

Tel.Pacific Releases Prospectus for IPO Company set for further growth

- Tel.Pacific today lodged with ASIC a Prospectus for an IPO to raise \$5m
 - o Exposure period until 1 June 2007
 - o Offer expected to open 4 June 2007, closes on 29 June 2007
 - Funds to be raised to assist:
 - o Company's acquisition strategy
 - o Opening of New Zealand office
 - o Future expansion and marketing plans
 - New appointments boost the Board
 - o Greg McCann appointed Chairman of the Board
 - o Ryan O'Hare and Stephe Wilks appointed as non-Executive Directors
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28 May 2007: The Board of Tel.Pacific announced that it has lodged a prospectus for an Initial Public Offering of its shares with ASIC and ASX on Friday 25 May 2007.

The offer, which is expected to open on 4 June 2007, is for 25 million shares at \$0.20 per share, raising \$5 million and giving the Company a market capitalisation on issue of \$22 million.

The funds raised will be used to facilitate the Company's acquisition strategy, and will also go towards opening a New Zealand office and new marketing campaigns. In particular, the Company will seek to further promote and develop the recently launched Recharge Central website (www.rechargecentral.com.au).

The Executive Directors of Tel.Pacific will remain major shareholders in the Company (no current shareholders are selling down any part of their stake as part of the IPO process), and have agreed to a voluntary escrow of their holdings for 12 months from listing.

With 10 years in the telecommunications industry, Tel.Pacific is most well-known for its voice communications business and its established distribution network.

"It's an exciting time for all of us," says Mr Charles Huang, Managing Director of Tel.Pacific. "Over the years since we founded the Company, we've enjoyed strong growth, but this offer marks a new chapter in our history and sets us for new heights. The IPO allows us to take our acquisition strategy forward much more aggressively than would have been possible without going to the public markets".

The IPO is a logical part of the Company's initiative to drive for even further growth within the voice sector in which its range of pre-paid calling cards have been so successful.

Tel.Pacific is a major distributor of pre-paid phone cards nationwide and offer cards for sale online. This extensive and very successful distribution network can also be leveraged in the future to drive further growth from complementary products and services.

With growth in both Revenue and EBITDA (earnings before interest, tax, depreciation and amortisation) since 2004, Tel.Pacific has demonstrated an excellent track record in creating value for its shareholders. In 2004 Revenues were \$14.4 million, with EBITDA of \$0.2 million. For the 2007 financial year (to end 30 June 2007), the Company is forecasting Revenues of \$36.3 million, and \$3.9 million of EBITDA.

Appointment of New Non-Executive Directors

The Company has also taken the opportunity to bring new Board level professionals into the team to help drive the growth process.

The new recruits include two Independent Non-Executive Directors, Ryan O'Hare and Stephe Wilks, who each have in excess of 15 years experience in the telecommunications industry, local and overseas. Tel.Pacific has also appointed a new Independent Chairman, Greg McCann, who has 24 years of financial consulting experience with Deloitte Touche Tohmatsu, and is a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

"With talented individuals like these on board, I am confident we are well placed to deliver further growth for shareholders," said Mr. Huang. "I am very pleased to welcome Greg, Ryan and Stephe to the Board, and look forward to working with them over the coming years".

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About Tel.Pacific

Established in 1996, Tel.Pacific is a significant participant in the Australian communications market. The Company's core business centres around the provision of pre-paid telephony products and services through extensive distribution networks.

Since its establishment Tel.Pacific has experienced strong and sustained revenue growth. Tel.Pacific sees continued growth opportunity in its pre-paid calling card business and intends to further expand its business activities in this area as part of its long-term growth strategy.

Tel.Pacific's core product line comprises more than 30 brands of low cost pre-paid calling cards mainly used for international telephone calls to over 230 countries and regions. The Company's portfolio includes the well known Hello, Joy and GPS brands.

Key Offer Dates, Statistics and Financial Information

Prospectus lodged with ASIC	25 May 2007
Opening Date (following ASIC exposure period)	4 June 2007
Closing Date and final date for receipt of Application Monies	29 June 2007
Allotment and issue of Shares	5 July 2007
Despatch of holding statements for Shares	9 July 2007
Quotation of Shares	16 July 2007

These dates and times are indicative only and may change. The Company reserves the right to vary the dates and times of the Offer, without prior notice including closing the Offer before the scheduled Closing Date. Investors are encouraged to submit their Application Forms as soon as possible after the Offer opens.

Issue Price	\$0.20 per Share
Total number of Shares to be issued under the Offer	25 million
Amount to be raised under the Offer	\$5 million
Market capitalisation at the Issue Price	\$22 million

	2007 Forecast
EBITDA	\$3.9 million
NPAT1	\$2.2 million
Earnings per Share ²	\$0.02
Price earnings multiple	9.79
Market capitalisation/EBITDA	5.68

Notes:

- 1 Before the trading results and the net profit or loss on the disposal of the sold non-core businesses.
- 2 Based on total Shares on issue of 110,000,000 upon completion of the Offer excluding the dilution effect of the exercise of any options to acquire Shares.

Applications can only be made by completing and lodging the Application Form accompanying the Prospectus prior to the Closing Date.