

AUSTRALIAN STOCK EXCHANGE RELEASE

**FRESHTEL PLANS FOR MOBILE INTERNET PHONE LAUNCH
FOLLOWING INITIAL AGREEMENT WITH EUROPEAN MOBILE COMPANY**

Melbourne, Australia, Monday, 25th June: Freshtel Holdings (ASX:FRE) has signed a Letter Of Intent to enter into a strategic partnership with Effortel, a European Mobile Virtual Network Enabler (MVNE). Effortel provides the business and back end support to enable retailers to establish mobile phone services re-branded as their own - as they have done with European retail giant, Carrefour.

Effortel and Freshtel plan to establish an alliance agreement to offer both the Freshtel whitelabel service and a collectively managed converged mobile service, which will allow customers to make calls over the internet using their mobile phone. This service will be extended to their respective partners.

The companies have signed a Letter Of Intent allowing the parties to commence business planning for the converged mobile service. The agreement paves the way to commence discussions for the provision of both the Freshtel whitelabel and combined Freshtel and Effortel converged solutions to Carrefour, the world's second largest retailer and the largest retailer in Europe.

Mr Peter Warner, Acting CEO of Freshtel said: "Effortel will be a valuable strategic partner and this LOI is an important step in moving forward our initial discussions with Carrefour. Ongoing, Effortel will assist in creating further market opportunities for our converged mobile technology and whitelabel solutions.

"This represents a significant step forward, and one that we have been able to accelerate now that our founder, Michael Carew is focused on business development."

Effortel's business solution and technical platform enables leading retailers to provide a mobile telecommunications service under their own brand, and become what is known as a mobile virtual network operator (MVNO).

Effortel's largest customer is Carrefour, for whom they launched the successful Carrefour Belgium mobile service which has now also been adopted by Carrefour Italy.

"There are many synergies between our two companies, we are both innovators in the telecommunications space and have established successful partnerships with leading retailers," said Mr Warner.

"The partnership will have benefit for both parties; Effortel provides a strong foothold into the European market and our leading edge technology will assist Effortel and their clients to remain on the cutting edge of mobile solutions."

Freshtel and Effortel will immediately begin the marketing analysis and business plan for the alliance.

ENDS

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

For further information please contact:

Investor Relations:

Rebecca Wilson
IR – Buchan Consulting
Ph: +61 2 9237 2800 / 0417 382 391
E: rwilson@bcg.com.au

Media Enquiries:

Kyahn Timms
Media Consultant to Freshtel – Buchan
Ph: (03) 9866 4722 / 040 101 8828
E: ktimms@bcg.com.au