

29 September 2017

Australian Securities Exchange Limited Via e-lodgement
ASX Code ICT

ICOLLEGE TO ACQUIRE MANTHANO LTD

Key points:

- iCollege to acquire Manthano Limited
- Manthano through its colleges currently has 450 licensed CRICOS spaces available for fee paying foreign students – currently 25% subscribed with an average of 35 new students each month. It currently holds contractual Agreements with in excess of 60 migration agents
- Physical Campuses located in Queen Street Brisbane, North Quay Brisbane, Kedron, Toowoomba, Cairns, Botany Bay NSW and Canberra
- Specialisation in Business, Commercial Cookery, Hospitality and Building and Construction
- The acquisition will be completed with the allocation of 250, 000, 000 shares in ICT with no cash consideration
- Manthano operates a shared services model for all subsidiaries with a focus on Compliance, Leadership, Accounting and Marketing

iCollege Ltd (“ICT” or “the Company”) (ASX: ICT) has signed a binding term sheet (“**Term Sheet**”) with Manthano Limited (“Manthano”) in relation to the proposed acquisition by the Company (“**Proposed Acquisition**”) of 100% of the issued capital in Manthano Limited.

The Company is proposing to enter into a sale and purchase agreement to acquire all of the issued capital in Manthano Limited (Manthano). Manthano is a public unlisted Limited company incorporated in Queensland, Australia. Manthano is an entity associated with current ICT Director, Ash Katta. Sero participated in ICT’s last capital raise with an investment of \$500,000 (12,500,000 ordinary shares) becoming a substantial shareholder with 6.36% of the voting shares. In the last five years, the directors of Manthano have been engaged in the Vocational Training space in Australia.

icollge.edu.au

Corporate inquiries
+61 8 9466 9008

Investor inquiries
investors@icollge.edu.au

Media inquiries
media@icollge.edu.au

The Company can confirm that the current core activities and programs offered by iCollege remain operational and unaffected by the proposed acquisition. The acquisition does however bring with it significant experience in both the VET sector and CRICOS. A significant opportunity exists to expand the current iCollege offerings both geographically and to foreign students. An alignment of all subsidiaries under a functioning shared services model should see a notable rationalisation of costs and greater contribution to EBIT.

Overview of Manthano

The Company is a vocational education and training organisation that provides both accredited and non-accredited training solutions to existing workers, job seekers and school leavers throughout Australia and abroad. The training that is delivered by the Company and its two registered training organisations is targeted at individuals seeking essential skills and knowledge required to gain employment across a range of industry sectors including health and fitness, community services and business. Manthano is working closely with a number of community based organisation to increase opportunities for graduates to secure meaningful employment.

Key Material Terms of the Proposed Acquisition

A summary of the key terms of the Proposed Acquisition is set out below.

- **Purchase price:** The payment of the Consideration will be satisfied by the issue of 250,000,000 shares in the Company to the Vendors (Consideration Shares) and will obtain an independent valuation in the form of an independent experts report for inclusion into the Notice of Meeting.

Further, 200,000,000 of the 250,000,000 total Consideration Shares will be subject to voluntary escrow for a period of 12 months from the date of issue, and the remaining 50,000,000 will be voluntary Escrowed for a period of 6 months.

- **Conditions Precedent:** The completion of the Proposed Acquisition is subject to various conditions precedent to be satisfied or waived within 5 days after the shareholder meeting or other date as agreed between the parties, and will include as a minimum the following:
 - o completion of due diligence investigations into Manthano to the satisfaction of the Company;
 - o the execution of a binding sale and purchase agreement;
 - o Manthano having a minimum value of cash balance (cash at bank) equal to \$1,000,000 at completion date;
 - o 200,000,000 of the 250,000,000 total Consideration Shares will be subject to voluntary escrow for a period of 12 months; and
 - o the remaining 50,000,000 will be voluntary Escrowed for a period of 6 months;
 - o receipt of fair and reasonable report completed by an Independent Expert as required by the Corporations Act, which is required for the Notice of Meeting;

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- o Manthano agrees to underwrite all expenses in relation to the Share Purchase Agreement, Independent Expert Report and preparation of the notice of meeting;
 - o Receipt of any necessary approval by the Board of Directors of ICT
 - o The Company obtaining all regulatory and shareholder approval under Corporations Act and under the ASX Listing Rules.
- **Completion:** Completion will occur within 5 business days of the satisfaction (or waiver) of the Conditions Precedent.

As a minimum, Manthano will require the following condition to be satisfied prior to completing any Proposed Acquisition:

- a) Satisfactory completion of due diligence investigations.

Manthano warrants that, at completion date:

- I. it will hold all regulatory approvals and licenses necessary for the ongoing operations of the group's businesses; and
- II. it will hold an active CRICOS license.

Shareholder Approval

The Company will seek approval from its shareholders at a general meeting in respect of the Proposed Acquisition. A notice of meeting is currently being prepared by the Company and will be despatched to shareholders in due course.

The ASX has confirmed that shareholder approval under ASX Listing Rule 11.1.2 and 11.1.3 is not required. Accordingly, the Company is not required to re-comply with Chapters 1 and 2 of the ASX Listing Rules in respect of the Proposed Acquisition.

Indicative Timetable

29 Sep 2017	Execution of binding term sheet
25 Sep to 6 Oct 2017	Due Diligence and Regulatory Approvals
25 Sep to 13 Oct 2017	Negotiation of formal acquisition agreements
27 Oct 2017	Dispatch of Notice of Meeting
30 Nov 2017	General Meeting of Shareholders
4 Dec 2017	Completion of Acquisition

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Pro-Forma Capital Structure incorporating all Manthano share issues	
Ordinary Shares on Issue ¹	196,672,083
Ordinary Shares proposed to be issued at 2017 AGM	11,250,000
Shares to be issued on Acquisition of Manthano	250,000,000
Total Ordinary Shares	457,922,083

¹ Based on last announced Appendix 3B as at 18 May 2017

Termination

The Term Sheet will terminate the earlier of:

- (a) [6] months from the date of signing this Term Sheet or at such later date as may be agreed in writing between the parties;
- (b) execution of a binding sale and purchase agreement; or
- (c) a party failing to perform any of its obligations under this Term Sheet and failing to remedy that default after receiving [21] days written notice to do so.

- Ends -

For further Information:

Mr. Stuart Usher –
Company Secretary
iCollege Limited
+61 8 9466 9008
stuart.usher@icollge.edu.au

icollge.edu.au

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