

OPEN TELECOMMUNICATIONS LIMITED

(SUBJECT TO DEED OF COMPANY ARRANGEMENT)

ABN 42 056 010 121

1. NOTICE OF MEETING

Notice is hereby given that a general meeting of Open Telecommunications Limited (Subject to Deed of Company Arrangement) ("**Company**") will be held at the Harbourview Hotel, 17 Blue Street, North Sydney on 21 November 2003 at **11:00am** to consider the resolutions set out in this notice.

RESOLUTION: APPROVAL FOR ISSUE OF ADDITIONAL SHARES AND OPTIONS

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

That, for the purposes of Australian Stock Exchange Limited listing rule 7.1, the Company approves:

- (a) the issue and allotment of up to 1,000,000,000 fully paid ordinary shares in the capital of the Company; and
- (b) the grant of up to 333,333,333 options to subscribe for fully paid ordinary shares in the Company, on the terms set out in the Explanatory Memorandum which accompanies this Notice of Meeting.

Voting Exclusion

The Company will disregard any votes cast on Resolution 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, and any associate of those persons provided that the Company need not disregard such a vote if it is cast by a person who is proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the Chairman of 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.

Information For Shareholders

A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Where two proxies are appointed, each proxy must be appointed to represent a specific proportion of the shareholders voting rights and an additional form of proxy is available on request from the Company. A proxy need not be a shareholder of the Company.

Where a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, each proxy may exercise half of the votes.

The form of proxy must be signed by a shareholder or a shareholder's attorney. Proxies given by corporations must be signed in accordance with their constituent documents or as authorised by the Corporations Act.

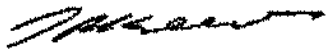
If the form of proxy is executed under power of attorney it must accompany the form of proxy unless it has already been noted by the Company.

In the case of joint shareholders, names of the joint shareholders should be shown on the form of proxy.

The Company has determined in accordance with Regulation 7.11.37 of the Corporations Regulations, that for the purpose of voting at the general meeting shares will be taken to be held by those who hold them at 5:00pm on 19 November 2003.

To be valid proxy forms must be lodged with the Company at Level 2, 73 Miller Street, North Sydney not less than forty-eight (48) hours before the time for holding the meeting, that is by 11:00am on 19 November 2003. Proxies may also be sent by facsimile transmission to the Company on 61 2 9929 8477.

By order of the Board



Richard Kneeves
Company Secretary

20 October 2003

EXPLANATORY MEMORANDUM

1. SHAREHOLDER APPROVAL REQUIREMENTS

The Listing Rules of the Australian Stock Exchange Limited require the Company to obtain shareholder approval if it plans to issue shares which total more than 15% of the Company's issued capital. The issue of ordinary shares and options will involve an issue of more than 15% of the issued capital, so Listing Rule 7.1 requires that the Company seek shareholder approval.

The resolution requires the approval of shareholders by ordinary resolution (that is, a majority of votes which are cast by shareholders attending the meeting either in person, by proxy, attorney or corporate representative). As indicated in the Notice of Meeting, a voting exclusion applies in relation to these resolutions.

2. SUMMARY OF PROPOSAL

2.1 Overview

If the resolution is approved, the Company will be permitted to issue up to the following maximum number of securities:

- an additional 1,000,000,000 fully paid ordinary shares; and
- an additional 333,333,333 options over ordinary shares.

The issue price for each ordinary share to be issued is \$0.01.

The key terms of the options to be issued are:

- the options have an exercise price of \$0.015 per option;
- the expiry periods for the options is 2 years from the date of issue; and
- subject to the Company's ordinary shares being requoted, the options will also be quoted.

The options will otherwise be upon terms as set out in Schedule 1 to this Explanatory Memorandum.

The proposed issue of additional securities will increase the issued capital of the Company up to a maximum number of securities set out below:

Security	Number on issue as at the date of this meeting	Maximum number on issue if all approved securities were issued
Fully paid ordinary shares	634,922,255	1,634,922,255
Options over ordinary shares	24,448,629	357,781,962

2.2 Further details as to potential subscribers and timing of proposed subscription

The Company has not specified a date upon which the securities will be issued but will issue the securities no later than 3 months after the date of the meeting. The Company proposes to enter into negotiations with potential sophisticated investors to subscribe funds for securities under an Information Memorandum to be issued by the Company. The Company may accept applications from such investors under that Information Memorandum over a progressive period, however the Company will not accept such applications beyond 21 February 2004 (being the date 3 months from the date of the meeting convened by this notice).

Accordingly the specific identity of potential allottees is not known to the Company and cannot be confirmed in this Notice of Meeting. However, it is proposed that such potential allottees will comprise sophisticated investors identified by the Company from whom the Company will have sought investment under the Information Memorandum referred to above. The Company anticipates that the number of sophisticated investors subscribing will be in the range of 5 to 20 separate parties. Paterson Ord Minnett has been appointed to act as Lead Manager for the equity capital raising for the Company.

2.3 Intended use of funds raised from subscription

If the maximum number of ordinary shares seeking to approved by the resolution are allotted, the Company will receive \$10 million. The Company will proceed with an allotment of a lesser number of shares if applications for the maximum number are not received. In respect of the actual funds received by the Company, on allotment of ordinary shares referred to in the resolution the proceeds of such issue will be applied to the following purposes in the order the Directors believe is best for the Company at the time and depending on the amount of funds raised:

- payment of deferred liabilities - \$2.9 million
- on-going working capital requirements - \$1.0 million
- Costs of the funds raising - \$0.9 million
- payment of liabilities owing by the Company under the Deed of Company Arrangement -\$1.8 million
- retirement of secured interest bearing loans - \$3.4 million of which \$1.5 million is a loan (including accrued interest) provided by Intelligent Networks Pty Limited which is a related party to Wayne Passlow, the Chairman and Director of the Company.

3. DIRECTOR'S INTERESTS

The current directors have no interest in the issue of securities contemplated by the resolution.

4. DIRECTORS RECOMMENDATION

The directors of the Company were unanimous in their approval of the proposal to put the resolution and explanatory memorandum to shareholders. The directors are also unanimous in recommending that shareholders approve the resolution. The reasons for the directors' recommendation are set out below.

Paying off deferred liabilities, increasing on-going working capital, paying out the liabilities under the Deed of Company Arrangement and paying off the secured interest bearing loans will significantly improve the Company's balance sheet which will enhance customer (and supplier) confidence of the Company's financial position which will, in turn, create an environment that will make it easier to win business. Paying out the interest bearing loans will save the interest costs and will improve profitability of the Company. Paying out the liability under the Deed of Company Arrangement (and provided the Company satisfies all other ASX requirements) will allow the Company to recommence trading on the ASX. The Company's improved balance sheet will be more appealing to the market if the Company is trading on the ASX again.

5. HOW TO VOTE

A general meeting of shareholders of the Company will be held at 11:00am at the Harbourview Hotel, 17 Blue Street, North Sydney on 21 November 2003, to consider and vote on the resolution set out in the Notice of Meeting. To vote on the resolution, you must either:

- Complete and return the proxy form which is enclosed with this explanatory memorandum to Richard Kneeves, Company Secretary Level 2, 73 Miller Street, North Sydney, by 11:am on 19 November 2003; or
- Attend the meeting.

6. FURTHER INFORMATION

If you require further information about the matters set out in this explanatory memorandum, please contact Richard Kneeves on 612 8925 3000.

TERMS AND CONDITIONS OF
OPEN TELECOMMUNICATIONS LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)

ACN 056 010 121

OPTIONS

The terms and conditions of the options to be issued by Open Telecommunications Limited are as follows:

1. DEFINITIONS

Board means the board of directors of the Company.

Bonus Date means any date after the Issue Date and before exercise or expiry of the Outstanding Options, on which entitlements are ascertained for holders of Shares to participate in any bonus issue by the Company

Business Day has the meaning given to that term in the Listing Rules.

Change of Control Event means a person, or a group of associated persons, becoming entitled to sufficient Shares to give that person or those persons the ability, in general meeting, to replace all or a majority of the Board.

Company means Open Telecommunications Limited ACN 056 010 121.

Exchange means the Australian Stock Exchange Limited ACN 008 624 691.

Exercise Notice means a notice substantially in the form of Schedule 1.

Exercise Period means the period from the issue of the Options to the Expiry Date.

Exercise Price means \$0.015.

Expiry Date means the second anniversary of the Issue Date

Issue Date means the date upon which an Option is issued by the Company to the Optionholder as set out in the Option Certificate.

Listing Rules means the official listing rules of the Exchange.

Option Certificate means the certificate issued by the Company to the Optionholder setting out the number of Options issued to the Optionholder, the Issue Date, the Exercise Price and the Exercise Period relating to those Options.

Optionholder means the holder of Options.

Options means the options over unissued Shares referred to in the Option Certificate.

SCH Business Rules has the meaning given to that term in the Corporations Law.

Shares means fully paid ordinary shares in the capital of the Company, or the ordinary shares into which fully paid ordinary shares are consolidated or subdivided or otherwise reconstructed from time to time.

Takeover Period, in relation to a takeover scheme or takeover announcement in respect of Shares, means the offer period referred to in the definition of that expression in section 624 of the Corporations Act, provided that where a takeover scheme is publicly announced prior to the service of a Bidder's Statement on the Company in relation to that takeover scheme, the Takeover Period will be deemed to have commenced at the time of that announcement.

2. INTERPRETATION

In these terms and conditions, unless the context otherwise requires:

- (a) headings and underlinings are for convenience only and do not affect the interpretation of these terms and conditions;
- (b) the singular includes the plural and vice versa;
- (c) the word person includes a firm, a body corporate, an unincorporated association or an authority;
- (d) a reference to any statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (e) a reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- (f) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (g) an agreement, representation or warranty on the part of or in favour of two or more persons binds or is for the benefit of them jointly and severally;
- (h) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (i) a reference to a currency is a reference to Australian currency unless otherwise indicated;
- (j) a reference to time is a reference to the time in Sydney, Australia; and
- (k) an expression defined in, or given a meaning for the purposes of the Corporations Act has the same meaning where used in these terms and conditions.

3. OPTION ENTITLEMENT

The Company will issue the Options to the Optionholder on the Issue Date.

4. DURATION OF OPTIONS

- 4.1** The Options expire at 5.00pm on the Expiry Date.
- 4.2** Options not exercised on or before 5.00 pm on the Expiry Date automatically lapse.

5. EXERCISE OF OPTIONS

- 5.1** Subject to clauses 5.2 and 5.3, the Optionholder whose exercise of Options would not be in breach of clause 11 may, at any time during an Exercise Period, exercise Outstanding Options, in whole or in part, by lodging with the Company at its registered office:
 - (a) the Option Certificate;
 - (b) a duly completed and signed Exercise Notice; and
 - (c) the subscription monies for the relevant Shares being the number of Options specified in the Exercise Notice multiplied by the Exercise Price; and
- 5.2** Subject to clause 5.3, an Optionholder may exercise Options up to the expiry of the Options.

5.3 Notwithstanding any other provision of these terms and conditions, an Optionholder may exercise Options:

- (a) during a Takeover Period; or
- (b) after a Change of Control Event has occurred.

6. ALLOTMENT AND ISSUE

Subject to clause 5, the Company must:

- (a) allot and issue the number of Shares which corresponds with the number of Options being exercised under clause 5 to the Optionholder;;
- (b) issue a share certificate for those Shares or, if not contrary to the Listing Rules, elect not to issue a share certificate in accordance with the SCH Business Rules, and
- (c) apply for official quotation of the Shares on the Exchange,

within 10 Business Days of the date the Options are exercised provided that if there is a reconstruction of the Company's shares in accordance with clause 7 between the time of allotment and issue of the shares referred to in this clause 6 then the Shares referred to in this clause 6 will be similarly reconstructed.

7. RECONSTRUCTIONS

If at any time or times prior to the exercise by the Optionholder of any Outstanding Options there is any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the Outstanding Options will be reorganised in the manner required by the Listing Rules on a reconstruction of capital at the time of the reconstruction.

8. BONUS ISSUES

- (a) On each Bonus Date, each Outstanding Option confers on the Optionholder the right to receive on exercise of those Outstanding Options, not only an allotment of one Share for each of the Outstanding Options exercised but also an allotment of the additional Shares and/or other securities the Optionholder would have received had the Optionholder participated in that bonus issue as a holder of Shares of a number equal to the Shares that would have been allotted to the Optionholder had the Optionholder exercised those Outstanding Options immediately before that Bonus Date.

9. PARTICIPATION IN NEW ISSUES

Outstanding Options do not carry the right to participate in any new issues of securities by the Company.

10. PARI PASSU RANKING

10.1 Subject to the provisions of clause 10.2, any Shares allotted pursuant to any exercise of the Options rank pari passu in all respects with other Shares of the Company on issue at the date of such allotment.

10.2 Where any Shares are allotted pursuant to the exercise of Options during a period in respect of which a dividend is declared, the holder of those Shares is only entitled to receive the dividend where the Option pursuant to which such Shares were allotted was exercised on or before the relevant dividend entitlement date.

11. COMPLIANCE WITH LAW AND ORDERS

11.1 The Optionholder must not exercise any of its Options to have Shares issued to it and no purported exercise shall have any effect, if in doing so it would be in breach of, or would cause the Company or its related bodies corporate to be in breach of:

- (a) any provision of the Foreign Acquisitions and Takeovers Act 1975;

- (b) any undertaking given by the Company to the Foreign Investment Review Board at the request of the Foreign Investment Review Board from time to time;
- (c) the Listing Rules or the SCH Business Rules; or
- (d) any other applicable law.

11.2 For the purposes of clause 11.1, references to the Foreign Acquisitions and Takeovers Act mean the relevant Act as it may be amended or modified or replaced by another act dealing with similar subject matter.

12. CALCULATIONS

12.1 Any calculations or adjustments which are required to be made for the purpose of any Options must be made by the auditors of the Company for the time being and will, in the absence of manifest error, be final and conclusive and binding on the Optionholder.

12.2 The Company must notify the Optionholder of any adjustments made to the Exercise Price or the number of Outstanding Options within 10 Business Days of the date of the adjustment.

13. REPLACEMENT OF CERTIFICATES

If any Option Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the registered office of the Company on payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, indemnity and security as the Company may reasonably require. Mutilated or defaced Option Certificates must be surrendered before replacements will be issued.

14. ADMINISTRATION AND AMENDMENT

This exercise of the Options will be administered by the Board who have the power to:

- (a) determine procedures from time to time for administration of this Options consistent with the terms and conditions of the Options;
- (b) subject to the Listing Rules, amend or modify the terms and conditions of the Options;
- (c) subject to clause 12.1, resolve conclusively all questions of fact or interpretation arising in connection with the Options; and
- (d) delegate to any one or more persons, for any period and on any conditions determined by the Board, the exercise of any of the Board's powers or discretions arising under the Options.

15. NOTICES

Any notice regarding the Options will be sent to the registered address of the Optionholder as recorded in the register of option holders maintained by the Company.

16. GOVERNING LAWS

The Options are governed by and shall be construed in accordance with the laws of New South Wales.

17. DUTIES AND TAXES

The Company is not responsible for any duties or taxes which may become payable in connection with the issue and allotment of Shares pursuant to an exercise of the Options or any other dealing with the Options or Shares.

SCHEDULE 1

OPEN TELECOMMUNICATIONS LIMITED
(Subject to Deed of Company Arrangement)

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OPTIONS - EXERCISE NOTICE

I, _____, being the registered holder of the Options specified below, elect to exercise the Options as specified below in accordance with clause 5 of the Terms and Conditions of the Options.

Number of Options being exercised: _____

Name and address of the Shareholder to be entered into the register of members in respect of Shares issued:

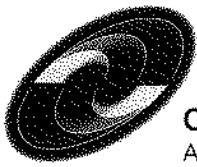
Name and address to which certificates evidencing the Shares should be sent:

Enclosed with this notice is the certificate for the Options referred to above together with the relevant subscription monies being \$ _____

In exercising the Options in relation to the Shares, I agree to be bound by the provisions of the constitution of Open Telecommunications Limited.

Date: _____

Signed by the Optionholder



Open Telecommunications Limited

ABN 42 056 010 121

(Subject to Deed of Company Arrangement)

Mark this box with an 'X' if you have made any changes to your address details (see reverse)

Proxy Form

All correspondence to:

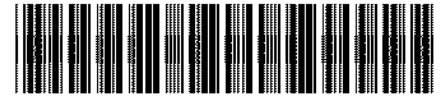
Computershare Investor Services Pty Limited
GPO Box 4195 Sydney
NSW 2001 Australia
Enquiries (within Australia) 1300 855 080
(outside Australia) 61 3 9615 5970
Facsimile 61 2 8235 8220
www.computershare.com



000001

Reference Number

MR JOHN SMITH
FLAT 123
123 SAMPLE STREET
SAMPLEVILLE VIC 3030



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I 1234567890

I ND

Appointment of Proxy

I/We being a member/s of Open Telecommunications Limited and entitled to attend and vote hereby appoint



the Chairman
of the Meeting
(mark with an 'X')

OR



Write here the name of the person you are appointing if
this person is **someone other than the Chairman of the**
Meeting.

or failing the person named, or if no person 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 Open Telecommunications Limited to be held at the Harbourview Hotel, 17 Blue Street, North Sydney NSW 2060 on Friday 21 November 2003 at 11:00am and at any adjournment of that meeting.



IMPORTANT: FOR ITEM 1 BELOW

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Item 1 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of this item and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 1 and your votes will not be counted in computing the required majority if a poll is called on this item.

Voting directions to your proxy - please mark



to indicate your directions

For Against Abstain*

RESOLUTION

Item 1 To approve for issue of additional shares and options



In addition the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.

* 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.

PLEASE SIGN HERE

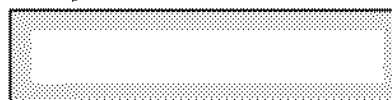
This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1



Sole Director and
Sole Company Secretary

Securityholder 2



Director

Securityholder 3



Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

/ /

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How to complete the Proxy Form

1 Your Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you 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. 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.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

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 the corporation 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 from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 11:00am on Friday 21 November 2003. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged using the reply paid envelope or:

- by posting, delivery of facsimile to Open Telecommunications Ltd's share registry at the address opposite, or
- by delivery to the registered office of Open Telecommunications Limited being
Level 2
73 Miller Street
North Sydney NSW 2060
Facsimile: 61 2 9957 5342

Open Telecommunications Limited share registry
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Delivery: Level 2/60 Carrington Street, Sydney
Facsimile 61 2 8235 8220