

24 February 2006

The Manager
Company Announcements Platform

Tele-IP Ltd
ABN 39 010 568 804
796 High Street
Kew East VIC 3102
Australia
T +61 3 8851 0300
F +61 3 8851 0388
info@tele-ip.com
www.tele-ip.com

Announcement for Immediate Release

Tele-IP announces Queensland acquisition

The company advises that it has entered into Heads of Agreement to acquire the business of Queensland based TSA Communication Solutions Pty Ltd for a purchase consideration of \$3.5 million. The purchase consideration is to be satisfied by a combination of a cash payment and the issue of shares. Completion of the acquisition is anticipated to occur on 1 April 2006 and is subject to due diligence and entry into a formal sale of business agreement.

TSA Communication Solutions was established in 1993 and has grown to be, currently, the largest NEC Channel Partner in Queensland. The business services the same market segments as those presently serviced by Tele-IP's Victorian presence and will provide excellent synergies in terms of National Customer Servicing and Resource utilisation.

The acquisition of the TSA Communication Solutions business complements Tele-IP's existing voice and data IP network services business and its satellite communications division (Beam), to develop a totally integrated operation.

TSA currently services its National and Local clients from its Brisbane base and from January 2006, commenced operations on the Gold Coast.

Tele-IP envisages that within 12 months it will have established a full South East Queensland presence through the proposed expansion of operations to the Sunshine Coast. This will see the integrated entity well positioned to service one of Australia's fastest growing regions.

Following on from Tele-IP's 2005 acquisition of two Victorian based network integration businesses, the proposed acquisition will be the third phase in developing a national company that will expand the proposed benefits of the Victorian and Queensland integration across target markets throughout Australia.

Tele-IP opened a Sydney office in late 2005 to service its national customers and this office will now also provide services for the TSA national customers. Further substantial growth is planned for the New South Wales operations later this year.

TSA Communication Solutions Pty Ltd

TSA Communication Solutions, which has a present turnover of approximately \$5.62M [unaudited], has a staff of 26 and was established in 1993. TSA Communication Solutions is a major channel partner for NEC Business Solutions Ltd and provides the following services to its large base of more than 1500 customers:-

- The sale, installation, maintenance and servicing of NEC Business Telephony Solutions including, Voice over IP, Unified Messaging, IP Telephony, wireless telephone systems
- Data network design, Supply, programming and installation under its Hewlett Packard Procurve Networking Specialist Accreditation
- Project management
- Facilities Management
- Provisioning of all Telstra Services
- Specialists in Call Centre, Business Process Improvement applications
- Telecommunications Billing consultancy

TSA Communication Solutions has a number of national and multinational customers for whom it carries out extensive telecommunications services including ABN Amro Morgans Ltd, Wilson HTM Ltd, Sisters of Charity Hospitals Network in Qld, Rio Tinto, Macarthur Coal Ltd, Boeing, Stanwell Power Corporation, GE Capital Finance Australasia Pty Ltd, Maunsell Australia, John Wiley and Sons Australia Ltd, Collection House Ltd, Mincom Ltd, Australian Aerospace, Mission Employment Group, Ideal Electrical Group, Lincoln Sentry Group, Parsons Brinkerhoff and the Australian Red Cross.

TSA Communication Solutions also performs extensive sub-contract work on behalf of NEC Business Solutions for clients such as Qld Health in addition to providing NECARE contracted services to over 50 major clients on behalf of NEC.

TSA Communication Solutions personnel who will transition to Tele-IP post completion, have extensive Technical Expertise measuring over 300 years of combined experience in the Telecommunications Industry. Not only is the business a leading NEC Channel Partner, but it is the leading seller of IP solutions in the Australian Channel for NEC Business Solutions having successfully sold the largest number of NEC's Univerge SV7000 solutions throughout the Australian market.

This acquisition does not include TSA Software Solutions, which will continue unchanged as a separate entity, but will maintain its strong relationship in partnering with Tele-IP in all hardware and services business in the future.

Tele-IP Ltd proposed Management Structure - Queensland

Mr Ian May remains as Managing Director of Tele-IP Ltd, based in Victoria.

The Chief Executive Officer of TSA Communication Solutions, Mr David Asnicar will join Tele IP as State Manager for Queensland. The TSA Installation and Service Manager, Mr Grant Parker will also join Tele IP as Technical Services Manager, Queensland.

Mr David Asnicar is qualified with a Bachelor of Business Degree (majoring in Banking/Finance and Accounting and is a Senior Associate with the Financial Services Institute of Australasia. He has been CEO of TSA Communication Solutions for the past 2 years having worked as CFO for the preceding 3 years. He also has over 13 years of Banking and Finance experience with the National Australia Bank including 5 years in varying Management positions.

Mr Mark Condon, one of the original founders of TSA Communication Solutions, will remain with the Tele IP Queensland team in a Senior Management capacity. Mark commenced in the Telecommunications Industry in 1982 and has worked in a number of telecommunication companies including NEC Business Solutions, where he was employed as a Project Manager to oversee and manage the installation of medium to large NEC PABX's. Mark then moved to TSA in 1993, where his focus has been on building a team that is at the forefront of leading edge technology support capabilities and a strong customer focus, which is reflected in TSA's high market reputation.

Mr Grant Parker joined TSA Communication Solutions as one of its original employees in 1993, working in a Senior Technical Role and was promoted to Installation and Service Manager in 1998. Grant's experience on NEC Telephony platforms stems back to the late 1980's, including direct employment by NEC Business Solutions. During his time in the telecommunications industry, Grant has co-ordinated some of Brisbane's largest NEC installations.

Further opportunities exist for the merged entity to then support a larger consolidated customer base, providing the potential for the cross-selling of current and future products to a substantially broader market.

There are no plans to reduce or rationalise any of the current lines of business within the integrated entity. This will ensure the maintenance of the on-going relationships and revenue streams and maximise the opportunity for the cross-selling of the various products and services.

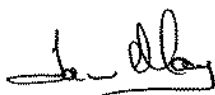
As voice and data convergence accelerates in the market, the integrated entity will be well positioned selling a convergent product, that of intelligent PBX-based solutions using wireless, traditional data networks and Voice over IP products. This also opens up the opportunity to expand the Managed Services portfolio, supporting all communications technologies to the user, over 3 - 5 year period contracts, including maintenance, billing analysis, break/fix, "moves/adds/changes", leasing and insurance products, creating a substantial annuity revenue stream.

About Tele-IP Limited

Tele-IP is an Australian company focused on the development and sale of products and services to the telecommunications markets in Australia and overseas through its satellite and voice and data IP network services divisions.

More information www.tele-ip.com

Yours faithfully,



Ian May
Managing Director