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The Company Announcements Office  
ASX Limited  
Via E Lodgement

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**IWG EXECUTES TERM SHEET WITH NORTH AMERICAN EXECUTIVE  
MR DAVID MCLAUGHLIN**

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**HIGHLIGHTS**

- **iWebGate to employ David J McLaughlin as U.S. based executive for Sales, Marketing and Engineering**
- **Mr McLaughlin's current team of sales and engineering professionals will transition to iWebGate to support growth in North American markets**
- **McLaughlin will provide significant growth of iWebGate's security, mobility and cloud platform products to North America's Enterprise IT Market**

iWebGate Limited ("**iWebGate**") is pleased to announce that it has entered into a term sheet with David J McLaughlin, CEO of Blue River IT ("**McLaughlin**") outlining intended business arrangement for iWebGate to engage McLaughlin as the full time Chief Executive of Sales and Engineering/North American Operations of iWebGate's wholly owned subsidiary iWebGate Corp ("**iWebGate US**").

iWebGate, a leader in Virtual Network Services solutions, has sort to enhance its North American operations by agreeing to terms by which it intends to engage McLaughlin and his staff of sales and engineering specialists.

McLaughlin and his team have been tasked with expanding sales and engineering expertise in North American and will focus on the sale and integration of the iWebGate platform into the larger Fortune 500 organization as well as mid-market customers. The team brings with them vast connections within North America and will provide sales within the first quarter of operations after the agreement is finalised.

The engagement by iWebGate is expected to generate sales in the short term and strengthen iWebGate's product offering. "David and his team have extensive cloud knowledge in combination with significant experience servicing US-based mid-size companies and government agencies. This acquisition is a natural fit; strengthening our cloud infrastructure and team in line with our corporate strategy" commented Tim Gooch, Managing Director of iWebGate.

A number of commercial terms have been set out relating to the annual salary, options and bonuses to McLaughlin and his team. The parties intend that definitive agreements will be produced to create legally binding obligations.

## Summary of Term Sheet

1. McLaughlin will be engaged for an initial period of 5 years as Chief Executive of Sales and Engineering/North American Operations of iWebGate US, to be paid an annual salary of \$210,000 and issued 6,000,000 unlisted options in iWebGate. The options shall have an exercise price equal to the trading price of IWG shares at the market close on the ASX on the day this Term Sheet is executed;
2. McLaughlin will provide services to iWebGate US consistent with the Term Sheet;
3. Simultaneously with McLaughlin becoming engaged iWebGate US will enter into new employment agreements with his team.
4. iWebGate will acquire certain assets of Blue River IT including but not limited to certain intellectual property and logos for \$200,000.
5. In addition to the initial 6 million options McLaughlin is entitled to receive a further 6 million milestone options in three tranches of 2 million each. These milestones detailed in Annexure A are as follows:
  - a. 2015 Milestones if IWG US achieves the 2015 Milestones, IWG will issue to McLaughlin vested options (The options shall have an exercise price equal to the trading price of the Shares at the market close on the ASX on 31/12/2015).
  - b. 2016 Milestones if IWG US achieves the 2016 milestones, IWG will issue to McLaughlin vested options (The options shall have an exercise price equal to the trading price of the Shares at the market close on the ASX on 31/12/2016).
  - c. 2017 Milestones if IWG US achieves some or all of the 2017 milestones, IWG will issue to McLaughlin vested options (The options shall have an exercise price equal to the trading price of the Shares at the market close on the ASX on 31/12/2017).
6. Options granted pursuant to the Term Sheet shall vest immediately where indicated or in accordance with completion of the requisite milestones. The exercise date for the vested options is 5 years from the date the options vest. In the event of termination, separation or completion of the employment contract then the options must be exercised within 30 days.
7. McLaughlin is entitled to receive bonuses for sales generated and contracts introduced in relation to the hybrid cloud business to be undertaken by iWebGate US. The bonus will be 3% of the gross amount paid to IWG by a major data storage manufacturer or 3% of EBIT obtained from hybrid cloud business line sales.
8. In the event there is a sale or other disposition of the iWebGate US Hybrid Cloud business line (asset sale, equity sale, license etc) on or before 12 December 2020, McLaughlin will be paid a one off cash bonus of 10% of the transfer price, minus the value attributable to the iWebGate IP, and will be entitled to exercise all the options regardless of whether the milestones have been reached.
9. McLaughlin will be appointed to the iWebGate US board of directors, and he will be reappointed each year for as long as he is employed by iWebGate US.

## **About iWebGate**

With global corporate operations in North America, iWebGate is pioneering a new form of virtualization technology – the Virtualization of Network Services. Installed in minutes on a single physical or virtual server, iWebGate's technology segregates an existing network from all other internal and external networks with a broad range of emulated network services. This new abstraction layer provides operational simplicity and new capabilities across all networks. iWebGate's segregation technology takes best practice DMZ Security and Cyber Kill Chain Processes to new heights. For more information, please visit: <http://www.iwebgate.com/>

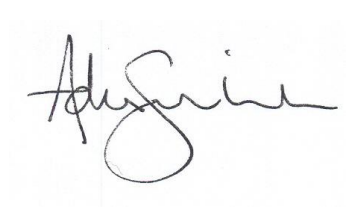
## **About McLaughlin**

McLaughlin has over 15 years of experience in sales of software and services to enterprise customers in North America across different verticals from Federal Government, Commercial Enterprise, Healthcare, State and Local Government and Institutions of Higher Learning. Recent clients include the United States Department of Justice, the government of New York City, Virginia Commonwealth University, CDM Smith to name a few.

McLaughlin's team has been keenly focused for over five years on the architecture, integration and sale of enterprise commercial cloud environments. McLaughlin and team work very closely with Amazon Web Services, Equinix, NetApp, and iWebGate to provide enterprise class, turn-key hybrid cloud solutions. iWebGate comprises the critical services of security, platform management and automation which is unique to the market. By leveraging the unique capabilities of iWebGate, McLaughlin is able to create a more secure cloud for both provider and customer while enabling the automation and management required for a successful cloud deployment.

McLaughlin has sold over \$500m in a ten year period alongside his team of professionals. This experience and knowledge of the North American market will help transform iWebGate into one of the leaders in the industry for its security and cloud platform.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Adam Sierakowski', with a stylized, flowing script.

**Adam Sierakowski**  
**Chairman**

## **ANNEXURE A**

### ***2015 Milestones, Purpose and Timing (present to December 31, 2015)***

- Integration of IWG products in every client sale.
- Signed Term Sheet and Agreement between IWG USA and NetApp for the purpose of becoming the channel by which NetApp will support and roll-out to a comprehensive and turn key hybrid cloud solution for their existing channel partners. This solution will leverage exclusively IWG software for its cloud platform and security solutions.
- Signed Contract for the design, architecture, deployment and management of the data center facilities and applications for The Department of Justice, Bureau of Alcohol Tobacco Firearms & Explosives. The contract is based IWG USA providing a hybrid cloud platform based on the IWG software suite and McLaughlin's recommended cloud architecture.
- Revenue Sales for the hybrid cloud platform suite of \$2M, with profitability for the period overall and profitability for at least 3 consecutive months during the period.
- Implement a sales strategy and methodology for IWG USA, which would include the creation of a channel program leveraging the seasoned and high caliber partners provided through the NetApp partnership agreement.
- Testing and Integration of IWG USA applications into the existing methodologies and best practices used by McLaughlin's engineering team.
- Representation at no less than three Amazon Web Services cloud conferences and summits.

### ***2016 Milestones (January 1- December 31, 2016)***

- Integration of IWG products in every client sale.
- Revenue sales of IWG software and the hybrid cloud platform of \$12.5M, with profitability for the period overall and profitability for at least 3 consecutive months during the period.
- Department of Justice Authority to Operate and entrance into the Federal program for certification of cloud products and platforms for use across all government agencies (FEDRAMP)
- Growth of IWG USA channel partners to ten fully enabled partners in North America
- Sale of IWG and hybrid cloud platform into five new accounts across different business sectors, federal, state and local, higher education and the private sector.
- Signed Partnerships Agreements with major commercial cloud providers AWS and Microsoft Azure
- Co-branded Marketing between IWG USA and NetApp

**2017 Milestones****(January 1- December 31, 2017)**

- Integration of IWG products in every client sale.
- Revenue sales of IWG software and the hybrid cloud platform of \$25m for FY17, with profitability for the period overall and profitability for at least 3 consecutive months during the period.
- 10 active and profitable contracts within the Federal Government
- 25 enabled channel partners in North America
- 10 private sector active and profitable customers
- 1 Enterprise Licensing Agreement (ELA) for IWG software for an enterprise commercial cloud provider
- Customer footprint managed, controlled and maintained of no less than 5000 virtual servers and 5 Petabytes of Data