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SERVICES**



For Immediate Release

DATA Group Ltd. Announces the Retention of Michael G. Sifton as CEO; Changes to its Board of Directors; and Completion of a Common Share Private Placement

Brampton, Ontario – June 1, 2016 – DATA Group Ltd. (TSX: DGI) (“**DATA**” or the “**Company**”) today provided an update regarding its senior leadership, changes to its board of directors (the “**Board**”), and its previously announced private placement of common shares (“**Common Shares**”) of the Company.

Senior Leadership

DATA is pleased to announce that Michael G. Sifton will continue in his role as the Company’s President and Chief Executive Officer.

Board of Directors

The Company is also pleased to announce that Mr. Sifton has re-joined the Board, J.R Kingsley Ward has been appointed Chair of the Board and Gregory Cochrane has been appointed as a director of the Company. Mr. Cochrane is a Managing Partner at VRG Capital Corp. and has an extensive background in the marketing services and print management industries, together with more than 40 years of experience investing in, and holding senior leadership and governorship roles of, public and private growth companies and not-for-profit entities. The Company also announced that Harinder Takhar has resigned as a director of DATA effective immediately. The Company wishes to thank Mr. Takhar for his service to DATA.

Common Share Private Placement to Michael Sifton and Other Investors

The Company also announced that it has raised \$2.35 million pursuant to its previously announced private placement of Common Shares (the “**Offering**”). Under the Offering, the Company issued a total of 167,856,012 Common Shares at a price of \$0.014 per share (the “**Issue Price**”). Mr. Sifton subscribed for 98,876,520 Common Shares under the Offering, or approximately 9.9% of the Corporation’s issued and outstanding Common Shares prior to giving effect to the Offering and the KST

Private Placement (described below). After giving effect to the completion of the Offering but before giving effect to the completion of the KST Private Placement, Mr. Sifton owns an aggregate of 104,344,736 Common Shares, or 8.94% of the currently issued and outstanding Common Shares.

In addition, a group of third party investors subscribed for 68,979,492 Common Shares under the Offering, or approximately 6.9% of the issued and outstanding Common Shares prior to giving effect to the Offering and the KST Private Placement.

Pursuant to the exercise of anti-dilution rights described below, the Company has entered into a subscription agreement with KST Industries Inc. ("**KST**") for the purchase of 30,895,781 Common Shares at the Issue Price for additional gross proceeds of approximately \$432,541 (the "**KST Private Placement**"). Pursuant to the rules of the Toronto Stock Exchange, the completion of the KST Private Placement is subject to the approval of a majority of disinterested shareholders at DATA's upcoming annual and special meeting ("**Shareholder Meeting**"). Upon completion of the KST Private Placement, KST would own 186,150,964 Common Shares, or approximately 15.54% of the issued and outstanding Common Shares. If the KST Private Placement is completed, the Common Shares owned by Mr. Sifton today would represent approximately 8.71% of the issued and outstanding Common Shares. Mr. Sifton and KST will both be precluded from voting their Common Shares at the Shareholder Meeting with respect to the approval of the KST Private Placement.

The aggregate gross proceeds from the Offering and the KST Private Placement, if completed, will be approximately \$2.8 million. The gross proceeds from the Offering and the KST Private Placement, if completed, will be used for general working capital purposes.

After giving effect to the Offering and the KST Private Placement, the Company would have 1,197,504,525 Common Shares issued and outstanding.

Agreement with KST Industries Inc.

The Company also announced that it has entered into a settlement, nomination and standstill agreement (the "**KST Agreement**") with KST and Mr. Takhar (collectively, the "**KST Parties**"). The Company understands that KST currently owns approximately 15.54% of the issued and outstanding Common Shares and \$1.742 million aggregate principal amount of DATA's outstanding 6.0% convertible unsecured subordinated debentures. Pursuant to the terms of the KST Agreement, the Company has agreed to include an eligible designee of KST in its slate of nominees for election as directors of the Company at the 2016 annual meeting of the Company's shareholders and at subsequent shareholder meetings. KST's nomination rights will terminate on the date on which KST ceases to own at least 5% of the outstanding voting securities of the Company. The KST Parties have

agreed that, until July 1, 2019 (the “**Standstill Period**”), neither the KST Parties nor any of KST’s associates, affiliates, subsidiaries, or certain other persons, will, take certain actions, including, among other things, acquiring or disposing of securities of the Company, except in certain circumstances; soliciting proxies; proposing any nominee for election to the board of directors of DATA other than KST’s designee; presenting or proposing certain transactions involving the Company or any of its subsidiaries or its or their securities or a material amount of its or their assets or businesses; or instituting, soliciting or assisting with any proceeding against or involving the Company or any of its current or former directors or officers (other than to enforce the KST Agreement). The Company has granted to KST anti-dilution rights to participate in future offerings of Common Shares (or securities convertible into, or exchangeable for, Common Shares) on a *pro rata* basis, subject to certain exceptions. KST’s anti-dilution rights will terminate on the date on which KST owns 5% or less of the outstanding Common Shares. In addition, KST will have the right, in certain circumstances, to purchase Common Shares in the open market for the purpose of maintaining its then percentage ownership of the outstanding Common Shares. In no event may KST beneficially own in excess of 15.54% of the outstanding voting securities of the Company. KST has agreed to grant the Company a right of first offer to arrange for purchasers of the Company’s securities which KST desires to sell from time to time, subject to certain exceptions. KST has agreed that, during the Standstill Period, it will vote the Common Shares held by it in accordance with the recommendation of the Company’s board of directors with respect to the election of directors and the appointment of auditors and certain matters to be submitted for shareholder approval at the Company’s 2016 annual meeting of shareholders.

Under the terms of the KST Agreement, the Company has also agreed that, subject to certain conditions, it will not redeem any of its outstanding 6% convertible unsecured subordinated debentures, other than for cash, prior to November 30, 2016.

About DATA Group Ltd.

At DATA, we are experts at planning and driving business communications. We help marketers and agencies unify and execute communications campaigns across multiple channels, and we help operations teams streamline and automate document and communications management processes. Our core capabilities include direct marketing, print services, labels and asset tracking, event tickets and gift cards, logistics and fulfilment, content and workflow management, data management and analytics, and regulatory communications. We serve clients in key vertical markets such as financial services, healthcare, lottery and gaming, retail, not-for-profit, and energy. We are strategically located across Canada to support clients on a national basis, and serve the U.S. market through our facilities in Chicago, Illinois.

Additional information relating to DATA Group Ltd. is available on www.datacm.com, and in the disclosure documents filed by DATA Group Ltd. on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

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Forward-Looking Statements

Certain statements in this press release constitute “forward-looking” statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, objectives or achievements of DATA, or industry results, to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward-looking statements. When used in this press release, words such as “may”, “would”, “could”, “will”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “plan”, and other similar expressions are intended to identify forward-looking statements. These statements reflect DATA’s current views regarding future events and operating performance, are based on information currently available to DATA, and speak only as of the date of this press release. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause the actual results, performance, objectives or achievements of DATA to be materially different from any future results, performance, objectives or achievements that may be expressed or implied by such forward-looking statements. The principal factors, assumptions and risks that DATA made or took into account in the preparation of these forward-looking statements include the Company’s ability to obtain disinterested Shareholder approval of the KST Private Placement. Additional factors are discussed under the headings “Risk Factors” and “Risks and Uncertainties” in DATA’s management’s discussion and analysis and in DATA’s other publicly available disclosure documents, as filed by DATA on SEDAR (www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this press release as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, DATA does not intend and does not assume any obligation to update these forward-looking statements.