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The Manager
Company Announcements Platform

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Announcement for Immediate Release

Tele-IP announces execution of Agreement for Sale of Business

Further to an announcement of 24 February 2006, Tele-IP Limited (*the Company*) is pleased to announce that it has today executed an Agreement for Sale of Business to acquire the business of Queensland based TSA Communication Solutions Pty Ltd. The purchase price for the acquisition is \$3.5 million payable by way of a combination of cash and shares in the Company.

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 the Company'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 compliments the Company's existing voice and data IP network services business and its satellite communications division, to develop a totally integrated operation.

Completion of the acquisition is conditional upon, inter alia, the Company undertaking a capital raising of up to \$2.5 million and issuing shares in the Company with a nominal value of \$1 million to the vendors of the TSA business.

The Company will despatch today a Notice of Meeting seeking shareholder approval to undertake the capital raising and to issue the shares to the vendors of the TSA Business in order to effect completion of the acquisition.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Ian May", is written over a horizontal line.

Ian May
Managing Director