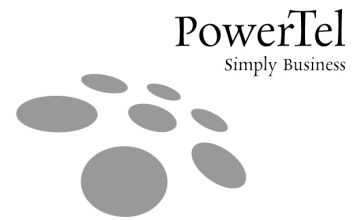


PowerTel Limited

ACN 001 760 103



Notice of General Meeting and Explanatory Statement

Date: 30 January 2007

Place: Museum of Sydney, Theatre, Corner Bridge & Phillip Street, Sydney, NSW

Time: 10.00 am Sydney time (Daylight Savings Time)

This is an important document about your shareholding in PowerTel Limited.

If you cannot attend the meeting in person, you may complete and return the enclosed Proxy Form.

You should consult your financial or other professional adviser if you are in doubt as to how to act.

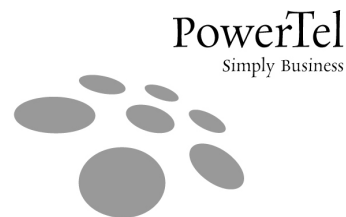
POWERTEL LIMITED

DETAILS

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Sydney, NSW 2000
Australia

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28 December 2006

Dear Shareholder

The Directors seek your approval to implement a capital management initiative of up to \$50 million in total.

The capital management initiative proposed, is a combination of a capital return to shareholders and an on-market share buy-back.

If approved, the Board will determine, in its discretion, the amount to be allocated to each of the capital return to shareholders and the 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 intends to apply some or all of the balance to an on-market buy-back. There is no guarantee that the total of \$50 million, for which approval is sought, will be used.

The Company considers proposals for acquisitions, strategic alliances and other transactions from time to time. Consideration of any such proposals may include the consideration of a capital return outside the range of the capital return mentioned in the previous paragraph.

The Directors consider PowerTel shares to present an attractive investment opportunity. Strong free cash flow from operations supports the Company's proposal for these capital management initiatives, the result of which will be a more efficient capital structure from the increase in the Company's debt level.

The Directors consider that, after implementing the proposed capital management initiative, the Company will have access to sufficient capital to fund growth initiatives.

The Explanatory Statement, which is attached to the Notice of Meeting, provides a detailed explanation of the proposals and I encourage you to read it carefully.

The Notice of Meeting also includes a proposed approval for the implementation of a transaction incentive for the Managing Director.

If you cannot attend the meeting in person, please complete the enclosed Proxy Form and return it to PowerTel.

We look forward to seeing you at the General Meeting on 30 January 2007.

Yours faithfully

John C. Conde, AO

Chairman

Notice of General Meeting

Notice is given that a General Meeting of the shareholders of PowerTel Limited will be held:

On: 30 January 2007, at 10.00am Sydney Time (Daylight Savings Time)

At: Museum of Sydney, Theatre, Corner Bridge & Phillip Street, Sydney, NSW

Business

To consider and, if thought fit, to pass the following as ordinary resolutions:

Resolution 1: Capital Return

"That, in accordance with section 256C(1) of the Corporations Act 2001, the Company approves an equal reduction of capital, details of which are set out in the Explanatory Statement accompanying this Notice of Meeting, by the payment, on a pro-rata basis, of up to \$50 million in total less any amount applied to the on-market buy-back referred to in Resolution 2 ."

Resolution 2: On-market buy-back

"That the terms of the buy-back arrangement described in the Explanatory Statement accompanying this Notice of Meeting is approved, subject to the Company buying back no more than \$50 million worth of its shares, less any amount applied to the capital return referred to in Resolution 1."

Resolution 3: Approval of issue of shares to the Managing Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"For the purpose of ASX Listing Rule 10.14, that approval be given for the issue of ordinary shares in the Company up to three years after the date of this meeting to or on behalf of Mr Paul Broad, the Company's Managing Director, in accordance with the Company's Transaction Incentive Invitation issued to Mr Broad and the provisions of the Company's Deferred Employee Share Plan as summarised in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting exclusion

Except as set out below, the Company must disregard any votes cast on Resolution 3 by:

- a director of the Company (except one who is ineligible to participate in any PowerTel employee incentive scheme); and
- an associate of any of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxies

If you are not able to attend the General Meeting, please complete the enclosed Proxy Form and return it to PowerTel by 10.00am Sydney time (Daylight Savings Time) on 28 January 2007.

Any member entitled to attend and vote is entitled to appoint a proxy. The proxy need not be a member of PowerTel. A member who is entitled to cast two or more votes may appoint two proxies, and may specify the proportion or number of votes each proxy is appointed to exercise.

If the Chairman is appointed as proxy for any shareholder who is entitled to vote (either by being nominated on the Proxy Form or by default), he intends to vote any undirected proxies in favour of each resolution.

To be effective, proxy forms (duly completed) must be sent to PowerTel's share registry, Computershare Investor Services Pty Ltd:

- in the reply paid envelope; or
- by mail to GPO Box 242, Melbourne, Victoria 8060; or
- by fax on (08) 8236 2305,

or delivered to PowerTel's registered office at Level 11, 55 Clarence Street, Sydney, NSW, 2000, and must be received at least 48 hours before the time notified for the General Meeting.

Cut-off date for voting rights

For the purposes of the General Meeting, the Directors have determined that all shares of PowerTel that are quoted securities at the close of business on 28 January 2007 are taken to be held by the persons who hold them at that time. The entitlement of members to vote at the General Meeting will be determined by reference to that time.

Dated 28 December 2006.

By Order of the Board

Mr Simon McEgan

Company Secretary

Explanatory Statement

INTRODUCTION

This Explanatory Statement is intended to provide shareholders with information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting of the Company.

The Directors recommend that shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

If you are not able to attend the General Meeting, please complete the attached form of proxy and return it to the Company or the Company's share registry, Computershare Investor Services Pty Ltd, by 10.00 am on 28 January 2007.

RECOMMENDATION

The Directors recommend that you vote in favour of all the Resolutions. However, Mr Paul Broad abstains from making a recommendation on Resolution 3 because of his personal interest in the subject matter of that Resolution.

Capital Management Proposals

The Directors propose to implement a capital management initiative of up to \$50 million in total. There is no guarantee that a total of \$50 million will be used. The capital management initiative will be a combination of a capital return to shareholders and an on-market share buy-back.

The Board will determine in its discretion the amount to be allocated to each of the pro-rata capital return to shareholders and the 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). In determining the amounts to be allocated, the Board will consider factors including, but not limited to, the following:

- › the price and volume at which shares are available to buy back on-market;
- › the outcome of an application to the Australian Taxation Office ("ATO") regarding the tax consequences for PowerTel and its shareholders; and,
- › organic growth opportunities, strategic proposals, alliances and/or acquisitions.

Reason for Capital Management Initiative

The reasons for the capital management initiative are:

- The Company regularly reviews its capital structure as regards an optimal level of debt and cash. Strong free cash flows have reduced the Company's leverage level to below optimum and have enabled the Company to increase its debt to a more optimal level, resulting in a more efficient capital structure.

- The Directors believe the Company's shares present an attractive investment opportunity, and, in the absence of alternative investments that would produce a higher return for shareholders, intends to return excess funds to shareholders.

How the Capital Management Initiative will be funded

The Company has extended the terms of its existing debt facility with Westpac Banking Corporation Limited to provide additional credit facilities of up to \$40 million, for the purpose of the proposed capital management initiative. The balance, if any, would be funded out of existing debt facilities and / or free cash-flow from the business.

Impact of capital management Initiative on PowerTel

The return of capital to shareholders and the on-market buy-back are both part of a broad capital management initiative. The following sets out the combined effect of these proposals, assuming that the proposals are approved by shareholders and are implemented, with a combined maximum cost of \$50 Million.

- The Company's share capital account is reduced and interest bearing liabilities increased by the amount of the capital return. As at 30 June 2006, the changes to the share capital account and interest bearing liabilities would be:

	June	Capital Management Initiative	
	2006 Actual	\$25M	\$50M
Share Capital	\$591,894,676	\$566,894,676	\$541,894,676
Interest Bearing Liabilities	(\$49,146,566)	(\$74,146,566)	(\$99,146,566)

- The Net assets and equity of the Company as at 30 June 2006 would reduce from \$125,056,871 to:

	June	Capital Management Initiative	
	2006 Actual	\$25M	\$50M
Net Assets/Equity	\$125,056,871	\$100,056,871	\$75,056,871

- At PowerTel's current borrowing rate, the per annum Borrowing Costs would increase to:

	Capital Management Initiative	
	\$25M	\$50M
Increased Borrowing Costs (after tax)	\$1,356,250	\$2,712,500

Effect on PowerTel's pro-forma financial position

The financial effect of the proposed capital management initiative can be seen in the following pro-forma balance sheet. The pro-forma balance sheet takes PowerTel's reviewed 30 June 2006 balance sheet as a base, and adjusts for the resulting capital reduction and additional debt:

PowerTel Consolidated

	June 2006	\$25 Million		\$50 Million	
		Capital Management Initiative	June 2006 Adjusted	Capital Management Initiative	June 2006 Adjusted
Current Assets					
Cash Assets	14,117	-	14,117	-	14,117
Receivables	30,501	-	30,501	-	30,501
Other financial assets	5,134	-	5,134	-	5,134
Tax assets					
Total Current Assets	49,752	-	49,752	-	49,752
Non-Current Assets					
Available for sale	9,644	-	9,644	-	9,644
Deferred Tax Asset	1,597	-	1,597	-	1,597
Property Plant and Equipment	128,716	-	128,716	-	128,716
Other	2,676	-	2,676	-	2,676
Intangible assets	32,222	-	32,222	-	32,222
Total Non-Current Assets	174,855	-	174,855	-	174,855
Total Assets	224,607	-	224,607	-	224,607
Current Liabilities					
Payables	(30,181)	-	(30,181)	-	(30,181)
Interest bearing liabilities	(1,144)	(10,000)	(11,144)	(10,000)	(11,144)
deferred revenue	(8,597)	-	(8,597)	-	(8,597)
provisions	(5,037)	-	(5,037)	-	(5,037)
Total Current Liabilities	(44,959)	(10,000)	(54,959)	(10,000)	(54,959)
Non-Current Liabilities					
Interest bearing liabilities	(48,003)	(15,000)	(63,003)	(40,000)	(88,003)
deferred revenue	(2,873)	-	(2,873)	-	(2,873)
provisions	(3,715)	-	(3,715)	-	(3,715)
Total Non-Current Liabilities	(54,591)	(15,000)	(69,591)	(40,000)	(94,591)
Total Liabilities	(99,550)	(25,000)	(124,550)	(50,000)	(149,550)
Net Assets/(Liabilities)	125,057	(25,000)	100,057	(50,000)	75,057
Equity					
Contributed Equity	591,895	(25,000)	566,895	(50,000)	541,895
Other Reserves	(1,552)	-	(1,552)	-	(1,552)
Accumulated Losses	(465,286)	-	(465,286)	-	(465,286)
Total Equity/ (Deficiency)	125,057	(25,000)	100,057	(50,000)	75,057

Tax Impact of Capital Management Proposals

The Company is seeking clarification from the ATO that the Australian income tax consequences will be as outlined below, and will, if necessary, make an announcement to the ASX in due course. While the proposed capital return to shareholders is conditional on confirmation by the ATO of the income tax consequences outlined below, the proposed on-market buy-back is not conditional on such approval.

1. Tax Implications for Shareholders who are Australian Residents

This general description is directed to shareholders who are Australian residents.

PowerTel recommends that all shareholders should consult their own professional advisers based upon their specific circumstances.

On-market Buy-Back

For the shareholders of PowerTel, the shares are disposed of in the ordinary course of share market trading. Accordingly, proceeds received from the on-market share buy-back are treated as proceeds on disposal of their shareholding and subject to tax under the ordinary provisions (under either the capital gains tax provisions or as ordinary income depending upon the profile of the shareholder.)

Capital Return

A payment in return of capital would generally be treated by the shareholders as CGT Event G1 (unless they do not hold the share as a CGT asset). The effect of the CGT Event G1 is that the tax cost base of the shares in PowerTel would be reduced, not below nil, by an amount equal to the capital return.

Where the amount of capital returned to a shareholder is greater than the tax cost base of the shares at that time, the excess "capital" returned will constitute an assessable capital gain. This gain may be eligible for the CGT discount with respect to non-corporate shareholders who have held their shares for more than 12 months.

2. Taxation implications on PowerTel

On-market Buy-Back

For PowerTel, the buyback and cancellation of the shares is effectively disregarded for tax purposes i.e. no deduction, income or capital gain would result from the buyback and cancellation steps.

Capital Return

For PowerTel, the capital return is also disregarded for tax purposes.

Resolution 1: Capital Reduction

Details of the proposed capital reduction

The Company proposes returning up to \$50 million in total to shareholders on a pro-rata basis (less any amount applied to the on-market buy-back referred to in Resolution 2) by way of a return of capital, conditional on obtaining a class ruling from the ATO confirming that the total amount to be returned to shareholders will be treated as a capital payment for tax purposes.

This is an effective way to manage the Company's capital requirements in circumstances where it cannot pay a dividend, which by law may only be paid out of profits.

The \$50 million is a maximum amount and the Directors may determine to return less than this amount based on the Company's anticipated capital needs at the relevant time. The proposed reduction is an equal reduction, meaning that all shareholders will participate on a pro-rata basis in the cash distribution. Accordingly, there is no voting exclusion applicable to this resolution.

Timetable

The meeting will be on 30 January 2007. However the Company is also seeking a class ruling from the ATO and this is not expected to be received before the date of the meeting. If and when the Company receives this ruling it will make a further announcement to the ASX to specify a record date for the payment and the date of payment itself.

Directors' statement

The Directors of the Company have satisfied themselves as to the solvency of the Company following the reduction of capital. The proposed reduction will not materially prejudice the Company's ability to pay its creditors and its debts as and when they become due and payable.

Resolution 2: On-market buy-back

On 9 November 2006, the Company announced its intention as part of a capital management initiative to undertake an on-market buy-back of up to 13,973,890 ordinary shares in accordance with the Corporations Act and the ASX Listing Rules. The Company is permitted to buy-back up to 10% of its issued capital in any 12-month period without the need for prior shareholder approval.

The purpose of this resolution is to seek shareholder approval to increase the maximum number of shares (and thus the percentage), which may be bought back under the on-market buy-back programme.

The proposed terms of the buy-back are as follows:

- the maximum amount available for the Share Buy-back is \$50 million, less any amount applied to the capital return referred to in Resolution 1. At the market close price of \$1.71 on 12 December 2006 this would be a maximum, inclusive of any shares bought back as noted below, of:

	\$22.5 million	\$25 million	\$50 million
Maximum Shares Bought Back	13,157,895	14,619,883	29,239,766

As the market price fluctuates, the actual maximum number of shares that could be bought back may be higher or lower than this number;

- At the market close price of \$1.71 on 12 December 2006, the approximate percentage of issued capital to be bought under the buy-back (including shares which have been and may be bought back under the current on-market buy-back programme), is:

	\$22.5 million	\$25 million	\$50 million
%Issued Capital Bought Back	9.5%	10.5%	21.0%

- An on-market buy-back commenced 24 November 2006 with an indefinite duration. Since that time to the date of this notice 680,993 shares have been bought back at a total cost of \$1,040,911. As at the date of this notice there are 139,088,232 shares on issue;
- PowerTel will comply with the ASX Listing Rules in conducting the buy-back;
- Shares bought back will be acquired on the ASX in the ordinary course of trading and in accordance with the ASX Business Rules; and

- The ASX Business Rules require that shares will not be bought back at a price, which is more than 5% above the average of the Market Price for securities in that class. The Market Price is defined as the closing price on SEATS, excluding special crossings, overnight sales and exchange traded option exercises. The average of the Market Price is calculated over the last 5 days on which sales in the shares were recorded before the day on which the purchase under the buy-back was made.

Effect on TVG's shareholding percentage

TVG Consolidation Holdings SPRL (TVG) is currently PowerTel's largest shareholder with a relevant interest in 58.26% of the issued capital. TVG has informed PowerTel that it does not intend to sell any of its shares into the buy-back during the period of the buy-back.

If the on-market share buy-back is approved and implemented, TVG's relevant interest in PowerTel, as at the date of this notice, will increase from 58.26% to approximately:

	\$22.5 million	\$25 million	\$50 million
%TVG Relevant Interest	64.3%	65.1%	73.8%

As the market price fluctuates, the actual maximum number of shares that could be bought back may be higher or lower than this number and therefore the actual increase in TVG's relevant interest will change accordingly.

There is a specific exception to the takeovers provisions of the Corporations Act which permits a shareholder's relevant interest to increase as a result of buying back shares held by other shareholders.

Resolution 3: Approval of issue of shares to the Managing Director

ASX Listing Rule 10.14 permits a director of the Company to be issued securities under an employee incentive scheme only if the share issue has been approved by shareholders.

The Transaction Incentive Scheme

In January 2006, the Board approved a transaction incentive scheme involving restricted shares being issued to nominated executives in the event of completion of specified corporate transactions, including:

- a takeover bid to acquire all of the Company's shares which is approved or recommended by at least a majority of the Board and results in a change of control in the Company;
- a scheme of arrangement between the Company and its members under section 411 of the Corporations Act which results in a change of control of the Company;
- any other issue or cancellation of shares or similar transaction whereby the result is a combination of the business of the Company and a third party and which results in a change of control of the Company;
- the creation of a joint venture to service the customers of, or acquire the customers of, the Company and/or a third party and which results in a change of control of the Company; or
- the Board otherwise determining that there are circumstances which have occurred or are likely to occur which will result in significant changes to the structure or control of the Company,

(each defined as a **Transaction**).

The purpose of the Transaction incentive arrangements is to provide an incentive to the Company's senior executives to pursue and execute transactions, which will benefit PowerTel's shareholders, even if as a result there is a change in control in the Company, which jeopardises the executive's continued employment.

In May 2004 shareholders approved the introduction of the Executive Long Term Incentive Plan ("LTIP"). Since that time LTIP shares have been issued to the Company's executive team, including Mr Paul Broad, subject to shareholder approval.

Under the Transaction incentive arrangement, all of the nominated executive's LTIP shares are bought back and cancelled and new shares are issued in PowerTel under the Deferred Employee Share Plan (**DESP**). As Mr Broad is also a Director of the Company, DESP shares issued to Mr Broad under the Transaction incentive arrangement will require shareholder approval.

As noted above, the Company actively considers proposals for acquisitions, strategic alliances and other transactions from time to time, which if implemented, may constitute Transactions. However as at the date of this Explanatory Statement, the Directors cannot say with certainty how likely it is that a transaction will occur or when a Transaction may occur, if ever, or that a Transaction may or may not occur in the short to medium term.

Transaction Incentive for the Managing Director

The Board has issued a Transaction Incentive Invitation (**TII**) to the Managing Director of the Company, Mr Paul Broad. Mr Broad's TII provides that on the occurrence of a Transaction, Mr Broad will become entitled to be issued (subject to shareholder approval) new shares in PowerTel under the DESP worth the sum of:

- \$2,991,305 (the resulting shares being the **Transaction Incentive Shares**); plus
- the amount by which the value of Mr Broad's Long Term Incentive Plan (**LTIP**) shares exceeds the then outstanding loan balance under the LTIP in connection with those shares (the resulting shares being the **LTI Gain Shares**).

Under the Transaction incentive arrangement, all of Mr Broad's LTIP shares would also be bought back and cancelled. Under the terms of the LTIP this will satisfy in full the then outstanding loan on the shares.

As at 18 December 2006, Mr Broad held 2,997,300 PowerTel shares under the LTIP, and the associated loan amount was \$3,330,000.

Maximum number of shares that may be issued and price for each share to be acquired under the scheme

The Transaction Incentive Shares and the LTI Gain Shares will be issued at the market price at the time of a Transaction occurring, being the volume weighted price at which shares are traded on the Australian Securities Exchange (**ASX**) during the 5 trading days prior to the completion of the Transaction (and if there were no trades on the ASX in that period, the last price at which an offer was made on the ASX in that period to buy such a PowerTel share).

Accordingly, the maximum number of shares that may be issued to Mr Broad will depend on the future market price and therefore cannot be determined until the date on which the shares are issued.

Example of how the Transaction Incentive would operate

By way of an illustrative example, if a Transaction occurred on 18 December 2006 and the market price of a PowerTel share was \$1.71 at that time, then the number of shares that would be issued to Mr Broad would be calculated as follows:

Number of Transaction Incentive Shares = $\$2,991,305 / \$1.71 = 1,749,301$

LTI Gain = market value of 2,997,300 LTIP shares at \$1.71, minus associated loan of \$3,330,000
= \$1,795,383

LTI Gain Shares = $\$1,795,383 / \$1.71 = 1,049,932$
= 2,799,233 new ordinary shares in total issued under the DESP.

Under the Transaction incentive arrangement the new ordinary shares issued under the DESP would replace Mr Broad's entitlement to retain his 2,997,300 LTIP shares.

Terms of new shares to be issued

The new shares to be issued to Mr Broad if and when a Transaction occurs will be issued on the terms of the Company's DESP.

The DESP was most recently approved by shareholders at the 2006 Annual General Meeting of the Company. The terms of the DESP were summarised in the explanatory statement sent to shareholders.

Rights attaching to shares

The shares issued under the DESP will rank equally with and have the same rights as other fully paid ordinary shares in the capital of the Company. However, the shares cannot be sold or transferred for 24 months from the date of issue unless the holder ceases to be an employee of the PowerTel Group.

If a Transaction involves an exchange of PowerTel shares for shares in another company (for example, under a scrip for scrip takeover or merger), then this restriction on sale or transfer would continue after completion of the Transaction and would apply to the shares in that other company which are issued to Mr Broad in exchange for his PowerTel shares.

Previous shares issues

All Directors are entitled to participate in the DESP, namely John Conde, AO, John Troy, Edward Sippel, Justus Veeneklaas, Paul Broad and Mark Brennan (alternate Director for John Troy and Edward Sippel).

Since the last Annual General Meeting of the Company, the following shares have been issued to Directors under the DESP:

- Paul Broad 120,245 (as approved by shareholders on 29 May 2006)

Shareholder Approval

The Board seeks shareholder approval to issue fully paid ordinary shares in the Company under the DESP to the Managing Director, Mr Paul Broad, on the terms of his TII as noted above.

Under ASX Listing Rule 10.15A, this approval (if granted) will permit the issue of these shares up to 3 years after the date of the General Meeting. If approval is granted, the shares will be issued to Mr Broad as soon as practicable after the date on which a Transaction is completed.

Details of any shares issued under the DESP will be published in each PowerTel Annual Report relating to a period in which such shares are issued. The Annual Report will note, if applicable, that approval for the share issue was obtained under ASX Listing Rule 10.14.

Any additional Directors (or associates of a Director) to whom Listing Rule 10.14 applies and who become entitled to participate in the DESP after the date of the General Meeting, but who are not named above, will not be able to participate in a new issue of shares under the DESP unless and until approval is again obtained under Listing Rule 10.14.