

15 April 2016

FOR IMMEDIATE RELEASE:

Shareholder Update

Dear Shareholder,

On 14 March 2016, iWebGate Limited (ASX:IWG) ("**iWebGate**" or the "**Company**") announced it had raised up to US\$8.575m via a Convertible Note and Equity Funding Agreement (the "Agreement") from The Lind Partners, LLC ("**Lind**"), a New York asset management firm who was an existing investor in the Company. I am pleased to provide shareholders with an update and additional information regarding this recent financing initiative, along with an operational update.

New Financing Arrangement

On behalf of the Company, I would like to provide an update and additional information regarding the Convertible Note and Equity Funding Agreement with Lind, as follow:

- Under the Agreement, iWebGate received a total of US\$1,600,000 in First Tranche funding from Lind. First Tranche funds were placed in escrow and released in stages as the Company satisfied conditions within the Agreement. The Company confirms that it has received the full US\$1,600,000.
- As previously disclosed, the Agreement has an additional component where Lind will further invest US\$75,000 per month, which upon mutual consent between the Company and Lind, may be increased by up to US\$300,000 per month. iWebGate has received an initial amount of US\$75,000.
- iWebGate has used part of these funds to extinguish funds owing from the previous short-term debt facility of A\$1,000,000.
- The Lind facility is being utilised as a bridge-financing tool providing iWebGate with the ability to continue servicing the Telstra project and work with a number of strategic partners including our newest partner in the United States, Blue Tech Inc., ("**Blue Tech**").
- Importantly, the Agreement contains various protections for both Parties. iWebGate has the ability to make monthly amortisation payments in cash, stock or a combination of both. Additionally, the Company can buy back the Outstanding balance of the Convertible by making a cash payment. Lind would have the right to convert 30% of the note if the Company makes this election. Additionally, the Company can pause or terminate the Monthly advances at any time.
- Together with EAS Advisors LLC, iWebGate's US corporate and strategic advisor, the Company continues to work with a number of strategic investors to provide longer-term capital for its business operations. As outlined in the 14 March 2016 release, the Company aims to have those discussions finalised early in the second half of 2016.
- iWebGate and Lind have an established relationship that has been strengthened by Lind's recent investment in iWebGate, which followed an appropriate due diligence process. The Company remains confident of Lind's strong endorsement and support of its expansion strategy. Furthermore, iWebGate is the largest Australian Technology investment made by Lind. Recent investments by Lind include NioCorp, Lithium Americas (Formerly Wester Lithium), Phoslock, Reffind and Visual Amplifiers.
- Lind has already assisted iWebGate by making strategic introductions and will benefit greatly from any share appreciation.

Operational Update

Positive feedback regarding iWebGate's technology

Since joining the Company as Executive Chairman, I have been engaged in a number of iWebGate partner meetings and attended events including the most recent RSA conference in San Francisco. The feedback from these events has been overwhelmingly positive for iWebGate's technology and has resulted in multiple new business opportunities for the Company.

iWebGate is much more than a security product. The Company has developed a virtualized platform needed across all networks.

Strongly positioned for the needs of our partners

Through my short tenure at iWebGate, it has become apparent iWebGate is uniquely positioned to meet the needs of the enterprise market, including partner and end-customer requirements. We have a strong technical and operational team that is able to work with partners to provide technology validation, deployment, support, customisation, licensing, integration with existing systems and security.

While this process takes time, the reward is a superior product that delivers rapid adoption and monthly revenues to iWebGate and its partners. This contrasts with a consumer technology model that relies on high user adoption rates, minimal revenue conversion, and inadequate privacy and security for users.

Diversified revenue base with two key agreements – Telstra and Blue Tech

Our Telstra partnership continues to deliver excellent results for iWebGate. As a major provider of cloud technology, Telstra offers iWebGate one of the largest distribution channels available in Australia, via the Telstra Apps Marketplace and Telstra partner network. Through this exceptional channel, iWebGate is able to deliver its virtualization platform to provide enterprise grade solutions to the broader SME market, that were once too difficult and expensive to offer.

Telstra is a multi-channel partner where iWebGate provides training and sales support for pre-bundled solutions. As such, it is already beginning to generate high frequency, lower price point transactional revenue for iWebGate.

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, serves as another strong validation of the Company's technology. As part of the assessment process, iWebGate's technology passed extensive and stringent assessment in Blue Tech's lab, delivering a strategic partnership in less than 4 months that places iWebGate's products alongside blue-chip companies such as Cisco, Dell and HP.

While Blue Tech is a single partner channel, it has its own sales, support and training infrastructure allowing iWebGate to focus on providing technology solutions via its platform to Blue Tech's client base. The Blue Tech partnership is forecast to generate medium frequency, high price point transactional revenues for the Company.

We foresee Blue Tech and Telstra being substantially large. Compounding IWG's potential are third party solutions like those developed by Antecia and Ubiquity, which represent additional revenue in our partnership model. A copy of our most recent investor update is attached.

I look forward to updating you on a regular basis on the progress being made by the Company.

Yours faithfully,

James Tsiolis
Executive Chairman
iWebGate Limited

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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, 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 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. 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.

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