



7 September 2005

Ms Christine Panetta
Senior Companies Adviser
Australian Stock Exchange limited
Level 8, Exchange Plaza
2 The Esplanade
Perth, WA 6000

Dear Madam

Re: People Telecom limited (PEO)

We refer to your letter dated 7 September 2005 in regard to the price change and increase in volume of trading securities in People Telecom Limited ("the Company").

Please note the following in response to the questions asked in your letter.

1. The Company is not aware of any information concerning the Company that has not been announced which, if known could be an explanation for recent trading in the securities of the Company.
2. N/A
3. No, other than the fact that the recently released results and associated announcements reflect a strong improvement in the financial performance of the Company for the 2005 financial year as compared to the 2004 financial year.
4. The Company is in compliance with the listing rules and, in particular listing rule 3.1.

Yours faithfully

Wayne Wanders
Company Secretary

"It's all about you"

:: People Telecom
People Telecom Ltd
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Sydney
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North Sydney NSW 2060

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**ASX**

AUSTRALIAN STOCK EXCHANGE

7 September 2005

Mr Wayne Wanders
Company Secretary
People Telecom Limited
Level 9, People Telecom Centre
76 Berry Street
North Sydney NSW 2060

By facsimile 02 9458 5800

Dear Sir

People Telecom Limited (the "Company")**RE: PRICE QUERY**

We have noted a change in the price of the Company's securities from \$0.16 on 6 September 2005 to \$0.185 today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than the close of business (ie 5.00 pm W.S.T.) today, 7 September 2005.

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The response must be in a form suitable for release to the market. If you have any concern about release of a response, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and the guidance note titled "Trading halts" we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours faithfully



Christine Panetta
Senior Companies Adviser

Direct Line: (08) 9224 0014