

iiNet Limited

ABN 48 068 628 937

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

For the Annual General Meeting to be held on 20 November 2012 at 10:30 am (WST) at the Ground Floor iiStore, 502 Hay Street, Subiaco, Western Australia



CONTENTS AGENDA 3 General Business 3 Remuneration Report 4 Non-Executive Director Remuneration 5 How to Vote6 Voting in Person6 Voting by Corporate Representative.......6 EXPLANATORY STATEMENT8 Resolutions 8



NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting ("**AGM**") of shareholders of iiNet Limited ("**Company**") will be held on Tuesday 20 November 2012 at 10:30 am (WST) at the Ground Floor iiStore, 502 Hay Street, Subiaco, Western Australia.

The attached Explanatory Statement is provided to supply shareholders with information to enable them to make an informed decision regarding items of business 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 iiNet Limited financial statements and the reports of the directors and auditor for the year ended 30 June 2012. An electronic copy is available from the investor section of the iiNet Limited website, visit http://investor.iinet.net.au/irm/content/default.aspx.

Election of Directors

Resolution 1(a) - Re-election of Simon Hackett

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

"That Mr Simon Hackett, a non-executive director of the Company, who automatically retires pursuant to Rule 3.3(a) of the Company's Constitution, and having offered himself for re-election and being eligible, is elected as director of the Company."

Resolution 1(b) - Re-election of Michael Smith

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

"That Mr Michael Smith, a non-executive director and Chairman of the Company, who retires by rotation pursuant to Rule 3.6(a) of the Company's Constitution, and having offered himself for re-election and being eligible, is elected as director of the Company."

Resolution 1(c) - Re-election of Peter James

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

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



Remuneration Report

Resolution 2 – Adoption of the Remuneration Report

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

"That the remuneration report of iiNet Limited for the year ended 30 June 2012 be adopted."

Notes:

- This resolution is advisory only and does not bind the Directors or the Company.
- Shareholders should note that the result of the vote on this item may affect the 2013 Annual General Meeting. Under the Corporations Act, if 25 per cent or more of the votes cast at the Meeting are against this resolution (constituting a 'first strike'), a resolution on whether to hold a further meeting to spill the Board (a spill resolution) would be put to the shareholders if a 'second strike' occurs at the 2013 Annual General Meeting. This spill resolution would be included in the 2013 Notice of Meeting.

Voting Exclusion Statement

The Company will disregard any vote cast on Resolution 2 by, or on behalf of:

- (a) a member of the key management personnel as disclosed in the Remuneration Report; or
- (b) a closely related party (such as close family members and any controlled companies) of those persons,

unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.



Non-Executive Director Remuneration

Resolution 3 - Increase in the maximum, aggregate remuneration of non-executive directors

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

"That approval be given under Rule 10.2 of the Company's Constitution and ASX Listing Rule 10.17 to increase the maximum aggregate amount available for the remuneration of non-executive directors by A\$200,000 to A\$900,000 per annum, to be apportioned by the directors at their discretion."

Voting Exclusion Statement

The Company will disregard votes cast on resolution 3 by, or on behalf of:

- (a) a director of the Company; and
- (b) an associate of such a person.

However the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it 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.

In addition, a person appointed as a proxy must not vote, on the basis of that appointment, on resolution 3 if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

By order of the Board

David Buckingham Company Secretary

18 October 2012



Information for Shareholders

How to Vote

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

Voting Entitlements

The Company has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that shares quoted on the ASX at 10.30am (WST) on 18 November 2012 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.

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 10:30 am (WST).

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) ("Corporations Act") in which case the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the Corporations Act. The Certificate is to be lodged with the Company before the meeting or at the registration desk on the day of the meeting.

Shareholders can download and complete the 'Appointment of Corporate Representation' form from the Link website: http://www.linkmarketservices.com.au/corporate/investorservices/forms.html

Voting by Proxy

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.

To vote by proxy electronically, visit www.linkmarketservices.com.au. Select "Investor Login" and enter iiNet Limited or the ASX code (IIN) in the Issuer name field, your Holder Identification Number (HIN) or Security Reference Number (SRN) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click "Login". Select the "Voting" tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website. This must be submitted not later than 10:30 am (WST) on Sunday 18 November 2012, being not less than 48 hours prior to the commencement of the meeting.

Alternatively, the proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) can be sent:

- by post to Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235;
- by fax on (02) 9287 0309 if sent within Australia or +61 2 9287 0309 if sent from outside of Australia; or
- by delivery to 1A Homebush Bay Drive, Rhodes NSW 2138.



Proxy forms must be received **on or prior to 10:30am (WST) on Sunday 18 November 2012**, being not less than 48 hours prior to the commencement of the meeting. 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 on 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 (or the chairperson is the proxy by default) 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.

Your proxy form is enclosed, if you require an additional proxy form, the Company will supply it on request.

Enquiries

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



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 20 November 2012.

The purpose of this Explanatory Statement is to provide shareholders with information that the Board believes to be material to shareholders in considering the items of business detailed in the Notice.

Financial Reports

The Corporations Act requires the Company to lay before the Annual General Meeting the Financial report, Directors' report (including the remuneration report) and the Auditor's report for the last financial year that ended before the Annual General Meeting.

No resolution is required for this item, but shareholders will be provided with a reasonable opportunity to ask questions or make comments in relation to these reports. The Company's auditor will also be present at the meeting and Shareholders will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

Resolutions

Resolutions 1(a), 1(b) and 1(c) - Election of Directors

Resolution 1(a) – Re-election of Simon Hackett

Clause 3.3(a) of the Company's Constitution requires that Directors appointed by the Board in accordance with clause 3.3 must retire from office at the next annual general meeting, and being eligible, may seek re-election.

Mr Simon Hackett, a non-executive Director, was appointed by the Board on 16 August 2012. He automatically retires from office at this annual general meeting of the Company in accordance with clause 3.3(a) of the Company's Constitution, and offers himself for re-election. Resolution 1(a) seeks shareholder approval to re-elect Mr Simon Hackett to the Board. Further information about Mr Simon Hackett is set out below.

The Board, excluding Mr Simon Hackett, unanimously recommends that shareholders vote in favour of Resolution 1(a).

Resolution 1(b) – Re-election of Michael Smith

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 Michael Smith, a non-executive Director and Chairman, was last elected by the members on 24 November 2009. He 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 shareholder approval to re-elect Mr Michael Smith to the Board. Further information about Mr Michael Smith is set out below.

The Board, excluding Mr Michael Smith, unanimously recommends that shareholders vote in favour of Resolution 1(b).



Resolution 1(c) – Re-election of Peter James

Mr Peter James, a non-executive Director, was last elected by the members on 23 November 2010. He 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(c) seeks shareholder approval to re-elect Mr Peter James to the Board. Further information about Mr Peter James is set out below.

The Board, excluding Mr Peter James, unanimously recommends that shareholders vote in favour of Resolution 1(c).

Additional information about directors seeking re-election

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

Mr Simon Hackett

B.Sci (App Maths), FACS

Appointed as a Non-Executive Director of the Company on 16th August 2012.

Simon has worked on the development of the Internet since its early days in Australia. After graduating from the University of Adelaide in 1986, he was a part of the national university team that created the Australian Academic and Research Network (AARNet) - the first emergence of the Internet in Australia.

In 1991 Simon founded Internode and grew it to become the largest privately held Australian broadband company. By 2011, Internode employed around 450 staff, with nearly 200,000 customers and an annual turnover of more than \$180m. Simon agreed to sell Internode to iiNet in December 2011, and continued as Internode Managing Director until his transition to the iiNet board in August 2012.

Simon has been the recipient of numerous industry awards. Amongst the key ones are: Future in Review (FiRe) 2011 Entrepreneur of the Year Award (USA); ACOMMS Telecommunications Ambassador Award (2008); and Bulletin-Microsoft Smart 100 Information Technology & Communications Award (2004), which recognised his role as "a thinker and a doer; a businessman who proudly wears his tech-savvies on his sleeve".

Simon is a fellow of the Australian Computer Society and has held board positions with the Adelaide Fringe, m.Net Corporation and the Australian Network for Art and Technology (ANAT).

He was a founding director of the Internet Society of Australia and the founding president of the South Australian Internet Association. Simon is also a licensed pilot.

Mr Michael Smith

FAMI, CMC, FAIM, GAICD, Non-executive Chairman and member of the Audit & Risk Committee.

Appointed as a Non-Executive Director of the Company on 19 September 2007, appointed Chairman of the Company and elected by the members on 19 November 2007.

Michael began his career with TVW Limited, after which he joined Perth advertising agency, McAuliffe & Goff. In 1979, he formed The Marketing Centre where he sat as Managing Director and provided strategic marketing advice to leading Australian and international companies.

Michael currently chairs Synergy and Lionel Samson Sadlier Group. He holds a Deputy Chairman post with the Automotive Holdings Group and is a director of 7-Eleven stores, a chain of 600 convenience stores on Australia's east coast. Michael is a Director of the Australian Institute of Company Directors and President of the WA division of the Australian Institute of Company Directors. He has been made a fellow of the Australian Marketing Institute, Australian Institute of Management and the Institute of Management Consultants. He is



also a board member of Giving West, an executive member of the American Marketing Association, a chartered management consultant and member of the Institute of Management Consultants.

Michael was formerly Chairman and Director of the West Coast Eagles, Scotch College and the Perth International Arts Festival. He steered Indian Pacific Ltd as a director and has presided previously as WA State President of the Australian Marketing Institute and a member on its Federal Board. Other past board positions included Chairman of the Pearling Industry Advisory Committee and of Barking Gecko Theatre Company.

Mr Peter James

BA, FAICD, Chairman of the Remuneration & Nomination Committee

Peter James was appointed as a Non-Executive Director of iiNet on 28 November 2003, and is the Chairman of the Company's Remuneration & Nomination Committee.

Peter's experience includes 21 years as a board member of a range of Australian publicly listed companies. In addition, Peter has 16 years experience in Chief Executive Officer Roles, including Computer Power Group Limited, Ainsworth Game Technology Limited, and Adcorp Australia Limited, a publicly listed media and communications company.

Peter is a Non-Executive Director of Macquarie Telecom Ltd and has played a leading role in launching Ninefold an Australian Cloud Technology business where he is currently Chairman. Peter is also a successful investor in a number of Australian Technology and Social Media businesses, including the leading Australian group buying site JumpOnIt which was sold to US based LivingSocial in January this year.

Peter has a particular interest in building high performance teams and is one of the judges for the annual Aon Hewitt Best Employers program.

Resolution 2 - Adoption of the Remuneration Report

As required by section 250R of the Corporations Act, a resolution that the remuneration report for the year ended 30 June 2012 be adopted is put to the vote. The remuneration report is set out on pages 30 to 43 of the 2012 Annual Report of the Company.

The vote on this item is advisory only and will not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

There will be reasonable opportunity for shareholders to comment on and ask questions about the remuneration report.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 2 by marking either "For", "Against" or "Abstain" on the Proxy Form. The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 2.

The Board unanimously recommends that shareholders vote in favour of Resolution 2.



Resolution 3 - Increase in maximum aggregate remuneration

The current maximum aggregate amount approved by shareholders to be paid as remuneration to all non-executive directors, excluding expenses and fees for any extra services performed, is A\$700,000. This sum was approved at the 2008 AGM. ASX Listing Rule 10.17 and Rule 10.2 of the Company's Constitution provides that the Company may not, without shareholder approval, increase the total amount of non-executive directors' fees.

Pursuant to Listing Rule 10.17 and Rule 10.2 of the Company's Constitution shareholder approval is sought to increase the current sum of A\$700,000 by A\$200,000 to a new maximum aggregate amount of A\$900,000. The increase in the maximum aggregate remuneration is reflective of the increase in the size of the iiNet group since November 2008, the increase in the number of non-executive directors from five to six and to allow for further development of the iiNet Limited Board.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 3 by marking either "For", "Against" or "Abstain" on the Proxy Form. The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 3.

Given the interests of the non-executive directors in this item, the Board as a whole makes no recommendation on Resolution 3.



Glossary

- "ASX" means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.
- "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 Memorandum.



ABN 48 068 628 937

LODGE YOUR VOTE

■ ONLINE >	www.linkmarketservices.com.au				
By mail: iiNet Limited C/- Link Market Serv Locked Bag A14 Sydney South NSW 12		By fax: +61 2 9287 0309			

Overseas: +61 2 8280 7702

All enquiries to: Telephone: 1300 275 410

SECURITYHOLDER VOTING FORM

I/We being a member(s) of iiNet Limited and entitled to attend and vote hereby appoint:

STEP 1	STEP 1 APPOINT A PROXY							
the Chairman of the Meeting (mark box) OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named. If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10:30am (WST) on Tuesday, 20 November 2012, at Ground Floor iiStore, 502 Hay Street, Subiaco, Western Australia and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.								
Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. Please read the voting instructions overleaf before marking any boxes with an X VOTING DIRECTIONS								
JIEI Z	_							
Resolution 1(a) Re-election of Simon Hack Resolution 1(b) Re-election of Michael Sm Resolution 1(c) Re-election of Peter Jame	ith	Against Absta	Resolution 2 Adoption of the Resolution 3 Increase in the may remuneration of no directors	ximum, aggregate	For Against	Abstain		
* 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.								
STEP 3		IMPORTANT -	VOTING EXCLUSIONS	S				
how to vote as the Chairman o cast by him/her and you have n will not be cour	your proxy in respect the Meeting may ex r for that Item, other ot directed your proxuted in calculating the	t of Item 3 above, ercise your proxy eventhan as proxyholde by how to vote, the required majority	xy, or may be appointed by please place a mark in this yen though he/she has an ir, would be disregarded be Chairman of the Meeting y if a poll is called on this d proxies in favour of Item	s box. By marking the nterest in the outcor cause of that interes will not cast your voltem.	nis box, you acknowle ne of that Item and th st. If you do not mark	dge that nat votes this box,		
STEP 4	SIGNATURE (F SECURITYHO	LDERS - THIS MUST	BE COMPLETED				
Securityholder 1 (Individua		Joint Securityholde			lder 3 (Individual)			
Sole Director and Sole Com	npany Secretary	Director/Company	Secretary (Delete one)	Director				

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. Please note: you cannot change ownership of your securities using this form.

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business - Proxy Appointment

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 unless you 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. If you do not mark any of the boxes on the items of business, 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.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's security registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

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

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney 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.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's security registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10:30am (WST) on Sunday, 18 November 2012, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE >

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

iiNet Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138