

**ASX**

AUSTRALIAN STOCK EXCHANGE

22 August 2003

Mr Hasan Rifat  
Managing Director  
BroadTel Communications Limited  
479 St Kilda Road  
MELBOURNE

By facsimile: 03 9867 8883

Dear Mr Rifat

**BroadTel Communications Limited (the "Company")**

I refer to the Company's announcement titled "Completion of Capital Raising" (the "Announcement"), and an accompanying Appendix 3Y, change of director's interest notice (the "Appendix 3Y"), released to the market on 18 August 2003, and subsequent discussions between ASX and the Company.

The Appendix 3Y states that you acquired an indirect interest in 15,000,000 ordinary shares, which were issued by the Company at an issue price of 2.5 cents each.

The Company has since advised that 2,000,000 of these shares were issued to the managing director, and the other 13,000,000 are the subject of a beneficial interest held by the managing director.

I refer you to listing rule 10.11, which states as follows.

**Approval required for an issue of securities**

10.11 Unless one of the exceptions in rule 10.12 applies, an entity must not issue or agree to issue \*equity securities to any of the following \*persons without the approval of holders of \*ordinary securities.

10.11.1 A \*related party.

10.11.2 A \*person whose relationship with the entity or a \*related party is, in ASX's opinion, such that approval should be obtained.

Introduced 1/7/96. Original Listing Rules 3E(8)(a), 3E(8)(a)c. Amended 1/7/2000, 30/9/2001.

I note that none of the exceptions in listing rule 10.12 apply in this case.

The 15,000,000 shares have been issued in breach of listing rule 10.11. The ASX Listing Rules do not provide for the ratification of an issue of securities made in breach of the listing rules.

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ASX requires the Company to take immediate corrective action, as follows.

1. That the Company immediately cancel those shares issued in breach of the listing rules.

In view of the circumstances of the issue, ASX considers that transfer of these shares from the allottees to certain third parties would not be satisfactory to ASX. ASX considers that anything less than cancellation of the shares would not remedy the breach and therefore would constitute a continuing breach of the listing rules.

2. Please confirm that the Company is in compliance with all listing rules other than listing rule 10.11, and in particular listing rule 3.1.

Your response should be sent to me on facsimile number 03 9614 0303. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 4:00 pm EST today, 22 August 2003.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely,



Rick Iversen  
Companies Advisor

BroadTel Communications Limited  
Ground Floor, 479 St Kilda Road  
PO Box 7008  
Melbourne VIC 3004  
Phone: 03 9861 1000  
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Mr Rick Iversen  
Companies Advisor  
Australian Stock Exchange Limited  
MELBOURNE VIC 3000  
**By fax (03) 9614 0303**

22 August 2003

Dear Mr Iversen:

**Response to your letter of today**

I refer to your letter to Mr Rifat of earlier today.

In response to your letter, I confirm as follows:

- That I have cancelled 15,000,000 ordinary shares originally allocated to a director under the recent share issue; and
- The company is in compliance with all ASX listing rules other than listing rule 10.11, and in particular, listing rule 3.1.

Please call me if you have any comments or queries.

Yours sincerely

A handwritten signature in black ink, appearing to read "Charles Birch".

Dr Charles Birch  
**Company secretary**