

December 21, 2005

Smart Telecom PLC announces funding of 3G initiative

Filed in Telecoms, Post & Mobile Phone Technology on December 21, 2005

The Board of Smart is pleased to announce that it has completed the drawdown of a financing package totalling EUR56.7 million, which has been utilised to fund the initial payments for the 3G and 900 Mhz spectrum licenses pursuant to the recent offer of this spectrum to the Company by ComReg, the Irish telecommunications regulatory authority.

The financing of the initial payments has greatly strengthened the Company's negotiating position and discussions are on going, with a number of parties, with a view to facilitating a timely and financially attractive roll-out of the Company's proposed 3G network.

The financing package comprises a convertible loan advance in the amount EUR28.35 million from Quinn Funding Ltd, ("Quinn") an associate company of Quinn Group Ltd ("the Quinn Financing") and in addition a bank borrowing facility in the amount of EUR28.35 million, provided with the support and personal guarantee of a major shareholder, Mr. Brendan Murtagh.

Under the terms of the Quinn Financing, Quinn has received a 2 year 12.5% redeemable convertible loan of EUR28.35 million, secured against the assets of Smart Mobile Ltd ("Smart Mobile") and by a charge over the Smart's shares, in their 3G mobile subsidiary, and backed by a guarantee from Smart. The Quinn Financing is convertible at the option of Quinn into ordinary shares of EUR0.05 ("Ordinary Shares") in Smart at a price of 23p, which once exercised will give rise to the issue of 83,667,875 Ordinary Shares, equal to 18% of the enlarged equity.

The bank borrowing facility is a 6 month facility advanced to Smart Mobile, secured against the assets of Smart Mobile and by a charge over the Smart's shares in their 3G mobile subsidiary, and backed by a guarantee from Smart. This facility is also backed by a guarantee and indemnity from Mr. Brendan Murtagh, a significant shareholder in Smart.

In return for the underwriting commitment made personally by Mr Murtagh, the Company has agreed to pay him a fee of EUR285,000. This fee, representing 1% of the loan amount advanced constitutes a related party transaction. The Directors, excluding Messrs Alan and Fergal Murtagh, have carefully considered the transaction and having consulted with the Company's Nominated Advisor, are satisfied that the terms of the transaction are fair and reasonable in so far as its shareholders are concerned.

The Company's plans in relation to the roll-out of its fixed-line broadband strategy are progressing very satisfactorily. The legal case against eircom relating to LLU and number portability is progressing as planned, as is the

roll-out to exchanges and the recruitment and training of residential sales personnel.

Oisín Fanning Smart CEO commented: “We are delighted to have secured the backing of the Quinn Group for the development of Smart’s 3G mobile operations. The Quinn Group has achieved outstanding success in building substantial businesses in Ireland. This financing marks a significant step in our 3G mobile plans and complements Smart’s strategy in providing high speed broadband to the Irish market. These initiatives will establish Smart as the most advanced provider of next generation, converged broadband / mobile communications services in the Irish market.”