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Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

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Dear Sir/Madam

ASX ANNOUNCEMENT AND MEDIA RELEASE
SP TELEMEDIA AND B DIGITAL
FORGE STRATEGIC ALLIANCE

The Boards of SP Telemedia (SPT) and B Digital (BBB) announced today that the two companies had signed a binding Heads of Agreement to enter into a number of transactions that would form the basis of a strategic alliance.

This alliance will have the effect of linking one of Australia's major "voice" carriage service providers (BBB), with one of Australia's most extensive Internet protocol ("IP") telecommunications networks (SPT's network and the Comindico network).

The transactions involve:

- i. the sale to BBB of SPT's telecommunications resale business, Kooee Communications; and
- ii. the sale of 50% of SPT's investment in the assets and business of Comindico to BBB.

The consideration for the transactions will be the issue of 240 million fully paid shares in BBB to SPT, and the payment by BBB of \$13.75 million in cash.

The 240 million shares issued by BBB to SPT will equate to an approximate 30% interest in BBB following completion. The closing of the transactions will be subject to the satisfaction of conditions, including the completion of acceptable due diligence by BBB and final transaction documents, the preparation of an independent expert's report concluding that the transactions are reasonable for BBB shareholders, BBB shareholder approval and necessary third party consents.

SPT currently owns and operates one of Australia's largest regional broadband telecommunications networks providing various high quality IP based broadband telecommunications products throughout Australia. The SPT network is a fully converged network, enabling the carriage of video, voice and data on one platform and is Voice over IP (VoIP) capable and, on completion of the acquisition of the Comindico network, will provide extensive reach and coverage throughout regional and metropolitan Australia.

SPT will shortly complete the acquisition of the assets and business of Comindico. Comindico also operates an extensive IP network with voice interconnect at all 66 Telstra call collection areas achieving an approximate 98.5% coverage of Australia. The Comindico network is also state of the art IP technology and fits perfectly with the SPT broadband infrastructure with both parties operating the Cisco IP MPLS network platform particularly suited to voice video and data applications.

BBB is one of Australia's leading telecommunications carriage service providers providing various fixed line and mobile telephony products and services under the "B Digital" and "DigiPlus" brands. BBB also provides data products and services. BBB currently provides telecommunications services throughout Australia to in excess of 510,000 customers. BBB is a profitable telecommunications provider and operates billing and customer care platforms. BBB's costs of billing and managing its customer base are one of the lowest in the industry.

For SPT shareholders the effect of these transactions will see SPT emerge as the largest single shareholder in BBB.

Together SPT and BBB will be able to explore numerous opportunities in markets products and services where the other party had limited capability and investment.

SPT Chairman, Mr Rob Millner stated: "The strategic alliance we have formed with B Digital will mean SPT can introduce a number of new products to our current and future customers particularly in the mobile voice market enabling SPT to compete effectively as we see increased bundling in supply of services. B Digital is an efficient and well managed company which can contribute positively to SPT in the billing and customer management functions."

B Digital Managing Director, Mr Peter George stated: "This is an important step in the further development of B Digital from a mobile telephony business to one that can offer a wide suite of voice and data services. The alliance with SPT will mean B Digital is well placed to take advantage of future opportunities in the residential VoIP business. There is minimal duplication or overlap of the SPT and- BBB business operations as BBB is essentially a metropolitan based service provider concentrating on residential customers whilst the alliance will enable BBB to expand into rural and regional markets.

A Notice of Meeting and Explanatory Statement for the requisite BBB shareholder meeting will be lodged with the ASX and dispatched to shareholders in January. The Explanatory Statement will contain relevant financial information together with other information required by the Corporations Act and Listing Rules in relation to the proposed resolutions, and will be accompanied by an Independent Expert's Report. A shareholders' meeting seeking approval of the issue of shares is targeted for February.

For further information contact:

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Mr Peter George, B Digital Chief Executive Officer (08) 9463 5800

Yours faithfully
For and on behalf of B Digital Limited

D.J. Kelly
Company Secretary
B Digital Limited