



9 July 2010

Company Announcements Office
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

SECOND TRANCHE OF PLACEMENT TO RAISE \$3 million COMPLETES AND ISSUE OF UNLISTED OPTIONS

Further to the placement announced on 31 March 2010, pieNETWORKS Limited confirms the completion of the second tranche comprising 50 million ordinary shares to raise \$1,000,000.

The Company received approval for the second tranche of the placement at a General Meeting held on 8 July 2010.

pieNETWORKS Limited is also pleased to advise that, following receipt of the relevant approvals at the General Meeting of Shareholders, the Company has issued the following unlisted options to acquire ordinary shares in pieNETWORKS Limited:

- a) 20,000,000 Options to CPS Securities Pty Ltd in part consideration for fund raising and advisory services. The Options will vest on grant and will be exercisable in minimum parcels of 5,000,000 options on payment of 5 cents per option on or before 31 March 2013; and
- b) 17,600,000 Incentive Options to employees and contractors. The Incentive Options will vest in three equal tranches of 5,866,667 Incentive Options each over three years, and once the Share price exceeds a set trigger price based on a 30 day average as follows:
 - Tranche A: one third of the Options (5,866,667) vest after 12 months from the date of issue if at the anniversary the underlying shares have traded and are trading based on a 30 day average, at or above 3 cents.
 - Tranche B: one third of the Options (5,866,667) vest after 24 months from the date of issue if at the anniversary the underlying shares have traded and are trading based on a 30 day average, at or above 5 cents.

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- Tranche C: one third of the Options (5,866,667) vest after 36 months from the date of issue if at the anniversary the underlying shares have traded and are trading based on a 30 day average, at or above 7 cents.

An Appendix 3B and section 708A notice are attached for immediate release.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Mark Pitts".

Mark Pitts
Company Secretary

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Notice under Section 708A(5)

We refer to the announcement released to ASX on 31 March 2010 concerning the private placement at 2 cents per share to raise \$3 million before costs. The Company has today confirmed the issue of 50,000,000 fully paid ordinary shares comprising the second tranche and the balance of the placement.

The Company gives this notice pursuant to Section 708A(5)(e) of Corporations Act 2001 (Cth) ("Act").

The shares were issued without disclosure to investors under Part 6D.2, in reliance on section 708A(5) of the Act.

The Company, as at the date of this notice has complied with:

- (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
- (b) section 674 of the Act.

As at the date of this notice, there is no excluded information for the purposes of sections 708A(7) and (8) of the Act.

Yours faithfully

By Order of the Board

A handwritten signature in black ink, appearing to read "Mark Pitts", written over a light blue horizontal line.

Mark Pitts
Company Secretary

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

pieNETWORKS Limited

ABN

27 078 661 444

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | a) Ordinary fully paid shares
b) Unlisted Options
c) Unlisted Incentive Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | a) 50,000,000
b) 20,000,000
c) 17,600,000 |

+ See chapter 19 for defined terms.

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Appendix 3B
New issue announcement

- 3 Principal terms of the ⁺securities (eg, if options, exercise price and expiry date; if partly paid ⁺securities, the amount outstanding and due dates for payment; if ⁺convertible securities, the conversion price and dates for conversion)
- b) Unlisted Options vesting on grant exercisable in minimum parcels of 5,000,000 options on payment of 5 cents per option on or before 31 March 2013.
- c) Unlisted Incentive Options:
- 5,866,667 options to vest on 8 July 2011 if at the anniversary the underlying shares have traded and are trading based on a 30 day average, at or above 3 cents and are exercisable on or before 30 June 2015 by payment of 1 cent;
 - 5,866,667 options to vest on 8 July 2012 if at the anniversary the underlying shares have traded and are trading based on a 30 day average, at or above 5 cents and are exercisable on or before 30 June 2015 by payment of 1 cent;
 - 5,866,667 options to vest on 8 July 2013 if at the anniversary the underlying shares have traded and are trading based on a 30 day average, at or above 7 cents and are exercisable on or before 30 June 2015 by payment of 1 cent;

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<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>a) Yes.</p> <p>b) If options are exercised, shares issued will rank equally with existing ordinary shares on issue.</p> <p>c) If options are exercised, shares issued will rank equally with existing ordinary shares on issue.</p>				
<p>5 Issue price or consideration</p>	<p>a) 2 cent each</p> <p>b) NIL</p> <p>c) NIL</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>a) Shares issued as tranche 2 of a placement to two investment banks. Funds raised by the placement will be used in the deployment of the Company's Hotspot Webphone network in New Zealand and to support the Company's activities in developing new markets for its products and services in Australia and other overseas markets.</p> <p>b) Consideration for fund raising and advisory services.</p> <p>c) To provide incentive for Employees and Contractors</p>				
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>9 July 2010</p>				
<p>8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 2px;">Number</th> <th style="text-align: left; padding: 2px;">⁺Class</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">860,768,454</td> <td style="padding: 2px;">ORD</td> </tr> </tbody> </table>	Number	⁺ Class	860,768,454	ORD
Number	⁺ Class				
860,768,454	ORD				

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class	
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	5,050,000	Options exercisable at 3 cents each on or before 23 November 2010.
		3,000,000	Options exercisable at 12 cents each on or before 23 November 2010.
		16,500,000	Options exercisable at 1 cent each on or before 30 November 2014.
		20,000,000	Options exercisable at 3 cent each on or before 31 March 2013.
		17,600,000	Options exercisable at 1 cent each on or before 30 June 2015.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/a
12	Is the issue renounceable or non-renounceable?	N/a
13	Ratio in which the +securities will be offered	N/a
14	+Class of +securities to which the offer relates	N/a
15	+Record date to determine entitlements	N/a

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16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/a
17	Policy for deciding entitlements in relation to fractions	N/a
18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/a
19	Closing date for receipt of acceptances or renunciations	N/a
20	Names of any underwriters	N/a
21	Amount of any underwriting fee or commission	N/a
22	Names of any brokers to the issue	N/a
23	Fee or commission payable to the broker to the issue	N/a
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/a
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/a
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/a
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/a
28	Date rights trading will begin (if applicable)	N/a
29	Date rights trading will end (if applicable)	N/a

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Appendix 3B
New issue announcement

- 30 How do ⁺security holders sell their entitlements *in full* through a broker?
- 31 How do ⁺security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1 (Ordinary Shares only)
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

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Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

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39 Class of +securities for which
quotation is sought

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40 Do the +securities rank equally in all
respects from the date of allotment
with an existing +class of quoted
+securities?

If the additional securities do not
rank equally, please state:

- the date from which they do
- the extent to which they
participate for the next dividend,
(in the case of a trust,
distribution) or interest payment
- the extent to which they do not
rank equally, other than in
relation to the next dividend,
distribution or interest payment

--

41 Reason for request for quotation
now

Example: In the case of restricted securities, end of
restriction period

(if issued upon conversion of
another security, clearly identify that
other security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)		

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Date: 9 July 2010

Company secretary

Print name: Mark Pitts

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