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ASX: IWG

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FOR IMMEDIATE RELEASE:

Chairman's Update

When first joining the Company as a Director in November 2015, I wanted to understand why revenue growth was not accelerating faster. Since January 2016, I worked closely with the CEO to understand the business at the highest level. During this time, I concluded the following:

- iWebGate is a technology company with the capability to develop world-class software as endorsed by the numerous awards the company has won.

- Having an internal sales force to build a new channel through cloud providers has proved too difficult to achieve sales forecast that were set for the APAC region. We are not a sales organisation.

- Subsequently, we are moving to an outsourced sales and support model, which then allows the Company to reduce cost significantly and focus back on its core product – the VIN (Virtual Invisible Networking)

- The VIN overhauls major security and performance issues associated with traditional VPN technologies. This software-based solution uses the same technology to produce two solutions to the end customer 1) VINconnect and 2) VINgate.

- VINconnect is a cloud deliverable, zero-config solution for the market and VINgate offers a cloud-driven, simplified gateway solution for point-to-point network connections. Revenue sources include licensing and large scale consulting.

- The Company is currently in negotiation with third party distributors in establishing sales and support channels globally.

- VINgate has been developed for Telstra Partners wanting to provide customers with point-to-point network connections and enhancements to the Telstra Managed Internet Gateway (MIG). VINgate has been deployed with a number of strategic beta testing. The performance results have been very positive and the product is poised for major channel partner release.

- VINgate introduces new licensing and distribution channel through global OEM providers. For example, iWebGate has worked closely with Leader Computers who have pre-bundled VINgate software in Shuttle small form factor devices for Telstra Channel Partners.

Blue Tech remains a significant distribution partner of iWebGate's software in the US through its government IT purchasing vehicles. As stated previously, Blue Tech is a key provider of software and services for Federal Government agencies, universities, healthcare and enterprises customers (including Fortune 1,000 companies) across the USA. Blue Tech is a prime contract holder for many of the US Government's leading IT procurement contract vehicles.

We are re-setting our financial forecasts as a result of the change in commercial strategy and cost reduction initiatives. However, the Company's objective to breakeven in the June quarter of next year or earlier still remains.

Peloton Capital Pty Ltd ("Peloton") conducted due diligence on the iWebGate product. As a result, Peloton formally engaged as a corporate advisor and significant investor. This was pivotal in helping iWebGate complete its largest capital raise since inception.

Furthermore, Peloton has the capability to help iWebGate with its distribution strategy through Peloton's network of clients.

With a significantly improved balance sheet and major decrease in cost, the Company is focused on closing some major commercial transactions before the end of the calendar year. In addition, we will be repaying the Lind Facility in full.

I would like to thank Lind Partners, with a special note of appreciation for Jeff Easton, who provided much needed financing during this difficult period for company.

James Tsiolis
Chairman

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About iWebGate

iWebGate, Limited (ASX: IWG) is a technology company introducing the Virtualization of Network Services. This has been achieved by creating three virtualization-centric software products:

1) Virtual Invisible Network (VIN);
2) Virtual Segmentation Platform (VSP);
3) Virtual Application Container (VAC).

Used separately, these software products solve major security and connectivity problems. Cleverly used together, this software creates a virtualized end-to-end platform between points of origin and points of destination situated in any network (i.e. cloud, on-premise) and Internet transport layers.

Virtualizing Network Services enables cloud providers, network administrators and technology partners (e.g. OEMs, software developers) to efficiently deliver more and superior solutions across any customer network.

iWebGate's product 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