

1 June 2006

***CAPITAL RAISED FOR STRATEGIC EMERGING OPPORTUNITIES***

**PIPE Networks Limited (ASX:PWK)** announced today that it had raised \$7.6 Million by way of placement of 4 Million ordinary shares in the Company at a price of \$1.90 each to institutional and retail investor clients of ABN AMRO Morgans and Wilson HTM.

The capital raising will help further position the Company strategically to pursue new opportunities to leverage its considerable fibre optic network and internet peering base with new products and partnerships targeted at driving increased network utilisation and profit margins.

As a result of this process, the Company has extended its shareholder base to include high-quality institutional investors.

Given the strong demand for the placement, the founding shareholders, Bevan Slattery and Stephen Baxter agreed to sell a combined total of 2 Million shares at a price of \$1.90 each to help increase liquidity in the Company's shares. As a result, the founders continue to hold 8.9 million shares each, representing a total of 45.5% of the company voting stock between them.

Managing Director Bevan Slattery welcomed the new institutional and retail investors to the Company. He said that, while previous funding sources were sufficient for its forecast growth path, new opportunities were emerging that, if executed, would offer the Company even greater growth beyond the December 2006 completion of the current fibre optic network expansion.

"Current revenue growth is being driven by the expansion of the fibre optic network and increasing 'on-net' sales in more mature markets. The Board wishes to accelerate these core business opportunities and position the company to take advantage of the Company's extensive fibre network to provide innovative products to accelerate additional growth and further improve margins."

Mr Slattery said that the successful capital raising would provide critical funding to help execute Board-approved new strategic projects, along with an increase in market capitalisation and enhanced liquidity in the Company's shares.

### **About PIPE Networks**

PIPE Networks has been recognised as the “Carrier of the Year” and a leader in innovative and cost effective services by the Australian Telecommunications User Group and its Dark Fibre services were rewarded as winner of the 2005 ‘Best Communication Solution for Large Business’.

Dark fibre is the Company’s flagship service, providing customers with complete flexibility over the technology, equipment or protocols they run on their network, together with the almost unlimited bandwidth potential of optical fibre and point-to-point privacy and security.

### ***ENDS***

For more information:

Bevan Slattery  
Managing Director  
PIPE Networks Ltd  
T: 07 3233 9800  
bevan @PIPEnetworks.com