
COMTEL CORPORATION LIMITED

ABN 30 000 386 685

NOTICE OF GENERAL MEETING

TIME: 10.00 am EDST

DATE: 7 January 2008

PLACE: Unit 18, 39 Herbert Street, St Leonards, New South Wales

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Campbell Nicholas, on (+ 61 2) 8916 2200.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of ComTel Corporation Limited which this Notice of General Meeting relates to will be held at 10.00 am EDST on 7 January 2008 at:

Unit 18, 39 Herbert Street, St Leonards, New South Wales.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed:

- (a) and send the proxy form by post to the address set out in the instructions for completing the appointment of proxy form; or
- (b) and send by facsimile to the number set out in the instructions for completing the appointment of proxy form.

so that it is received not later than 10:00am EDST on 4 January 2008.

Proxy forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of ComTel Corporation Limited (ABN 30 000 386 685) (**Company**) will be held at Unit 18, 39 Herbert Street, St Leonards, New South Wales at 10:00am EDST on 7 January 2008.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 5.00pm EDST on 4 January 2008.

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered at the Meeting.

AGENDA

RESOLUTION 1 – CONSOLIDATION OF CAPITAL

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

"That, for the purposes of Section 254H of the Corporations Act 2001 (Cth) (the Act) and for all other purposes, the issued capital of the Company be consolidated on the basis that every twenty (20) Shares or Options on issue be consolidated into one (1) Share or Option, and where this consolidation results in a fraction of a Share or Option being held by a Shareholder or Optionholder (as the case may be), the Directors be authorised to round that fraction up to the nearest whole Share or Option."

RESOLUTION 2 – FINANCIAL ASSISTANCE

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"THAT in accordance with section 260B(2) of the Act the Shareholders approve:

- (a) the transactions described and contemplated in the Statement of Material Information required pursuant to section 260B(4) of the Act and which accompanies this notice;
- (b) all elements of those transactions which may constitute the giving of financial assistance;
- (c) that further documents in addition to those mentioned in the Statement of Material Information may be required or desirable for the purposes of the transactions contemplated in the Statement of Material Information, and the Shareholders approve such documents;
- (d) and ratify the proposed actions of the Directors in doing all things necessary to give effect to the transactions contemplated in the Statement of Material Information which assists the acquisition by certain parties of the issued shares in the relevant Companies and any other transactions contemplated therein;
- (e) that each Secretary and each Director of the Company be instructed and authorised to notify the relevant authorities and to update the Company's records accordingly."

Attention is drawn to the Statement of Material Information accompanying this document which sets out all information known to the Company that is material to the proposed financial assistance resolution (taking into account information previously disclosed to Shareholders).

DATED: 26 November 2007

BY ORDER OF THE BOARD



**CAMPBELL NICHOLAS
COMPANY SECRETARY
COMTEL CORPORATION LIMITED**

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EXPLANATORY STATEMENT/ STATEMENT OF MATERIAL INFORMATION

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at 10:00am on 7 January 2008 at Unit 18, 39 Herbert Street, St Leonards, New South.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the resolutions in the Notice of Meeting.

1. RESOLUTION 1 – CONSOLIDATION OF CAPITAL**1.2 Background**

Resolution 1 seeks Shareholder approval to consolidate the number of Shares and Options on issue on a one (1) for twenty (20) basis.

The Directors consider that the proposed consolidation is necessary to reduce the number of Securities on issue into a more manageable and appropriate level for a company of the Company's size.

Shareholder approval is required pursuant to Section 254H of the Act.

1.3 Corporations Act

Section 254H of the Act provides that a company may, by ordinary resolution passed at a general meeting of shareholders, convert all or any of its shares into a larger or smaller number of shares.

Listing Rule 7.22.1 requires that the number of Options on issue be consolidated in the same ratio as the ordinary capital of the Company and the exercise price be amended in inverse proportion to that ratio.

In the event that Resolution 1 is approved, the number of Shares on issue will be reduced from 2,651,628,104 to approximately 132,581,406 and the number of Options on issue will be reduced from 169,094,154 to approximately 8,454,708 and the exercise price of the Options will be increased by a multiple of twenty (20).

As from the effective date of the Resolution (being the date of the General Meeting), all holding statements for Shares and Options will cease to have any effect, except as evidence of entitlement to a certain number of post-consolidation Shares and Options. After the Consolidation becomes effective, the Company will arrange for new holding statements to be issued to Shareholders and Optionholders.

The effect that the Consolidation and the Resolutions contained within the Notice will have on the capital structure of the Company is as follows:

Shares	Number
Current	2,651,628,104
Total Post Consolidation	132,581,406
Options	
Current (listed and unlisted)	169,094,154
Total Post Consolidation	8,454,708

1.4 Fractional Entitlements and Taxation

Not all Shareholders and Optionholders will hold that number of Shares and Options which can be evenly divided by twenty (20). Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Share or Option.

It is not considered that any taxation consequences will exist for Shareholders or Optionholders arising from the Consolidation. However, Shareholders and Optionholders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor the Directors (or the Company's advisers) accept any responsibility for the individual taxation consequences arising from the Consolidation.

1.5 Timetable

Event	Date
Snapshot date for eligibility to vote at the General Meeting	5pm 4 January 2008
Approval of consolidation at General Meeting	7 January 2008
Last day for trading in pre-consolidation Shares	7 January 2008
Trading in post-consolidation Shares on a deferred settlement basis begins	9 January 2008
Last day for entity to register transfers on a pre-consolidation of basis	16 January 2008
First day for entity to register Shares on a post-consolidation basis and to send shareholder notice	17 January 2008
Last day for entity to register Shares on a post-consolidation basis and to send shareholder notice	24 January 2008
Deferred settlement market ends	24 January 2008

2. RESOLUTION 2 – FINANCIAL ASSISTANCE

2.1 Background

Empowered Communications Pty Ltd ACN 096 918 080 (**EC**) has entered into a loan agreement with Australia and New Zealand Banking Group Limited ACN 005 357 522 (**ANZ**) (**ANZ Facility**). EC has then by inter-company loan lent the funds to the Company (**Inter Company Loan**). Part of the Inter Company Loan has been used by the Company to acquire all of the issued shares in Empowered Communications (Holdings) Pty Ltd ACN 096 918 099 (**ECH**) and Empowered Technologies Pty Ltd ACN 096 918 106 (**ET**) by way of a share purchase agreement (**Share Purchase Agreement**). On completion of the Share Purchase Agreement, the Company became the owner of 100% of the issued share capital of ECH and ET, and also became the ultimate holding company of ECH, ET EC, and eRewards Pty Limited ACN 104 635 494 (collectively the **Subsidiaries**).

EC's obligation to repay all monies owing under the ANZ Facility is secured by a cross guarantee and indemnity by and between, amongst others, the Company and the Subsidiaries (**Guarantee**) and a first ranking fixed and floating charge over the assets and undertakings, amongst others, of the Company and the Subsidiaries, in favour of ANZ (**Charge**).

By entering into the ANZ Facility and granting the Guarantee and the Charge in favour of ANZ, the Subsidiaries are providing financial assistance (**Financial Assistance**).

2.2 Reasons for the proposal for Financial Assistance

(a) Acquisition Funding

The Directors of the Company consider that it is in the best interests of the Company to fund the acquisition of the shares in the Subsidiaries through secured borrowings.

(b) Provision of securities by the Company and the Subsidiaries

It is a condition to the provision of the Financial Assistance under the ANZ Facility that the Company and the Subsidiaries provide the Guarantee and the Charge.

(c) Requirements under the Act

Section 260A of the Act provides, amongst other things, that a company (here the Subsidiaries) may financially assist a person to acquire shares only if:

- (i) giving the financial assistance does not materially prejudice the interests of the company or its shareholders, or the company's ability to pay its creditors; or
- (ii) the assistance is approved by the shareholders under section 260B of the Act.

The effect of section 260B of the Act is that in order for the Subsidiaries to provide the Guarantee and the Charge, shareholder approval is required to be given by:

- (A) a special resolution passed by the shareholders of each of the Subsidiaries, with no votes being cast in favour of the resolution by the person acquiring the shares; and

(B) a special resolution agreed to, at a general meeting of the Company.

The approval by the shareholders of each of the Subsidiaries has been provided.

Approval by special resolution passed at a general meeting of the Company, concerning the giving of Financial Assistance by the Subsidiaries is also required under section 260B(2) of the Act as the Company (an Australian, listed company) is, as a result of the Share Purchase Agreement and the acquisition of shares by the Company, the ultimate Australian holding company of the Subsidiaries. The giving of Financial Assistance by the Subsidiaries must be approved by special resolution of the Company's Shareholders.

The Financial Assistance does not become effective until 14 days after the Subsidiaries and the Company notify ASIC that the relevant resolutions in accordance with section 260 of the Act were approved by the Subsidiaries' shareholders and the Company's Shareholders.

2.3 Effect of the proposed Financial Assistance on the Company

Under the Guarantee, the Subsidiaries guarantee the payment of all amounts owing under the ANZ Facility. Under the Charge, the Subsidiaries grant a first ranking fixed and floating charge over their assets and undertakings as security for all amounts owing under the ANZ Facility.

If the Company is in default of its obligations under the ANZ Facility and fails to or cannot correct the default then the total amount owing becomes immediately due for payment and if the Company or the Subsidiaries do not pay it immediately, ANZ may sue the Company and the subsidiaries for that amount or enforce the Charge or the Guarantee, or do both. ANZ will be entitled to enforce the Guarantee and the Charge and apply the proceeds of enforcement in satisfaction of amounts owing to ANZ pursuant to the ANZ Facility.

If ANZ enforces the Charge it can require the sale of the assets and undertakings of the Company and the Subsidiaries and apply the proceeds in satisfaction of all amounts owing to ANZ under the ANZ Facility. Only after complete satisfaction of all amounts owing to ANZ as a secured creditor would any remaining proceeds be available for distribution to the Company's Shareholders and the Subsidiaries' shareholders on a winding up.

2.4 Advantages and disadvantages of the proposed Financial Assistance

(a) Disadvantages of the proposed Financial Assistance

The main disadvantages for the Company as a result of the Subsidiaries giving the Financial Assistance in the manner contemplated in this Statement of Material Information are:

- (i) the Company and the Subsidiaries, (which are a significant asset of the Company), will grant a Guarantee and Charge over their assets in favour of ANZ until all monies owing under the ANZ Facility have been paid; and
- (ii) the Company and the Subsidiaries will be restricted under the terms of the Charge from, amongst other matters, without the consent of ANZ, disposing of the whole or any major part of their undertaking or creating any other encumbrance over their assets.

(b) Benefits of the proposed Financial Assistance

The potential benefits for the Company as a result of the Subsidiaries giving Financial Assistance in the manner contemplated in this Statement of Material Information are:

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- (i) the Company has acquired all the shares in the Subsidiaries and therefore the Company will have complete control over their operations;
 - (ii) the Company may receive dividends derived from the development of the Subsidiaries' business; and
 - (iii) the Subsidiaries' business prospects (and the potential returns for the Company) will be enhanced as a result of the acquisition of all the shares in the Subsidiaries by the Company, and it will be positioned for potential future growth.

2.5 Conclusion

In the opinion of the Directors of the Company, after taking into consideration the financial position of the Company and the Subsidiaries, the giving of the Financial Assistance by the Subsidiaries pursuant to the ANZ Facility and the Charge and Guarantee or transactions contemplated in them would not be likely to prejudice materially the interests of the creditors or shareholders of the Company or of the Subsidiaries.

GLOSSARY

All references to currency are to Australian Dollars and cents.

Act means the Corporations Act 2001 (*Cth*).

ASX means the ASX Limited ABN 98 008 624 691.

Board means the board of Directors as constituted from time to time.

Company or **ComTel** means ComTel Corporation Limited ABN 30 000 386 685.

Directors mean the directors of the Company.

EDST means Eastern Daylight Savings Time as observed in Sydney, NSW.

Explanatory Statement means the Explanatory Statement accompanying the Notice of Meeting.

Listing Rules means the official listing rules of the ASX, as amended from time to time.

Option means an option to acquire a Share and includes listed options, takeover options and unlisted options.

Optionholder means a holder of an Option in the Company.

Securities means Shares and Options.

Share means an ordinary fully paid share in the Company and **Shares** means more than one Share.

Shareholder means a holder of a Share in the Company.

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TO LODGE A PROXY FORM:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia
Facsimile 61 8 9323 2033

000001 000 CMO
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

FOR ALL ENQUIRIES CALL:

(within Australia) (03) 9415 4000
(outside Australia) 61 3 9415 4000

 FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECEIVED BY 10:00AM (EDST) ON FRIDAY 4 JANUARY 2008



YOUR SECURITYHOLDER INFORMATION IS AVAILABLE ONLINE, SIMPLY VISIT:
www.investorcentre.com.au

- Review your securityholding
- Update your securityholding

YOUR SECURE ONLINE ACCESS INFORMATION

SRN/HIN: 11234567890

POST CODE: 3030

! FOR SECURITY REASONS IT IS
IMPORTANT THAT YOU KEEP
YOUR SRN/HIN CONFIDENTIAL.

HOW TO COMPLETE THIS PROXY FORM Please read these notes prior to completion of the voting form.

VOTES ON ITEMS OF BUSINESS

Voting 100% of your holding. You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Voting a portion of your holding. You may indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. The sum of the votes cast on each item or the percentages for and against an item must not exceed your voting entitlement or 100%.

A proxy need not be a securityholder of the Company.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the proportion or number of votes each proxy may exercise, otherwise each proxy may exercise half of the votes. Fractions of votes will be disregarded. A separate Proxy Form should be used for each proxy. You can obtain additional forms by telephoning the company's share registry or you may copy this form. If you lodge two proxies please lodge both forms together.

SIGNING INSTRUCTIONS

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained by telephoning the company's share registry or at www.computershare.com.

LODGEMENT OF A PROXY FORM. This Form (and any Power of Attorney under which it is signed) must be received at an address given above no later than 72 hours before the commencement of the meeting at 10:00AM (EDST), Monday, 7 January 2008. Any Proxy Form received after that time will not be valid for the scheduled meeting.

STEP 1 APPOINT A PROXY TO VOTE ON YOUR BEHALF

I/We being a member/s of ComTel Corporation Limited hereby appoint

Form for appointing the Chairman of the Meeting, including a box for the name and the word 'OR'.

Please leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of ComTel Corporation Limited to be held at Unit 18, 39 Herbert Street, St Leonards, New South Wales on Monday, 7 January 2008 at 10:00AM (EDST) and at any adjournment of that meeting.

STEP 2 ITEMS OF BUSINESS

PLEASE NOTE: If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Table with 3 columns: Item, For, Against, Abstain. Rows include 'Consolidation of Capital' and 'Financial Assistance'.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN SIGNATURE OF SECURITYHOLDER(S) This section must be completed.

Form for signing, with three columns for Individual or Securityholder 1, Securityholder 2, and Securityholder 3, each with a signature box and title.



I 1234567890 IND

000001 000 CMO MR JOHN SMITH 1 FLAT 123 123 SAMPLE STREET THE SAMPLE HILL SAMPLE ESTATE SAMPLEVILLE VIC 3030

Change of name and/or address. If your name and/or address is incorrect, please mark this box and make the correction on this form. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes. Please note, you cannot change ownership of your securities using this form.

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