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PERTH, AUSTRALIA

FOR IMMEDIATE RELEASE:

iWebGate Update

Highlights

- $265,000 generated in revenue from Telstra-related activities in December 2015
- More APAC channel partners engaged and trained for commercial activities in current quarter
- Telstra to directly promote IWG products nationwide in current quarter
- $500,000 R&D Tax Concession forecasted to be received in current quarter
- Revenues to commence from Europe in current quarter
- US division working with a leading technology and professional services company (with annualised revenue exceeding US$200 million) delivering solutions in the federal government and defense industry
- The Company with its advisors is engaged in raising further capital

iWebGate Limited ("**iWebGate**"; "**IWG**"; "**Company**") is pleased to provide an update regarding current operations.

Background Information

After winning the Global Security Challenge, our mission was to put advanced networking capabilities in the hands of everyday computer users and networks of all sizes. Through work with Commercialisation Australia, we identified cloud providers as a means to effectively deliver to market and help fulfil our mission.

For our customers, what matters most is how quickly they can deliver solutions in the most efficient manner. To stay competitive, the time it takes to deliver enterprise-ready solutions needs to change from weeks to minutes and operations must go from manual to programmatic. Obstructing this transformation is the way users, applications and devices are tied to 30-year old network architecture.

To overcome this problem, iWebGate created three proprietary products to deliver an end-to-end solution between points of origin, points of destination and Internet transport layers. These products include:

- Virtual Services Platform (VSP)
- Virtual Invisible Networking (VIN)
- Virtual Application Container (VAC)

When combined, these three software products amplify security to a higher level and create new possibilities across cloud and on-premise networks. More importantly, creating a new abstraction layer over existing infrastructure enables software developers and cloud providers to deliver solutions to market with unparalleled efficiency.

Over the last 12 months, our team has been focused on rolling out enterprise solutions with Telstra. Efforts included commercial contracts, cloud integration, licensing, testing and channel partner engagement. Additionally, our technical team focused on squeezing more security, delivery and performance improvements into the IWG products so Telstra could provide the best experience on date of launch. The improvements made for Telstra have been designed to benefit iWebGate's pipeline and the wider market.

Shifting from a direct to indirect business model, our revenues decreased and cost increased as we assigned more sales and support personnel for the imminent market release with Telstra.

Tim Gooch (iWebGate, CEO) stated "from our reviews, the time taken for other software companies to start generating revenues via a cloud partner model is 24 to 36 months - iWebGate did it in 12. To demonstrate improvements in delivery, the time taken to provide a customer with a comprehensive desktop access solution takes 2 to 8 weeks - iWebGate does it in less than 30 minutes. A vibrant ecosystem is emerging - we are working with software developers, integrating their technologies into our platform to produce an enterprise-ready solution and enabling them to quickly acquire customers and monetize through our channel partner network. All of this is a testament to our team and technology."

Independent Security Testing of iWebGate's Products

Independent security testing was conducted on iWebGate's products during Nov/Dec 2015. As previously reported, iWebGate's products passed independent testing and received the best possible rating.

It's also important to note, the mission of the assessment was to infiltrate an internal network protected by iWebGate's products. With no unified threat management systems, firewalls or other security products being used during the assessment, the internal network was not compromised. This proves a change in the architecture has a major impact on security as foreseen by the US Government, Northrop Grumman and Telstra.

Commercial Activities

Completing the independent security testing was one of the final stages in preparing for commercial release with Telstra and other partners. Since then, the team at iWebGate have started to drive solutions to customers in December 2015. Launching an enterprise product in Australia during the holiday season is not ideal. However, the Company generated $265,000 in revenues for the month of December 2015 - a 633% improvement based on year-to-date monthly revenue average ($41,880). These revenues have been generated from 14 customers.

iWebGate is currently engaging and training 41 Telstra Partners to sell IWG products starting Jan/Feb 2016. Some of these groups have many business centre locations ranging in the hundreds. iWebGate is also engaging and training over 20 other channel partners in the APAC region, who will also commence commercial activities within the current quarter.

In addition to the Telstra Channel Partners, Telstra will commence a series of webinars, workshops and Australia-wide presentations during the current quarter to drive iWebGate's products. The team at iWebGate have been working closely with Telstra over the past couple of months in preparation for this exciting opportunity.

The team in Europe has been working on a number of leads with a list of partners aligned with iWebGate's strategy. Revenues are forecasted to commence this quarter.

The US team has been focused on developing the Virtual Application Container and establishing after hours support for Telstra. Additionally, the team has commenced engagement with leading technology and professional services company (with annualised revenue of $200m USD) delivering solutions in the federal government and defense industry. iWebGate is working within their lab environment to build and test white-labelled solutions for customers.

Finally, to assist iWebGate's cash flow position, the Company is forecasting a Research and Development Tax refund in excess of $500,000 during the current quarter.

About iWebGate

iWebGate, Limited (ASX: IWG) is a technology company providing network solutions to organizations of all sizes. iWebGate's software creates a new network communication environment out front of firewalls. To compliment this innovation, iWebGate created interlinking technology ensuring trusted computer devices, applications and users connect through this best practice design.

For the first time, iWebGate's software is enabling large and influential partners to deliver best of breed security and a wide range of mobility solutions as-a-Service to their customers. Our patented and multi-award winning software is currently available through the Telstra Marketplace with plans to rapidly expand offerings in the US and Europe.

iWebGate is well positioned to help many enterprises and government agencies network better. The worldwide cyber security and mobility market continues to grow rapidly and is expected to increase from US$75 billion in 2015 to US$170 billion by 2020.