

AUSTRALIAN STOCK EXCHANGE RELEASE

FRESHTEL'S NETWORK CONTINUES STRONG GLOBAL GROWTH

Melbourne, Australia, Thursday, 5th October 2006: Freshtel Holdings (ASX: FRE), a global leader in internet telephone solutions, today announced it has added more than 66,500 new subscribers to its Voicedot Network over the past quarter.¹ The strong growth over the past three months continues to strengthen Freshtel's unique global business strategy.

Of the 66,500 added subscribers, more than 92 per cent are revenue generating customers to the Voicedot Network.

Mr Michael Carew, Freshtel Holdings CEO said; "We are entering a very exciting phase of our business evolution. Freshtel has laid a solid foundation over the past 12 months by establishing quality partners and building a world class team to provide internet telephone networks and solutions. As a result we are seeing strong growth on the Voicedot Network with 66,500 additional subscribers being added over the past three months. To further reinforce the significance of this growth, 92 per cent of new subscribers generate revenue for Freshtel."

The Freshtel business model is differentiated by its low customer acquisition costs - well below industry norms. Over the last quarter Freshtel's advertising costs were less than \$9,000 equating to an average customer acquisition cost of \$0.14 over this period.

The Voicedot network at the end of September 2006 had a total registered subscriber base of 374,018.

1. July, August and September 2006

About Freshtel Holdings

Freshtel Holdings Limited (ASX:FRE) is an Australian internet telephone technology company that develops and markets VoIP telephony products and services. Freshtel Holdings Limited offers end-to-end white label VoIP solutions to wholesale customers globally through its wholly owned subsidiaries, Voicedot Networks and Virbiage and has a direct-to-market retail channel through www.freshtel.net

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