

27 July 2016

FOR IMMEDIATE RELEASE:

SUCCESSFUL COMPLETION OF PLACEMENT

Highlights

- IWG completes Placement to raise A\$8 million at a placement price of 4.5 cents per share
- Strong support from new institutional and sophisticated investors
- IWG is funded to continue the commercialisation of its existing high profile re-seller agreements with Telstra Corp and Blue Tech Consulting
- As part of this capital raise and restructure, the convertible note to Lind Partners is being extinguished

iWebGate Limited (“**iWebGate**”; “**Company**”) is pleased to announce that Peloton Capital Pty Limited acting as Lead Manager, has successfully completed the Share Placement raising up to A\$8 million.

PLACEMENT TERMS

iWebGate has received irrevocable commitments to subscribe for Placement shares as follows:

1. The first \$5.6 million from the issue of new fully paid ordinary shares at \$0.045 per share comprising **124,444,432** shares will be made utilising available placement capacity under ASX LR 7.1 and 7.1A (**Tranche 1**). Tranche 1 shares represent 19.5% of the existing shares on issue.
2. The balance of approximately \$2.4 million from the issue of new fully paid ordinary shares at \$0.045 per share will be made subject to shareholder approval. These shares will represent the issue of approximately 53,333,333 shares (**Tranche 2**).

A Notice of General Meeting for the purpose of shareholder approval for the issue of Tranche 2 shares is being prepared and all relevant details will be included in this Notice.

New shares subscribed under Tranche 1 of the Placement will rank equally with existing ordinary shares and are expected to settle on **Monday 1 August 2016**.

USE OF FUNDS

The funds raised through this Placement will be used to continue the commercialisation of its existing high profile re-seller agreements with Telstra Corp Ltd and Blue Tech Consulting LLC, as well as extinguishing the Company's convertible note with Lind Partners, announced on 14 March 2016.

ABOUT THE COMPANY

iWebGate Limited is an ASX listed company that has redefined network connectivity with a state of the art security overlay platform, called Virtual Services Platform.

Recognising that traditional Firewalls and Virtual Private Networks (VPNs) are no longer sufficient primary security and connectivity products for its SME customers, the Company is transitioning to a commercially viable business that will distribute software solutions through its Virtual Services Platform. The overlay platform solution is deployed through third party distributors, such as Telstra and Blue Tech, to the Company's SME customers.

iWebGate's end customers pay recurring monthly fees for the services they utilise through the Virtual Services Platform, with the fees generating shared revenue for both iWebGate and its third party distributor partner.

Across iWebGate's revenue model, the two most promising re-selling channels are Telstra Corp and Blue Tech Consulting.

1. **Telstra** - iWebGate has executed a sales channel with Telstra allowing for it to distribute the Company's Virtual Services Platform into Telstra's reseller network. As an established sales channel, iWebGate's technology can be automatically deployed over Telstra's infrastructure, something that has never been a possibility for providers in the past. The sell through into the Telstra network will be managed by specialist third party distribution groups.
2. **Blue Tech** - As an information technology solutions and professional services company, Blue Tech is focused on serving customers in the United States Federal Government and defence industry. It has annual turnover of over US\$300m. Blue Tech has identified multiple pathways through which they can facilitate the sale of the iWebGate platform into government agencies that are generally beyond the reach of smaller technology businesses.

MANAGEMENT CHANGES

As part of the Company's transformation and technology commercialisation strategy, iWebGate announces significant changes to its board and senior management. Executive Chairman, James Tsiolis will be stepping into the role of CEO on an interim basis, until a permanent CEO is appointed. Accordingly, CEO and co-founder Tim Gooch moves into a new role as Director Innovation and Business Development, to oversee the commercial development with strategic partners. Robert Hayden will join the management team as the company COO looking after all Sales and Operation activities. These changes are effective immediately.

As a sign of long term commitment to iWebGate, the owners of foundation shares comprising 275,935,970 of the 307,008,973 foundation shares (or 90% of foundation shares issued) have agreed to enter a further one year voluntary escrow from December 2016, taking the escrow period to expiry on 16 December 2017.

The incoming management of iWebGate have initiated a complete review of the current business and report that substantial cost savings have been identified and implemented. Management will continue to look to take cost out of the business where possible, enabling the Company to focus on customer growth and accelerating near term revenue generation.

The shares in the Company are expected to be lifted from voluntary suspension soon after the release of this announcement to the market.

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