
COLLABORATE SECURES EQUITY FACILITIES

- + Existing Collaborate shareholders provide equity facilities totalling up to \$2.25 million.
- + Funding provides Collaborate with full flexibility along with very attractive terms.
- + Provides certainty of access to funding for growth of Collaborate's peer-to-peer businesses.

Collaborate Corporation Limited (ASX:CL8 or the Company) is pleased to announce the execution of agreements (**Agreements**) with existing sophisticated shareholders of the Company (**Subscribers**) for flexible equity facilities totalling up to \$2.25 million (**Facilities**).

Under the Agreements, the Subscribers will subscribe for fully paid ordinary shares (**Shares**) at an issue price based on a discount that is no more than 15% to the volume weighted average price of the Company's Shares for the 10 trading days prior to the Company giving notice to the Subscribers to draw down on the Facilities. This enables the Company to have certainty of access to funds from supportive shareholders and to benefit from future increases in the share price, whilst minimising the potential of dilution for all shareholders.

The Company may access up to \$2.25 million under the Facilities via subscriptions of at least \$140,000 or increased amounts of up to \$270,000 (at the total discretion of Collaborate) during the 24-month period after execution of the Agreements. Importantly, each of the subsequent subscriptions are at the request of the Company and Collaborate may do so every 4 weeks. There is no obligation on the Company to draw the Facilities. The Facilities also enable the Company to raise funds from other existing or new shareholders.

The Facilities will principally be used to drive growth of the peer-to-peer marketplaces through marketing, PR and product development activities and to pursue investment opportunities that align with the Company's peer-to-peer strategy. The Facilities will also be used for general working capital.

The terms of the Agreements offer flexibility as to timing and quantum of use of the Facility. The Agreement imposes strict limitations on the Subscribers and their ability to deal in Collaborate Shares issued pursuant to the Agreements. The key terms of the Agreements are set out in Appendix 1 below.

"Collaborate is grateful for the support of the Subscribers - Hishenk, Dominet Digital Investments, Noble Investments and Scintilla Strategic Investments - each of which have been strong supporters of the Company. The Facilities provide certainty to Collaborate's long term funding strategy, allows management to focus on scaling the business and avoids immediate shareholder dilution at the present share price." said Chris Noone, CEO of Collaborate Corporation.

The Company was previously in negotiations with an institutional investor in relation to an alternative long term funding facility. Following approaches from a number of parties and after extensive negotiations, the Board concluded that the Facilities pursuant to the Agreements announced today deliver a mechanism that provides Collaborate with

For personal use only

certainty of funding on more beneficial terms and with increased flexibility. The Facilities are also supported by long term shareholders of the Company.

Collaborate has agreed to provide the Subscribers a one off upfront grant of a total of 4,500,000 unlisted options exercisable at \$0.03 per option with an expiry date of 31 May 2019 for entering into the Facilities (**Facility Options**). There are no other establishment or placement fees required to be paid. The Facility Options will be issued upfront, except for 1,700,000 Facility Options to be issued to Dominet Digital Investments (which will be subject to shareholder approval, due to its controller, Mr Domenic Carosa, being a former director of Collaborate).

Collaborate will call an EGM to refresh the Company's 15% and 10% placement capacities and seek approval for Mr Carosa, a related party of the Company, to subscribe for shares and options to raise a further \$250,000 under the placements announced to the market on 16 December 2015 and 4 May 2016 and also to subscribe for securities under the Agreements. Collaborate will also seek approval for the issue of options to Hishenk Pty Ltd announced on 4 May 2016.

The Company will otherwise rely upon its 15% placement capacities to issue securities under the Facilities.

Key benefits of and rationale for the Facilities

Prior to securing the Facilities with the Subscribers the Company evaluated a number of alternative funding options with the primary objective of limiting the dilutionary effect of the currently subdued share price and enabling the Company to gain benefits from possible future increases in the share price.

The directors believe that these Facilities afford the Company the best available solution which:

- + Provides certainty of funding during periods when conditions in the capital markets may be subdued;
- + Provides flexibility as to timing and quantum of future subscriptions pursuant to the Facilities;
- + Allows the Company to defer a potential shareholder dilution event at presently low share prices into the future;
- + Does not incur significant establishment costs or require grants of ongoing options as part of placements;
- + Provides restrictions on the disposal of Shares received under the Facilities by the Subscribers to protect the Company's market price of Shares, a safeguard not available in a placement conducted via bookbuild or other means;
- + Ensures that the Company's cash reserves are not depleted by interest payments or upfront cash fees;
- + Is not subject to any financial covenants or debt ratios;
- + Provides the Company with time to achieve its strategic objectives and drive shareholder value; and
- + Is provided by shareholders who have been shown to be long term supporters of the Company.

Authorised by:

Chris Noone
CEO and Director
Collaborate Corporation Limited

About Collaborate Corporation Limited

Collaborate Corporation Limited is listed on the Australian Securities Exchange (ASX:CL8). It is Australia's leading listed company focused on 'collaborative consumption', 'peer-to-peer' or 'sharing economy' businesses. Collaborate currently has three core business segments: www.DriveMyCar.com.au Australia's leading peer-to-peer car rental business; www.MyCaravan.com.au Australia's leading peer-to-peer caravan rental business and www.Rentoid.com, one of Australia's leading peer-to-peer 'rent anything' platforms. Collaborate has a material investment in FundX, a peer-to-peer invoice discounting and SME lending platform. Through our proprietary trust and reputation platform, www.peerpass.com.au we create 'trust' between individuals and make it possible for people to safely transact with each other in the sharing economy.

For personal use only

APPENDIX 1

Key terms of the Agreements

(a) Facilities Limit

The Facilities may be drawn upon by Collaborate as follows:

- (i) Minimum subscription of \$140,000;
- (ii) Maximum subscription of \$270,000;

per subscription (**Subscription**) drawn no earlier than 20 business days after completion of the previous Subscription and up to 24 months after execution of the Agreements to a total of up to \$2.25 million (**Facilities Limit**).

(b) Issue Price

The issue price of the fully paid ordinary shares (**Shares**) will be based on a discount of no more than 15% to the volume weighted average price (**VWAP**) of the Company's Shares for the ten (10) trading days prior to the Company giving notice to the Subscribers to draw down on the Facilities.

(c) Facility Fee

The Company will grant the Subscribers a total of 4.5 million unlisted options with an expiry date of 31 May 2019 and an exercise price of \$0.03 per option.

(d) Limitations on the ability of the Subscribers to deal in Shares issued pursuant to the Facilities

The Agreements provide limitations on the Subscribers' ability to sell the Shares issued pursuant to the Facilities.

(e) Access to alternative funding

The Agreements does not restrict the Company from raising additional capital during the term of the Facilities.

(f) Termination

The Agreements may be terminated at the election of the Subscribers upon the occurrence of a change of control event. The Company or the Subscribers may terminate their respective Agreements at any time (by mutual consent of Collaborate and the Subscribers).

The terms of the Agreements provide that each Subscription is subject to the receipt of all necessary regulatory and shareholder approvals required for the issue of the Shares to the Subscribers (or their nominee).