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6 November 2009

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LETTER FROM MESSRS CHUA AND GALBALLY, DIRECTORS OF WEBSPY LIMITED

Following is a letter to shareholders sent from two of the Company's directors, Messrs Chua and Galbally, in relation to the proposed acquisition of the Marketboomer group of companies.

The Marketboomer acquisition is the subject of a resolution at the forthcoming General Meeting of the Company to be held on Monday, 16 November 2009.

Yours sincerely

Karen Logan
Company Secretary

6 November 2009

Dear Shareholder

General Meeting

We are writing to you regarding the General Meeting of Webspy shareholders scheduled for 16 November 2009.

As detailed in the Notice of Meeting, Webspy is proposing to acquire the Marketboomer business. But the Notice does not, in our view, make it clear that this transaction is really a reverse takeover of your company.

We urge you to vote **AGAINST** this transaction.

This letter sets out our reasons for opposing the transaction. We note that the views expressed in this letter are of two Webspy directors and are not representative of the views of the other three Webspy directors. Accordingly, you will appreciate that our views do not reflect those of the entire Webspy Board.

In our view, the proposed transaction is **NOT** in the best interest of Webspy shareholders as:

- the transaction is effectively a reverse takeover of Webspy without an adequate takeover premium;
- the acquisition of Marketboomer will **NOT** add value to Webspy's business;
- Marketboomer does **NOT** fall within the Board's investment parameters; and
- the independent expert's report is inadequate.

We note that Webspy has been informed that a substantial shareholder, Kim Hin (Malaysia) Sdn Bhd (holding 13.67%), intends to vote **AGAINST** this transaction.

Our reasons are discussed in further detail below.

1. In our view the proposed acquisition is a reverse takeover of Webspy without an adequate takeover premium

Webspy intends to issue 115,000,000 fully paid ordinary shares, and 361,565,100 deferred shares to Marketboomer shareholders. Following the issue of the deferred shares, Marketboomer shareholders (in aggregate) will hold 80% of Webspy's issued capital and the interests of current Webspy shareholders will be reduced to 20%. So together, Marketboomer shareholders will effectively **CONTROL YOUR COMPANY**.

In fact, in our view effective control of Webspy will pass to Marketboomer shareholders upon completion of the transaction. Marketboomer shareholders (in aggregate) will at that time own 49.11% of Webspy. The next largest shareholder will have just over 6% of the shares of Webspy.

There is a risk that Marketboomer will not achieve its target revenues. If even Marketboomer's shareholders do not receive the deferred shares as a result of Marketboomer not achieving its targets, they will nevertheless already have effective control of Webspy.

In our view, the transaction does not provide Webspy shareholders with an adeqaute takeover premium. We think the value of the consideration offered to Marketboomer shareholders is higher than the value of the business being acquired by Webspy. Therefore, we cannot support the significant dilution of our current shareholders' interests.

2. In our view the acquisition of Marketboomer will NOT add value to Webspy's business

In our view, Marketboomer's recent financial performance is unsatisfactory and we think that Marketboomer does not have sufficient internal cash flows to support its business plans. Additionally, Marketboomer owes $997,000 to an entity related to one of its shareholders. Upon completion of this transaction, Webspy will effectively inherit this debt. We believe that the consideration offered to Marketboomer shareholders is too high given the risk associated with acquiring Marketboomer. Also, in our view, Webspy has not provided satisfactory information which justifies acquiring a business in its financial position.

According to our analysis, Marketboomer does not generate sufficient profits to meet its growth projections and target revenues. Therefore, we are concerned that Marketboomer may undertake a capital raising through Webspy to assist them in achieving these targets and thereby ensure that the Marketboomer shareholders will receive the subsequent issue of deferred shares. A capital raising of this nature would further dilute the interests of current Webspy shareholders so that they may own even LESS than 20% of Webspy shares.

3. In our opinion Marketboomer does NOT fall within the Board's investment parameters

While we support the acquisition of an appropriate business which will complement and add value to the Webspy business, we think that the Marketboomer transaction is unsuitable. Earlier this year, your Board agreed to adopt certain parameters when assessing investment opportunities, including minimal debt level, satisfactory cash flow position and transparent remuneration packages for key managers. We think these parameters are not met by this transaction. For example, as mentioned above, Marketboomer owes $997,000 to an entity related to one of its shareholders. In our view, the Marketboomer business does **NOT** fall within the investment parameters set by your Board.

Further, the Explanatory Memorandum states that certain synergies exist between Marketboomer and Webspy. We do not agree. The alleged potential synergies seem to be based on the fact that both businesses are part of the software industry. This is not a satisfactory basis. In our view, there are few similarities between the products of the two businesses and, accordingly, there is little value to be gained through possible synergies.

We note, however, that the other three Webspy directors do not agree with our views.

4. We consider that the Independent Expert's Report is inadequate

The Explanatory Memorandum states that the acquisition of Marketboomer has the potential to substantially increase the revenue of Webspy. We have not been provided with sufficient information to support these claims. In fact, no proper Webspy business plan was provided to the Independent Expert to assist in preparing its report nor has one been provided to the Webspy Board.

Also, we consider that the Independent Expert's Report contained in the Explanatory Memorandum is inadequate as it does not address key disadvantages which have been highlighted in this letter. In our view, it does not satisfactorily highlight the passing of control to Marketboomer shareholders upon completion of the transaction and the effect of this for Webspy shareholders. Nor does it assess whether any takeover premium is being provided to Webspy shareholders despite stating that this was considered when formulating the expert's report.

Ultimately, we consider that the proposed acquisition will **NOT** add sufficient value for Webspy shareholders. Instead, we believe that the preferred approach is for Webspy to maintain its current business strategy, which has implemented significant cost cutting. Webspy should have new leadership and search for an appropriate acquisition which provides better value for shareholders.

The Chairman of the Meeting intends to vote in favour of all the resolutions in relation to any undirected proxies. Should you be unable to attend the General Meeting, we strongly urge you to participate by completing and returning a proxy form in favour of Mr John Chua who intends to vote **AGAINST** all the resolutions.

We look forward to seeing you at the General Meeting.

Yours sincerely

Mr John Chua Director Webspy Limited	Mr Francis Galbally Director Webspy Limited