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COMMODITEL LIMITED
ABN 30 000 396 685

MP/CMOLTRS.007

8 August 2006

AUSTRALIAN STOCK EXCHANGE LIMITED

Electronic lodgement

Dear Sir / Madam

Please find attached a letter despatched today to shareholders regarding the non-renounceable rights issue announced to ASX on 4 August 2006.

Yours faithfully

COMMODITEL LIMITED

A handwritten signature in cursive script, appearing to read 'D McArthur'.

DAVID McARTHUR

Company Secretary

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COMMODITEL LIMITED
ABN 30 000 386 685

4 August 2006

Dear Shareholder

NON-RENOUNCEABLE RIGHTS ISSUE

CommodiTel Limited (**CommodiTel** or **Company**) has announced to Australian Stock Exchange Limited (**ASX**) a non-renounceable rights issue on the basis of 1 Share for every 10 Shares held by Shareholders as at 5.00pm WST on 15 August 2006.

The rights issue will result in the issue of approximately 47,500,000 Shares at an issue price of 1 cent per Share to raise approximately \$475,000. For every 2 Shares subscribed the Company will issue 1 free attaching option. The options offered pursuant to the Prospectus will be listed and are exercisable at 1.5 cents each on or before 30 June 2009.

The issue is not underwritten.

The Prospectus relating to this issue has been lodged with the Australian Securities and Investments Commission and ASX and is available on the ASX website at www.asx.com.au for inspection.

The timetable and important dates of the issue are set out below.

Event	Date
Lodgement of Prospectus with ASIC	4 August 2006
Notice sent to Shareholders containing information required by Appendix 3B	8 August 2006
Ex Date	9 August 2006
Record Date	15 August 2006
Opening Date and Dispatch of Prospectus	21 August 2006
Closing Date	4 September 2006
Shares quoted on deferred settlement basis	5 September 2006
Deferred settlement trading ends and dispatch date	12 September 2006

The purpose of the issue is to raise approximately \$475,000 and the funds raised will be used to fund working capital and the expenses of the issue.

The capital structure of the Company on completion of the issue will be as follows:

Shares

Listed: 522,500,000

Options

Listed: Exercisable at \$0.03 on or before 31 December 2006	36,061,198
Exercisable at \$0.015 on or before 30 June 2009	37,500,000
Exercisable at \$0.30 pursuant to the Employee Share Plan	126,000
Exercisable at \$0.03 on or before 31 December 2006	2,000,000
Exercisable at \$0.05 on or before 31 December 2008	9,500,000

Total options on issue 85,187,198

Options offered pursuant to the Prospectus 23,750,000

Post Completion of Issue 108,937,198

The existing options on issue do not rank equally with the other securities quoted. However, all Shares issued on exercise of the options will rank equally with the then issued fully paid ordinary Shares. The options do not entitle a holder to participate in any dividends.

In calculating entitlements under the rights issue fractions will be rounded up to the nearest whole number.

The offer under the Prospectus is made to Shareholders with registered addresses in Australia and New Zealand. Overseas shareholders should contact the Company Secretary with any queries.

Full details of the issue will be contained in the Prospectus that will be mailed to all Shareholders who are registered on the Record Date. Shareholders eligible to participate should read the Prospectus carefully.

Yours faithfully

COMMODITEL LIMITED



DAVID MCARTHUR

Company Secretary