



**SCHROLE GROUP LTD
ACN 164 440 859**

PROSPECTUS

THIS PROSPECTUS IS BEING ISSUED FOR THE OFFER OF UP TO 45,200,000 PERFORMANCE RIGHTS TO SPECIFIC EMPLOYEES OF THE COMPANY.

THIS PROSPECTUS HAS ALSO BEEN PREPARED FOR THE PURPOSE OF FACILITATING SECONDARY TRADING OF ANY UNDERLYING SHARES ISSUED UPON CONVERSION OF THE PERFORMANCE RIGHTS PURSUANT TO ASIC CORPORATIONS (SALE OFFERS THAT DO NOT NEED DISCLOSURE) INSTRUMENT 2016/80.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

THE SECURITIES OFFERED IN CONNECTION WITH THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

IMPORTANT INFORMATION

This Prospectus is dated 3 July 2018 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Performance Rights will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at Ground Floor, 142 Hasler Road, Osborne Park, Western Australia 6017 during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 4.4).

The Offer is only available to those Eligible Participants who are personally invited to accept the Offer. Applications for Performance Rights under the Offer can only be submitted on an original Application Form which accompanies this Prospectus.

Potential investors should be aware that subscribing for Performance Rights in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 3, including (but not limited to) in respect of:

- (a) **Technology risks:** the Company's business of providing online products relies on the availability, reliability and performance of its technology platforms, communications systems, servers, the internet, hosting services and the cloudbased environment in which it provides its products. Although the Company has back-up, restoration and recovery procedures in place there is a risk that these systems may be affected by various factors such as damage, faulty or aging equipment, power surges or failures, computer viruses, or misuse by staff or contractors. Other factors such as hacking, denial of service attacks or natural disasters may also adversely affect these systems and cause them to become unavailable. Any significant interruption to the Company's technology systems or a major loss of data could impair the ability of the Company to continue to provide its products and/or services.
- (b) **Competition risks:** the international schools recruitment market has a number of companies offering recruitment services. Should any of the Company's competitors repurpose their databases leading to similarities to the Schrole Connect system or participate more aggressively on price, product, innovation or other means then this could have a material adverse impact on the Company's financial performance and future prospects of the business. There are already companies providing products that cover the short term relief market in Australia. There is no guarantee that the Company will be able to gain market share.
- (c) **Intellectual property risks:** The Company's business relies on intellectual property of its development software: Schrole Connect, Schrole Cover and Schrole Verify. There is a risk that if the Company, or any of the businesses it may partner or invest in, does not own or have licences to use any of the intellectual property it relies upon, its business could be adversely affected.

These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Performance Rights in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Performance Rights pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No action has been taken to permit the offer of Performance Rights under this Prospectus in any jurisdiction other than Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Performance Rights in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offer. This does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay.

This Prospectus is a transaction specific prospectus for an offer of Performance Rights over continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are considered reasonable. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law. These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements.

Definitions of certain terms used in this Prospectus are contained in Section 6. All references to currency are to Australian dollars and all references to time are to WST, unless otherwise indicated.

CORPORATE DIRECTORY

Directors

Robert Graham	Managing Director
Stuart Carmichael	Non-Executive Chairman
Shaun Hardcastle	Non-Executive Director
Craig Read-Smith	Non-Executive Director

Company Secretary
Nick Allan

Registered Office
Ground Floor, 142 Hasler Road
OSBORNE PARK WA 6017
Tel: + 61 8 9230 7000

ASX Code: SCL

Website: www.schrolegroup.com
Email: info@schrole.com

Share Registry*
Link Market Services Limited
QV1 Building, Level 12
250 St Georges Terrace
PERTH WA 6000
Tel: + 61 1300 554 474

Solicitors
Bellanhouse
Level 19, Alluvion
58 Mounts Bay Road
PERTH WA 6000

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

TIMETABLE

Event	Date*
Lodgement of Prospectus with ASIC and ASX	3 July 2018
Opening Date of Offer	3 July 2018
Closing Date of Offer	3 July 2018
Anticipated date of issue of Performance Rights	4 July 2018

* These dates are indicative only and subject to change. Subject to the Corporations Act and the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice.

TABLE OF CONTENTS

Section	Page No
1. Details of the Offer	6
2. Effect of the Offer	10
3. Risk factors.....	12
4. Additional information	18
5. Directors' Statement and Consent	27
6. Glossary of Terms	28

1. Details of the Offer

1.1 The Offer

The Company is offering, pursuant to this Prospectus, up to 45,200,000 Performance Rights for nil cash consideration, to Eligible Participants (**Offer**). None of the Eligible Participants are related parties of the Company.

The purpose of the Offer is to incentivise the employees of the Company and to align their interests with those of the Company's Shareholders. No funds will be raised under the Offer.

An Application Form will only be provided by the Company to Eligible Participants, together with a copy of this Prospectus. Further details of the terms and conditions of the Performance Rights are in Section 4.2.

Shares issued upon conversion of Performance Rights will be fully paid and will rank equally with the Company's existing Shares on issue as at the date of this Prospectus. A summary of the rights and liabilities attaching to Shares is in Section 4.1.

Please refer to Section 1.4 for details on how to apply for Performance Rights under the Offer.

1.2 Purpose of the Prospectus

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

This Prospectus has been issued to facilitate secondary trading of any Shares issued upon conversion of the Performance Rights to be issued under the Offer. Issuing the Performance Rights under this Prospectus will enable persons who are issued the Performance Rights to on-sell the Shares issued on exercise of the Performance Rights pursuant to ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80.

Accordingly, the purpose of this Prospectus is to:

- (a) make the Offer; and
- (b) ensure that the on-sale of any underlying Shares issued upon the conversion of the Performance Rights does not breach section 707(3) of the Corporations Act.

1.3 Closing Date

The Closing Date for the Offer is Tuesday, 3 July 2018. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

1.4 Minimum Subscription and Underwriting

There is no minimum subscription for the Offer and the Offer is not underwritten.

1.5 Application Forms

The Offer is being extended to Eligible Participants who are invited to subscribe for Performance Rights and is not open to the general public or other Shareholders.

Only Eligible Participants will be provided a copy of this Prospectus and a personalised Application Form. Applications must be made using the Application Form provided to the Eligible Participants.

Completed Application Forms must be received by the Company prior to the Closing Date. Application Forms should be sent to Schrole Group Limited, Ground Floor, 142 Hasler Road, Osborne Park, WA, 6017 or sent by facsimile to +61 8 9230 7077.

If you are in doubt as to the course of action, you should consult your professional advisor.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Performance Rights on the Application Form accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of the Performance Rights under the Offer.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form, is final.

By completing and returning an Application Form, Applicants will be deemed to have represented and warranted on behalf of themselves or each person on whose account they are acting that the law in their place of residence and/or where they have been given the Prospectus, does not prohibit them from being given the Prospectus and that they:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Application Form are complete and accurate;
- (c) declare that they are over 18 years of age and have full legal capacity and power to perform all their rights and obligations under the Application Form;
- (d) authorise the Company and its respective officers or agents, to do anything on their behalf necessary for the Securities to be issued to them, including to act on instructions of the Company's share registry upon using the contact details set out in the Application Form;
- (e) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Securities are suitable for them given their investment objectives, financial situation or particular needs; and
- (f) acknowledge that the Securities have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia.

1.6 Issue Date and despatch

Subject to the Corporations Act and the Listing Rules, the Company intends to issue the Performance Rights under the Offer on or about 4 July 2018.

Security holder statements will be dispatched as soon as possible after the issue of the Performance Rights under the Offer.

1.7 ASX quotation

The Company does not intend to apply for quotation of the Performance Rights on the ASX.

1.8 Risks of the Offer

An investment in Securities of the Company should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are detailed in Section 3.

1.9 Residents outside Australia

This Prospectus, and any accompanying Application Form, do not, and are not intended to, constitute an offer of Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Securities under the Offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

1.10 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Performance Rights under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Performance Rights under this Prospectus and the acquisition and holding of any Shares issued upon conversion of such Performance Rights.

1.11 Major activities and financial information

A summary of the major activities and financial information relating to the Company can be found in the Company's Annual Report for the financial year ended 31 December 2017, lodged with ASX on 3 April 2018.

The Company has made continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Report on 3 April 2018.

Copies of the Annual Report for the financial year ended 31 December 2017 are available free of charge from the Company. The Directors strongly recommend that Applicants review this and all other announcements prior to deciding whether or not to participate in the Offer.

1.12 Privacy

Applicants will be providing personal information to the Company (directly or by the Company's share registry) on the Application Forms. The Company collects, holds and will use that information to assess Applications, service Securityholders' needs, facilitate distribution payments and corporate communications to Securityholders

and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for Securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

Securityholders can access, correct and update the personal information the Company holds about them by contacting the Company or its share registry at the relevant contact numbers set out in this Prospectus. A fee may be charged for access. Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

Applicants should note that if they do not provide the information required on the Application Form, the Company may not be able to accept or process their Application.

1.13 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary by email to nick.allan@schrole.com.

2. Effect of the Offer

2.1 Capital structure on completion of the Offer

	Shares ¹	Unquoted Options ²	Performance Shares ³	Performance Rights
Balance at the date of this Prospectus	580,050,231	211,000,000	290,000,000	-
To be issued under the Offer	-	-	-	45,200,000
Balance after the Offer	580,050,231	211,000,000	290,000,000	45,200,000

Notes:

- 186,304,055 Shares are escrowed until 12 October 2019.
- The unquoted Options are escrowed until 12 October 2019. The unquoted Options comprised of:
 - 97,000,000 unquoted Options with an exercise price of \$0.04 each, expiring on 4 October 2020;
 - 50,000,000 unquoted Options with an exercise price of \$0.02 each, expiring on 4 October 2020;
 - 57,000,000 unquoted Options with an exercise price of \$0.03 each, expiring on 4 October 2020; and
 - 7,000,000 unquoted Options with an exercise price of \$0.04 each (and vesting only if 10-day VWAP of the Company's Shares is \$0.04), expiring on 4 October 2020.
- Full terms and conditions of the performance shares are outlined in section 12.7 of the Company's prospectus dated 21 August 2017. The performance shares are escrowed until 12 October 2019. Performance shares will convert automatically into Shares upon satisfaction of the following milestones:
 - 47,000,000 class A performance shares will convert to Shares on the Company obtaining 215 schools with a subscription for the Schrole Connect products or 198 licenses with a subscription for the Schrole Cover Product prior to the milestone date of 4 October 2022;
 - 93,000,000 class B performance shares will convert to Shares on the Company achieving total annual sales revenue of \$7 million over any 12 month period prior to the milestone date of 4 October 2022; and
 - 150,000,000 class C performance shares will convert to Shares on the Company achieving an accumulated earnings before interest, tax, depreciation and amortisation of \$3 million over any 12 month period prior to the milestone date of 4 October 2022.

2.2 Financial effect of the Offer

There will be no proceeds from the Offer as the Performance Rights are being offered for nil cash consideration. The expenses of the Offer will be met from the Company's existing cash reserves. The Offers will have an effect on the Company's financial position of reducing the cash balance by approximately \$7,466.

2.3 Effect of the Offer on control of the Company

The Company is of the view that the Offer will not affect the control (as defined in Section 50AA of the Corporations Act) of the Company. No new investor or existing

Shareholder will have a voting power greater than 20% as a result of the completion of the Offer.

3. Risk factors

The Performance Rights offered under this Prospectus should be considered speculative because of the nature of the business activities of the Company. Potential investors should consider whether the Performance Rights offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. This list is not exhaustive and potential investors should read this Prospectus in its entirety and if in any doubt consult their professional adviser before deciding whether to participate in the Offer.

The principal risks include, but are not limited to, the following:

3.1 Company's Current Operations Risks

(a) Technology risks

The Company's business of providing online products relies on the availability, reliability and performance of its technology platforms, communications systems, servers, the internet, hosting services and the cloudbased environment in which it provides its products. Although the Company has back-up, restoration and recovery procedures in place there is a risk that these systems may be affected by various factors such as damage, faulty or aging equipment, power surges or failures, computer viruses, or misuse by staff or contractors. Other factors such as hacking, denial of service attacks or natural disasters may also adversely affect these systems and cause them to become unavailable. Any significant interruption to the Company's technology systems or a major loss of data could impair the ability of the Company to continue to provide its products and/or services.

There is also a risk that the Company's current information technology and software products may be superseded or displaced in the market by new technology offerings or software, which clients perceive have advantages over the Company's offerings. This could adversely affect the Company's business and/or require that the Company outlay additional capital to improve the Company's platforms or software. This could have a material and adverse impact on the Company's financial position and performance.

(b) Competition risks

The international schools recruitment market has a number of companies offering recruitment services. Should any of the Company's competitors repurpose their databases leading to similarities to the Schrole Connect system or participate more aggressively on price, product, innovation or other means then this could have a material adverse impact on the Company's financial performance and future prospects of the business. There are already companies providing products that cover the short term relief market in Australia. There is no guarantee that the Company will be able to gain market share.

Existing competitors may take steps to compete with or hinder the Company's plans to market, launch, and commercialise its products and may take steps to cause downward price pressure, thus potentially reducing margins and revenues available to the Company.

While the market for professional development is less developed, other companies may also see the same opportunities and establish a competitive presence offering similar products.

An increase in competition may result in the Company having to increase its sales and marketing activities or adjust the Company's pricing model to respond to the increased competition. The Company may also, from time to time, introduce new and expanded services in order to generate additional revenues, and there can be no guarantee that these new businesses will eventuate or be successful.

(c) Intellectual property risks

The Company's business relies on intellectual property of its development software: Schrole Connect, Schrole Cover and Schrole Verify. There is a risk that if the Company, or any of the businesses it may partner or invest in, does not own or have licences to use any of the intellectual property it relies upon, its business could be adversely affected.

The Company may be required to incur significant expenses in monitoring and protecting the Company's intellectual property rights, in particular its trade secrets and copyright rights. Although no third party has asserted a claim of intellectual property against the Company, others may hold proprietary rights that could prevent the Company's products from being marketed.

The Company relies on trade secrets to help protect its proprietary know-how. However, trade secrets are difficult to protect. The Company relies in part on confidentiality agreements with its employees, consultants, contractors and other third parties to protect its trade secrets. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorised disclosure of confidential information. In addition, others may independently discover the Company's trade secrets and proprietary information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the Company's proprietary rights. Failure to obtain or maintain trade secret protection, or failure to adequately protect the Company's intellectual property could enable competitors to develop generic products or use Company proprietary information to develop other products that compete with the Company's products or cause additional, material adverse effects upon the Company's business, results of operations and financial condition.

(d) Growth risks

The Company's software products are at an early start up stage, and as such its future success is modelled on accelerating market growth and acquiring a significant amount of new clients. If the Company does not achieve its expected results, its financial performance could be adversely affected.

(e) Protection of personal information and data

The Company collects a wide range of personal information from its clients. This information includes (without limitation) personal data, employment history and banking details. The Company's efforts to protect such information may be unsuccessful due to the actions of third parties,

software bugs or other technical malfunctions, employee error or other factors.

Allegations of, or actual, unauthorised access or loss of such sensitive data could occur, resulting in a breach of the Company's obligations under applicable laws or regulations. Affected clients or government authorities could initiate legal or regulatory action against the Company in connection with any such breaches. Any such allegations, unauthorised access or breaches of laws or regulations could have an adverse effect on the Company's reputation, future financial position and performance and market position.

(f) Changes to Privacy Legislation

The collection, use, storage and disclosure of personal and sensitive information in Australia is governed by the *Privacy Act 1988* (Cth) (as amended) (**Privacy Act**) and the Australian Privacy Principles contained in Schedule 1 of the Privacy Act. Any future changes in privacy legislation (including changes to the Privacy Act, Privacy Principles or any other privacy laws in other applicable jurisdictions), or changes in the way privacy laws are interpreted in the future could render the Company's products, or the way it currently operates, less attractive or contrary to law, which could have a material adverse effect on its business, operations and financial performance, and the price of its Shares.

(g) Operations in the People's Republic of China

The Company conducts part of its business in the People's Republic of China (**PRC**). Accordingly, the Company's operations in the PRC are dependent on any economic and political developments in the PRC and the Company's ability to enforce its contracts in the PRC.

The Company's operations in the PRC are governed by PRC laws and regulations. The PRC has a civil law legal system based on written statutes. Unlike the common law system, previous court decisions in the PRC may be cited for reference but have limited precedential value. Although the overall effect of legislation over the past 30 years has significantly enhanced the protections afforded to various forms of foreign investments in the PRC, it has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities. In particular because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. Such uncertainties may limit the legal protections available to the Company and its investors.

In addition, the legal system in the PRC is based in part on government policies and certain internal rules, some of which are not published on a timely basis or at all and which may have retroactive effect. As a result, the Company may not be aware of its violation of these policies and internal rules until sometime after the violation. Also, any administrative or court proceedings may be protracted, resulting in substantial costs and diversion of resources and management attention if the Company seeks to enforce its legal rights through administrative or court proceeding. Moreover, compared to more developed legal systems, the PRC administrative and court authorities have significantly wider discretion in interpreting and implementing statutory and contractual provisions. As a result, it may be

more difficult to evaluate the outcomes of the administrative and judicial proceedings as well as the level of protections the Company is entitled to. These uncertainties may impede the Company's ability to enforce its contracts, which could in turn materially and adversely affect the Company's business and operations.

(h) **Currency Risk**

The Company conducts business in other jurisdictions and is therefore exposed to the effects of changes in currency exchange rates. The Company has a policy to undertake all overseas transactions primarily in USD, which is the preferred currency of international schools and many multi-national entities which reduces the risk exposure of foreign exchange fluctuations to a single currency. The Company maintains US Dollars denominated trading accounts, which may provide access to favourable exchange rates.

Unhedged, unfavourable movements in foreign exchange rates may have an adverse effect on the Company's revenue and/or cost of operating and therefore affect the market price of the Shares.

3.2 **General risks relating to the Company**

(a) **Additional Requirements for Capital**

The capital requirements of the Company depend on numerous factors. Depending on the ability of the Company to generate income from its operations, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

(b) **Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

(c) **Trading Price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions

relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(d) Litigation Risks

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. As at the date of this Prospectus the Company is not involved in any litigation or disputes.

(e) Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(f) Force Majeure

The Company, now or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(g) Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to the Company's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

3.3 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by prospective investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Performance Rights offered under this Prospectus.

Therefore, the Performance Rights carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Performance Rights.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Performance Rights.

4. Additional information

4.1 Rights and liabilities attaching to Shares

A summary of the rights attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) General Meetings

Shareholders are entitled to be present in person or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares of the Company, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote, may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend Rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares but only out of the profits of the Company.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company.

Subject to the Listing Rules and the Corporations Act, the Company may implement a dividend reinvestment plan on any terms, under which participants may elect in respect of all or part of their Shares to apply the whole or any part of a dividend from the Company in subscribing for securities of the Company or a related body corporate of the Company. The Directors may, at their discretion, implement, amend, suspend or terminate a dividend reinvestment plan subject to the Listing Rules.

(d) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) Variation of Rights

Pursuant to section 246B of the Corporations Act, the Company may, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(g) Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

4.2 Terms and Conditions attaching to the Performance Rights

The terms and conditions of the Performance Rights are as follows (to the extent of any inconsistency between the offer letter and the Plan, the provisions of the offer letter will prevail):

(a) Performance Rights and Milestones

The Performance Rights are being issued as follows:

Performance Rights	Number	Performance Rights Milestones
Tranche A Performance Rights	9,040,000	The Company obtaining 215 schools with a subscription for the Schrole Connect product or 198 licences with a subscription for the Schrole Cover product prior to 12 April 2019.
Tranche B Performance Rights	13,560,000	The Company achieving total annual sales revenue of \$7,000,000 over any twelve month period prior to 12 October 2020.
Tranche C Performance Rights	22,600,000	The Company achieving an accumulated earnings before interest, taxes, depreciation and amortisation of \$3,000,000 over any 12 month period prior to 12 October 2021.

(b) **Vesting**

The Performance Rights will vest on the date the Milestone relating to those Performance Rights has been satisfied (**Vesting Date**). The Company will notify the holder in writing when the relevant Milestones have been satisfied.

(c) **Consideration**

The Performance Rights will be granted to the holder for nil cash consideration.

(d) **Exercise Price**

The exercise price of each vested Performance Right is nil.

(e) **Conversion**

Upon vesting, each Performance Right will, at the holder's election, convert into one fully paid ordinary share in the Company (**Share**). The holder may apply to exercise Performance Rights upon vesting by filling out a notice of exercise in the form provided by the Company and returning to the Company Secretary.

(f) **Expiry Date**

The expiry date of each Performance Right will be 5 years after the date of grant (**Expiry Date**). For the avoidance of doubt any vested but unexercised Performance Rights will automatically lapse on the Expiry Date.

(g) **Transfer**

The Performance Rights are not transferable.

(h) **Participation in entitlements and bonus issues**

Subject always to the rights under items (i) and (j), holders of Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(i) **Adjustment for bonus issue**

If Securities are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends by way of dividend reinvestment), the number of Performance Rights to which the holder is entitled will be increased by that number of Securities which the holder would have been entitled if the Performance Rights held by the holder were exercised immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Listing Rules at the time of the bonus issue.

(j) **Reorganisation of capital**

In the event that the issued capital of the Company is reconstructed, all the holder's rights as a holder of Performance Rights will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the holder's economic and other rights are not diminished or terminated.

(k) **Dividend and voting rights**

The Performance Rights do not confer on the holder an entitlement to vote at general meetings of the Company or to receive dividends.

(l) **Change of Control Event**

Upon the occurrence of a Change of Control Event (as defined in the Plan), to the extent Performance Rights have not converted into Shares due to satisfaction of a Milestone, Performance Rights will automatically convert to that number of Shares which when issued together with all Shares issued under any other class of Performance Rights or Performance Shares, then on issue in the Company, is equal to the lesser of one Share per Performance Right and 10% of the total Shares on issue at that time. Performance Rights that are not converted into Shares will continue to be held by the holder on the same terms and conditions.

(m) **Issue of Shares**

The Shares to which the holder is entitled on exercise of Performance Rights will be issued to the holder as soon as practicable after the exercise date. All Shares issued upon the exercise of Performance Rights will upon issue rank *pari passu* in all respects with other Shares.

(n) **Quotation**

The Company will not apply for quotation of the Performance Rights on the ASX. The Company will apply for the Shares to be quoted on the ASX in accordance with the Listing Rules within 10 Business Days of the later of the date the Shares are issued and the date any restriction period that applies to the Shares ends.

(o) **Cessation of employment**

A Performance Right will not vest if the holder is not an employee of either the Company or a controlled entity of the Company at the Vesting Date.

4.3 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the stock market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Securities.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from ASIC (see Section 4.4 below).

4.4 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of the ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer, a copy of:

- (a) the Annual Report for the period ending 31 December 2017 (**Annual Report**) as lodged with ASX on 3 April 2018;
- (b) the Half Yearly Report for the period ending 30 June 2017 as lodged with ASX on 1 September 2017; and
- (c) the continuous disclosure notices given by the Company to notify ASX of information relating to the Company since the Company lodged its Annual Report and before the date of issue of this Prospectus which are as follows:

Date Lodged	Subject of Announcement
26 June 2018	First sale of ISS-Schrole Advantage to international schools
5 June 2018	Change of Director's Interest Notice
23 May 2018	Results of Annual General Meeting
22 May 2018	First sale for Schrole Verify background screening solution
30 April 2018	Appendix 4C and Quarterly Summary of Activities
23 April 2018	Notice of Annual General Meeting/Proxy Form
9 April 2018	Investor Presentation
5 April 2018	Schrole enters into strategic alliance with ISS
3 April 2018	Trading Halt

Date Lodged	Subject of Announcement
3 April 2018	Appendix 4G
3 April 2018	Annual Report

The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 4.15 and the consents provided by the Directors to the issue of this Prospectus.

4.5 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

4.6 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing Securities under this Prospectus.

4.7 Market price of Shares

The highest and lowest market sale prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.02 per Share on 26 June 2018

Lowest: \$0.01 per Share on 18 May and 6 June 2018

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.017 per Share on 2 July 2018.

4.8 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4.9 Directors' interests

Except as disclosed in this Prospectus, no Director and no firm in which a Director or proposed director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Securities offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Performance Rights offered under this Prospectus; or

- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Performance Rights offered under this Prospectus.

4.10 Directors' interests in Securities

Set out in the table are details of the Directors' relevant interests in the Securities at the date of this Prospectus:

Director	Shares	Options	Performance Rights
Robert Graham ¹	79,885,252	2,975,312	280,000,000
Stuart Carmichael ²	500,000	6,000,000	-
Shaun Hardcastle ³	-	4,000,000	-
Craig Read-Smith ⁴	-	4,000,000	-

Notes:

- (1) Mr Graham has the following interests, indirectly held through Enerly Pty Ltd as trustee for the Stronada Trust and Graham-Debnam Pty Ltd as trustee for The Graham-Debnam Super Fund:
 - (a) 79,885,252 Shares;
 - (b) 2,975,312 Options exercisable at \$0.04 expiring on 4 October 2020; and
 - (c) 280,000,000 Performance Shares comprising of:
 - i. 45,000,000 Series A Performance Shares;
 - ii. 90,000,000 Series B Performance Shares; and
 - iii. 145,000,000 Series C Performance Shares.
- (2) Mr Carmichael has the following interests, indirectly held through SBV Capital Pty Ltd as trustee for the JS & T Carmichael Fam trust:
 - (a) 500,000 Shares;
 - (b) 3,000,000 unquoted Options exercisable at \$0.03 expiring on 4 October 2020; and
 - (c) 3,000,000 unquoted Options exercisable at \$0.04 (vesting only if the 10-day VWAP is \$0.04 or more) expiring on 4 October 2020.
- (3) Mr Hardcastle has the following interests, indirectly held through CYM Holdings Pty Ltd as trustee for the GCM Trust:
 - (a) 2,000,000 unquoted Options exercisable at \$0.03 expiring on 4 October 2020; and
 - (b) 2,000,000 unquoted Options exercisable at \$0.04 (vesting only if the 10-day VWAP is \$0.04 or more) expiring on 4 October 2020.
- (4) Mr Read-Smith has the following interests:
 - (a) 2,000,000 unquoted Options exercisable at \$0.03 expiring on 4 October 2020; and
 - (b) 2,000,000 unquoted Options exercisable at \$0.04 (vesting only if the 10-day VWAP is \$0.04 or more) expiring on 4 October 2020.

4.11 Directors' remuneration

The remuneration of an executive Director is decided by the Board. The total maximum remuneration of non-executive Directors is determined by the Company in general meeting, or until so determined, as the Directors resolve.

The determination of non-executive Directors' remuneration within that maximum will be made by the Board, failing which the maximum will be divided between the non-executive directors equally. The current amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs extra or special services. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

Directors received the following remuneration for the financial year ended 31 December 2017:

	Salary & fees	Share based payments	Super-annuation	TOTAL
Robert Graham	207,200	-	18,927	226,127
Stuart Carmichael	10,959	54,000	1,041	66,000
Shaun Hardcastle	9,000	36,000	-	45,000
Craig-Read Smith	8,219	36,000	781	45,000

No remuneration information is available for the year ended 31 December 2016 as the Directors were unable to access management and financial records of the Company whilst it was in a deed of company arrangement.

Mr Shaun Hardcastle is a director of Bellanhouse which provided legal services to the Company totalling \$192,993.87 in the financial year ended 30 June 2018 (2017: \$129,325.92). A total of approximately \$8,000 remains outstanding.

4.12 Substantial Shareholders

Based on the substantial holder notices provided to the Company, as at the date of the Prospectus, those persons which, together with their associates, have a voting power of 5% or more of the Shares on issue are set out below:

Substantial Shareholder	Shares	Voting power (%)
Enerly Pty Ltd	78,363,527	13.51%

4.13 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the

Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offer.

Bellanhouse will be paid approximately \$5,000 (plus GST) in fees for legal services in connection with the Offer.

4.14 Expenses of Offer

The estimated expenses of the Offer are as follows:

Estimated expenses of the Offer	A\$
ASIC lodgement fee	\$2,466
Legal and preparation expenses	\$5,000
TOTAL	\$7,466

4.15 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Performance Rights under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) has not authorised or caused the issue of this Prospectus or the making of the Offer;
- (b) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (c) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Bellanhouse has given its written consent to being named as the solicitors to the Company in this Prospectus. Bellanhouse has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

5. Directors' Statement and Consent

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:



Shaun Hardcastle
Non-Executive Director
Schrole Group Limited

Dated: 3 July 2018

6. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

Applicant means an applicant under an Application Form.

Application means a valid application for Performance Rights under the Offer made on an Application Form.

Application Form means the Application Form provided by the Company with a copy of this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 129 164 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Bellanhouse means Bellanhouse Pty Ltd t/a Bellanhouse Lawyers ACN 164 886 088.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

Closing Date has the meaning given in Section 1.3.

Company means Schrole Group Ltd ACN 164 440 859.

Constitution means the constitution of the Company as at the date of this Prospectus.

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

Directors mean the directors of the Company as at the date of this Prospectus.

Eligible Participant means any full time or part time employee, director or consultant of the Company who is declared by the Board to be eligible to receive grants of Performance Rights.

Listing Rules means the listing rules of ASX.

Offer means the offer of Performance Rights under this Prospectus detailed in Section 1.1.

Option means an option to acquire a Share.

Performance Rights means the performance rights to be issued to Eligible Participants under the Offer on the terms and conditions in Section 4.2.

Performance Shares has the meaning given in Section 2.1.

Plan means the Company's Employee Securities Incentive Plan.

Prospectus means this prospectus dated 3 July 2018.

Section means a section of this Prospectus.

Securities mean any securities including Shares, Options, Performance Rights and Performance Shares.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

VWAP means volume weighted average price.

WST means Australian Western Standard Time.