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FOR IMMEDIATE RELEASE:

Chairman's Update

Highlights

- iWebGate is working with over 80 partners exceeding its forecast of 40 partners by the end of April 2016
- The virtual platform is being utilised by Telstra (in consultation with its partners) to deliver to enterprise customers three key products (Desktop LP, VPN LP and Proxy LP)
- Recurring revenue stream activated with automatic customer monthly billing and collection
- Successfully completed all lab testing with Blue Tech leading to the deployment of the VIN and VSP. Revenue to forecasted to start first quarter of the new financial year.
- Recurring revenues continue to grow in line with the budgeted forecast of approx. \$1m per month by June 2017
- Appointment of Paterson Securities as Australian adviser to assist with market research, capital markets advise and capital raising
- Appointment of Smartbridge Limited to assist with UK and European partnership development and capital raising Appointment of Dion Oglesby as Chief Operating Officer who has significant US experience in technology
- Appointment of Minter Ellison as legal counsel

On behalf of iWebGate Limited (ASX:IWG) ("**iWebGate**"; "**Company**"), I'm pleased to announce:

▪ **Telstra and Partner Update**

iWebGate Virtualised Platform via the Partner Program

Partners using the iWebGate virtual platform encompasses the following:

1. VSP – is the virtualised network in front of an existing network. In other words, it's an added layer of security over a firewall. The VSP provides the administration tools to manage the VIN and VAC. The proxy services have been designed to protect websites, web servers and Microsoft based products including SharePoint and Exchange servers. The monthly revenue of the Proxy-LP solutions is \$35.75 per server.
2. VIN – virtual invisible network is a viable alternative to traditional VPN products. Packaged as a new generation VPN for Telstra, VPN-LP is \$24.75 per month / per node (computer device). VIN is a software-based solution, which establishes faster connections with significantly less drop outs when compared to traditional VPN to improve productivity by greater than 20%
3. VAC – is the virtual application container for user devices such as smartphone, tablet, laptop and desktop computers. This solution provides enterprises with the ability to securely deliver applications to users at the office and/or working externally. Desktop connection is the first of many applications to be included in the container. Branded as Desktop-LP, the fast and secure desktop access solution is priced monthly at \$13.75 per user.

More information about iWebGate's offering for Telstra customers can be found on Telstra's website at: www.telstra.com.au/business-enterprise/solutions/cloud-services/applications/iwebgate-workspace-suite

Partner Engagement Roadshow

To support its partners and to introduce IWG's products to further channel partners, Telstra completed a national marketing program with iWebGate in February 2016.

Led by Telstra, the roadshow reached Telstra's top ten Cloud partners in each state as well as the Telstra State Cloud and technical sales specialists.

The Company has also developed a training and product education program, which is offered to all partners joining IWG's network to help them on-sell solutions to customers and end-users. This program includes live presentations as well as webinars, which are crucial to the smaller and regional partners who are unable to attend the roadshow.

The IWG platform solves many problems in the IT market caused by legacy infrastructure and out-dated thinking. This creates many opportunities of IWG partners. It is very pleasing to see the response from Telstra and their partners. Nationally iWebGate is working with 82 partners, which exceeds our forecast of 40 partners by the end of April 2016. We expect this development to have a positive impact on revenue growth in 2016.

We have a number of exciting partner updates to follow in the coming quarter.

Revenue from Telstra Related Activities

iWebGate has started to receive recurring software-as-a-service (SaaS) sales revenue from Telstra end users that have purchased its Workspace Suite of products via AppDirect, continuing our recurring revenue model for the Company. iWebGate continues to experience revenue growth as further customers sign up via AppDirect and following a Telstra-led national marketing roadshow of its products.

Right now, we have an 8 – 12 week sales cycle as part of the channel partner engagement and training process. Our first wave of quotes and orders has now commenced billing. The number of quotes continues to increase daily as our partners become more knowledgeable on how to position the iWebGate solution to help resolve customer problems. March revenue numbers ahead of forecast and budget. Pending the Company can apply sufficient resources, APAC forecasted revenues are:

- June 2017 - \$833,530 per month revenue forecast
- APAC Business break even forecast for February 2017
- Revenue FY 16/17 - \$4,405,110
- Over A\$200k billed last quarter already via our partner program

Whilst we are starting from a low revenue base, the Company is forecasting an exponential growth. This exponential growth is based on a monthly uplift in partners who use the IWG platform to sell an increased number of solutions / applications to their customers using our platform. It's pleasing to see the team exceeding forecast figures with reference to the number of partners engaged and revenue figures. Information provided to date indicates IWG will continue this trend for the next 6 months.

- **Blue Tech**

Our newly announced partnership with Blue Tech, one of the largest US Government contractors providing information technology products and services for both everyday operations and mission-critical systems, was made after Blue Tech's lab validated iWebGate's product. This validation was made independent of the positive validation made by SecureState in their assurance letter dated 30 November 2015.

Blue Tech and iWebGate are currently working on a number of proposals for U.S. Government agencies. At this stage, we forecasting revenues to start first quarter 2016/17. In one example, a current proposal is for the protection of many thousands of web services at a monthly fee of \$20 to \$100 each.

- **Corporate Advisors**

iWebGate is pleased to announce it has appointed Patersons Securities (Aus) and Smartbridge Capital (UK) to assist with market research, capital markets advise and capital raising activities in the Australian and European markets. The parties will work closely with EAS partners to identify key strategic partners and re-financing the Lind Partners bridging facility.

To date the Company has raised A\$9m equity. With this limited amount of capital, the Company has successfully won a significant contract with Blue Tech, which provides the ability to supply IWG's virtual platform to government agencies. Also the Company has completed intrgration with Telstra Cloud / Apps Marketplace and engagement with Telstra channel, resulting in the activation of licensing fees.

iWebGate has appointed Minter Ellison as its legal counsel.

- **Key Management Appointment**

The Company is very pleased to announce the appointment of Mr. Dion Oglesby as Chief Operating Officer (COO). Based in NY, Mr. Oglesby has considerable US-based experience with ICT related companies.

Prior to joining the Company, Mr. Oglesby most recently served as a consultant to companies, financial institutions, private equity firms and entrepreneurial ventures. Offering clients a full range of services from complex business structuring, operational assessments, performance improvement, fund raising and business development initiatives. Mr. Oglesby has held operational positions within several organizations including the Chief Operating Officer (COO) for an investment management firm, interim Chief Financial Officer (CFO) for a telecommunications company and interim finance manager for a division of a Fortune 500 foods and beverage company. Mr. Oglesby graduated from Illinois State University with a BS and earned his M.B.A. from the Harvard Graduate School of Business Administration.

- **Patents**

iWebGate is pleased to announce its patent titled "System and Method for Multiple Concurrent Virtual Networks" has been granted in China (Application No, 201180021525.8). This patent was also granted in Australia, Europe and the United States.

Additionally, the United States Patent and Trademark Office (USPTO) has just provided approval for grant iWebGate's continuation-in-part application also titled "System and Method for Multiple Concurrent Virtual Networks" (U.S. Patent Application No, 14/139,594.

Our granted patent and approval to patent new ideas around our VIN technology is crucial to protecting iWebGate's intellectual rights. The patent system is designed to provide innovators the protection deserved on their ideas and has proven many times to be a deterrent to would-by copiers of intellectual property.

Our original VIN patent disclosed the idea of being able to establish multiple virtual Ethernet network connections using a single UDP socket to layer the virtual Ethernet networks over physical networks, thereby minimising the resources required to establish and maintain those network connections. In the physical world, this would replicate the notion of having more than one physical blue cable connected to a single Ethernet network interface (RJ45 socket) without the need for a switch.

Prior to the world of Ethernet and IP network, a similar notion of multiplexing was achieved using cumbersome and error-prone serial communications equipment, which allowed numerous remote dumb (serial) terminals to be connected to a remote server over a single long-haul line. This equipment was called a multiplexer and combined multiple serial lines (i.e. 8, 16 or 24) at the multiplexer itself and then channelled the data over a long-haul line (e.g. ISDN) before reaching a paired multiplexer on the other end where the data was written to the appropriately aligned port.

It could be said VIN performs a similar technique. However, VIN is not restricted by hardware of any type and does not require all local network connections to be aligned with the exact same connections on a remote node. The connections can be aligned on or across any number of remote hosts anywhere in the world. So whilst the technique is similar to what multiplexers were limited in achieving, the innovation is clearly different to that of serial line communication capabilities used prior to Ethernet networking.

This ability to establish multiple virtual network connectivity through a single external entity (UDP socket) laid a foundation to expand the capabilities and a second continuation-in-part patent application was submitted. This disclosed a similar capability to unifying traffic over the UDP socket outlined in the original patent application by taking it a step further and unifying the communications interfaces on the operating system side - the TAP/TUN interface.

This is completely unique and very different to the old multiplexing capabilities of serial communications equipment in that only one interface (port) exists regardless of the number of networks a node needs to be connected to – dramatically reducing the strain on the underlying Operating System and affiliated hardware. The capability opens up the connectivity limitations of physical networking equipment (including wireless) and that of existing VPN solutions and introduces networking architecture previously not achievable.

As a result, we are seeing significant interest in the VIN and have a number of exciting announcements to soon come.

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About iWebGate

iWebGate, Limited (ASX: IWG) is a technology company providing network solutions to organisations of all sizes. iWebGate's software creates a new network communication environment out front of firewalls, analogous to a secure and collaborative reception area for all networks. To compliment this innovation, we have also created interlinking technology commanding 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 enterprise-ready 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. The worldwide cybersecurity and mobility market continues to grow rapidly and is expected to increase from US\$75 billion in 2015 to US\$170 billion by 2020.

For more information, please visit: www.iwebgate.com