

**23 August 2006**

**PowerTel Tranche 2 Placement**

iiNet Limited (ASX:IIN) informs the market that it has agreed to issue 3,763,986 shares to PowerTel Ltd (ASX: PWT) at a price of 69.6c, which is the volume weighted average price of the iiNet share price over the last week.

iiNet and PowerTel entered into a Placement Agreement on 26 May 2006 at which time iiNet issued 12,600,000 shares to PowerTel. A second tranche placement was provided for in that agreement at a price of 85c per share, which was conditional on a number of conditions precedent.

A number of these conditions have not been met including a floor on the trading price of the stock set at 75 cents. The parties have nonetheless agreed to proceed with the placement at a price which more reflects recent trading history.

Based on unaudited accounts to June 30, the company has achieved the EBITDA guidance of \$24.6M provided to the market in May. The Company is in the process of finalising the year end results for release in September.

FURTHER INFORMATION please contact:

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