

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

People Telecom Limited

ABN

31 009 273 152

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|----------------------------|
| 1 | +Class of +securities issued or to be issued | Unlisted Executive Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 13,000,000 |

+ See chapter 19 for defined terms.

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3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

The seven tranches of Executive Options have the following vesting conditions:

- a. Tranche 1 Executive Options - 1,000,000 Executive Options exercisable at 6.8 cents each, vest on the commencement date;
- b. Tranche 2 Executive Options - 1,000,000 Executive Options exercisable at 6.8 cents each and vest on 30 June 2007 (if employed on 30 June 2007);
- c. Tranche 3 Executive Options - 1,000,000 Executive Options exercisable at 6.8 cents each and vest on 30 June 2008 (if employed on 30 June 2008);
- d. Tranche 4 Executive Options - 1,000,000 Executive Options exercisable at 6.8 cents each and vest on 30 June 2009 (if employed on 30 June 2009);
- e. Tranche 5 Executive Options - 2,500,000 Executive Options exercisable at 6.8 cents each and vest if a yet to be determined EPS hurdle is met in the year ended 30 June 2007 and vest if employed, EPS hurdle met and after announcement of financial performance);
- f. Tranche 6 Executive Options - 2,500,000 Executive Options exercisable at 6.8 cents each and vest if a yet to be determined EPS hurdle is met in the year ended 30 June 2008 and vest if employed, EPS hurdle met and after announcement of financial performance); and
- g. Tranche 7 Executive Options - 4,000,000 Executive Options exercisable at 6.8 cents each and vest, if employed and the EPS hurdle is met for the year ended 30 June 2009.

+ See chapter 19 for defined terms.

All other terms and conditions are outlined in Notice of General Meeting held on 1/28/2003 September 2006.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Any ordinary shares in the Company issued to Mr Stanton pursuant to an exercise of vested Executive Options rank pari passu in all respects with other ordinary shares of the Company</p>				
<p>5 Issue price or consideration</p>	<p>Exercise price is 6.8 cents per share</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The purpose of the grant of the Executive Options is to form part of the incentive to the Chief Executive Officer, Mr Stanton to provide dedicated and ongoing commitment and effort to the Company and forms part of his remuneration package.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>28 September 2006</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 2px;">Number</th> <th style="text-align: left; padding: 2px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">307,823,854</td> <td style="padding: 2px;">PEO Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	+Class	307,823,854	PEO Fully paid ordinary shares
Number	+Class				
307,823,854	PEO Fully paid ordinary shares				

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9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	Number	+Class
		13,000,000	Unlisted Executive Options
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Bonus issue or pro rata issue

N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.

+ See chapter 19 for defined terms.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Wayne Wanders
 Company secretary

Date: 4 December 2006

Print name:


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