



## INITIAL PLACEMENT COMPLETED

On 18 February 2008 the Company announced that it had agreed terms for a private placement of 83 million new shares at \$0.018 each to raise approximately \$1.5 million before costs.

The directors are pleased to advise that funding has now been finalised and increased slightly to 85 million new shares at \$0.018 each raising approximately \$1.54 million before costs. The placement was to be completed in two parts.

The Initial Placement has been completed and the Company today can confirm allotment and issue of 38.7 million shares, equating to 14.9% of the current issued capital, to raise \$697k.

This Initial Placement has been made pursuant to the Company's ASX Listing Rule 7.1 placement authority, the second tranche of the placement comprises approximately 47 million shares to raise approximately \$844k. (the "Further Placement").

Approval of the issue of shares pursuant to the Further Placement will be sought at a General Meeting of Shareholders to be announced shortly.

Attached for immediate release are an Appendix 3b relating to the Initial Placement Shares together with a Section 708A Notice.

For more information please contact:

pieNETWORKS Ltd  
Campbell Smith  
Managing Director  
+61 8 9444 9088  
cam@pienetworks.com

### About pieNETWORKS Ltd

pieNETWORKS develops and operates managed public internet access and VoIP telephony infrastructure. The company's customers include telcos, government and large and medium size business. pieNETWORKS is listed on the Australian Stock Exchange (ASX:PIE).

More information can be found at [www.pienetworks.com](http://www.pienetworks.com)



7 March 2008

Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir

**Notice under Section 708A(5)**

We refer to the announcement released to ASX on 18 February 2008 concerning the private placement at 1.8 cents per share raising \$1.5m before costs. The Company has today confirmed completion of the initial tranche of that placement by the issue of 38,727,000 fully paid ordinary shares. (the "Initial Placement) pursuant to its ASX Listing Rule 7.1 placement authority.

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 "Craig Ferrier".

Craig Ferrier  
Company Secretary

# 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.

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   | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 38,727,000      |
| 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) |                 |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

<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"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes</p>				
<p>5 Issue price or consideration</p>	<p>1.8 cents</p>				
<p>6 Purpose of the issue          (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To fund ongoing development, sales and marketing activities for the company's hotspot webphone and for general working capital purposes.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>7 March 2008</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="695 1294 995 1328">Number</th> <th data-bbox="995 1294 1291 1328">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1328 995 1541">298,533,137</td> <td data-bbox="995 1328 1291 1541">Ordinary</td> </tr> </tbody> </table>	Number	+Class	298,533,137	Ordinary
Number	+Class				
298,533,137	Ordinary				

---

+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	10,000,000	Director Options (28 April 2010 - 3 cents)
	5,050,000	pieNETWORKS OIP (23 November 2010 – 3 cents)
	3,000,000	(23 November 2010 – 12 cents)
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not Applicable	

## Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	
12 Is the issue renounceable or non-renounceable?	
13 Ratio in which the +securities will be offered	
14 +Class of +securities to which the offer relates	
15 +Record date to determine entitlements	
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17 Policy for deciding entitlements in relation to fractions	
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>	
19 Closing date for receipt of acceptances or renunciations	
20 Names of any underwriters	

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

- 21 Amount of any underwriting fee or commission
- 22 Names of any brokers to the issue
- 23 Fee or commission payable to the broker to the issue
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup>security holders
- 25 If the issue is contingent on <sup>+</sup>security holders' approval, the date of the meeting
- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 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
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do <sup>+</sup>security holders sell their entitlements *in full* through a broker?
- 31 How do <sup>+</sup>security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)?

---

+ See chapter 19 for defined terms.

33 <sup>+</sup>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

(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 <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders

36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>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 <sup>+</sup>securities

#### Entities that have ticked box 34(b)

38 Number of securities for which <sup>+</sup>quotation is sought

39 Class of <sup>+</sup>securities for which quotation is sought

<sup>+</sup> See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

40 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>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)

--

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

Number	<sup>+</sup> Class

---

<sup>+</sup> See chapter 19 for defined terms.

**Quotation agreement**

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

2       We warrant the following to ASX.

- The issue of the <sup>+</sup>securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those <sup>+</sup>securities should not be granted <sup>+</sup>quotation.
- An offer of the <sup>+</sup>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 <sup>+</sup>securities to be quoted and that no-one has any right to return any <sup>+</sup>securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the <sup>+</sup>securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the <sup>+</sup>securities to be quoted, it has been provided at the time that we request that the <sup>+</sup>securities be quoted.
- If we are a trust, we warrant that no person has the right to return the <sup>+</sup>securities to be quoted under section 1019B of the Corporations Act at the time that we request that the <sup>+</sup>securities be quoted.

---

<sup>+</sup> See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

- 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: 7 March 2008  
(Company secretary)

Print name: ...Craig Ferrier.

== == == == ==

---

+ See chapter 19 for defined terms.