

SWIFTEL LIMITED
ACN 009 273 152

NOTICE OF GENERAL MEETING

PROXY FORM

and

EXPLANATORY MEMORANDUM

Date of Meeting

Wednesday, 21st October 2003

Time of Meeting

9.00 am (WST)

Place of Meeting

QV1 Function Centre
Level 2, QV1 Building
250 St George's Terrace
PERTH WA 6000

SWIFTEL LIMITED
ACN 009 273152

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of shareholders of Swiftel Limited (“**Company**”) will be held at QV1 Function Centre, Level 2, QV1 Building, 250 St George’s Terrace, Perth, Western Australia on **Tuesday 21st October 2003 at 9.00 am (WST)** for the purpose of transacting the business set out in this Notice of General Meeting.

In order to determine voting entitlements, the register of members will be closed at 9.00 am on Monday 19th October 2003.

An Explanatory Memorandum containing information in relation to each of the following resolutions forms part of this Notice of General Meeting.

AGENDA

BUSINESS:

Resolution 1 - Ratification of Share Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and all other purposes, the Company ratifies the issue of 14,000,000 ordinary fully paid shares in the capital of the Company, at an issue price of six cents per share, which were allotted on or about 1st September 2003 to the persons named in the Explanatory Memorandum which forms part of this Notice of General Meeting and on the terms and conditions set out therein.”

Pursuant to Listing Rule 14.11, the Company will disregard any votes cast on Resolution 1 by a person who participated in the issue which is the subject of this resolution and any associate of those persons. However, the Company need not disregard a vote if it is cast by a person as proxy appointed in writing that specifies how the proxy is to vote on Resolution 1 and it is not cast on behalf of any of the persons who participated in the issue or their associates.

Resolution 2 - Approval to grant options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and all other purposes, approval is hereby given to the directors of the Company to grant 14,000,000 free options, each to acquire one ordinary fully paid share in the capital of the Company at an exercise price of ten cents per share on or before 13 March 2005, to the persons named in the Explanatory Memorandum which forms part of this Notice of General Meeting and on the terms and conditions set out therein.”

Pursuant to Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 2 by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as proxy appointed in writing that

specifies how the proxy is to vote on Resolution 2 and it is not cast on behalf of any of the persons who may participate in the proposed issue or obtain a benefit therefrom.

By Order of the Board of Swiftel Limited

Graeme R Boden
Company Secretary
Dated : 19th September 2003

NOTES

- 1. Proxies**
Instructions to proxy holders are included in this Notice of General Meeting.
A proxy form is also enclosed.

- 2. Voting Entitlements**
Pursuant to regulation 7.11.37 of the Corporations Regulations, the directors have set a snapshot date to determine the identity of shareholders entitled to attend and vote at the meeting. The snapshot date is 9.00 am WST on 19th October 2003.

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NOTICE OF GENERAL MEETING

INSTRUCTIONS FOR APPOINTMENT OF PROXY

- 1 A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies.
- 2 Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights
- 3 A proxy need not be a member of the Company
- 4 To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of the General Meeting, by post or facsimile to the respective addresses stipulated in this proxy form.
- 5 The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the company or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
- 6 If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
- 7 Shareholders are advised that the Chairman intends to vote in favour of all resolutions set out in the Notice of General Meeting and will vote any undirected proxies in the same manner.

SWIFTEL LIMITED
ACN 009 273152

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice of General Meeting of Shareholders of Swiftel Limited (“**the Company**”) in connection with the business to be transacted at the General Meeting of shareholders of the Company to be held at QV1 Function Centre, Level 2, QV1 Building, 250 St George’s Terrace, Perth, Western Australia on Tuesday 21st October 2003 at 9.00 am (WST).

The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Resolution 1 – Ratification of Share Placement

Resolution 1 seeks ratification pursuant to Listing Rule 7.4 for the placement of 14,000,000 shares, made on or about 1st September 2003 pursuant to an agreement dated August 2003, at an issue price of \$0.06 per share to raise \$840,000 for use by the company as working capital.

Listing Rule 7.4

Listing Rule 7.1 prohibits the directors from issuing shares and options in excess of 15% of the issued capital of the Company without the approval of shareholders, subject to some exceptions. Listing Rule 7.4 provides that issues made by directors and subsequently approved by shareholders will be treated as having been made with the approval of shareholders for the purposes of Listing Rule 7.1. The effect is that the passing of Resolution 1 would allow the directors the ability to issue shares and options up to 15% of the now issued capital of the Company without requiring the prior approval of shareholders.

The 14,000,000 shares issued on 1 September 2003 were within the 15% limit allowed at that time and the purpose of Resolution 1 is to restore the ability of the directors to issue further shares up to the 15% limit in the expanded capital of the Company if they consider that to be in the interests of the Company.

The directors consider that the flexibility to issue additional capital quickly is commercially desirable, particularly in the situation where the Company is seeking to rapidly expand its revenue base in several cities.

Listing Rule 7.5

For the purposes of Listing Rule 7.5, the following information is provided:

- 14,000,000 shares were issued;
- the shares were issued at \$0.06 each;
- the shares are ordinary fully paid shares and rank equally in all respects with the ordinary shares in the capital of the Company on issue prior to this placement;
- the shares were issued to:
 - E-Cash Australia Pty Ltd, a professional investor, 1,666,666 shares;
 - Nashar Pty Ltd, a professional investor, 2,666,667 shares;
 - Rivacre Investments Pty Ltd, a professional investor and associate of Mr Colin Marland, who became a director of the Company, 2,666,667 shares; and
 - Mr Malcolm Dick, a professional investor who became a director of the Company, 7,000,000 shares;

- the issue was made to raise working capital for use in the company's operations.

Corporations Act 2001, sections 208 and 210

Two of the entities to whom shares were allotted are associated with individuals who subsequently became directors as a result of the agreement signed on 13th August 2003 and the subsequent subscription for shares.

Section 208 of the Corporations Act 2001 prohibits the provision of a financial benefit to a director without the prior approval of shareholders or unless the financial benefit falls within a nominated exception. The relevant definition of director includes people who may become directors and includes associates, whilst the definition of financial benefit includes the issue of shares or the grant of options.

The circumstances of the Company's attempts to raise capital were that capital market conditions and a declining share price lead to no success during the first three quarters of fiscal 2002/3 and the directors announced a rights issue at 2 cents per share which raised \$852,000 in the fourth quarter. The shares subsequently traded in a range of between 3.5 and 4 cents, from late April until late July. Against the background of this share price, negotiations commenced in May 2003 in respect of the subscription agreement signed on 13th August 2003. Agreement was reached during July 2003 that the placement price would be 6 cents per share with a free listed option attached, provided that there was some strengthening of the price from announcements to be made to the market in relation to the budgeted profit for 2003/4 and the partnering arrangement with People Telecom.

Section 210 of the Corporations Act 2001 provides that shareholder approval is not needed to give a financial benefit on terms that would be reasonable in the circumstances if the Company and the director were dealing at arm's length.

It is the opinion of the directors that the circumstances surrounding this placement have been entirely at arms length, that Messrs Marland and Dick became directors only as a result of the successful conclusion of the share subscription and that the exception under section 210 of the Corporations Act applies to this issue.

Resolution 2 – Approval to grant options

Resolution 2 seeks approval to grant options to four persons pursuant to an agreement dated August 2003, in which a free option is to be granted for each share subscribed at \$0.06 per share, subject to prior approval of shareholders. The directors could not grant the options at the time of the share issue because the limit of 15% of issued capital which can be allotted without shareholder approval would have been breached.

The persons to whom the options are to be issued are:

- Nashar Pty Ltd – 7,000,000 options exercisable at \$0.10 on or before 13 March 2005; and
- Mr Malcolm Dick, who became a director of the Company, 7,000,000 options exercisable at \$0.10 on or before 13 March 2005.

Listing Rule 7.1

Listing Rule 7.1 requires shareholder approval for issues of securities which exceed 15% of the issued capital of the Company. In calculating the limit new options to be issued are

included in the 15% as well as any new shares, whilst the existing issued capital relates only to existing shares on issue.

The options to be issued are the same class as presently listed options, exercisable at ten cents per share, on or before 13th March 2005. After the share issue referred to in Resolution 1 and if the options referred to in Resolution 2 are granted, the listed securities of the company will be 141,975,262 shares and 77,352,011 options.

The terms and conditions of the listed options are set out in Annexure A to this information memorandum.

Corporations Act 2001 – sections 308 and 310.

On the same basis as that set out above in relation to Resolution 1, the directors believe that the grant of these options does not constitute a financial benefit for which shareholder approval is required under section 308 of the Corporations Act because the options are part of an arrangement which would be reasonable if the Company and the directors had been dealing on an arm's length basis.

Listing Rules 10.11 and 10.12

Listing Rule 10.11 requires member approval for the issue of securities to a related party of the Company. As Mr Marland and Mr Dick are now directors of the Company, shareholder approval in the form required under that Listing Rule would be required unless the proposed issue falls within an exception under Listing Rule 10.12.

Listing Rule 10.12 Exception 6 refers to circumstances in which a person is a related party by reason only of the transaction which is the reason for the issue and the application to it of the provision of the Corporations Act 2001 which says that a person is a related party if the entity has reasonable grounds to believe that the person is likely to become a related party.

The directors believe that the circumstances of the transaction, as outlined above in relation to Resolution 1, meet the requirements to except the proposed grant of options from the application of Listing Rule 10.11.

The following additional information is provided to members for the purpose of Listing Rule 7.3:

- the 2005 options will be granted by directors within one month after the date of this General Meeting;
- the 2005 options will be granted for no consideration as part of an agreement for raising \$840,000 for the Company by issuing 14 million shares at \$0.06 each with a free option for each share subscribed; and
- no funds will be raised by the grant of the options.

Glossary

“**ASIC**” means the Australian Securities and Investments Commission

“**ASX**” means Australian Stock Exchange Limited

“**Company**” means Swiftel Limited ACN 009 273 152

“Corporations Act” means Corporations Act 2001 (Commonwealth)

“Director” means a director of the Company

“2005 Options” means options, each to acquire one Share, on the terms and conditions set out in Annexure A to this Explanatory Memorandum.

“Shares” means fully paid ordinary shares in the capital of the Company

ANNEXURE A

SWIFTEL LIMITED

ACN 009 273 152

Terms and Conditions of Options Expiring 13 March 2005

- 1.1.1 The Options shall expire at 5.00pm on 13 March 2005 ("**Expiry Date**").
- 1.1.2 The Options may be transferred at any time prior to the Expiry Date.
- 1.1.3 The Options entitle the holder to subscribe (in respect of each Option held) for a fully paid ordinary share in the capital of the Company for an exercise price of 10 cents.
- 1.1.4 The Options may be exercised at any time on or before the Expiry Date, in whole or in part, provided that Options exercised in part may not be exercised in parcels of less than one thousand (1,000) except that if the Option holder holds less than one thousand (1,000) Options then these Options may be exercised.
- 1.1.5 The exercise price of shares the subject of the Options shall be payable in full on exercise of the Options.
- 1.1.6 Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing ordinary fully paid shares of the Company in all respects
- 1.1.7 There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be offered to shareholders of the Company from time to time prior to the Expiry Date and the Options shall not participate in any bonus issue of securities, unless and until the options are exercised. The Company will ensure that during the exercise period for the purpose of determining entitlements to any such new issues, the books closing date will be at least 10 days after such new issues are announced in order to afford the option holders an opportunity to exercise their Options.
- 1.1.8 In the event of a reconstruction (including consolidation, subdivision reduction or return) of the issued capital of the Company, the rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of reconstruction.
- 1.1.9 Exercise of the Options is effected by completing the notice of exercise of options accompanying the Option statement and returning it to the Company, together with the requisite application moneys by the Expiry Date.
- 1.1.10 Shares allotted and issued pursuant to the exercise of an Option will be allotted and issued not more than 14 days after the receipt of a properly executed notice of exercise of the Option and payment of the requisite application moneys by the Expiry Date.
- 1.1.11 Application for official quotation of any shares allotted and issued pursuant to the exercise of the Options will be made by the Company within three (3) Business Days after the date of allotment of such shares.
- 1.1.12 The Company will apply for official quotation on ASX of the Options.
- 1.1.13 A statement will be issued for the Options. Attached to the statement will be a notice that is to be completed when exercising the options. If there is more than one Option on a statement and prior to the Expiry Date those Options are exercised in part, the Company will issue another statement for the balance of the Options held and not yet exercised.

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SWIFTEL LIMITED
ACN 009 273 152
PROXY FORM

The Company Secretary
Swiftel Limited

Registered Office Address : Level 18
 QV1 Building
 250 St George's Terrace
 PERTH WA 6000
 Facsimile :9480 1223

I/We (name of
shareholder).....

Of (address).....

being a member/members of Swiftel Limited, holdingshares
HEREBY APPOINT

(name).....
.....

of
(address).....
.....

and/or failing him

(name).....
.....

of
(address).....
.....

or failing that person then the Chairman of the General Meeting as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held on Tuesday 21st October 2003 at QV1 Function Centre, Level 2, QV1 Building, 250 St. George's Terrace, Perth WA at 9.00 am WST and at any adjournment of the meeting.

If you wish to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:

	For	Against	Abstain
Resolution 1- Ratification of share placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2- Approval to grant options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(CONTINUES ON BACK)

If you do not wish to direct your proxy how to vote,
please place a cross in this box

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as a proxy holder will be disregarded.

SIGNATURE:

(a) If the shareholder is an individual:

Signature: _____

Name: _____

Date: _____

(b) If the shareholder is a company:
Affix common seal (if required by Constitution)

Director /Sole Director and Secretary

Director/Secretary

(print name)

(print name)

Date: _____