25 November 2005

Re: Capital Expenditure and Funding

Macquarie Telecom Group Limited (ASX:MAQ) wishes to clarify comments made in an article that appeared in today's edition of *The Australian* regarding capital expenditure being made and funding being sought by the company.

The company confirms that it has secured an amount of external, asset-backed funding and is in the final stages of negotiating additional asset-backed funding. The total amount of funding involved is up to $20 million.

This funding will comfortably cover the company's capital investment requirements. The business currently has and will maintain a healthy balance sheet.

The company's capital expenditure plans have been previously announced and guidance on capex has been issued. The largest capex item is the Metro Access Network. Macquarie Telecom will complete the role out of the Metro Access Network in 2006, and expects the total capital investment to be approximately $9 million, in line with expectations. Of the $9 million, $7 million will be spent in the 2006 financial year.

Recurring core capital expenditure is expected to be approximately 5% of revenue.

--Ends--

For more information, please contact:

Chris Savage, Savage & Horrigan: (02) 8281 3231 or 0404 012 266