

6 December 2010

Company Announcements Office
September 2010
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

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Dear Sirs

Rights Issue - Letters to Shareholders

We refer to the announcement made on 1 December 2010 regarding a non-renounceable rights issue (***Rights Issue***).

Please find attached letters that will be mailed to shareholders today regarding the Rights Issue.

For more information please contact:

Mark Loveys

Chairman
Datasquirt Limited
+64 9 358 5878
mark.loveys@datasquirt.com

About Datasquirt

Datasquirt (ASX: DSQ) supplies CONTACT™, an award-winning, enterprise grade, multi-channel (email, SMS, fax and web-chat) communication solution. Businesses use CONTACT™ to acquire, retain and service customers to achieve revenue growth in a cost-effective and efficient manner. Datasquirt is headquartered in Auckland, New Zealand, with offices in London, Sydney and Düsseldorf. Datasquirt™ and CONTACT™ are trademarks of Datasquirt Limited. All other brand or product names are trademarks or registered trademarks of their respective holder(s). For more information see www.datasquirt.com, visit the Datasquirt blog at <http://blog.datasquirt.com>, follow Datasquirt on Twitter at <http://twitter.com/datasquirt>, call +64-9-358-5878 or +1-888-433-9882, or email info@datasquirt.com.

6 December 2010

Dear Shareholder,

Datasquirt Limited (**DSQ**) recently announced to the Australian Securities Exchange (**ASX**) that it proposed to raise up to \$400,409 of new equity through a non renounceable rights issue (**Rights Issue**) in accordance with section 708AA of the Corporations Act 2001.

Shareholders recorded on DSQ's register of members on 13 December 2010 (**Record Date**) with an address in Australia or New Zealand will be offered the opportunity to subscribe for 1 fully paid ordinary share in DSQ (**New Shares**) for every 7 fully paid ordinary shares held at 5.00pm (Sydney time) on the Record Date, with fractional entitlements rounded up.

The New Shares will be offered at an issue price of \$0.10 per share (**Issue Price**).

The Rights issue is fully underwritten by the Directors of DSQ.

The Rights Issue (including the issue of any shortfall shares) will, subject to the terms of the underwriting agreement, result in the issue of up to 4,004,091 fully paid ordinary shares. This will result in a total number of up to 32,032,725 ordinary fully paid shares on issue. New Shares and shortfall shares will rank equally with existing ordinary fully paid shares.

Details of the terms and conditions of the offer of New Shares and the ability to apply for Shortfall Shares will be contained in the offer document that will be sent to Eligible Shareholders on 14 December 2010. Subject to any changes that may be made by your Directors, the other key dates for this Rights Issue are:

Event	Date
Shares trade ex-entitlements	7 December 2010
Record Date for determining entitlements	13 December 2010
Offer Document and Entitlement and Acceptance Form despatched to eligible shareholders – Offer opens	14 December 2010
Closing date for acceptances	5pm (Sydney time) 5 January 2011
Deferred settlement trading begins	6 January 2011
Notification of under subscriptions	10 January 2011
Issue of new securities, holding statements are despatched to shareholders and deferred settlement ends (Shortfall Shares may be issued at any time up to 5 April 2011)	13 January 2011
Normal trading for new shares commences	14 January 2011

Your Directors recommend that you read the offer document carefully when you receive it. The offer will be made without a disclosure document and accordingly it is important that you review DSQ's ASX announcements made in relation to the Rights Issue, together with past ASX announcements made regarding DSQ, its business operations, financial position and prospects before deciding whether to participate in the Rights Issue. All ASX announcements released by DSQ and any documents relating to the Rights Issue can be accessed at www.datasquirt.com or at www.asx.com.au.

If you have any questions in relation to this letter please seek professional advice or contact DSQ on +64 9 358 5878 during office hours.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Loveys', with a large loop at the end.

Mark Loveys
Chairman

6 December 2010

Dear Shareholder,

Datasquirt Limited (**DSQ**) is in the process of raising up to \$400,409 of new equity through a non renounceable rights issue (**Rights Issue**) in accordance with section 708AA of the Corporations Act 2001. Details of the Rights Issue are as announced to the Australian Securities Exchange (**ASX**) on 1 December 2010.

Shareholders recorded on DSQ's register of members on 13 December 2010 (**Record Date**) with an address in Australia or New Zealand will be offered the opportunity to subscribe for 1 fully paid ordinary share in DSQ (**New Shares**) for every 7 fully paid ordinary shares held at 5.00pm (Sydney, Australia time) on the Record Date, with fractional entitlements rounded up. The New Shares will be offered at \$0.10 per share.

DSQ has determined, in accordance with Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to offer participation in the Rights Issue to shareholders outside of Australia and New Zealand due to the legal limitations in some countries, the relatively small number of shares held by shareholders in other countries, the likely funds that would be raised from shareholders in those countries and the cost of complying with regulatory requirements in those countries.

Accordingly, as you do not have an address in Australia or New Zealand recorded on DSQ's register of members, DSQ unfortunately must advise you that **you will not be extended the opportunity to participate in the Rights Issue.**

Under the terms of the offer you are not eligible to subscribe for New Shares and you will not be sent a copy of the offer documents.

This notice is to inform you of the Rights Issue. It is not an offer to issue New Shares to you, nor is it an invitation to apply for New Shares. You are not required to do anything in response to this letter.

If you have any questions in relation to this letter please seek professional advice or contact DSQ on +64 9 358 5878 during office hours.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mark Loveys', written in a cursive style.

Mark Loveys
Chairman