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ASX ANNOUNCEMENT

POWERTEL SHAREHOLDERS TO VOTE ON CAPITAL MANAGEMENT INITIATIVE

PowerTel Limited announced today that it would ask Shareholders to vote on the implementation of a capital management initiative of up to \$50M at a General Meeting in January.

The past 12 months has seen PowerTel invest in Perth-based internet service provider, iiNET; announce its first-ever profit; introduce an ADSL2+ product; and sign significant supply deals with Westnet and AAPT.

At the end of January, the Board will ask shareholders to approve a proposal which is a combination of capital return to shareholders and an on-market share buy-back.

If shareholders approve the proposal, PowerTel's Board will determine the amount to be allocated to each of the pro-rata capital return to shareholders and on market share buy-back. At this stage, the Board expects to approve a pro-rata capital return in the range of \$20 million to \$25 million (representing approximately 14 to 18 cents per share). The Board also intends to apply some or all of the balance to an on-market buy-back.

Chairman, John Conde, said the Company's Directors considered PowerTel's shares to represent an attractive investment opportunity.

"Strong free cash flow has reduced the Company's leverage and the proposed capital management initiative will increase the Company's debt to a more optimal level resulting in a more efficient capital structure," Mr Conde said.

The General Meeting will be held at 10am on January 30 at the Museum of Sydney, Phillip Street, Sydney.

FURTHER INFORMATION:

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