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Announcement to Australian Stock Exchange

9 October 2003

Open Telecommunications Ltd (OTT)

Equity Capital Raising

Open Telecommunications Ltd has taken a major step towards re-quotation on ASX with the appointment of Paterson Ord Minnett to act as Lead Manager of a two stage equity capital raising for the Company. The capital raising will involve an initial placement to be followed shortly thereafter by a prospectus based issue.

The equity capital raised will enable the Company to emerge free of debt and with positive working capital at a time when the Company's operating cash flows are becoming positive and its core markets are picking up.

The equity capital raised is to be applied as follows:

- Full discharge of secured debt;
- Early payment of the balance of Deed Of Company Arrangement (DOCA) creditors;
- Payment of other deferred liabilities;
- Costs of the issue; and Working Capital.

The two-stage process will involve a placement to be undertaken immediately, followed by a prospectus-based issue to all shareholders shortly thereafter. The combined issues will raise an aggregate of up to \$10 million.

The share placement will be subject to:

- Shareholder approval; and
- Lodgement of a prospectus for the purpose of raising the balance of funds sought by the Company. The Company is well advanced in the preparation of the prospectus.

Once all secured debt and DOCA creditors have been paid out, the Directors believe that the new equity capital issue will allow a material shift in management focus to that of business procurement in an environment where telecommunications industry investment in the Company's key markets is recovering.

Critically, the significant re-alignment of costs to revenues that have taken place during and after the Voluntary Administration coupled with an improved balance sheet should enhance customer confidence and create an operating environment leveraged to sales growth.

Upon completion of the prospectus issue, which is anticipated in late December 2003, the Directors will seek to have the Company's securities re-quoted on ASX.

The Directors will keep shareholders informed of events as they unfold and look forward to their support of the issues in this important step forward for the Company.

For further information please contact:

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