



**iiNet Limited**

ABN 48 068 628 937

**NOTICE OF ANNUAL GENERAL MEETING  
AND EXPLANATORY STATEMENT**

For the Annual General Meeting to be held on 19 November 2007 at 10:30 am (WST)  
at the Sheraton Hotel, 207 Adelaide Terrace, Perth

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## **TIME AND PLACE OF MEETING AND HOW TO VOTE**

### **Place, Date and Time**

The Annual General Meeting of the shareholders of iiNet Limited ("the Company") will be held at the Sheraton Hotel, 207 Adelaide Terrace, Perth WA 6000 on Monday 19 November 2007, commencing 10:30am.

### **How to Vote**

You may vote by attending the meeting in person, by proxy or authorised corporate representative.

### **Voting in Person**

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 10:30am.

### **Voting by Corporate Representative**

A corporation may elect to appoint a representative to attend and vote at the meeting in accordance with the Corporations Act (2001) in which case the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the Corporations Act (2001). The Certificate is to be lodged with the Company before the meeting or at the registration desk on the day of the meeting.

### **Voting by Proxy**

To vote by proxy please complete and sign the proxy form enclosed with this Notice of Annual General Meeting as soon as possible and either:

- return the proxy form by post to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, or
- send the proxy form by FAX to Computershare Investor Services Pty Limited on (08) 9323 2033 [International: + 61 8 9323 2033], so that it is received not later than 10:30am (WST) on 17 November 2007.

**Your proxy form is enclosed.**

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Annual General Meeting ("AGM") of shareholders of iiNet Limited ("Company") will be held on Monday 19 November 2007 at 10:30am (WST) at the Sheraton Hotel, 207 Adelaide Terrace, Perth, Western Australia. The attached Explanatory Statement is provided to supply shareholders with information to enable them to make an informed decision regarding the resolutions set out in this Notice. The Explanatory Statement is intended to be read in conjunction with and forms part of this Notice.

### **AGENDA**

#### **General Business**

#### **Financial Reports**

To receive and consider the financial statements and the reports of the directors and auditor for the year ended 30 June 2007.

#### **Election of Directors**

Resolution 1(a) – Re-election of Mr Andrew Milner

**To consider and, if thought fit, to pass the following resolution as an ordinary resolution:**

*"That Mr Andrew Milner, being a non-executive director of the Company, retires pursuant to Rule 3.6(b) of the Constitution of the Company, and having offered himself for re-election and being eligible, is hereby elected as director of the Company."*

Resolution 1(b) – Re-election of Mr Peter James

**To consider and, if thought fit, to pass the following resolution as an ordinary resolution:**

*"That Mr Peter James, being a non-executive director of the Company, retires by rotation pursuant to Rule 3.6(a) of the Constitution of the Company, and having offered himself for re-election and being eligible, is hereby elected as director of the Company."*

Resolution 2 – Election of Mr Michael Smith

**To consider and, if thought fit, to pass the following resolution as an ordinary resolution:**

*"That Mr Michael Smith, being a non-executive director of the Company appointed by the board since the date of the last annual general meeting, retires pursuant to Rule 3.3(a) of the Constitution of the Company, and having offered himself for election and being eligible, is hereby elected as director of the Company."*

#### **Remuneration Report**

Resolution 3 – Adoption of the Remuneration Report

**To consider and, if thought fit, to pass the following resolution as an ordinary resolution:**

*"That the remuneration report as contained in the Annual Report of the Company for the year ended 30 June 2007 be adopted."*

This resolution shall be determined as if it were an ordinary resolution, albeit advisory only. Under section 250R(3) of the Corporations Act 2001 (Cth) the vote does not bind the directors or the Company.

## Special Business

### Issue of Options to Director

#### Resolution 4 - Issue of Options to Mr Michael Smith

**To consider and, if thought fit, to pass the following resolution as an ordinary resolution:**

*"That, for the purposes of Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited, Part 2E.1 of the Corporations Act 2001 (Cth) and for all other purposes, shareholders approve and authorise the grant, for no consideration, an aggregate of 200,000 Options to Mr Michael Smith (or his nominee) on the terms described in the Explanatory Statement attached to and forming part of this Notice."*

**Short Explanation:** It is proposed that the Options be issued by the Company to Michael Smith as part of his remuneration package as a director of the Company. Shareholder approval is being sought for the purposes of ASX Listing Rule 10.11 and Section 208 of the Corporations Act to allow the Options to be issued (which are considered to be a financial benefit under the Corporations Act). Please refer to the Explanatory Statement for further details.

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 3 by Michael Smith and his associates. For the avoidance of doubt, Directors may vote on Resolutions that they do not have a material interest in. However, the Company will not disregard any votes cast on this resolution by any Director, or associates of such a Director, if the vote is cast by such a person as proxy or nominee for another person who is entitled to vote and is cast in accordance with the directions on the form appointing the proxy, or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### Other Business

To deal with any other business that may be brought forward in accordance with the Company's constitution and the Corporations Act 2001 (Cth).

## VOTING AND PROXIES

### Voting Entitlements

The Company has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that shares quoted on the Australian Stock Exchange Limited at the end of day on 16 November 2007 shall be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the Meeting.

### Proxy Information

A member who is entitled to vote at the meeting may appoint:

- one proxy if the member is only entitled to one vote, or
- one or two proxies if the member is entitled to more than one vote.

Where the member appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded.

A proxy need not be a member of the Company. If you require an additional proxy form, the Company will supply it on request. The proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company no later than 48 hours before the commencement of the meeting, at:

- Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, or
- by FAX to Computershare Investor Services Pty Limited on (08) 9323 2033 [International: + 61 8 9323 2033]

Proxies must be received by the Company on or prior to 10:30am WST on Saturday 17 November 2007. Any proxy form received after that time will not be valid for the scheduled meeting.

Proxies given by corporate shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Company's constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, a proxy may vote as he or she thinks fit. If a shareholder appoints the chairperson of the meeting as the shareholder's proxy and does not specify how the chairperson is to vote on an item of business, the chairperson will vote, as proxy for that shareholder, in favour of the item on a poll.

By order of the Board

### Stephen Fewster

Company Secretary  
19 October 2007

## EXPLANATORY STATEMENT

This Explanatory Statement and all attachments are important documents. They should be read carefully. If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

### GENERAL INFORMATION

This Explanatory Statement has been prepared for the shareholders of the Company in connection with the Annual General Meeting of the Company to be held on 19 November 2007.

The purpose of this Explanatory Statement is to provide shareholders with information that the Board believes to be material to shareholders in deciding whether or not to approve the above resolutions detailed in the Notice.

### The Resolutions

#### Election of Directors

Mr Peter Harley, a non-executive director appointed to the Board in 1999 and Chairman of iiNet Limited since 2002, announced his retirement from the board of the Company in August 2007. Mr Harley will retire with effect at the end of this Annual General Meeting. The Board extends its sincere thanks to Mr Harley for the significant contribution he has made to the success of iiNet since his appointment.

Clause 3.6(b) of the Company's Constitution requires that any Director who would, if that Director remained in office until the next annual general meeting, have held that office for more than 3 years must retire from office at each annual general meeting, and being eligible, may seek re-election.

Mr Andrew Milner, a non-executive director appointed by the members on 26 November 2004 will automatically retire from office at this annual general meeting of the Company in accordance with clause 3.6(b) of the Company's Constitution, and offers himself for re-election. Resolution 1(a) seeks to re-elect Mr Milner to the Board.

The Board, excluding Mr Milner, unanimously recommends that shareholders vote in favour of this resolution.

Clause 3.6(a) of the Company's Constitution requires that one third of the Directors (excluding the Managing Director and Directors appointed and retiring in accordance with clause 3.3 of the Constitution) must retire from office at each annual general meeting, and being eligible, may seek re-election. Mr Harley automatically retires from office at this annual general meeting in accordance with clause 3.6(a) of the Company's Constitution and does not offer himself for re-election.

Mr Peter James, a non-executive director elected by the members on 27 November 2006 will automatically retire from office at this annual general meeting of the Company in accordance with clause 3.6(a) of the Company's Constitution, and offers himself for re-election. Resolution 1(b) seeks to re-elect Mr James to the Board.

The Board, excluding Mr James, unanimously recommends that shareholders vote in favour of this resolution.

Australian Stock Exchange Listing Rule ("ASXLR") 14.4 states that a director appointed as an addition to the board must not hold office (without re-election) past the next annual general meeting. Clause 3.3(a) of the Company's Constitution requires that any Director appointed by the Board must automatically retire from office at the next annual general meeting, and being eligible may seek re-election.

Mr Michael Smith, a non-executive director appointed by the Board on 19 September 2007, will automatically retire from office at this annual general meeting of the Company in accordance with ASXLR 14.4 and clause 3.3(a) of the Company's Constitution, and offers himself for election. Resolution 2 seeks to elect Mr Smith to the Board.

The Board, excluding Mr Smith, unanimously recommends that shareholders vote in favour of this resolution.

The following information about the directors seeking re-election and election is provided for shareholders to consider.

**Mr Andrew Milner**

B.Bus (IT), age 37, non-executive director, member of the Audit & Risk Committee

Appointed a director of the on 6 August 1999, and re-elected by members 26 November 2004.

Andrew has 15 years experience in the IT sector, having founded and managed a number of successful high-growth businesses. Prior to his appointment to the iiNet board, Andrew was the managing director and principal shareholder of Western Australia's second largest ISP, Wantree Internet. Andrew served as general manager of iiNet's carrier business Chime Communications until his appointment to the board. Andrew also serves as chairman of L7 Solutions, one of Western Australia's largest and fastest growing IT systems integrators. Until his resignation on 30 January 2007, Andrew was a member of the Company's remuneration committee.

**Mr Peter James**

BA, age 57, non-executive director, Chairman of the Remuneration Committee, member of the Audit & Risk Committee.

Director of the Company since 28 November 2003, and re-elected by members 27 November 2006.

Peter is the Managing Director of Adcorp Australia Limited, a publicly listed advertising and communications company. Based in Sydney, Peter has a successful track record across a range of complex businesses including technology, outsourcing, services, recruitment, education and manufacturing. Peter has over 15 years experience as a Board member of public companies and 10 years as CEO/Group Managing Director. Peter brings significant experience in business development, strategic planning and marketing and has over 30 years experience in the communication and information technology industries.

**Mr Michael Smith**

FAMI, CMC, FAIM, GAICD, age 55, Non-Executive Director

Appointed a director of the Company on 6 June 2006.

Michael Smith began his career with TVW Limited after which he joined the Perth Advertising Agency McAuliffe & Goff. In 1979 he formed The Marketing Centre where he is the Managing Director. The firm has been providing strategic marketing advice to leading Australian and international companies since its inception.

Michael currently chairs Synergy, Scotch College and the Perth International Arts Festival. He is a director of 7-Eleven Stores; a chain of 350 convenience stores on Australia's east coast and of Home Building Society Ltd, listed on the ASX. He is also a council member for the Australian Institute of Company Directors. He is a fellow of the Australian Marketing Institute and Australian Institute of Management, an executive member of the American Marketing Association, a chartered management consultant and member of the Institute of Management Consultants.

Michael was formerly the chairman and director of the West Coast Eagles and a director of Indian Pacific Ltd. He was also the state president of the Australian Marketing Institute and a member on the Federal Board. Other past board positions include chairman of the Pearling Industry Advisory Committee and of Barking Gecko Theatre Company.

Adoption of the Remuneration Report

As required by S250R of the Corporations Act 2001 (Cth), a resolution that the remuneration report for the year ended 30 June 2007 be adopted is put to the vote. The remuneration report is set out on pages 26 to 33 of the 2007 Annual Report of the Company. The vote on this item is advisory only and does not bind the directors or the Company; however the Company will take the outcome into consideration when reviewing remuneration practices and policies. During this item there will be reasonable opportunity for shareholders to comment on and ask questions about the remuneration report.

The Board unanimously recommends that shareholders vote in favour of resolution 3, adopting the remuneration that was paid to key management personnel in the 2007 financial year.



## **Issue of Options to Director**

### **1. Background**

Pursuant to resolution 4, the Company proposes to grant an aggregate of 200,000 Options to Michael Smith or his nominees ("Recipient Director").

Details of the terms and conditions of the Options are set out in section 4 following.

The ultimate approval of the resolution by shareholders is entirely a decision for each shareholder to be made by exercising his or her own judgment.

Shareholders are encouraged to seek such expert advice on the matter, as they consider appropriate.

The board (excluding the Recipient Director) recommends that shareholders vote in favour of resolution 4.

### **2. Listing Rule 10.11**

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including an option) to a related party of the company.

If resolution 4 is passed, Options will be issued to the Recipient Director or his nominee.

Accordingly, approval for the issue of the Options to the Recipient Director (or his nominees) is required pursuant to ASX Listing Rule 10.11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to the Recipient Director (or his nominee) as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of the Options pursuant to resolution 4 will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

For the purposes of listing Rule 10.13 and for all other purposes, the following information is provided to shareholders to allow them to assess whether or not to pass resolution 4:

the maximum number of Options to be issued by the Company pursuant to resolution 4 is 200,000;

- a. the name of the Recipient Director and the number of Options to be issued to him following shareholder approval is set out in Section 1 above;
- b. the Options will be issued on the terms and conditions set out in section 6 of this Explanatory Statement;
- d. the Options to be issued pursuant to resolution 4 will be issued no later than one month after the date of this meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the Options will be issued on one date; and
- e. no funds will be raised from the issue of the Options as they will be issued for nil cash consideration. They are issued as an incentive for the Recipient Director to act in the best interests of the Company in the provision of future services to the Company.

### **3. Chapter 2E of the Corporations Act**

Part 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies.

A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing securities (including an option).

For the purposes of Chapter 2E, a Director of the Company is considered to be a related party of the Company and a grant of Options constitutes the giving of a financial benefit.

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- obtain the approval of members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- give the financial benefit within 15 months after the approval.

Accordingly, the Company is seeking shareholder approval for the purposes of Chapter 2E of the Corporations Act in respect of the Options to be issued to the Recipient Director (or his nominees) as contemplated pursuant to resolution 4.

In accordance with the requirements of Section 219 of the Corporations Act, the following information is provided to shareholders to allow them to assess the proposed grant of Options to the Recipient Director (or his nominees):

- Michael Smith is a related party of the Company to whom the proposed resolution 4 would permit the financial benefits to be given;
- the nature of the financial benefit to be given to recipient Director is the granting of an aggregate maximum of 200,000 Options to subscribe for Shares;
- the Recipient Director does not wish to make a recommendation about the proposed resolution affecting him because he has an interest in the outcome of that resolution;
- the Directors who do not have an interest in Resolution 4 recommend that shareholders vote in favour of Resolution 4 and consider that Resolution 4 is in the best interests of the Company to provide an incentive to the Recipient Director for his ongoing performance and commitment to the Company;
- the Recipient Director has an interest in Resolution 4 because he is the proposed recipient of Options;
- the Options are granted for no cash consideration;
- the value of the Options and the Option pricing methodology is set out in Section 2.3.4 of this Explanatory Statement;
- the primary purpose of the grant of the Options to the Recipient Director is not to raise capital but to provide an incentive to the recipient director;
- the last price which Shares traded on ASX prior to the finalisation of this Notice was \$1.70 (on 10 October 2007) The lowest and highest price which Shares traded on ASX, in the past 12 months was \$0.77 (on 17 October 2006) and \$2.32 (on 1 June 2007) respectively;
- if the proposed grant of Options is approved by shareholders, the Options will be offered to the Recipient Director and subsequently allotted by the board of directors;
- if the proposed grant of Options is approved by shareholders, the exercise of the Options by the Recipient Director will result in a dilution of all other shareholders' holdings in the Company. The 200,000 Options, if exercised, would represent 0.16% of the diluted capital of the Company. Upon exercise of the Options, the number of Shares on issue will be 125,814,902 and the number of Options on issue, will be 3,902,000 (assuming no other options issued by the Company are exercised). Upon exercise of the Options, Mr Smith will hold an interest in 0.16% of the diluted capital of the Company.

Shareholders should be aware that the passing of the Resolution will result in:

- the Recipient Director becoming entitled to Options in the Company issued on the terms and conditions set out in Section 6;
- on the exercise of the options in due course, there would be a dilution in the percentage shareholding of iiNet Limited shareholders, but the benefit of an enhancement of the Company's capital base by reason of the consideration or exercise price payable. The number of Shares on issue as at 19 October 2007 was 125,614,902. There also exists 3,902,000 Options; and

- to the extent that the exercise price of the Options may be below the market price of the Shares at the time the Options are exercised, the Company will have foregone the opportunity of issuing the relevant Shares at a price which is higher than the exercise price and which is closer to the relevant market price.

Other than the information specified above, the Company believes there is no other information that would be reasonably required by shareholders in order to decide whether it is in the best interests of the Company to pass resolution 4.

The Company will disregard any votes cast on resolution 4 by any person referred to in the particular resolution being considered and any of their associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form.

#### **4. Details concerning Value of Options**

The ASIC in reviewing documents lodged under Section 218 of the Corporations Act relating to the giving of financial benefits to related parties of public companies requires explanatory information to be included regarding the value of the Options proposed to be granted.

In this regard, the Board has engaged an independent adviser to conduct a valuation of the Options to be granted to the Recipient Director. The advisers to the Board have ascertained the value of the Options to be issued pursuant to resolution 4 to be approximately:

- \$0.60 per Option in respect to the First Tranche Options, exercisable at \$2.00 per Share; and
- \$0.65 per Option in respect of the Second Tranche Options, exercisable at \$2.00 per Share.

The values have been derived using a Black and Scholes Option Pricing Model, and the following inputs and assumptions:

- current share price of \$1.71;
- an option exercise price of as outlined in Section 6 item c and d;
- a risk free rate of 6.6% per annum;
- a volatility factor of 65% which has been determined with reference to the historical trading of the Company's shares on ASX;
- the expiry dates set out in section 6; and
- all other terms and conditions as outlined in section 6 of this Explanatory Statement.

#### **5. Current and proposed interests**

Michael Smith currently holds an indirect interest in 9,105 fully paid ordinary shares and NIL interest in any options over shares in the Company.

#### **6. Terms and Conditions of the Options**

The terms and conditions of the Options are as follows:

a. the Options are exercisable in two tranches as follows;

- half the number of Options granted (the First Tranche Options) are exercisable after 18 months from the date of issue, but not later than 60 months after the date of issue; and
- the remaining half of the number of Options granted (the Second Tranche Options) are exercisable 36 months from the date of issue but not later than 60 months after the date of issue;

b. Options will lapse on the earlier of:

- in the case of the Recipient Director ceasing to be a director of the Company;
- in respect of the First Tranche Options if not exercised within 42 months after they become exercisable ("the First Expiry Date");
- in respect of the Second Tranche Options if not exercised within 24 months after they become exercisable ("the Second Expiry Date");

- if a takeover is made and the offeror acquires at least 50% of the Shares then the option holders will be entitled to exercise their Options at any time within 30 days of written notice to the option holders of the takeover;
- c. each Option in respect of the First Tranche Options is exercisable at \$2.00 per Share;
- d. each Option in respect of the Second Tranche Options is exercisable at \$2.00 per Share;
- e. each Option entitles the holder upon exercise, to be allotted one Share;
- f. Options may be exercised by the holder delivering to the Company before the First or Second Expiry Date (as the case may be) a notice specifying the number of Options to be exercised, an Option certificate covering that number of Options and payment for the exercise price;
- g. Options may only be transferred to an Associate of a holder (unless otherwise determined by the directors of the Company). Otherwise Options will remain non-transferable until such time as they have been exercised;
- h. shares issued upon the exercise of Options shall rank equally in all respects with existing Shares;
- i. the Options will not entitle the holder to dividends until the Options are exercised;
- j. each Option will only entitle the holder to participate in new (other than bonus issues or similar transactions) issues of shares or other securities of the Company on the prior exercise of the Option in which case the holder shall be given written notice of the terms of issue to shareholders at least ten (10) business days (as defined in the ASX Listing Rules) before the record date for the issue, to exercise the Option;
- k. in the event of a bonus issue to the holders of shares the number of shares over which each Option is exercisable shall be increased by the number of shares which the holder would have received if the Option had been exercised before the record date for the bonus issue. The bonus shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the bonus issue and rank equally in all respects with other shares of that class on issue at the date of issue of the bonus shares;
- l. Options will not be quoted on ASX. Application for listing will be made for Shares allotted pursuant to the exercise of Options; and
- m. in the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the terms of Options will be reconstructed (as appropriate) in a manner which is consistent with the ASX Listing Rules.

#### **5. Directors' Recommendation**

The Board (excluding Mr Smith) unanimously recommends that shareholders vote in favour of resolution 4.

### **Enquiries**

Shareholders are invited to contact the Company Secretary, Stephen Fewster on +(61 8) 9214 2222 if they have any queries in respect of the matters set out in these documents.

### **Glossary**

**Board** means the board of directors of the Company.

**Company** means iiNet Limited (ABN 48 068 628 937).

**Constitution** means the Company's Constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company.

**Explanatory Statement** means the explanatory statement to the Notice.

**Meeting** means the meeting convened by the Notice.

**Notice** means the notice of meeting accompanying this Explanatory Statement.

**TO LODGE A PROXY FORM:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia  
Facsimile 61 8 9323 2033

**FOR ALL ENQUIRIES CALL:**  
(within Australia) 1300 557 010  
(outside Australia) 61 3 9415 4000

000001 000 IIN  
MR JOHN SMITH 1  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECEIVED BY 10.30AM 17 NOVEMBER 2007**



YOUR ANNUAL REPORT IS AVAILABLE ONLINE, SIMPLY VISIT:  
**www.iinet.net.au**

- Access your annual report
- Review and update your securityholding

**YOUR SECURE ONLINE ACCESS INFORMATION**

**SRN/HIN:** I1234567890

**POST CODE:** 3030

**!** FOR SECURITY REASONS IT IS  
IMPORTANT THAT YOU KEEP  
YOUR SRN/HIN CONFIDENTIAL.

**HOW TO COMPLETE THIS PROXY FORM** *Please read these notes prior to completion of the voting form.*

**VOTES ON ITEMS OF BUSINESS**

**Voting 100% of your holding.** You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

**Voting a portion of your holding.** You may indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. The sum of the votes cast on each item or the percentages for and against an item must not exceed your voting entitlement or 100%.

**A proxy need not be a securityholder of the Company.**

**APPOINTMENT OF A SECOND PROXY**

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the proportion or number of votes each proxy may exercise, otherwise each proxy may exercise half of the votes. Fractions of votes will be disregarded. A separate Proxy Form should be used for each proxy. You can obtain additional forms by telephoning the company's share registry or you may copy this form. If you lodge two proxies please lodge both forms together.

**SIGNING INSTRUCTIONS**

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.


If a representative of a corporate securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained by telephoning the company's share registry or at [www.computershare.com](http://www.computershare.com).

**LODGEMENT OF A PROXY FORM.** This Form (and any Power of Attorney under which it is signed) must be received at an address given above no later than 48 hours before the commencement of the meeting at 10.30am (WST), 19 November 2007. Any Proxy Form received after that time will not be valid for the scheduled meeting.

## STEP 1 APPOINT A PROXY TO VOTE ON YOUR BEHALF

I/We being a member/s of iiNet Limited hereby appoint

the Chairman of the Meeting OR

 Please leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of iiNet Limited to be held at the Sheraton Hotel, 207 Adelaide Terrace, Perth, Western Australia on 19 November 2007 at 10.30am (WST) and at any adjournment of that meeting.

**IMPORTANT: FOR ITEM 4 BELOW** If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Item 4 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of that Item and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 4 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 4.

## STEP 2 ITEMS OF BUSINESS

**! PLEASE NOTE:** If you mark the **Abstain** box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

	For	Against	Abstain
Item 1(a) Re-election of Mr Andrew Milner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 1(b) Re-election of Mr Peter James	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Election of Mr Michael Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Issue of Options to Mr Michael Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.

## SIGN SIGNATURE OF SECURITYHOLDER(S) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary



I 1234567890

I ND

000001 000 IIN  
MR JOHN SMITH 1  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of name and/or address.** If your name and/or address is incorrect, please mark this box and make the correction on this form. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes. *Please note, you cannot change ownership of your securities using this form.*