue and deliver a new Bond Certificate to the Bondholder on the Conversion Date for the unexercised balance of the Bonds held by that Bondholder.

5.4 Satisfaction of Conversion Rights

- (a) The Company warrants and undertakes to each Bondholder that:
 - (i) it will be able to issue all Shares required to be issued as the Conversion Right Property from the conversion of the Tranche 1 Bonds or from the exercise of the associated Continuing Conversion Rights attaching to the Tranche 1 Bonds (as applicable) without any Shareholder approval in accordance with its placement capacity under the ASX Listing Rules; and
 - (ii) it will be able to issue all Shares required to be issued as the Conversion Right Property from the conversion of the Tranche 2 Bonds or from the exercise of the associated Continuing Conversion Rights attaching to the Tranche 2 Bonds (as applicable) without any additional Shareholder approval than the Shareholder approvals to be obtained in accordance with clause 5.2(a)(i).

- (b) Notwithstanding clause 5.4(a), if the Company is not able to issue all Shares required to be issued as the Conversion Right Property from the conversion of any of the Bonds or from the exercise of the associated Continuing Conversion Rights attaching to the Bonds (as applicable) (for any reason, including that the circumstances surrounding any approval given by Shareholders have changed), the Company must, at the election of the Bondholders' Representative (in its absolute discretion), take one or more of the following actions to the satisfaction of the Bondholders' Representative:
- (i) issue all or some of the Shares required to be issued as the Conversion Right Property from the conversion of the Bonds or from the exercise of the associated Continuing Conversion Rights attaching to the Bonds (as applicable) as soon as the Company is able to do so under its placement capacity under the ASX Listing Rules, and until all required Shares have been issued the Company must not offer, undertake, complete or otherwise make any New Securities Issue under its placement capacity under the ASX Listing Rules; and/or
 - (ii) obtain as soon as possible all Shareholder approvals required to enable the Company to issue all Shares required to be issued as the Conversion Right Property from the conversion of the Bonds or from the exercise of the associated Continuing Conversion Rights attaching to the Bonds (as applicable), and the Company agrees to use reasonable endeavours to encourage the Directors to unanimously recommend that the Shareholders vote in favour of any such Shareholder resolutions, subject at all times to the Directors' fiduciary duties. The Company must issue the relevant notice of meeting to Shareholders in connection with such Shareholder resolutions within 10 Business Days of the Bondholders' Representative requiring the Company to obtain the Shareholder approvals under this clause, and the Company must hold the relevant Shareholder meeting within 35 Business Days of the Bondholders' Representative requiring the Company to obtain the Shareholder approvals under this clause.

6 Adjustments

6.1 Adjustment for a Reorganisation Event

- (a) Subject to clause 6.6, if there is a Reorganisation Event after the date of this deed, the Conversion Price and/or the Conversion Right Property must be adjusted in the same manner as the issued capital of the Company, subject to the same provisions with respect to the rounding of entitlements as applies to the Shares under the Reorganisation Event, and in a manner which will not result in:
- (i) any detriment being suffered by a Bondholder which is not suffered by a Shareholder; and
 - (ii) any benefit being received by a Shareholder which is not received by a Bondholder,
- with effect from the date of the Reorganisation Event.
- (b) For the avoidance of doubt, if there is a Bonus Issue to Shareholders after the date of this deed, the number of Shares to be issued to each Bondholder as the Conversion Right Property will be increased by the number of Shares which the Bondholder would have received under the Bonus Issue if the Bond had been converted before the record date for the Bonus Issue.

6.2 Adjustment for a New Securities Issue

Subject to clause 6.6, if the Company offers, undertakes, completes or otherwise makes any New Securities Issue, and the consideration per Share receivable by the Company from the conversion, exercise, exchange or subscription of any of the Securities issued or granted under the New Securities Issue ("**New Issue Consideration**") is less than the Conversion Price, the Conversion Price will automatically be reduced to be equal to the New Issue Consideration with effect from the date of the New Securities Issue.

6.3 Adjustment for VWAP

Subject to clause 6.6, if at any time the volume weighted average price of the Shares on the ASX for any 10 Trading Days is less than \$0.075 then the Conversion Price will automatically be reduced to \$0.10.

6.4 Notice

- (a) The Company must give written notice to the Bondholders' Representative as soon as it becomes aware of any of the following events occurring or being reasonably likely to occur:

- (i) a Reorganisation Event;
- (ii) a New Securities Issue; and
- (iii) the volume weighted average price of the Shares on the ASX for any 10 Trading Days is less than \$0.075 ("**VWAP Event**").

This requirement of the Company to give written notice to the Bondholders' Representative includes any notice that the Company gives to Shareholders, whether in accordance with the Corporations Act, the ASX Listing Rules (including ASX Listing Rule 7.20) or otherwise.

- (b) Notwithstanding clause 6.4(a), the Company must give written notice to the Bondholders' Representative of the adjustments that will take effect in accordance with clause 6 at least 5 Business Days before the date of the Reorganisation Event and/or the New Securities Issue giving rise to the adjustment.
- (c) The Company must keep the Bondholders' Representative promptly and fully informed of any Reorganisation Event and/or New Securities Issue, including responding to all reasonable requests from the Bondholders' Representative for information and/or documents in relation to each event.

6.5 Application of the adjustment provisions

- (a) (**Timing**) Subject to compliance with the ASX Listing Rules, all adjustments to the Conversion Price and/or the Conversion Right Property under clause 6 must:
- (i) be made by the Company on the date of the event giving rise to the adjustment; and
 - (ii) be effective from the date of the event giving rise to the adjustment.
- (b) (**Fractions**) Subject to clause 6.6, all adjustment calculations to the Conversion Price and/or the Conversion Right Property are to be made using figures to 4 decimal places.
- (c) (**Terms**) Subject to clause 6.6, and notwithstanding any other provision of this deed:
- (i) where there would otherwise be an adjustment to the Conversion Price and/or the Conversion Right Property under clause 6, and any other adjustment provision in clause 6 would also apply, the relevant adjustment provision which applies is the provision which results in:

- (A) the greatest reduction to the Conversion Price; and
- (B) the greatest increase to the Conversion Right Property;
- (ii) in no event shall the Conversion Price be increased, or the Conversion Right Property decreased, under clause 6 in a way that results in any detriment being suffered by each Bondholder which is not suffered by Shareholders;
- (iii) no adjustment may be made to the Conversion Price and/or the Conversion Right Property under clause 6 that will adversely affect the rights or entitlements of a Bondholder and/or the economic benefit that a Bondholder is entitled to derive as at the date of this deed and as contemplated by the transactions set out in this deed (disregarding the operation of clause 6); and
- (iv) if following the occurrence of a Reorganisation Event, a New Securities Issue and/or a VWAP Event, and notwithstanding that an adjustment was not made to the Conversion Price and/or the Conversion Right Property, if such an event adversely affects the rights or entitlements of a Bondholder and/or the economic benefit that a Bondholder is entitled to derive as at the date of this deed and as contemplated by the transactions set out in this deed (disregarding the operation of clause 6), an adjustment must be made to the Conversion Price and/or the Conversion Right Property to remove any such adverse effect.
- (d) **(New Bond Certificate)** In the event of any adjustment under clause 6, the Company must cancel the existing Bond Certificates and issue and deliver to each Bondholder on the date of each Reorganisation Event, New Securities Issue and/or VWAP Event giving rise to the adjustment a new Bond Certificate in the name of the Bondholder in respect of the number of Bonds that they hold stating the adjusted Conversion Price and/or the adjusted number of Shares which may be issued to the Bondholder as the Conversion Right Property.

6.6 ASX Listing Rules

For so long as the Company remains quoted on the ASX, and notwithstanding any other provision of this deed, the rights of a Bondholder and the terms of each Bond will be amended to the extent necessary to comply with the ASX Listing Rules applying to a Reorganisation Event and/or a New Securities Issue.

7 Early Repayment

7.1 Early repayment

- (a) From the period commencing on the relevant Completion Date of each Bond and ending on (but including) the date immediately prior to the relevant Maturity Date for that Bond, the Company may elect to repay any or all of the Bonds in accordance with clause 7.2 provided that:
 - (i) at all times any repayment is for the whole (and not part) of a Bond;
 - (ii) all Tranche 1 Bonds are redeemed in full prior to any redemption of Tranche 2 Bonds; and
 - (iii) no Event of Default has occurred that entitles a Bondholder to elect for the Company to redeem any or all of the Bonds held by that Bondholder in accordance with clause 8.4.
- (b) Each Bond is cancelled and of no further force and effect upon the Bond being repaid early (except that the Company remains bound to fully perform its obligations with respect to the exercise of all Continuing Conversion Rights and

the grant of all Conversion Options required to be granted under this deed). For the avoidance of doubt, the cancellation of a Bond in accordance with this clause is without prejudice to the rights attaching to, and the obligations of the Company in respect of, any other Bonds, Continuing Conversion Rights relating to all Bonds (including without limitation and for the avoidance of doubt, those Bonds which are redeemed) and/or Options.

- (c) If the Company elects to repay some (but not all) of the Bonds, the Company must pay the amount of monies being repaid to the Bondholders in proportion to the number of Bonds each Bondholder holds.
- (d) If the Company elects to repay all of the Bonds, the Company may require the Security Interest held by the Bondholders to be discharged pursuant to the terms of the Security Deed.

7.2 Early repayment procedure

- (a) To repay any or all of the Bonds the Company must deliver to each Bondholder an Early Repayment Notice.
- (b) An Early Repayment Notice:
 - (i) must expressly specify:
 - (A) the number of Bonds that the Company will redeem from the Bondholder; and
 - (B) the Early Repayment Date; and
 - (ii) once delivered, is irrevocable (unless otherwise agreed in writing by the Bondholders' Representative).
- (c) On the Early Repayment Date the Company must to the satisfaction of the Bondholders' Representative:
 - (i) **(Payment of Redemption Price)** pay each Bondholder in respect of each Bond held by that Bondholder that is being repaid early, the Redemption Price;
 - (ii) **(Continuing Conversion Rights)** ensure that the Conversion Right attaching to each Bond being repaid early survives the early repayment of the Bond and remains in full force and effect after the Early Repayment Date until and including the date immediately prior to the relevant Maturity Date of the Bond, continuing as a Continuing Conversion Right as if the Bond had not been repaid early;
 - (iii) **(Conversion Options continue)** ensure that the right to be granted the Conversion Options simultaneously with the conversion of each Bond being repaid early survives the early repayment of the Bond and remains in full force and effect after the Early Repayment Date until and including the date immediately prior to the relevant Maturity Date of the Bond, to be granted to the Bondholder (or its nominee) following the exercise of the relevant Continuing Conversion Rights in respect of the Bond as if the Bond had not been repaid early; and
 - (iv) **(Continuing Conversion Right Certificate)** issue and deliver to each Bondholder with Bonds being repaid early, a Continuing Conversion Right Certificate in the name of each Bondholder in respect of the Continuing Conversion Rights held by that Bondholder.

7.3 Continuing Conversion Rights

- (a) **(Terms):**

- (i) A Continuing Conversion Right entitles each applicable Bondholder during the period commencing on the Early Repayment Date and ending on (but including) the date immediately prior to the relevant Maturity Date for that Bond at its election to subscribe for a number of Shares equal to the Conversion Right Property.
 - (ii) Upon the occurrence of a Reorganisation Event, a New Securities Issue and/or a VWAP Event, the Conversion Price and/or the Conversion Right Property in respect of each Continuing Conversion Right must be adjusted in accordance with clause 6. For the avoidance of doubt, the provisions of clause 6 apply to each Continuing Conversion Right.
- (b) **(Exercise):**
- (i) To exercise a Continuing Conversion Right a Bondholder must deliver to the Company:
 - (A) a completed Continuing Conversion Right Exercise Notice;
 - (B) the Continuing Conversion Right Certificates for the Continuing Conversion Rights being exercised (or a statutory declaration duly executed by the Bondholder declaring that such Continuing Conversion Right Certificates have never been issued or have been permanently lost or destroyed without replacement); and
 - (C) payment of an amount equal to the Conversion Price multiplied by the number of Shares to be issued to the Bondholder as the Conversion Right Property.
 - (ii) Following satisfaction of clause 7.3(b)(i), the Company must issue to the Bondholder (or its nominee) on the Continuing Conversion Right Exercise Date all Shares required to be issued as the Conversion Right Property in respect of each Continuing Conversion Right being exercised.
 - (iii) Where the total number of Shares to be issued as the Conversion Right Property results in a fraction of a Share, that fraction will be rounded down.
 - (iv) Shares issued as the Conversion Right Property must:
 - (A) be fully paid and free from any Encumbrances or other third party rights;
 - (B) rank in all respects pari passu with the Shares on issue on the Continuing Conversion Right Exercise Date; and
 - (C) be issued as specified in each Continuing Conversion Right Exercise Notice, either:
 - (1) in uncertificated form through CHESS if the Bondholder specifies a valid CHESS account; or
 - (2) in uncertificated form registered in the Company's Certified Subregister if the Bondholder does not specify a valid CHESS account,
 in the name of the Bondholder (or its nominee).
- (c) **(Obligations of the Company):**
- (i) **(Apply for quotation)** The Company must apply on the Continuing Conversion Right Exercise Date for official quotation on the ASX of all Shares issued as the Conversion Right Property.
 - (ii) **(Statements of holdings)** The Company must do all things necessary to ensure that the statements of holdings for the Shares issued as the

Conversion Right Property are sent by mail free of charge to each Bondholder (or its nominee), and are received by each Bondholder (or its nominee) within 7 Business Days after the Continuing Conversion Right Exercise Date.

- (iii) **(New Continuing Conversion Right Certificate)** In the event of the exercise of only part of the Continuing Conversion Rights represented by a Continuing Conversion Right Certificate, the Company must cancel the existing Continuing Conversion Right Certificate and issue and deliver a new Continuing Conversion Right Certificate to the Bondholder on the Continuing Conversion Right Exercise Date for the unexercised balance of the Continuing Conversion Rights held by that Bondholder.

(d) **(Transfer):**

- (i) Each Continuing Conversion Right is freely transferable by a Bondholder without the consent of the Company provided that:
 - (A) the transfer is to a sophisticated or professional investor (as those terms are defined for the purposes of Chapter 6D of the Corporations Act); and
 - (B) the Bondholder delivers to the Company:
 - (1) the Continuing Conversion Right Certificates for the Continuing Conversion Rights being transferred (or a statutory declaration duly executed by the Bondholder declaring that such Continuing Conversion Right Certificates have never been issued or have been permanently lost or destroyed without replacement); and
 - (2) a completed Transfer Form executed by the proposed transferee.
 - (ii) Within 2 Business Days of receiving the documents in clause 7.3(d)(i)(B), the Company must:
 - (A) do all things necessary to give full effect to the transfer of the Continuing Conversion Rights;
 - (B) deliver a Continuing Conversion Right Certificate to the transferee in respect of the transferred Continuing Conversion Rights; and
 - (C) in the event of the transfer of only part of the Continuing Conversion Rights represented by a Continuing Conversion Right Certificate, cancel the existing Continuing Conversion Right Certificate and issue and deliver a new Continuing Conversion Right Certificate to the transferor for the untransferred balance of the Continuing Conversion Rights held by that Bondholder.
 - (iii) A person becoming entitled to any Continuing Conversion Rights as a consequence of the death or bankruptcy of a Bondholder or of a vesting order, or a person administering the estate of a Bondholder and entitled by Law to do so, may apply for the transfer of the Continuing Conversion Right as if it was the Bondholder or, if so entitled, become registered as the Bondholder upon producing such evidence as to that entitlement or status as the Company (acting reasonably) considers sufficient.
- (e) **(Continuing Conversion Right Acknowledgment):** For the avoidance of doubt:
- (i) the early repayment of any or all of the Bonds is without prejudice to the rights attaching to, and the obligations of the Company in respect of, the Conversion Rights granted under this deed, including in relation to all

rights to the future adjustment of the Conversion Price and/or the Conversion Right Property; and

- (ii) if the Company elects to repay any or all of the Bonds:
 - (A) the Conversion Right attaching to each Bond being repaid early survives the early repayment of the Bond being repaid early and remains in full force and effect after the Early Repayment Date until and including the date immediately prior to the relevant Maturity Date of the Bond, continuing as a Continuing Conversion Right as if the Bond had not been repaid early; and
 - (B) the right to be granted the Conversion Options simultaneously with the conversion of each Bond being repaid early survives the early repayment of the Bond and remains in full force and effect after the Early Repayment Date until and including the date immediately prior to the relevant Maturity Date of the Bond, to be granted to the Bondholder (or its nominee) following the exercise of the relevant Continuing Conversion Rights in respect of the Bond as if the Bond had not been repaid early.
- (f) **(Nominees):** The parties each acknowledge and agree that each Bondholder may at any time prior to or on the exercise of any Continuing Conversion Right nominate one or more Third Parties to be issued any or all of the Shares to be issued from the exercise of any Continuing Conversion Rights, in which case the provisions of this document are intended to be for the benefit of those Third Parties, such Third Parties are entitled to enforce the provisions of this document and that this deed will operate as a deed poll in favour of such Third Parties.

7.4 Notice

- (a) The Company must give written notice to the Bondholders' Representative as soon as it engages in any communication with a Third Party in respect of the possible repayment of the Bonds.
- (b) The Company must keep the Bondholders' Representative promptly and fully informed of all communications with any Third Parties in respect of the possible repayment of the Bonds, including responding to all reasonable requests from the Bondholders' Representative for information and/or documents in relation to the possible repayment of the Bonds.

8 Redemption

8.1 Redemption obligation

- (a) The Company must redeem each Bond held by a Bondholder on the earlier of:
 - (i) the relevant Maturity Date in respect of the Bond in accordance with clause 8.2;
 - (ii) the Redemption Date due to either the occurrence of a Change of Control or the Bondholders' Representative determining (in its absolute discretion) that a Change of Control may occur in accordance with clause 8.3; and
 - (iii) the Redemption Date due to the occurrence of an Event of Default in accordance with clause 8.4.
- (b) The Company must redeem all Tranche 1 Bonds in full prior to any redemption of any Tranche 2 Bonds.

- (c) Each Bond is cancelled and of no further force and effect upon the Bond being redeemed in accordance with clause 8.1(a). For the avoidance of doubt, the cancellation of a Bond in accordance with this clause is without prejudice to the rights attaching to, and the obligations of the Company in respect of, any other Bonds, Continuing Conversion Rights relating to all Bonds (including without limitation and for the avoidance of doubt, those Bonds which are redeemed) and/or Options.

8.2 Redemption due to Maturity

On each applicable Maturity Date the Company must redeem all of the relevant Bonds held by each Bondholder by paying each Bondholder the Redemption Price in respect of each relevant Bond held by that Bondholder.

8.3 Redemption due to a Change of Control

- (a) Following either the occurrence of a Change of Control or the Bondholders' Representative determining (in its absolute discretion) that a Change of Control may occur, a Bondholder may require the Company to redeem any or all of the Bonds held by that Bondholder ("**Change of Control Redemption Right**"), in which case the Company must pay the Bondholder on the Redemption Date the Redemption Price in respect of each Bond required to be redeemed by the Bondholder.
- (b) A Bondholder may exercise its Change of Control Redemption Right by delivering to the Company a completed Redemption Notice.
- (c) A Redemption Notice:
 - (i) can only be issued to redeem the whole (and not part) of a Bond; and
 - (ii) must expressly specify the number of Bonds held by the Bondholder that the Company must redeem.
- (d) In the event that a Bondholder requires the Company to redeem only part of the Bonds represented by a Bond Certificate, the Company must cancel the existing Bond Certificate and issue and deliver a new Bond Certificate to the Bondholder on the Redemption Date for the unredeemed balance of the Bonds held by that Bondholder.
- (e) If the requirement of each Bondholder in accordance with clause 8.3(a) results in all of the Bonds held by the Bondholders being redeemed, the Company may require the Security Interest held by the Bondholders to be discharged pursuant to the terms of the Security Deed.

8.4 Redemption due to an Event of Default

- (a) Following the occurrence of an Event of Default, a Bondholder may require the Company to redeem any or all of the Bonds held by that Bondholder ("**Event of Default Redemption Right**"), in which case the Company must pay the Bondholder on the Redemption Date the Event of Default Redemption Price in respect of each Bond required to be redeemed by the Bondholder.
- (b) A Bondholder may exercise its Event of Default Redemption Right by delivering to the Company a completed Redemption Notice.
- (c) A Redemption Notice:
 - (i) can only be issued to redeem the whole (and not part) of a Bond; and
 - (ii) must expressly specify the number of Bonds held by the Bondholder that the Company must redeem.
- (d) In the event that a Bondholder requires the Company to redeem only part of the Bonds represented by a Bond Certificate, the Company must cancel the existing

Bond Certificate and issue and deliver a new Bond Certificate to the Bondholder on the Redemption Date for the unredeemed balance of the Bonds held by that Bondholder.

- (e) If the requirement of each Bondholder in accordance with clause 8.4(a) results in all of the Bonds held by the Bondholders being redeemed, the Company may require any Security Interest held by the Bondholders to be discharged pursuant to the terms of the Security Deed.
- (f) If the Company is required to redeem any Bonds held by a Bondholder in accordance with this clause 8.4, on the first Redemption Date under clause 8.4 the Company must pay Gleneagle Securities a default fee of \$100,000.

8.5 Notice

- (a) The Company must give written notice to the Bondholders' Representative as soon as it becomes aware of any of the following events occurring or being reasonably likely to occur:
 - (i) a Change of Control; or
 - (ii) an Event of Default.
- (b) The Company must keep the Bondholders' Representative promptly and fully informed of all Change of Control events and Events of Default, including responding to all reasonable requests from the Bondholders' Representative for information and/or documents in relation to each event.

9 Undertakings and Special Conditions

9.1 Affirmative undertakings

While any Bond remains outstanding (irrespective of whether any Conversion Rights have been approved by Shareholders) or any Continuing Conversion Right remains exercisable, the Company must to the satisfaction of the Bondholders' Representative:

- (a) **(Ordinary business)** ensure that each Group Member carries on its business in the ordinary course;
- (b) **(Notice)** give written notice to the Bondholders' Representative as soon as it becomes aware of any event outside the ordinary course of business of a Group Member occurring or being reasonably likely to occur, and keep the Bondholders' Representative promptly and fully informed of the relevant event, including responding to all reasonable requests from the Bondholders' Representative for information and/or documents in relation to the event;
- (c) **(Authorisations)** ensure that each Group Member maintains all Authorisations necessary to be maintained by the Group to ensure:
 - (i) the ordinary operation of the business of the Group Member; and
 - (ii) the legality and enforceability of all Bonds, Continuing Conversion Rights and Options;
- (d) **(Laws)** ensure that each Group Member complies with all Laws and ASX Listing Rules applicable to it, including in respect of the issue and exercise of the Bonds, Continuing Conversion Rights and Options;
- (e) **(Takeover offer)** notwithstanding any other provision of this deed, if any offer is made to Shareholders to acquire the whole or any part of the Shares, or if any person proposes a scheme with regard to such acquisition, give written notice of such offer or scheme to all Bondholders at the same time as any notice is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the offices of the Company and,

where such an offer or scheme has been recommended by the Board, or where such an offer has become or been declared unconditional in all respects, use all reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Shares issued during the period of the offer or scheme arising out of the exercise of any Conversion Rights, Continuing Conversion Rights and/or Options;

- (f) **(Shares)** ensure that in respect of the Shares:
 - (i) all Shares are quoted on the ASX; and
 - (ii) the Shares are not suspended from official quotation on the ASX for a period of 5 consecutive Trading Days or more and
- (g) **(Group structure)** ensure that there is no change to the Group's corporate structure as set out in Attachment 11.

9.2 Negative undertakings

Subject to clause 9.3, while any Bond remains outstanding (irrespective of whether any Conversion Rights have been approved and granted by Shareholders) or any Continuing Conversion Right remains exercisable, the Company must ensure that no Group Member, without the prior written consent of the Bondholders' Representative:

- (a) **(Asset acquisitions or disposals)** enters into any transaction or series of related transactions (whether at one time or over a period of time) involving the acquisition or sale, assignment, transfer or disposal of any Material Asset;
- (b) **(Sale of securities)** sells, assigns, transfers or otherwise disposes or parts with possession of any securities that it holds in any other entity;
- (c) **(Security Interests)** creates or permits to exist a Security Interest over any Asset or undertaking of a Group Member other than a Permitted Security Interest;
- (d) **(Material Agreements)** enters into any Material Agreement, or otherwise amends, assigns, novates, terminates or fails to renew any Material Agreement;
- (e) **(Liabilities and Borrowings)**
 - (i) undertakes any Liability; or
 - (ii) borrows or raises any money; or
 - (iii) obtains or provides or permits to be outstanding any form of advance, credit or financial accommodation; or
 - (iv) incurs or permits to be outstanding any Financial Indebtedness, or varies the terms of any such Liabilities, borrowings, advances, credit, financial accommodation or Financial Indebtedness;
- (f) **(Expenses)** incurs any expense which is of an abnormal, extraordinary, exceptional or non-recurring nature or amount;
- (g) **(Capital expenditure)** enters into any transaction or series of related transactions (whether at one time or over a period of time) involving capital expenditure with a value of \$200,000 or more, or defers any capital expenditure;
- (h) **(New Securities Issue)** offers, undertakes, completes or otherwise makes any New Securities Issue;
- (i) **(Dividends)** sets or changes its dividend policy, or declares, makes or pays any Dividend or any other distribution out of capital, profits or reserves;
- (j) **(Vary rights)** varies or cancels any rights attaching to the Shares or any other Securities;
- (k) **(Waiver of debts)** waives any material right or a material debt owed to it;

- (l) **(Subsidiaries)** acquires or disposes of any Subsidiary;
- (m) **(Prohibited action)** takes any action that results in, or is likely to result in, the inability of the Company to comply with the terms of a Transaction Document, including the ability of the Company to issue all Shares required to be issued from the exercise of all Conversion Rights, Continuing Conversion Rights and Options;
- (n) **(Directors)** makes any change to the composition of the Board;
- (o) **(Engagement of employees and consultants)** employs or engages a new employee or consultant earning over \$150,000 per annum;
- (p) **(Constitution)** amends its Constitution, including by adopting a new Constitution;
- (q) **(Jurisdiction)** changes the jurisdiction in which it is domiciled or resident or to whose Taxing authority it is subject generally; and
- (r) **(Agree to do these things)** agrees or commits to doing any of the things referred to in clause 9.2.

9.3 Negative Undertaking Exceptions

- (a) **(Permitted Asset sale)** A Group Member is permitted to enter into any transaction or series of related transactions (whether at one time or over a period of time) involving the sale, assignment, transfer or disposal of any Asset on the condition that all proceeds received from the sale, assignment, transfer or disposal of the Asset (net of any reasonable associated transaction costs or applicable Taxes) are used to repay the Bonds in accordance with clause 7; and
- (b) **(Permitted equity capital and debt raising)** A Group Member is permitted to:
 - (i) offer, undertake, complete or otherwise make a New Securities Issue;
 - (ii) borrow or raise any money;
 - (iii) undertake any monetary Liability,
 on the condition that all funds raised (net of any reasonable associated transaction costs or applicable Taxes) are used to repay the Bonds in accordance with clause 7.

9.4 Special Conditions

- (a) **(Board observation)** While any Bond remains outstanding (irrespective of whether any Conversion Rights have been approved and granted by Shareholders) or any Continuing Conversion Right remains exercisable:
 - (i) the Bondholders' Representative is entitled to appoint any person to act as its representative to attend and observe (in person or through telephonic or other appropriate means) any and all Board meetings of the Company;
 - (ii) the Company must provide the Bondholders' Representative with any documents (including board papers) that are delivered to members of the Board in respect of any Board meeting of the Company, and must on request make available to the Bondholders' Representative any documents (including minutes) of any and all Board meetings of the Company; and
 - (iii) the Company must notify the Bondholders' Representative of any and all Board meetings of the Company where reasonably practicable at least 24 hours before the start of the Board meeting, and in any event no less than 4 hours before the start of each Board meeting of the Company.
- (b) **(Nomination of Directors)**

- (i) From the period commencing on the date that all Tranche 1 Bonds and Tranche 2 Bonds have been converted into Shares until the time when Gleneagle Nominees (or any of its Associates) no longer hold any Shares, the Bondholders' Representative is immediately entitled at all times to nominate a representative to join the Board as a Director, and the Board must immediately appoint that nominee to the Board. If any person nominated by the Bondholders' Representative to join the Board is not appointed to the Board or is no longer a Director (for any reason), the Bondholders' Representative is immediately entitled to again nominate a representative to join the Board as a Director, and the Board must immediately appoint that nominee to the Board.
- (ii) If the Board does not include the person nominated by the Bondholders' Representative as contemplated in clause 9.4(b)(i), the Board must resolve to appoint at the earliest available opportunity a nominee of the Bondholders' Representative as a non-executive Director.
- (iii) The Company agrees to use reasonable endeavours to encourage the Directors to unanimously recommend that the Shareholders vote in favour of all resolutions for the appointment of Directors under this clause 9.4(b), subject at all times to the Directors' fiduciary duties.

9.5 Secondary Trading Undertaking

- (a) Notwithstanding the requirements of clause 2.1(a)(iii) and 3.2(a)(ii), the Company undertakes to each Bondholder that it will do everything within its control (including, for the avoidance of doubt, preparing and lodging a prospectus and/or a cleansing notice under the Corporations Act) to ensure that all Shares issued from:
 - (i) the conversion of each Bond;
 - (ii) the conversion of any accrued interest;
 - (iii) the exercise of any Continuing Conversion Rights; and/or
 - (iv) the exercise of any Options,
 on and from the date of issue of such Shares, and at all times thereafter, are not subject to any on-sale or other restrictions, limitations or additional requirements on their transferability and tradability and are freely transferable on the ASX.
- (b) To the extent that any action is required by Law to be taken in order to facilitate the on-sale of the Shares issued by the Company from:
 - (i) the conversion of each Bond;
 - (ii) the conversion of any accrued interest;
 - (iii) the exercise of any Continuing Conversion Rights; and/or
 - (iv) the exercise of any Options,
 the Company must immediately take such action to the satisfaction of the Bondholders' Representative and/or Gleneagle Securities.
- (c) While any Bond remains outstanding (irrespective of whether any Conversion Rights have been approved and granted by Shareholders) or any Continuing Conversion Right remains exercisable, the Company must comply with ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82.

10 Warranties

10.1 Warranties

- (a) The Company and each Guarantor represent and warrant to each Bondholder, Gleneagle Nominees and to Gleneagle Securities as to each of the matters specified in Schedule 2.
- (b) The Bondholder represents and warrants to the Company as to each of the matters specified in Schedule 3 as at the date of this deed.
- (c) Gleneagle Securities represents and warrants to the Company as to each of the matters specified in Schedule 4 as at the date of this deed.

10.2 Repetition of Warranties

The Warranties given under this deed by the Company and each Guarantor are taken to be repeated (by reference to the then current facts and circumstances) on each day on and from the date of this deed to the later of:

- (a) the date on which all monies owing and obligations outstanding by the Company to each person under this deed are paid and/or satisfied in full to the satisfaction of the Bondholders' Representative;
- (b) the expiry of all of the Conversion Rights, including the expiry of any Continuing Conversion Rights; and
- (c) the expiry of all of the Options.

10.3 Reliance

The Company acknowledges that each Bondholder, Gleneagle Nominees and Gleneagle Securities has entered into the Transaction Documents in reliance on the Warranties.

10.4 Warranty Indemnity

- (a) The Company and each Guarantor (jointly and severally) indemnifies and will keep indemnified each Bondholder, Gleneagle Nominees and Gleneagle Securities against (and must pay each Bondholder, Gleneagle Nominees and Gleneagle Securities an amount equal to) all Loss:
 - (i) which each Bondholder, Gleneagle Nominees and/or Gleneagle Securities suffers or incurs; or
 - (ii) in connection with a Claim made by any Third Party against a Bondholder, Gleneagle Nominees and/or Gleneagle Securities,as a direct or indirect result of or in connection with any of the Warranties being untrue or incorrect in any respect.
- (b) For the avoidance of doubt, the Loss for which the Company and each Guarantor is liable under clause 10.4(a) includes an amount which would be necessary to put the relevant Bondholder, Gleneagle Nominees and/or Gleneagle Securities in the same position it would have been in if the Warranty had been true and correct.

11 Confidentiality

Each Recipient must keep all Confidential Information secret and confidential and ensure that its officers, employees, agents and advisers keep all Confidential Information secret and confidential, and must not divulge or disclose any Confidential Information to any person except:

- (a) with the prior written consent of the Disclosing Party;

- (b) to the extent required by Law or the rules of any stock exchange, provided that the Recipient has to the extent possible (having regard to the required timing of the disclosure) consulted with the Disclosing Party as to the form and content of the disclosure; or
- (c) to any officers, employees, agents and advisers of the Recipient who:
 - (i) have a need to know the information, but only to the extent they have a need to know; and
 - (ii) before disclosure, agree in writing with the Recipient to keep all Confidential Information secret and confidential,

and the rights and obligations of the parties under this clause will survive termination of this deed.

12 Disputes

12.1 No arbitration or court proceedings

If a dispute arises out of or in relation to this deed ("**Dispute**"), no party to the Dispute ("**Disputant**") will start arbitration or court proceedings (except proceedings seeking interlocutory relief) unless it has complied with this clause 12.

12.2 Notice

A party claiming that a Dispute has arisen must notify each other Disputant in writing giving details of the Dispute and its proposal for a resolution.

12.3 Initial Period

For a 14 day period after a notice is given ("**Initial Period**") each Disputant must use all reasonable endeavours to resolve the Dispute and an Authorised Officer of each Disputant must meet within the first 7 days of that period with that aim.

12.4 Appointment of mediator

If the Dispute remains unresolved at the end of the Initial Period, it must be referred, by written notice from a Disputant to each other Disputant, to mediation by:

- (a) agreed on by the Disputants; or
- (b) if agreement is not reached within 7 days of the notice for referral, a mediator appointed by the chairman of the New South Wales Bar Council.

12.5 Role of mediator

The role of any mediator is to assist in negotiating a resolution of the Dispute. A mediator may not make a decision that is binding on a Disputant unless that Disputant has agreed to this in writing.

12.6 Timeframe

Each Disputant will use all reasonable endeavours to resolve the Dispute through mediation as soon as is practical, including, but not limited to, providing the mediator with all information relevant to the Dispute.

12.7 Confidentiality

Any information or documents disclosed by a Disputant under this clause 12 must be kept confidential and may not be used except to attempt to resolve the Dispute.

12.8 Costs

The Company must bear all costs of the parties complying with this clause 12, including the mediator's costs.

12.9 Termination

If the Dispute is still not resolved within 21 days of appointment of the mediator, a Disputant that has complied with clauses 12.1 to 12.7 may terminate the dispute resolution process by giving notice to each other Disputant.

12.10 Breach of this clause

If, in relation to a Dispute, a Disputant breaches any provision of clauses 12.1 to 12.7, each other Disputant need not comply with those clauses in relation to that Dispute.

13 Notices

13.1 Method

All notices, requests, demands, consents, approvals, offers, agreements or other communications ("**notices**") given by a party under or in connection with this document must be:

- (a) in writing;
- (b) signed by the party giving notice or a person duly authorised by that party or, where transmitted by e-mail, sent by a person duly authorised by the sender;
- (c) directed to the recipient's address (as set out in clause 13.3 or as varied by any notice); and
- (d) hand delivered, sent by prepaid post or transmitted by e-mail or facsimile to that address.

13.2 Receipt

A notice given in accordance with this clause 13 is taken as having been given and received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post:
 - (i) on the day on which the relevant postal service estimates delivery will occur; or
 - (ii) on the first day of the period during which the relevant postal service estimates delivery will occur,based on the most recent estimate published by the relevant postal service as at the date on which the notice is sent;
- (c) if transmitted by e-mail, on transmission; or
- (d) if transmitted by facsimile, at the time recorded on the transmission report indicating successful transmission of the entire notice,

but if the delivery or transmission is not on a Business Day or is after 5.00pm (recipient's time) on a Business Day, the notice is taken to be received at 9.00am (recipient's time) on the next Business Day.

13.3 Address of Parties

Unless varied by notice in accordance with this clause 13, the parties' addresses and other details are:

Party: **Company and the Guarantors**
Attention: Ross Cotton
Address: Suite 1 G, 437 Roberts Road, Subiaco WA 6008
E-mail: ross.cotton@icollge.edu.au

Party: **Gleneagle Nominees and Gleneagle Securities**
Attention: Andre Dalton
Address: Level 27, 25 Bligh Street, Sydney NSW 2000
Fax: 61 2 9475 0154
E-mail: andre.dalton@glensec.com.au

13.4 Requirement for written notice

For the avoidance of doubt, the requirement in clause 13.1(a) applies to all notices unless expressly excluded and no implication to the contrary is to be drawn from the use of the expressions "written" or "in writing" in relation to some but not all notices.

14 Default interest

14.1 Defaulting party to pay interest

If the Company or any Guarantor fails to pay any amount payable under this deed on the due date for payment, the Company must pay interest on the amount unpaid at the Interest Rate plus 8% (ie at a total rate of 20% per annum).

14.2 Calculation of interest

The interest payable under clause 14.1:

- (a) accrues daily from, and including, the due date for payment up to but excluding the actual date of payment; and
- (b) is payable in accordance with clause 4.3.

14.3 Interest following judgment

If a Liability of the Company becomes merged in a judgment or order, the Company (as an additional and independent obligation) must pay interest on the amount of that Liability from, and including, the date of judgment until it is paid in full at the higher of:

- (a) the rate payable under the judgment or order; and
- (b) the rate payable under clause 14.1.

14.4 Other remedies unaffected

A party's right to require payment of interest under this clause 14 does not affect any other rights and remedies it may have in relation to any failure to pay an amount due under this deed.

15 Guarantee and indemnity

15.1 Guarantee and indemnity

Each of the Guarantors jointly and severally:

- (a) guarantees to each Bondholder, Gleneagle Nominees and to Gleneagle Securities the due and punctual payment, performance and observance by the

Company of all of its liabilities and obligations to each Bondholder, Gleneagle Nominees and to Gleneagle Securities under or in connection with this document and each other Transaction Document, whether monetary or non-monetary, present or future, actual or contingent ("**Guaranteed Obligations**"); and

- (b) as a separate, independent, principal and additional obligation, indemnifies each Bondholder, Gleneagle Nominees and Gleneagle Securities against:
- (i) all liability, loss, damage, cost and expense which each Bondholder, Gleneagle Nominees and/or Gleneagle Securities may sustain or incur; and
 - (ii) all actions, proceedings, claims or demands made against each Bondholder, Gleneagle Nominees and/or Gleneagle Securities,
- as a result of:
- (iii) any default by the Company in the payment, performance and observance of the Guaranteed Obligations; or
 - (iv) the Guaranteed Obligations or any part of them being or becoming illegal, void, voidable or unenforceable.

15.2 Obligations absolute and unconditional

The obligations of the Guarantors under this clause 15 are absolute, unconditional and irrevocable. The liability of the Guarantors under this clause 15 extends to and will not be affected by any circumstance, act, omission or thing (including any waiver, discharge, release, delay, laches or acquiescence) which, but for this clause 15.2, might otherwise affect it at law or in equity.

15.3 Payment on demand

Any money payable by the Guarantors under this clause 15 will be paid on demand to, or as directed by, the Bondholders' Representative, Gleneagle Nominees or Gleneagle Securities.

16 General

16.1 Entire agreement

This deed constitutes the entire agreement between the parties, and all of its terms whether express or implied. All prior discussions, undertakings, agreements, representations, warranties and indemnities in relation to the subject matter thereof are replaced by this deed and have no further effect.

16.2 Paramountcy of deed

If this deed conflicts with any other document, agreement or arrangement, this deed prevails to the extent of the inconsistency.

16.3 No merger

The provisions of this deed will not merge on completion of any transaction contemplated in this deed and, to the extent any provision has not been fulfilled, will remain in force.

16.4 Attorneys

Each person who executes this deed on behalf of a party under a power of attorney warrants that he or she has no notice of the revocation of that power or of any fact or circumstance that might affect his or her authority to execute this deed under that power.

16.5 Amendment

This deed may not be amended or varied unless the amendment or variation is in writing signed by all parties.

16.6 Assignment

- (a) The Bondholder, Gleneagle Nominees and Gleneagle Securities may each assign, transfer or otherwise deal with this deed and/or any right or obligation under this deed without the consent of the Company or the Guarantors.
- (b) The Company and the Guarantors may not assign, transfer or otherwise deal with this deed or any right or obligation under this deed without the prior written consent of the Bondholders' Representative.

16.7 Severability

Part or all of any provision of this deed that is illegal or unenforceable will be severed from this deed and will not affect the continued operation of the remaining provisions of this deed.

16.8 Waiver

Waiver of any power or right under this deed:

- (a) must be in writing signed by the party entitled to the benefit of that power or right; and
- (b) is effective only to the extent set out in that written waiver.

16.9 Rights, remedies additional

Any rights and remedies that a person may have under this deed are in addition to and do not replace or limit any other rights or remedies that the person may have.

16.10 Further assurances

Subject to clause 16.11:

- (a) each party must, at its own expense, do or cause to be done all things necessary or reasonably desirable to give full effect to each Transaction Document, and the transactions contemplated by such documents (including the execution of documents and effectiveness and perfection of the Security Deed); and
- (b) at the election of the Bondholders' Representative, the Company and each Guarantor must at their own expense and within 30 days of the request of the Bondholders' Representative, do or cause to be done all things reasonably requested by the Bondholders' Representative to grant to the Bondholder security over any or all Assets of the Company and any of its Subsidiaries (including the execution of any security documents in addition to the Security Deed).

16.11 Costs, expenses and duties

- (a) The Company must bear and is responsible for all expenses of each Bondholder, Gleneagle Nominees and Gleneagle Securities incurred in connection with the execution and/or enforcement of the Transaction Documents and any instrument or transaction contemplated by each Transaction Document (including all associated legal and accounting costs), and indemnifies each Bondholder, Gleneagle Nominees and Gleneagle Securities against, and must pay on demand the amount of, any such costs or Liabilities that are due and payable.
- (b) The Company must bear and is responsible for all duties, stamp duties or other similar imposts on or in respect of the Transaction Documents and any instrument or transaction contemplated by each Transaction Document, and

indemnifies each Bondholder, Gleneagle Nominees and Gleneagle Securities against, and must pay on demand the amount of, any such costs or Liabilities that are due and payable.

- (c) Notwithstanding any other term of this deed, the Company agrees that any amounts due, payable or otherwise owing for any duties, stamp duties (including mortgage duty) or other similar imposts on or in respect of the Transaction Documents and any instrument or transaction contemplated by each Transaction Document can be set off by the Bondholder against the Principal Sum (at any time) and retained by the Bondholder on account of payment of the amount owing for such duties, stamp duties (including mortgage duty) or other similar imposts.

16.12 Counterparts

This deed may be executed in any number of counterparts and all counterparts taken together will constitute one document.

16.13 Electronic delivery of documents

If a party delivers an executed counterpart of this deed or any other document executed in connection with it by facsimile or other electronic means:

- (a) the delivery will be deemed to be an effective delivery of an originally executed counterpart; and
- (b) the party will still be obliged to deliver an originally executed counterpart, but the failure to do so will not affect the validity or effectiveness of the relevant document.

16.14 Governing Law and jurisdiction

This deed will be governed by and construed in accordance with the Laws in force in the State of New South Wales and each party submits to the non-exclusive jurisdiction of the courts of that State.

SCHEDULE 1 - EVENTS OF DEFAULT

Each of the following events is an Event of Default:

- 1 **(Breach of warranty)** Any representation, warranty (including any of the Warranties) or statement made or repeated in or in connection with a Transaction Document by the Company or a Guarantor is untrue, misleading or deceptive (whether by omission or otherwise) in any respect when made or repeated or becomes untrue, misleading or deceptive in any respect.
- 2 **(Breach of obligation)** The Company or a Guarantor breaches a term or any of its obligations to a Bondholder, Optionholder, Gleneagle Nominees and/or Gleneagle Securities under a Transaction Document and:
 - (a) that breach, in the opinion of the Bondholders' Representative, is not capable of remedy; or
 - (b) if, in the opinion of the Bondholders' Representative, that breach is capable of remedy, it is not remedied within 5 Business Days after the Bondholders' Representative requests in writing for the breach to be remedied.
- 3 **(Material Adverse Change)** A Material Adverse Change occurs in respect of a Group Member.
- 4 **(Material Adverse Effect)** An event or series of events, whether related or not, occurs which has or may have a Material Adverse Effect in respect of a Group Member.
- 5 **(Non-payment)** Any Group Member fails to pay any Secured Money payable by it in the way and in the currency required when due, unless the failure to pay results from an administrative or technical error and that failure to pay is remedied within 2 Business Days.
- 6 **(Encumbrance)** Any Encumbrance over an asset of any Group Member is enforced or becomes enforceable.
- 7 **(Seizure)** Any Government Agency seizes or compulsorily acquires any Group Member's assets or the Collateral.
- 8 **(Disposal)** Any Group Member disposes of (or attempts to dispose of) all or any part of the Collateral other than pursuant to a Permitted Disposal.
- 9 **(Finance Documents):**
 - (a) a party to a Finance Document instigates any legal action to dispute the enforceability of all or any of the Bondholder's rights under any Finance Document;
 - (b) all or any part or provision of any Finance Document is or becomes, or a party to any Finance Document attempts to have all or any part or provision of any Finance Document made, illegal, void, voidable, unenforceable or otherwise of limited force or effect; or
 - (c) all or any part or provision of any Finance Document is terminated, rescinded or avoided, or any party to a Finance Document becomes entitled to terminate, rescind or avoid all or any material part or material provision of any Finance Document;

- 10 **(Breach of Laws and ASX Listing Rules)** A Group Member fails to comply with all Laws (including any provision of the Corporations Act) and/or all ASX Listing Rules applicable to or binding on it and/or the Group which has, or is likely to have, a Material Adverse Effect or results, or is likely to result, in a Material Adverse Change in respect of a Group Member.
- 11 **(Litigation)** Any litigation is commenced against a Group Member which has, or is likely to have, a Material Adverse Effect or results, or is likely to result, in a Material Adverse Change in respect of a Group Member.
- 12 **(Court judgement)** A final judgment or judgments of a court or courts of competent jurisdiction for the payment of money aggregating in excess of \$100,000 are rendered against a Group Member and are not bonded, discharged or stayed pending appeal within 10 days after entry thereof, or are not discharged within 30 days after the expiration of such stay.
- 13 **(Enforcement)** A distress, attachment, execution or other legal process is levied or enforced on or against any of the Assets or revenues of a Group Member which is not discharged, removed, stayed or paid within 10 days, or a receiver, receiver and manager, administrative receiver or similar officer is appointed to a Group Member or any of their Assets or undertakings.
- 14 **(Cross default):**
- (a) Any Financial Indebtedness of a Group Member is not paid when due or within any originally applicable grace period; or
 - (b) Any Financial Indebtedness of a Group Member is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- 15 **(Security Interest)** Any Security Interest over an Asset of a Group Member is enforced or becomes capable of enforcement.
- 16 **(Guarantee)** Any Guarantee is enforced or becomes capable of enforcement against any Group Member.
- 17 **(Investigation)** An investigation into all or part of the affairs of a Group Member commences under the Corporations Act in circumstances material to its financial position.
- 18 **(Insolvency Event)** An Insolvency Event occurs in respect of a Group Member.
- 19 **(Shares)** Any of the following events occur in respect of the Shares:
- (a) any Shares are not admitted to official quotation, and do not commence trading, on the ASX; or
 - (b) the Shares are suspended from official quotation on the ASX for a period of 5 consecutive Trading Days or more.
- 20 **(Required approvals)** The Company has not (for any reason) obtained by the End Date all required approvals for the purposes of the Corporations Act and/or the ASX Listing Rules (including all required Shareholder approvals) to give effect to the transactions contemplated by the Transaction Documents.
- 21 **(Company Financial Model)** Gleneagle Securities gives notice under clause 3.1(a)(ii) that it is not satisfied (for any reason) with the Company Financial Model.

- 22 **(End Date Shareholder approvals)** The Company has not (for any reason) obtained by the End Date the Shareholder approvals required under clause 5.2 ('Shareholder approvals').
- 23 **(Subsequent Shareholder approvals)** The Shareholder approvals required under clause 5.2(b) are not obtained within the 60 day time period set out in clause 5.2(b).
- 24 **(Adjustments)** The Company does not (for any reason) adjust:
- (a) the Conversion Price and/or the Conversion Right Property in accordance with the terms set out in this deed (including under clauses 6 and 7.3(a)(ii)); and/or
 - (b) the number of Options, the Option Exercise Price and/or the number of Shares over which each Option is exercisable in accordance with the terms of this deed and/or the Gleneagle Option Deed.
- 25 **(Interest conversion rights)** The Company does not (for any reason) comply with any of the provisions in clause 4.4 ('Conversion of Interest').
- 26 **(Satisfaction of Conversion Rights)** The Company does not (for any reason) comply with any of the provisions in clause 5.4 ('Satisfaction of Conversion Rights').
- 27 **(Early repayment)** The Company does not (for any reason) comply with any of the provisions in clause 7 ('Early Repayment').
- 28 **(Undertakings and Special Conditions)** The Company or any other Group Member does not (for any reason) comply with any of the provisions in clause 9 ('Undertakings and Special Conditions').
- 29 **(Further assurances)** The Company does not (for any reason) comply with clause 16.10(b).
- 30 **(Options and Secondary Trading of Shares)** The Company has not (for whatever reason) complied with the provisions of this deed and the Gleneagle Option Deed in respect of providing a cleansing notice to the ASX within the required time period following the issue of Shares from the exercise of any Options so that the on-sale of those Shares fall within the exception in section 708A(5) of the Corporations Act such that they are not subject to any on-sale restrictions and are freely transferable on the ASX.
- 31 **(Secondary Trading of Shares)** Any Shares issued from:
- (a) the conversion of each Bond;
 - (b) the conversion of any accrued interest;
 - (c) the exercise of any Continuing Conversion Rights; or
 - (d) the exercise of any Options,
- are subject to on-sale or other restrictions, limitations or additional requirements on their transferability and tradability and are not freely transferable on the ASX.

SCHEDULE 2 - WARRANTIES

The Company and each Guarantor represent and warrant that:

- 1 **(status)** it is a body corporate duly incorporated under the laws of the place of its incorporation;
- 2 **(power)** it has full legal capacity and power to:
 - (a) own property and carry on its business; and
 - (b) enter into and perform its obligations under the Transaction Documents;
- 3 **(title)** it has good title to, and is the legal and beneficial owner of, the property the subject of the Security Deed free from any Security Interests, other than a Permitted Security Interest;
- 4 **(control)** it Controls, and no other person has the capacity to Control, each Subsidiary of the Company;
- 5 **(Authorisations)** it has taken all action required and obtained or been granted all consents, approvals, permissions and Authorisations necessary to enable it to enter into and perform its obligations under the Transaction Documents;
- 6 **(binding obligations)** each Transaction Document constitutes a valid and legally binding obligation of it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditors' rights generally);
- 7 **(no contravention)** the execution, delivery and performance of the Transaction Documents will not contravene:
 - (a) any Law, regulation, order, judgment or decree of any court or Government Agency which is binding on it or any of its property;
 - (b) any provision of its constitution or equivalent documents;
 - (c) any agreement, undertaking or instrument which is binding on it or any of its property;
- 8 **(no litigation)** no litigation, arbitration, mediation, conciliation, criminal or administrative proceedings are current, pending or (to its knowledge after due inquiry) threatened which, if adversely determined, could have a Material Adverse Effect or result in a Material Adverse Change in respect of a Group Member;
- 9 **(no untrue statements of fact)** no representation, warranty (including any Warranty) or other information provided by it contains any untrue statement of material fact or omits to state a material fact necessary to ensure that the representation, warranty or information is not misleading;
- 10 **(no trust)** it is not entering into the Transaction Documents as the trustee of any trust or settlement;
- 11 **(no Event of Default)** no event has occurred, or is likely to occur, which constitutes an Event of Default;

12 **(solvency):**

- (a) it is solvent and will not be declared insolvent by entering into and performing its obligations under the Transaction Documents;
- (b) no Controller is currently appointed in relation to its property or part thereof;

13 **(Disclosure)** the Company is compliant with the requirements of, and its obligations under, ASX Listing Rule 3.1, and is not withholding from the ASX and/or the market any information under an exception to ASX Listing Rule 3.1 (in accordance with ASX Listing Rule 3.1A or under any other provision of the Corporations Act and/or the ASX Listing Rules) that it would be required to disclose if it was issuing a cleansing notice under section 708A(5) of the Corporations Act;

14 **(Group structure)** the structure of the Group is as set out in the diagram in Attachment 11, and there are no other entities within the Group that are not included in the diagram;

15 **(Capital structure):**

- (a) as at the date of this deed, the total issued capital of the Company is as follows:
 - (i) 66,257,663 Shares (quoted on ASX); and
 - (ii) 30,082,001 options exercisable at \$0.20 and expiring 24 July 2017 (quoted on ASX);
 - (iii) 10,416,667 Shares (not quoted on ASX);
 - (iv) 5,500,002 performance shares (not quoted on ASX);
 - (v) 3,334 options exercisable at \$30.00 and expiring 1 May 2017 (not quoted on ASX);
 - (vi) 11,666,674 options exercisable at \$0.30 and expiring 31 March 2019 (not quoted on ASX); and
 - (vii) 600,000 options exercisable at \$0.25 and expiring 31 March 2018 (not quoted on ASX); and
- (b) except as set out above in (a), the Company has not issued, or agreed to issue, any other Securities;

16 **(Secondary Trading of the Bonds):**

- (a) on each day on which the cleansing notice in relation to the Bonds is given to the ASX under clauses 2.1(a)(iii) and 3.2(a)(ii), there was no determination under subsection 713(6) of the Corporations Act in force in respect of the Company;
- (b) trading in Shares on the ASX was not suspended for more than a total of 5 days during the 12 month period before the first day on which any of the Bonds were issued;
- (c) the conversion of the Bonds does not involve any further offer; and
- (d) the Australian Securities and Investments Commission has not in the 12 months prior to the Tranche 1 Completion Date or the Tranche 2 Completion Date made

a determination under section 708A(2) of the Corporations Act in respect of the Shares; and

- 17 **(Secondary Trading of the Options)** the Options are not issued by the Company with the purpose of any Bondholder, Gleneagle Nominees or Gleneagle Securities selling or transferring the Options, or granting, issuing or transferring interests in, or options over, the Options.

SCHEDULE 3 - THE BONDHOLDERS' WARRANTIES

The Bondholder represents and warrants that:

- 1 **(status):**
 - (a) it is a body corporate duly incorporated under the laws of the place of its incorporation;
 - (b) it is a sophisticated or professional investor (as those terms are defined for the purposes of Chapter 6D of the Corporations Act);
- 2 **(power)** it has full legal capacity and power to:
 - (a) own property and carry on its business; and
 - (b) enter into and perform its obligations under the Transaction Documents;
- 3 **(Authorisations)** it has taken all action required and obtained or been granted all consents, approvals, permissions and Authorisations necessary to enable it to enter into and perform its obligations under the Transaction Documents;
- 4 **(binding obligations)** each Transaction Document constitutes a valid and legally binding obligation of it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditors' rights generally);
- 5 **(no contravention)** the execution, delivery and performance of the Transaction Documents will not contravene:
 - (a) any Law, regulation, order, judgment or decree of any court or Government Agency which is binding on it or any of its property;
 - (b) any provision of its constitution or equivalent documents;
 - (c) any agreement, undertaking or instrument which is binding on it or any of its property; and
- 6 **(solvency)** it is solvent and will not become insolvent by entering into and performing its obligations under the Transaction Documents.

SCHEDULE 4 - GLENEAGLE SECURITIES WARRANTIES

Gleneagle Securities represents and warrants that:

- 1 **(status):**
 - (a) it is a body corporate duly incorporated under the laws of the place of its incorporation;
 - (b) it is a sophisticated or professional investor (as those terms are defined for the purposes of Chapter 6D of the Corporations Act);
- 2 **(power)** it has full legal capacity and power to:
 - (a) own property and carry on its business; and
 - (b) enter into and perform its obligations under the Transaction Documents;
- 3 **(Authorisations)** it has taken all action required and obtained or been granted all consents, approvals, permissions and Authorisations necessary to enable it to enter into and perform its obligations under the Transaction Documents;
- 4 **(binding obligations)** each Transaction Document constitutes a valid and legally binding obligation of it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditors' rights generally);
- 5 **(no contravention)** the execution, delivery and performance of the Transaction Documents will not contravene:
 - (a) any Law, regulation, order, judgment or decree of any court or Government Agency which is binding on it or any of its property;
 - (b) any provision of its constitution or equivalent documents;
 - (c) any agreement, undertaking or instrument which is binding on it or any of its property; and
- 6 **(solvency)** it is solvent and will not become insolvent by entering into and performing its obligations under the Transaction Documents.

SCHEDULE 5 - THE CONVERSION OPTIONS

1 Definitions

The definitions set out in clause 1.1 of this deed apply to this Schedule. In addition, in this Schedule:

"Conversion Option" means an option to subscribe for one Share (as may be adjusted), granted by the Company to the Bondholder (and/or its nominees) in accordance with, and on the terms set out in, this Schedule.

"Exercise Date" means the date which is 2 Business Days after the date that an Exercise Notice is given.

"Exercise Notice" means a notice substantially in the form of Attachment 8 of this deed.

"Exercise Period" has the meaning given to that term in clause 3.2 of this Schedule.

"Exercise Price" has the meaning given to that term in clause 3.1 of this Schedule.

"Expiry Date" has the meaning given to that term in clause 3.2 of this Schedule.

"Optionholder" means each person in whose name a Conversion Option is registered in the Option Register.

"Option Certificate" means a certificate executed by the Company substantially in the form of Attachment 9 of this deed.

"Option Cleansing Notice" means a notice substantially in the form of Attachment 10 of this deed.

"Option Register" means the register of holders of options.

"Pro Rata Issue" has the meaning given to that term in the ASX Listing Rules.

"Record Date" has the meaning given to that term in the ASX Listing Rules.

2 Grant

2.1 Grant of Conversion Options

In part consideration for Gleneagle Nominees subscribing for the Bonds, the Company must grant to each Bondholder (and/or its nominees) on each Conversion Date or Continuing Conversion Right Exercise Date (as applicable), one Conversion Option for every 2 Shares that are issued upon conversion of the relevant Bond or the exercise of the relevant Continuing Conversion Right by that Bondholder.

2.2 Satisfaction of exercise rights

- (a) The Company warrants and undertakes to each Bondholder and Optionholder that:
 - (i) it will be able to issue all Shares required to be issued from the exercise of each Conversion Option attaching to each Tranche 1 Bond or attaching to the applicable Continuing Conversion Rights (as applicable) without any Shareholder approval in accordance with its placement capacity under the ASX Listing Rules; and

- (ii) it will be able to issue all Shares required to be issued from the exercise of each Conversion Option attaching to each Tranche 2 Bond or attaching to the applicable Continuing Conversion Rights (as applicable) without any additional Shareholder approval than the Shareholder approvals to be obtained in accordance with clause 5.2(a)(ii) of this deed.
- (e) Notwithstanding clause 2.2(a) of this Schedule, if the Company is not able to issue all Shares required to be issued from the exercise of any of the Conversion Options (for any reason, including that the circumstances surrounding any approval given by Shareholders have changed), the Company must, at the election of the Bondholders' Representative (in its absolute discretion), take one or more of the following actions to the satisfaction of the Bondholders' Representative:
 - (i) issue all or some of the Shares required to be issued from the exercise of any of the Conversion Options as soon as the Company is able to do so under its placement capacity under the ASX Listing Rules, and until all required Shares have been issued the Company must not offer, undertake, complete or otherwise make any New Securities Issue under its placement capacity under the ASX Listing Rules; and/or
 - (ii) obtain as soon as possible all Shareholder approvals required to enable the Company to issue all Shares required to be issued from the exercise of all of the Conversion Options, and the Company agrees to use reasonable endeavours to encourage the Directors to unanimously recommend that the Shareholders vote in favour of any such Shareholder resolutions, subject at all times to the Directors' fiduciary duties. The Company must issue the relevant notice of meeting to Shareholders in connection with such Shareholder resolutions within 10 Business Days of the Bondholders' Representative requiring the Company to obtain the Shareholder approvals under this clause, and the Company must hold the relevant Shareholder meeting within 35 Business Days of the Bondholders' Representative requiring the Company to obtain the Shareholder approvals under this clause.

2.3 Obligations of the Company on each Conversion Date or Continuing Conversion Right Exercise Date

On each Conversion Date or Continuing Conversion Right Exercise Date (as applicable), the Company must to the satisfaction of the Bondholders' Representative:

- (a) **(Grant the Conversion Options)** grant to the Bondholder (and/or its nominees) the number of Conversion Options set out in clause 2.1 of this Schedule free and clear from any Encumbrances or other third party rights;
- (b) **(Option Certificate)** issue and deliver to the Bondholder (and/or its nominees) an Option Certificate in the name of the Bondholder (and/or its nominees) in respect of the number of Conversion Options set out in clause 2.1 of this Schedule; and
- (c) **(Option Register)** deliver to the Bondholder (and/or its nominees) a certified copy of the Option Register showing the Bondholder (and/or its nominees) as the registered holder of the number of Conversion Options set out in clause 2.1 of this Schedule.

2.4 Nominees

The parties each acknowledge and agree that:

- (a) each Bondholder may at any time prior to or on the Conversion Date or Continuing Conversion Right Exercise Date (as applicable) nominate one or more Third Parties to be granted any or all of the Conversion Options; and/or

- (b) each Optionholder may at any time prior to or on the exercise of any Conversion Option nominate one or more Third Parties to be issued any or all of the Shares to be issued from the exercise of any Conversion Options,

in which case the parties each acknowledge and agree that the provisions of this document are intended to be for the benefit of those Third Parties, that such Third Parties are entitled to enforce the provisions of this document and that this deed will operate as a deed poll in favour of such Third Parties.

3 Terms of the Conversion Options

3.1 Exercise Price

The Exercise Price of each Conversion Option is \$0.10 which may be adjusted in accordance with clause 5 of this Schedule ("**Exercise Price**").

3.2 Exercise Period

Each Conversion Option can be exercised in accordance with clause 4.1 of this Schedule during the period commencing on the relevant Conversion Date or Continuing Conversion Right Exercise Date (as applicable) and ending on 5.00pm on the date that is 3 years from the relevant Conversion Date or Continuing Conversion Right Exercise Date (as applicable) ("**Expiry Date**"), after which time the Conversion Option will expire ("**Exercise Period**").

3.3 Conversion Options not quoted on ASX

The Conversion Options will not be quoted on the ASX.

3.4 Dividends and voting

Except as otherwise set out in this deed, a Conversion Option does not confer on an Optionholder:

- (a) any entitlement to any dividends or other distributions by the Company; or
- (b) any right to attend or vote at any general meeting of the Company.

4 Exercise of the Conversion Options

4.1 Exercise

- (a) To exercise a Conversion Option an Optionholder must deliver to the Company:
- (i) a completed Exercise Notice;
 - (ii) the Option Certificates for the Conversion Options being exercised (or a statutory declaration duly executed by the Optionholder declaring that such Option Certificates have never been issued or have been permanently lost or destroyed without replacement); and
 - (iii) payment of an amount equal to the Exercise Price multiplied by the number of Shares to be issued to the Optionholder from the exercise of the Conversion Options.
- (b) Following satisfaction of clause 4.1(a) of this Schedule, the Company must issue to the Optionholder (and/or its nominees) on the Exercise Date one Share for each Conversion Option exercised (unless the number of Shares over which each Conversion Option is exercisable has been adjusted in accordance with clause 5 of this Schedule).

4.2 Terms of the underlying Shares

Shares issued from the exercise of each Conversion Option must:

- (a) be fully paid and free and clear from any Encumbrances or other third party rights;
- (b) rank in all respects pari passu with the Shares on issue on the Exercise Date; and
- (c) be issued as specified in each Exercise Notice, either:
 - (i) in uncertificated form through CHESS if the Optionholder specifies a valid CHESS account; or
 - (ii) in uncertificated form registered in the Company's Certified Subregister if the Optionholder does not specify a valid CHESS account,in the name of the Optionholder (and/or its nominees).

4.3 Obligations of the Company

- (a) **(Secondary Trading)** The Company must to the satisfaction of the Bondholders' Representative:
 - (i) within 5 Business Days after the day on which any Shares are issued by the Company from the exercise of any Conversion Options, give to the ASX an Option Cleansing Notice in accordance with section 708A(5)(e) of the Corporations Act in relation to the issue of the Shares without disclosure under Part 6D.2 of the Corporations Act occurring from the exercise of the Conversion Options so that the on-sale of those Shares fall within the exception in section 708A(5) of the Corporations Act such that they are not subject to any on-sale or other restrictions, limitations or additional requirements on their transferability and tradability and are freely transferable on the ASX;
 - (ii) ensure that all Shares issued by the Company from the exercise of any Conversion Options are not subject to any restrictions, limitations or additional requirements on their transferability and tradability in excess of those restrictions, limitations or additional requirements that generally apply to other Shares; and
 - (iii) notwithstanding the Company having complied with clause 4.3(a)(i) of this Schedule, to the extent that any action is required by Law to be taken in order to facilitate the on-sale of the Shares issued by the Company from the exercise of any Conversion Options by the Optionholder, take such action.
- (b) **(Apply for quotation)** The Company must apply on the Exercise Date for official quotation on the ASX of all Shares issued from the exercise of any Conversion Options.
- (c) **(Statements of holdings)** The Company must do all things necessary to ensure that the statements of holdings for the Shares issued from the exercise of any Conversion Options are sent by mail free of charge to the Optionholder (or its nominee), and are received by the Optionholder (or its nominee) within 7 Business Days after the Exercise Date.
- (d) **(New Option Certificate)** In the event of the exercise of only part of the Conversion Options represented by an Option Certificate, the Company must cancel the existing Option Certificate and issue and deliver a new Option Certificate to the Optionholder on the Exercise Date for the unexercised balance of the Conversion Options held by that Optionholder.

5 Rights and obligations that apply to the Options

5.1 Participation in new issues of Shares

- (a) An Optionholder cannot participate in a new issue of capital offered to Shareholders during the Exercise Period without first exercising any Conversion Options.
- (b) Notwithstanding clause 5.6 of this Schedule, the Company must give written notice to each Optionholder at least 5 Business Days before the Record Date applicable to any new issue of capital offered to Shareholders in order to give Optionholders the opportunity to exercise any Conversion Options prior to the date of the determination of entitlements to participate in the new issue.

5.2 Pro Rata Issue

If there is a Pro Rata Issue (except a Bonus Issue) to Shareholders, the Exercise Price must be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.

5.3 Bonus Issue

If there is a Bonus Issue to Shareholders, the number of Shares over which a Conversion Option is exercisable will be increased by the number of Shares which the Optionholder would have received under the Bonus Issue if the Conversion Option had been exercised before the Record Date for the Bonus Issue.

5.4 Reorganisation of capital

- (a) Subject to clause 5.4(b) of this Schedule, the following rules apply in relation to the way each Conversion Option is treated if the Company reorganises its capital prior to the exercise (or expiry) of a Conversion Option:
 - (i) In a consolidation of capital - the number of Conversion Options will be consolidated in the same ratio as the ordinary capital and the Exercise Price will be amended in inverse proportion to that ratio.
 - (ii) In a sub-division of capital - the number of Conversion Options will be sub-divided in the same ratio as the ordinary capital and the Exercise Price will be amended in inverse proportion to that ratio.
 - (iii) In a return of capital - the number of Conversion Options will remain the same, and the Exercise Price will be reduced by the same amount as the amount returned in relation to each Share.
 - (iv) In a reduction of capital by cancellation of paid up capital that is lost or not represented by available assets where no Shares are cancelled - the number of Conversion Options and the Exercise Price will remain unaltered.
 - (v) In a pro rata cancellation of capital - the number of Conversion Options will be reduced in the same ratio as the ordinary capital and the Exercise Price will be amended in inverse proportion to that ratio.
 - (vi) In any other case - the number of Conversion Options or the Exercise Price, or both, will be reorganised so that the Optionholder will not receive a benefit that Shareholders do not receive. This does not prevent a rounding up of the number of Shares to be received on exercise if the rounding up is approved at the Shareholders meeting which approves the reorganisation.
- (b) Notwithstanding any other provision of this deed, the rights of an Optionholder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

5.5 Timing of adjustments

Subject to compliance with the ASX Listing Rules, all adjustments to the number of Conversion Options, the Exercise Price and/or the number of Shares over which each Conversion Option is exercisable under clause 5 of this Schedule must:

- (a) be made by the Company on the date of the event giving rise to the adjustment; and
- (b) be effective from the date of the event giving rise to the adjustment.

5.6 Notice

- (a) The Company must give written notice to each Optionholder as soon as it becomes aware of any of the events set out in clause 5 of this Schedule occurring or being reasonably likely to occur. This requirement of the Company to give written notice to each Optionholder includes any notice that the Company gives to Shareholders, whether in accordance with the Corporations Act, the ASX Listing Rules (including ASX Listing Rule 7.20) or otherwise.
- (b) Notwithstanding clause 5.6(a) of this Schedule, the Company must give written notice to each Optionholder of the adjustments that will take effect in accordance with clause 5 of this Schedule at least 5 Business Days before the date of the event giving rise to the adjustment.
- (c) The Company must keep each Optionholder promptly and fully informed of each of the events described in clause 5 of this Schedule, including responding to all reasonable requests from an Optionholder for information and/or documents in relation to the event.

5.7 New Option Certificate

In the event of an adjustment under clause 5 of this Schedule, the Company must cancel the existing Option Certificates and issue and deliver to each Optionholder on the date of each event giving rise to the adjustment a new Option Certificate in the name of each Optionholder in respect of the number of Conversion Options that they hold clearly stating the adjusted number of Conversion Options, the adjusted Exercise Price and/or the adjusted number of Shares over which each Conversion Option is exercisable.

6 Maintenance of Option Register and Transfer

6.1 Option Register and Title

- (a) The Company must keep and maintain, or cause to be kept and maintained, an Option Register which contains:
 - (i) the name and address of each Optionholder;
 - (ii) the particulars of the Conversion Options; and
 - (iii) the particulars of all transfers and exercises of the Conversion Options.
- (b) The Company must ensure that the Option Register is managed and maintained in accordance with the Corporations Act and the ASX Listing Rules.
- (c) The Option Register is conclusive evidence of the identity of each Optionholder at any particular point in time, subject to rectification in the case of fraud or manifest error or to otherwise give effect to this deed.

6.2 Transfer

- (a) Each Conversion Option is freely transferable by an Optionholder without the consent of the Company provided that:

- (i) the transfer is to a sophisticated or professional investor (as those terms are defined for the purposes of Chapter 6D of the Corporations Act); and
 - (ii) the Optionholder delivers to the Company:
 - (A) the Option Certificates for the Conversion Options being transferred (or a statutory declaration duly executed by the Optionholder declaring that such Option Certificates have never been issued or have been permanently lost or destroyed without replacement); and
 - (B) a completed Transfer Form executed by the proposed transferee.
- (b) Within 2 Business Days of receiving the documents in clause 6.2(a)(ii) of this Schedule, the Company must:
 - (i) do all things necessary to give full effect to the transfer of the Conversion Options, including entering the transferee's name in the Option Register as the holder of the transferred Conversion Options;
 - (ii) deliver an Option Certificate to the transferee in respect of the transferred Conversion Options; and
 - (iii) in the event of the transfer of only part of the Conversion Options represented by an Option Certificate, cancel the existing Option Certificate and issue and deliver a new Option Certificate to the transferor for the untransferred balance of the Conversion Options held by that Optionholder.
- (c) The transferor of a Conversion Option remains the holder of that Conversion Option until the name of the transferee is recorded in the Option Register as the holder of that Conversion Option.
- (d) A person becoming entitled to any one or more Conversion Options as a consequence of the death or bankruptcy of an Optionholder or of a vesting order, or a person administering the estate of an Optionholder and entitled by Law to do so, may apply for the transfer of the Conversion Option as if it was the Optionholder or, if so entitled, become registered as the Optionholder upon producing such evidence as to that entitlement or status as the Company (acting reasonably) considers sufficient.

SCHEDULE 6 - THE GUARANTORS

- 1 iCollege Holdings Pty Ltd ACN 160 943 386;
- 2 Bookkeeping School Pty Ltd ACN 132 347 329;
- 3 MIA Franchise Operations Pty Ltd ACN 169 536 565;
- 4 Easy RPL No. 1 Pty Ltd ACN 167 939 362;
- 5 Management Institute of Australia No. 2 Pty Ltd ACN 132 489 591;
- 6 Management Institute of Australia No. 1 Pty Ltd ACN 122 673 278;
- 7 Management Institute of Australia Pty Ltd ACN 150 685 359;
- 8 Mathisi Pty Ltd ACN 135 003 226; and
- 9 Celtic Training & Consultancy Pty Ltd ACN 107 991 962.

EXECUTED as a DEED

EXECUTED by ICOLLEGE LIMITED)



Signature of director

ROSS COTTON

Name of director (print)



Signature of ~~director~~/ company secretary
(delete as applicable)

STUART USHER

Name of ~~director~~/ company secretary (print)

EXECUTED by GLENEAGLE SECURITIES)
NOMINEES PTY LIMITED)

Signature of sole director and sole company
secretary

Name of sole director and sole company
secretary (print)

EXECUTED by GLENEAGLE SECURITIES)
(AUST) PTY LIMITED)

Signature of sole director and sole company
secretary

Name of sole director and sole company
secretary (print)

EXECUTED as a DEED

EXECUTED by ICOLLEGE LIMITED)
)

Signature of director

Signature of director / company secretary
(delete as applicable)

Name of director (print)

Name of director / company secretary (print)

EXECUTED by GLENEAGLE SECURITIES)
NOMINEES PTY LIMITED)



Signature of sole director and sole company
secretary

Lance Rosenberg

Name of sole director and sole company
secretary (print)

EXECUTED by GLENEAGLE SECURITIES)
(AUST) PTY LIMITED)



Signature of sole director and sole company
secretary

Lance Rosenberg

Name of sole director and sole company
secretary (print)

EXECUTED by ICOLLEGE HOLDINGS
PTY LTD



Signature of director

~~Signature of director/company secretary~~+++
(delete as applicable)

ROSS COTTON

Name of director (print)

~~Name of director/company secretary (print)~~+++

EXECUTED by BOOKKEEPING SCHOOL
PTY LTD



Signature of sole director

ROSS COTTON

Name of sole director (print)

EXECUTED by MIA FRANCHISE
OPERATIONS PTY LTD



Signature of sole director and sole company
secretary

ROSS COTTON

Name of sole director and sole company
secretary (print)

EXECUTED by EASY RPL NO. 1 PTY LTD



Signature of sole director and sole company
secretary

ROSS COTTON

Name of sole director and sole company
secretary (print)

EXECUTED by MANAGEMENT
INSTITUTE OF AUSTRALIA NO. 2 PTY
LTD

)
)
)



Signature of sole director and sole company
secretary

ROSS COTTON

Name of sole director and sole company
secretary (print)

EXECUTED by MANAGEMENT
INSTITUTE OF AUSTRALIA NO. 1 PTY
LTD

)
)
)



Signature of sole director and sole company
secretary

ROSS COTTON

Name of sole director and sole company
secretary (print)

EXECUTED by MANAGEMENT
INSTITUTE OF AUSTRALIA PTY LTD

)
)



Signature of sole director and sole company
secretary

ROSS COTTON

Name of sole director and sole company
secretary (print)

EXECUTED by MATHISI PTY LTD

)
)



Signature of sole director and sole company
secretary

ROSS COTTON

Name of sole director and sole company
secretary (print)

EXECUTED by CELTIC TRAINING &
CONSULTANCY PTY LTD

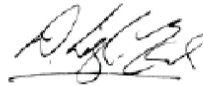
)
)



Signature of director

ROSS COTTON

Name of director (print)



Signature of director / company secretary
(delete as applicable) DIRECTOR

DAVID LEIGH-EWERS

Name of director / company secretary (print)

BOND CERTIFICATE

iCollege Limited
ACN 105 012 066
(the “Company”)

THIS IS TO CERTIFY THAT [NAME OF BONDHOLDER] OF [ADDRESS OF BONDHOLDER] ("BONDHOLDER") IS REGISTERED AS THE HOLDER OF [INSERT] BONDS WITH A FACE VALUE OF A\$1,000 EACH AND A CONVERSION PRICE OF A\$[INSERT] (AS MAY BE ADJUSTED) IN ACCORDANCE WITH, AND ON THE TERMS SET OUT IN, THE CONVERTIBLE BOND DEED DATED [INSERT DATE] BETWEEN THE COMPANY, GLENEAGLE SECURITIES NOMINEES PTY LIMITED, GLENEAGLE SECURITIES (AUST) PTY LIMITED AND OTHER PARTIES.

Maturity Date of the Bonds: [insert]

EXECUTED by ICOLLEGE LIMITED

Name of director / company secretary (print)

ATTACHMENT 2

CONVERSION NOTICE

To: **iCollege Limited**
ACN 105 012 066
(the **Company**)

[Insert name of Bondholder], being the registered holder of the Bonds, elects to convert the Bonds set out below into fully paid ordinary shares in the Company in accordance with the terms of the Convertible Bond Deed dated [insert date] between the Company, Gleneagle Securities Nominees Pty Limited, Gleneagle Securities (Aust) Pty Limited and other parties:

- 1 Number of Bonds being converted: [insert]
- 2 Number of fully paid ordinary shares to be issued on conversion of the Bonds: [insert]
- 3 Conversion Price as at the date of this notice: [insert]
- 4 The name and the address of the shareholder to be entered into the register in respect of the fully paid ordinary shares to be issued (and to which statements of shareholdings will be sent):

Name	Address
[insert]	[insert]

Enclosed with this notice is #[[the original Bond Certificates for the Bonds being converted] / [a statutory declaration duly executed by the Bondholder declaring that the Bond Certificates for the Bonds being converted have never been issued or have been permanently lost or destroyed without replacement]]#.

Dated: [insert date]

SIGNED for and on behalf of
the Bondholder

ATTACHMENT 3

TRANSFER FORM

To: **iCollege Limited**
ACN 105 012 066
(the **Company**)

[Insert name of the transferor], being the registered holder of [Bonds/Conversion Options], has transferred [insert number] [Bonds/Conversion Options] to [insert name of the transferee].

[Insert name of the transferee]:

- 1 represents and warrants that it is a sophisticated or professional investor (as those terms are defined for the purposes of Chapter 6D of the Corporations Act); and
- 2 agrees to observe, perform and be bound by the terms of the Convertible Bond Deed dated [insert date] between the Company, Gleneagle Securities Nominees Pty Limited, Gleneagle Securities (Aust) Pty Limited and other parties in respect of the [Bonds/Conversion Options].

Dated: [insert date]

SIGNED for and on behalf of
[insert name of the transferor]

SIGNED for and on behalf of
[insert name of the transferee]

ATTACHMENT 4
THE GLENEAGLES OPTION DEED

CONTINUING CONVERSION RIGHT CERTIFICATE

iCollege Limited
ACN 105 012 066
(the “Company”)

Name of director / company secretary (print)

ATTACHMENT 6

CONTINUING CONVERSION RIGHT EXERCISE NOTICE

To: **iCollege Limited**
ACN 105 012 066
(the **Company**)

[Insert name of Bondholder], being the registered holder of the Continuing Conversion Rights, elects to exercise the Continuing Conversion Rights set out below into fully paid ordinary shares in the Company in accordance with the terms of the Convertible Bond Deed dated [insert date] between the Company, Gleneagle Securities Nominees Pty Limited, Gleneagle Securities (Aust) Pty Limited and other parties:

- 1 Number of Continuing Conversion Rights being exercised: [insert]
- 2 Number of fully paid ordinary shares to be issued on exercise of the Continuing Conversion Rights: [insert]
- 3 Conversion Price as at the date of this notice: [insert]
- 4 The name and the address of the shareholder to be entered into the register in respect of the fully paid ordinary shares to be issued (and to which statements of shareholdings should be sent):

Name	Address
[insert]	[insert]

- 5 #[Select either Option 1 or Option 2]#

[Option 1]#[A bank cheque for the sum of \$[insert] is being delivered together with this notice, being the amount equal to the Conversion Price multiplied by the number of fully paid ordinary shares to be issued on exercise of the Continuing Conversion Rights.]#

[Option 2]#[We will transfer the sum of \$[insert], being the amount equal to the Conversion Price multiplied by the number of fully paid ordinary shares to be issued on exercise of the Continuing Conversion Rights, to the following bank account of the Company: [insert relevant account details].]#

Once the above payment has been received, could you please confirm receipt of payment by email to [Andre Dalton at andre.dalton@glensec.com.au].

Enclosed with this notice is #[[the original Continuing Conversion Right Certificates for the Continuing Conversion Rights being exercised] / [a statutory declaration duly executed by the Bondholder declaring that the Continuing Conversion Right Certificates for the Continuing Conversion Rights being exercised have never been issued or have been permanently lost or destroyed without replacement]]#.

Dated: [insert date]

SIGNED for and on behalf of
the Bondholder

ATTACHMENT 7

CLEANSING NOTICE

#[Note: The contents of this document need to be carefully considered by ICT. The information in this document has only been prepared as an example for the purposes of the issue of the Tranche 1 Bonds]#

#[insert on ICT letterhead]#

[insert date]

The Manager
Company Announcements Office
ASX Limited

Dear Sir/Madam

Section 708A(12C)(e) Cleansing Notice

iCollege Limited ("**ICT**") (**ASX:ICT**) submits the attached notice under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (the "**Act**"), as modified by *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82*.

ICT will issue convertible bonds in 2 tranches with a total face value of \$750,000 (the "**Bonds**") to Gleneagle Securities Nominees Pty Limited ACN 150 259 877 (the "**Bondholder**") in accordance with the terms of the Convertible Bond Deed between, amongst others, ICT, the Bondholder, and Gleneagle Securities (Aust) Pty Limited (the "**Deed**"). The Deed is annexed to this notice at Attachment A.

This notice is in respect of the issue of the first tranche of the Bonds, comprising 250 Bonds, with a total face value of \$250,000 (the "**Tranche 1 Bonds**"), which were issued today.

6 Effect of issue of the Tranche 1 Bonds on ICT

The effect of the offer and issue of the Tranche 1 Bonds on ICT will be that ICT will raise \$250,000 before costs. The proceeds from the issue of the Tranche 1 Bonds will be used for the working capital purposes of ICT.

As a result of the issue of the Tranche 1 Bonds, ICT will be indebted to the Bondholder for the amount of \$250,000.

7 Rights and liabilities attaching to the Tranche 1 Bonds

The rights and liabilities of the Tranche 1 Bonds are summarised below.

The terms of the Tranche 1 Bonds will include customary terms for convertible bonds and include the key terms set out below. The full terms of the Bonds are set out in the Deed. Capitalised terms used below have the meanings given to them in the Deed.

(a) **Status:** Unquoted and convertible into fully paid ordinary shares of ICT ("**Shares**").

- (b) **Total face value:** \$250,000 in respect of the issue of the Tranche 1 Bonds. Subject to the satisfaction of certain conditions (including ICT having obtained all Shareholder approvals required under the Deed and Gleneagle Securities (Aust) Pty Limited being satisfied (in its absolute discretion) with the Company Financial Model), the Deed contemplates an additional issue of 500 Bonds by ICT with a total face value of \$500,000 (the "**Tranche 2 Bonds**"). The aggregate face value of the Bonds to be issued under the Deed as the Tranche 1 Bonds and the Tranche 2 Bonds is \$750,000 (comprising 750 Bonds).
- (c) **Maturity:** The Maturity Date of the Tranche 1 Bonds is 24 months from the date of issue of the Bonds. On the Maturity Date, ICT is required to redeem each Bond at an amount equal to the face value of each Bond plus all accrued and unpaid interest from time to time payable by ICT in respect of the Bond.
- (d) **Interest:** Interest accrues daily and compounds monthly on the face value of each Bond at an interest rate of 12% per annum. Each Bondholder may elect for accrued interest to be satisfied by ICT issuing Shares and/or additional Bonds in accordance with the terms of the Deed.
- (e) **Conversion:**
- (i) At the election of the Bondholder, and until the relevant Maturity Date of the Bond, each Bond is convertible in whole (and not in part) into a number of Shares determined by dividing the face value of the Bond by the Conversion Price of \$0.12. The Conversion Price may be adjusted in certain prescribed circumstances, including:
 - (A) following a bonus issue, sub-division, consolidation, reduction, buy-back or return of capital of ICT's securities;
 - (B) following any new issue of securities by ICT, as defined in the Deed as a "New Securities Issue", at a price less than the Conversion Price at the date of the New Securities Issue, in which case the Conversion Price will be automatically reduced to the relevant "lesser" price; and
 - (C) when the volume weighted average price of the Shares on the ASX for any 10 Trading Days is less than \$0.075, in which case the Conversion Price will be automatically reduced to \$0.10.
 - (ii) Where the total number of Shares to be issued results in a fraction of a Share, that fraction will be rounded down.
 - (iii) In addition, ICT has agreed with each Bondholder, that simultaneously with the conversion of any Bond or exercise of any Continuing Conversion Right (as defined below), the Bondholder will be issued with one option to subscribe for one Share at an exercise price of \$0.10 (as may be adjusted) for every 2 Shares that are issued upon conversion of the relevant Bond or the exercise of the relevant Continuing Conversion Right by that Bondholder (these options are defined in the Deed as a "Conversion Option"). Each Conversion Option expires on the date that is 3 years from its date of grant. The Conversion Options include customary terms for options. The full terms of the Conversion Options are set out in Schedule 5 to the Deed.
- (f) **Transfer:** Each Tranche 1 Bond is freely transferable by a Bondholder without the consent of ICT provided that the transfer is for the whole (and not part) of the Bond and

the transfer is to a sophisticated or professional investor (as those terms are defined in the Act).

- (g) **Security and Guarantee:** ICT and its subsidiaries have granted the Bondholder security over all of their assets and undertakings. The security is to be released once all amounts outstanding under the Bonds are redeemed or converted. ICT's subsidiaries have also guaranteed all obligations of ICT under the Transaction Documents.

(h) **Events of Default and Change of Control:**

- (i) The Deed includes customary events of default, including but not limited to:
- (A) breaches of law;
 - (B) the insolvency of ICT or any of its subsidiaries;
 - (C) the failure by ICT to obtain all required approvals for the purposes of the Act and/or the ASX Listing Rules (including all required Shareholder approvals under the Deed) to give effect to the transactions contemplated by the Transaction Documents; and
 - (D) a Material Adverse change occurring in respect of ICT or any of its subsidiaries.

In addition, it is noted that if the conditions to the issue of the Tranche 2 Bonds (as described above) are not satisfied by the prescribed time period (or become incapable of being satisfied), it will be an Event of Default under the Deed.

The full list of events that are defined as Events of Default are set out in Schedule 1 to the Deed.

- (ii) Following the occurrence of an Event of Default, a Bondholder may require ICT to redeem any or all of its Bonds for a price equal to the face value of each Bond plus all accrued and unpaid interest from time to time payable by ICT in respect of the Bond. In addition, if any Bonds are redeemed due to an Event of Default, ICT is required to pay Gleneagle Securities (Aust) Pty Limited a once-off default fee of \$100,000.
- (iii) A Bondholder may also require ICT to redeem any or all of its Bonds for a price equal to the face value of each Bond plus all accrued and unpaid interest from time to time payable by ICT in respect of the Bond if a Change of Control event occurs or the Bondholders' Representative determines that a Change of Control Event may occur.

(i) **Early Repayment of the Bonds:**

- (i) ICT may elect to repay any or all of the Bonds prior to the relevant Maturity Date of the Bond at an amount equal to the face value of each Bond plus all accrued and unpaid interest from time to time payable by ICT in respect of the Bond.
- (ii) If a Bond is repaid early by ICT, the Conversion Right attaching to the Bond being repaid early survives the early repayment of the Bond and remains in full force and effect after the early repayment until the date immediately prior to the relevant Maturity Date of the Bond, continuing as

a Continuing Conversion Right as if the Bond had not been repaid early. Upon exercise of a Continuing Conversion Right, the Bondholder (or its nominee) will be issued the number of Shares determined by dividing the Face Value of the Bond that was repaid early by the Conversion Price. Where the total number of Shares to be issued results in a fraction of a Share, that fraction will be rounded down.

- (iii) In addition, if a Bond is repaid early by ICT, the existing right of the Bondholder to be granted the Conversion Options simultaneously with the conversion of each Bond being repaid early survives the early repayment of the Bond and remains in full force and effect after the early repayment of the Bond until the date immediately prior to the relevant Maturity Date of the Bond, to be granted to the Bondholder (or its nominee) following the exercise of the relevant Continuing Conversion Rights in respect of the Bond as if the Bond had not been repaid early.

(j) Other key terms

- (i) The Deed includes numerous customary representations and warranties, indemnities and affirmative and negative undertakings from ICT and its subsidiaries.
- (ii) As part of the transaction, the Bondholder has been granted:
 - (A) specific Board observation rights so long as any Bond remains outstanding (irrespective of whether any Conversion Rights have been approved and granted by Shareholders) or any Continuing Conversion Right remains exercisable; and
 - (B) the right to nominate a representative to join the Board as a director of ICT from the period commencing on the date that all Tranche 1 Bonds and Tranche 2 Bonds have been converted into Shares until the time when Gleneagle Securities Nominees Pty Limited (or any of its Associates) no longer hold any Shares.
- (iii) As part consideration for arranging the subscription of the Bonds, Gleneagle Securities (Aust) Pty Limited has been paid a fee of \$18,000 and granted 2,000,000 options, each entitling the holder to subscribe for one Share at an exercise price of \$0.10 (as may be adjusted) (these options are defined in the Deed as the "Gleneagle Options"). Each Gleneagle Option expires on the date that is 3 years from its date of grant. The terms of the Gleneagle Options are the same as the terms of the Conversion Options.

8 Rights and liabilities attaching to Shares issued on the conversion of the Bonds or exercise of a Continuing Conversion Right, Conversion Option or Gleneagle Option

The rights and liabilities of ordinary shares of ICT can be summarised as follows.

The rights and liabilities attaching to ownership of Shares arise from a combination of the constitution of ICT, statute, the ASX Listing Rules and general law.

A summary of the significant rights and liabilities attaching to Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of ordinary shareholders in ICT.

Defined terms used below have the meanings given to them in ICT's constitution.

- (a) **Voting at a general meeting:** Subject to the ASX Listing Rules, the constitution and any special rights or restrictions attached to a share, at a meeting of shareholders:
- (i) on a show of hands, each shareholder present (in person, by proxy, attorney or representative) has one vote; and
 - (ii) on a poll, each shareholder present (in person, by proxy, attorney or representative) has:
 - (A) one vote for each fully paid share they hold; and
 - (B) a fraction of a vote for each partly paid share they hold. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). Amounts paid in advance of a call are ignored.
- (b) **Meeting of Members:** Subject to the constitution, each shareholder is entitled to receive notice of and to attend general meetings of ICT and to receive all notices, accounts and other documents required to be sent to shareholders under the constitution, the Act or the ASX Listing Rules.
- (c) **Dividends:** Subject to any special rights or restrictions attached to a share, the Directors may pay Dividends as they decide but only out of profits. The Directors may determine that a Dividend will be payable on a share and fix the amount, the time of payment, and method of payment. The methods of payment may include the payment of cash, the issue of shares or other securities, the grant of options and the transfer of assets. If the Directors do not exercise their power with respect to dividends under the constitution, ICT in general meeting may.
- (d) **Transfer of Shares:** Subject to the constitution, a shareholder may transfer a share:
- (i) in the case of transfers effected through a prescribed CS facility, in accordance with the operating rules of the CS facility;
 - (ii) by an instrument or transfer in any common form or other form approved by the Directors; and
 - (iii) by any other method of transferring securities recognised by the Act and ASX, and also approved by the Directors.
- (e) **Issue of further Shares:** Without limiting the ICT's powers under the Act, ICT (under the control of the Directors) may issue shares in ICT and grant options over unissued shares in ICT on any terms, with any rights or restrictions attached to the shares, at any time, and for any consideration the Directors decide.
- (f) **Winding Up:** Subject to any special rights or restrictions attached to shares:
- (i) if on a winding up there are enough assets to repay all capital to shareholders, all capital must be repaid to the shareholders and any surplus must be distributed among the shareholders in proportion to the amounts paid on their respective shares before the winding up began; or
 - (ii) if on a winding up there are not enough assets to repay all capital to shareholders, the available assets must be distributed among the

shareholders in proportion to the amounts paid on their respective shares before the winding up began (without the necessity of a call up).

- (g) **Share buy-back:** Subject to the provisions of the Act and the ASX Listing Rules, ICT may buy back shares in itself.
- (h) **Variation of class rights:** Subject to the Act, ICT may:
- (i) vary or cancel rights attached to shares in a class of shares; and
 - (ii) convert shares from one class to another by:
 - (iii) special resolution of ICT; and
 - (iv) approval of the holders of shares in that class by:
 - (A) special resolution passed at a meeting of the holder of shares in that class; or
 - (B) the written consent of shareholders with at least 75% of the votes in that class.
- (i) **Alteration of the constitution:** The constitution can only be amended by special resolution passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.

9 Compliance with continuous disclosure

ICT is a disclosing entity for the purposes of the Act. As a disclosing entity, ICT is subject to regular reporting and disclosure obligations. Broadly, these obligations require ICT to prepare both yearly and half yearly financial statements, a report on the operations of ICT during the relevant accounting period together with an audit or review report by ICT's auditor.

Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office.

ICT must ensure that ASX is continuously notified of information about specific events and matters as they arise for the purpose of ASX making the information available to investors on ASX.

ICT has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning it of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of its quoted securities.

As at the date of this notice, ICT has complied with:

- the provisions of Chapter 2M of the Act, as they apply to ICT; and
- section 674 of the Act, as it applies to ICT.

ICT will provide a copy of any of the following documents free of charge to the subscriber of the Bonds, any holder of Bonds or any shareholder who requests a copy:

- its annual financial report for the year ended 30 June 2015 and its financial statements for the half-year ended 31 December 2015;

ATTACHMENT 8

EXERCISE NOTICE

To: **iCollege Limited**
ACN 105 012 066
(the **Company**)

[Insert name of Optionholder], being the registered holder of the Conversion Options, elects to exercise the Conversion Options set out below into fully paid ordinary shares in the Company in accordance with the terms of the Convertible Bond Deed dated [insert date] between the Company, Gleneagle Securities Nominees Pty Limited, Gleneagle Securities (Aust) Pty Limited and other parties:

- 1 Number of Conversion Options being exercised: [insert]
- 2 Number of fully paid ordinary shares to be issued on exercise of the Conversion Options: [insert]
- 3 Exercise Price as at the date of this notice: [insert]
- 4 The name and the address of the shareholder to be entered into the register in respect of the fully paid ordinary shares to be issued (and to which statements of shareholdings should be sent):

Name	Address
[insert]	[insert]

- 5 #[Select either Option 1 or Option 2]#

[Option 1]#[A bank cheque for the sum of \$[insert] is being delivered together with this notice, being the amount equal to the Exercise Price multiplied by the number of fully paid ordinary shares to be issued on exercise of the Conversion Options.]#

[Option 2]#[We will transfer the sum of \$[insert], being the amount equal to the Exercise Price multiplied by the number of fully paid ordinary shares to be issued on exercise of the Conversion Options, to the following bank account of the Company: [insert relevant account details].]#

Once the above payment has been received, could you please confirm receipt of payment by email to [Andre Dalton at andre.dalton@glensec.com.au].

Enclosed with this notice is #[[the original Option Certificates for the Conversion Options being exercised] / [a statutory declaration duly executed by the Optionholder declaring that the Option Certificates for the Conversion Options being exercised have never been issued or have been permanently lost or destroyed without replacement]]#.

Dated: [insert date]

SIGNED for and on behalf of
the Optionholder

ATTACHMENT 9

OPTION CERTIFICATE

No. [insert]

iCollege Limited
ACN 105 012 066
(the "Company")

Registered Office: Suite 1 G, 437 Roberts Road, Subiaco WA 6008

THIS IS TO CERTIFY THAT [NAME OF OPTIONHOLDER] OF [ADDRESS OF OPTIONHOLDER] ("OPTIONHOLDER") IS REGISTERED AS THE HOLDER OF [INSERT] CONVERSION OPTIONS EACH ENTITLING THE OPTIONHOLDER TO SUBSCRIBE FOR ONE FULLY PAID ORDINARY SHARE IN THE COMPANY AT AN EXERCISE PRICE OF A\$[INSERT] (AS MAY BE ADJUSTED) IN ACCORDANCE WITH, AND ON THE TERMS SET OUT IN, THE CONVERTIBLE BOND DEED DATED [INSERT DATE] BETWEEN THE COMPANY, GLENEAGLE SECURITIES NOMINEES PTY LIMITED, GLENEAGLE SECURITIES (AUST) PTY LIMITED AND OTHER PARTIES.

Grant Date of the Conversion Options (being, as applicable, the relevant Conversion Date or Continuing Conversion Right Exercise Date): [insert]

Expiry Date of the Conversion Options: [insert]

Dated: [insert date]

EXECUTED by ICOLLEGE LIMITED

)
)

Signature of director

Signature of director / company secretary
(delete as applicable)

Name of director (print)

Name of director / company secretary (print)

ATTACHMENT 10

OPTION CLEANSING NOTICE

#[insert Company letterhead]#

[insert date]

The Manager
Company Announcements Office
ASX Limited

Dear Sir

Notice under s708A(5)(e) of the Corporations Act 2001 (Cth)

This notice is given by iCollege Limited ("**ICT**") under section 708A(5)(e) of the Corporations Act 2001 (Cth) (the "**Act**"). ICT gives notice as follows:

- (a) ICT advises that it has issued [insert] ordinary shares following the exercise of [insert number] Conversion Options issued by ICT to [insert Optionholder] in accordance with the terms of the Convertible Bond Deed dated [insert date] between Gleneagle Securities Nominees Pty Limited, Gleneagle Securities (Aust) Pty Limited, ICT and other parties;
- (b) the shares referred to above were issued without disclosure to investors under Part 6D.2 of the Act;
- (c) this notice is given under section 708A(5)(e) of the Act;
- (d) as at the date of this notice, ICT has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to ICT; and
 - (ii) section 674 of the Act as it applies to ICT; and
- (e) as at the date of this notice:

#[Select either Option 1 or Option 2]#

[Option 1] **#[there is no information that is "excluded information" of the type referred to in sections 708A(7) and 708A(8) of the Act]#.**

[Option 2] **#[insert all "excluded information" of the type referred to in sections 708A(7) and 708A(8) of the Act]#**

Signed for iCollege Limited by

[insert name]
[insert position]

ATTACHMENT 11

GROUP STRUCTURE DIAGRAM

