

21 December 2016

Australian Securities Exchange (ASX)
Level 40, Central Park 152-158
St George's Terrace Perth WA 6000
By email: Wade.Baggott@asx.com.au

Dear Mr Baggott,

WANGLE SUSPENSION UPDATE

During and following the extended review process relating to the submission and release of versions 0.1.20 to 0.1.35 of the WangleVPN Application ("App") on Apple's App Store ("Store"), Wangle's technical team have been in regular discussions with Apple surrounding various non-technical and non-functional issues which were causing delays to the standard review process. In all, these issues primarily relate to two areas that led to App rejections:

1. Payment issues consistent with all Apps in the Store, whereby Apple imposed the need to utilise their in-app-purchase facilities for any paid feature within the service.
2. Ethical / Legal / Privacy issues, whereby Apple identified the amount of customer information being collected as unnecessary and as not being compliant with Apple's developer terms. It was made clear by Apple during discussions relating to this that Apple could, if it believed the collection was not warranted, remove the App from the Store and prevent future versions from passing review. Additionally, the review process in this space was prolonged, and due to the nature of the review process, it was possible the same issues would be raised in subsequent submissions and version releases.

Item 1 above was appealed unsuccessfully. This has been overcome by initially removing all paid features on the platform during the MVP phase and subsequently through the fast tracking of billing services and features that utilize in-app-purchases. This functionality will be ready for activation at the conclusion of the MVP phase so that no further issues relating to in-app-purchase compliance are expected to impact future releases.

Item 2 was eventually appealed successfully however no firm commitment from Apple as to future rejections on the same basis were received. During the review process, discussions around the best approach to prevent similar issues in future submissions established that in order to reduce issues Wangle should supply additional, supplementary written evidence from the relevant authorities relating to Wangle's need to comply with the relevant Australian telecommunication laws.

In light of the uncertain outcome to the appeal and the lack of clarity around when and if the App would be allowed into the Store (combined with the fact that the

version available on the Store at the time had a known issue affecting customers) the decision was made to remove the App from the Store and suspend the Company's securities from trading until the situation could be resolved. The purpose of the suspension being to provide the Company with an opportunity to collate the relevant information, make any required changes to the App and formulate and enact a strategy for future submissions and version releases.

To this end, the development team identified the next update release (0.1.50) to be the target for the next submission to Apple, and the management team engaged further with the Communications Access Coordinator (CAC) at the Attorney General's Office, who had assisted with the previous review issues.

To further explain the need for a solution and the impact of excessive delays (2-3 weeks) relating to regulatory issues, an understanding of the typical release process is required. Essentially when a significant issue (bug/defect) is identified in the App, the development team will prioritise the release of a new version to address the issue. The version is then submitted to Apple for expedited release, typically taking less than 24 hours to be reviewed and made available on the Store. Version 0.1.35 was one such build, which addressed an issue preventing certain users from being able to connect to the service consistently. The version was rejected by Apple due to ethical / legal / privacy related issues, and not any functional defect or developer omission. For over 10 working days the build was essentially blocked in the review process, meaning customers continued to be adversely affected. Moving forward as a company providing a paid service, delays like this will pose significant challenges to customer support and on-going engagement. Accordingly this has been treated as a major issue which requires a clear outcome.

The Company is currently completing works on version 0.1.50 which will be ready for submission to Apple shortly, and has engaged with the CAC who are currently working on an official supporting document to compliment the submission. Unfortunately, due to the timing, both the submission of the build and the supporting documentation have been delayed by Christmas / New Year shutdowns within regulatory offices. The Company is expecting to receive the supporting documentation in the first week of 2017 from the CAC and plans to submit this with the App at that time. As a result the Company is targeting release and the recommencement of trade in its securities in the week commencing Monday 9th January 2017 at which time the Company will have clarity as to its position in respect of the Company's ability to release the App on the Store without further concerns.

It is worth noting however that Apple is unable to provide any guarantee that the CAC supported submission will remove delays entirely but has indicated this is the best approach to ensure a timely review process is given to all Wangle submissions going forward. It is hoped that the submission will be accepted and provide a blueprint for future submissions which allows the Company to provide a quality paid service moving forward. The Company has also prepared a contingency plan that will involve extended release cycles to allow for a significantly increased user-testing regime to be implemented prior to submission re-mapping of current development milestones accordingly.

To further clarify the Company's commitment to its shareholders and the wider market, the Company is targeting the recommence of trade of its securities in the week commencing Monday 9th January 2017 irrespective of the outcome of the proposed submission process. At that time the Company will provide detailed information on the outcome and its future impact. Notwithstanding its optimistic expectations, the Company remains of the opinion that the current issues are not as yet resolved, that these issues significantly impact its ability to provide service and that these issues are largely outside its control and could not have been predicted or understood prior to the submission of build 0.1.35 and the subsequent review process.

As specified above, the Company requests that the voluntary suspension of its securities remains in place until the week commencing Monday 9th January 2017.

- ENDS -

For further information, please contact:

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