Tele-IP
... on the pulse

23 January 2006

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Melissa Grundy
Senior Advisor
Australian Stock Exchange

Facsimile: (07) 3832 4114

Dear Ms Grundy,

We refer to your letter of 19 January 2006 in relation to a recent increase in the price of the Company's securities and trading volumes.

We respond to your queries as follows:

1. The Company is not aware of any information concerning it that has not previously been announced which, if known, could be an explanation for recent trading in the securities of the Company. The Company however notes the following:

   Australasian Investment Review Article

   The Company advises that an investment article was released on 19 January 2006 by Australasian Investment Review in its Aireview Publication. The review provides personal opinion and analyses information already available to the market. A copy of the article has now been posted on the Company's website at www.tele-ip.com.

   Expansion of Network Integration Business

   As previously announced to the market on 3 January 2006, the Company is currently investigating expansion opportunities in Queensland for its Voice and Data Network Integration Business and is in negotiations with third parties in relation to proposed acquisitions. The Company has not agreed upon the terms of any proposed acquisition and has not concluded due diligence enquiries.

2. Not applicable.

3. The Company anticipates that there will be a change in the operating profit/loss before abnormal items and income tax so that the figure for the half year ended 31 December 2005 will vary from the results of the corresponding period in the previous year by more than 15%. This anticipated change results from the acquisition by the Company of the PGS and Able Network

Integration businesses. The operational integration of these businesses together with the Tele-IP business was not fully completed until 1st October 2005. The company has not finalised its accounts for the half year to 31 December 2005 but on the basis of the management accounts to that date, the indicative results for that six month period together with the results for the prior corresponding six month period to 31 December 2004, are as follows.

TELE-IP LIMITED

Statement of Financial Performance COMPARATIVE FIGURES

	Six months to 31-Dec-05 $'000	Six months to 31-Dec-04 $'000
Revenue	**6,038**	**2,152**
Cost of sales	**(3,854)**	**(1,400)**
Operating expenses	**(3,788)**	**(1,756)**
Profit / (Loss) before tax	**$ (1,604)**	**$ (1,004)**

4. The Company's 2005 Rights Issues Prospectus included a profit/loss forecast for a 12 month period commencing post integration by the Company of the Able and PGS Network Integration businesses. Integration of these businesses commenced in the first quarter of the 2005/2006 financial year. The Company currently anticipates that its results will be consistent with its forecast results for a 12 month period commencing from 1 October 2005.

5. The Company is not aware of any other explanation for the price volume increases.

6. As far as the Company is aware, it is in compliance with all ASX Listing Rules, including Listing Rule 3.1.

Yours faithfully

Ian May
Managing Director

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19 January 2006

Mr Ian May
Managing Director
Tele-IP Limited

By facsimile: (03) 8851 0390

Dear Mr May

Tele-IP Limited (the "Company")
PRICE QUERY

We have noted a change in the price of the Company's securities from 4.9 cents on 18 January 2006 to a high of 5.9 cents today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

   Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the operating profit/loss before abnormal items and income tax so that the figure for the half year ended 31 December 2005 would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.

4. Is there any reason to think that the Company may record any material abnormal or extraordinary profit/loss for the half year ended 31 December 2005? If so, please provide details.

5. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?

6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at melissa.grundy@asx.com.au or by facsimile on facsimile number (07) 3832 4114. 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 half an hour before the start of trading (ie before 9.30 a.m. E.S.T. on Friday, 20 January2006).

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.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

Melissa Grundy
Senior Adviser, Issuers (Brisbane)