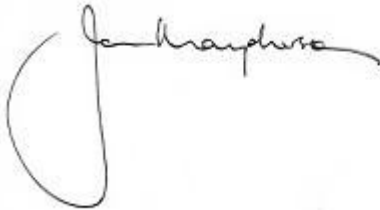


Company Announcement Office
Australian Stock Exchange
20 Bridge Street
SYDNEY NSW 2000

13th November 2006

Please find attached the CEO's and Chairman's addressed given at today's Annual General Meeting of shareholders.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Jan Macpherson', written over a faint, light-colored circular stamp or watermark.

Jan Macpherson
Company Secretary

CHAIRMAN'S ADDRESS
2006 Annual General Meeting
13 November 2006

2006 has, I believe, been a very exciting year for Freshtel Holdings. I will make some brief comments before handing over to our CEO, Michael Carew, to talk to you in more detail about the Company's operations.

It has been very pleasing to see the enormous steps taken by the Company since the AGM last year. There have been a number of significant milestones, the first of which was partnering with UK retailer, Tesco Limited to provide an internet phone service.

It was quite a coup for a company of Tesco's size to partner with Freshtel – a small unknown company from the other side of the world. Their confidence in our product was further reinforced when Tesco decided to take a 6% stake in Freshtel. We issued 9.5 million shares, raising \$3.7 million. We launched the Tesco service during 2006 but expect to see substantial progress in subscriber growth during the 2007 financial year.

We have developed a terrific relationship with Tesco with true collaboration between the two companies positioning the Tesco Internet Phone extremely well in the UK market. We hope to continue to build on that relationship.

The second major milestone was the agreement with Binatone Telecoms, a large global telephone handset manufacturer. This deal is potentially very exciting because not only does it allow us to outsource the manufacturing of our handsets and other

hardware, but we will also work with Binatone to co-develop product. In addition, Binatone has a network of retailers to whom they already sell telephony product. The addition of a range of internet telephony products will be very attractive for their retailers – a number of whom now stock a Binatone internet phone which utilises the Freshtel network.

We have undertaken these exciting developments at a relatively modest cost. Freshtel reported a net loss of \$6.2m for the year to 30 June 2006, on operating revenue of \$1.3m. This result reflected initial revenue from the launch of our service with Tesco and some revenue from our retail customer base. Our operating costs increased significantly during the year reflecting the enormous amount of development work undertaken to establish the new partnerships and adequately position the company to deliver the enormous growth potential. We acquired the operations of Teragen International, the group to whom we had been outsourcing our R&D.

As the company grows, not only has the corporate framework grown and become more sophisticated, but progress has been made in terms of the Board and its operation. It has been with great pleasure that we have welcomed Ken Loughnan AO to the Board as an independent director. His considerable experience in telecommunications, international business and finance is already proving to be very valuable.

You will notice that Sebastian Filzek is retiring from the Board by rotation and has decided not to seek re-election. The Board is of the view that over time the proportion of independent directors to executive directors must increase. By not

seeking re-election Sebastian is facilitating that transition. On behalf of the Board I thank Sebastian for his contribution and efforts as a Director since the company listed.

The 2007 financial year has started well with the launch of Tesco's first major mass media marketing campaign. Customer response has been very encouraging with a substantial boost to subscriber numbers. Freshtel's internet telephony products are now available in a number of retailers in Australia and the UK, via our agreements with the NARTA Group and Binatone.

The future is extremely exciting. With the UK market progressing well, a roadmap of new product including 'computer off' products and fantastic advances such as the successful 3G trials, I expect Freshtel will have a very busy and productive year ahead.

Finally I would like to thank the management and staff for the tremendous effort during the year and congratulate them on the achievements of the last 12 months. I will now hand over to our CEO, Michael Carew.

Thank you.

CEO'S ADDRESS
2006 Annual General Meeting
13 November 2006

Ladies and Gentlemen,

It gives me great pleasure to stand before you today and share with you Freshtel's progress during the financial year ended June 2006 and to update you on events since the end of that period.

Upon listing on the ASX just 19 months ago, Freshtel was a team of 7 with a great technology and global aspirations. We knew that to fulfill our aspirations, we needed partners to supplement our core capability, being the provision of a world class internet telephony service.

Our white label strategy was clearly developed and during 2006 we took substantial steps towards building our global presence. We are now a company with 56 employees and have become a fully fledged telephony provider.

During 2006 we signed and launched our white label agreement with Tesco, the largest retailer in the UK and signed and launched a manufacturing agreement with one of the largest cordless phone manufacturers in the world, Binatone.

While those steps were important, equally important were the developments within Freshtel to ensure that we could continue to grow, could effectively manage that growth and could provide our service to large multinational customers.

In December 2005 we signed an agreement with Tesco to provide Tesco with a white label internet telephony solution. This service is branded Tesco, the handsets are branded Tesco, Tesco's customers receive a Tesco bill and the service is sold in the UK via Tesco stores and the Tesco website.

However, the network is provided by Freshtel, the hardware is designed by both Freshtel and Binatone and the software to allow Tesco to bill their customers is provided by Freshtel.

This collaborative effort where Freshtel's software, network and hardware are delivered to Tesco's existing customers utilising Tesco's strong marketing and distribution expertise is bringing internet telephony to the mass market and is, we believe, creating a very strong position in the UK market.

Freshtel was recently recognised for its success in establishing a presence in the UK by winning the "New Investor Award" at the UK Trade and Investment, International Business Awards. This prestigious award highlights the valuable market position created by Freshtel in a short space of time.

The Tesco service launched in January 2006, initially to a limited number of Tesco's stores and has now rolled out to over 380 of Tesco's premium stores across the UK. The launch has been carefully planned through a phased roll out and was followed in July by Tesco's very significant media and marketing campaign from which we have seen strong growth in customer numbers.

We also partnered with Binatone, one of the largest Cordless phone manufacturers in the world.

Our initial focus with Binatone during the year was on the manufacturing and co-development of hardware. We decided to bring in a partner to manufacture the hardware, enabling us to focus our resources on our core capabilities being the development and deployment of our internet telephony service. However, we also work together with Binatone to develop the current products and future products roadmap. Our electronics design expertise and Binatone's experience in the consumer telephony market is proving to be a valuable combination in the ongoing development of products that we believe, have the best of both internet telephony and traditional handset features.

The final and potentially most valuable component of our agreement with Binatone is the ability to partner with Binatone and its clients. Binatone is a well known brand in consumer telephony markets, with distribution to over 55 countries and a strong market presence throughout the UK and Europe. They have, therefore, great relationships with retailers and consumers providing a ready distribution channel into Europe and the UK in particular, enabling Freshtel to launch a secondary service into the UK market – the Freshtel Internet Phone.

We initially launched a Binatone branded handset co-developed by Freshtel and Binatone in Argos stores in the UK. Argos is the largest retailer of

telecommunications hardware to the UK consumer market. We have subsequently launched our products into three other major retailers in the UK:

- Woolworths, one of the UK's leading home and entertainment retailers with over 800 stores;
- Robert Dyas (a homewares retailer with over 90 stores); and
- QVC – a popular shopping channel and online retailer.

All of the Binatone branded handsets sold throughout the various retailers are pre-configured to our new Freshtel Internet Phone service in the UK. While we talk about a new network, all customers be they Freshtel, Tesco, Argos or Woolworths use our Voicedot network enabling them to call each other without incurring a call charge. The compatibility across retailers is key to our model – the more retailers we add and the more customers they bring, the greater the value created for all participants.

This dual distribution model is an evolution of our strategy as we came to realise during the year that although Tesco is the largest retailer in the UK, there is scope to more fully saturate the market outside of our Tesco relationship. The rapid uptake from other retailers highlights not only the appeal of the model, but also the quality of our product and the strength of the relationship between Binatone and many of the retailers.

In the Australian market we have entered into a distribution agreement with the NARTA Group to facilitate the launch of the Freshtel retail service. NARTA is Australia's largest independent buyer group for consumer electronics whose clients

include some of the largest retail consumer electronics groups in Australia. Freshtel's products are already stocked in over 200 retail outlets around Australia.

Since the launch of Freshtel Internet Phone in the UK, we have also increased our product range and Argos has also increased the range of our product it stocks, progressing from a basic USB phone which plugs into a computer to a new dual USB and traditional cordless phone handset.

Over the next year both in the UK and Australia we expect to gradually see a migration from the computer-on products, where the phone is plugged into a computer which must be switched on, to computer-off products that connect directly to the internet without the need for a computer.

The hard work undertaken in 2006 to launch these initiatives is starting to pay off, with strong growth in subscriber numbers and hardware sales. In the 3 months to the end of September, over 65,000 new subscribers were added to the network. Of those, over 92% were revenue generating to the Voicedot network.

All of these exciting developments have been underpinned by the work undertaken internally within our Company. We invested heavily in time and effort to build our corporate framework to facilitate our growth.

We acquired the operations of Teragen International during the year, bringing our research and development activities in-house. Research and development will remain a very important part of our operations going forward. We also broadened the skill

base in our technical team with an increased focus on the implementation skills required for major white label deployments.

There has been an enormous increase in the sophistication of our processes and systems from planning to implementation in anticipation of strong subscriber growth through our partners over the next 12 months.

Our focus will now shift from the development of infrastructure, business systems and strategies to leveraging our strong position in the market. Over the next 12 months we will have a concentrated focus on working with our partners to assist us in achieving our goal of multiple white label deployments.

In addition, we will also work closely with our partners to deliver a full suite of telephony products, via our internet telephony network, to the market. This total market solution will be a combination of domestic, business and converged mobile products across our platform. This ability to offer a highly sophisticated yet simple solution for the everyday user, in the home, the office or on the move is key to delivering maximum value to consumers and ultimately to Freshtel and our shareholders.

We have recently completed successful trials allowing users to make and receive internet phone calls to and from our Voicedot network using 3G mobile handsets. We are currently working with our partners to further progress this breakthrough in the converged mobile market, and we are assessing the most appropriate ways to commercialise this product.

With these goals in mind, I have informed the Board of my desire to restructure my role within Freshtel to allow me to take advantage of our position in the market and the strong relationships we have forged over the last 12 months. I will be focusing on strategy and working with our partners who are keen to contribute to our success by working closely with us to engage other prospective white label partners to join them on the Voicedot network.

To facilitate this, we will be seeking to appoint an additional senior executive who will assume responsibility for many of the day to day operations. This will further strengthen the senior management team and highlights the increasing maturity of our business moving forward. I am excited by what lies ahead of us in 2007 and beyond.

I would like to thank our dedicated staff who have supported the transition of the company and produced some amazing work over the last 12 months in establishing Freshtel as a market leader and allowing us to develop trusted relationships with our major partners.

Thank you.