

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Freshtel Holdings Limited

ABN

92 111 460 121

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Up to 424,592,354 shares to be issued under a renounceable rights issue |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Shares on the same terms as shares currently on issue |

For personal use only

Appendix 3B
New issue announcement

For personal use only

<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>				
<p>5 Issue price or consideration</p>	<p>0.375 cents per share</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Funds raised via the issue will provide working capital for the Company, reduce existing debt and position the Company for possible acquisitions of interests in new projects.</p>				
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>31 May 2010</p>				
<p>8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1444 989 1478">Number</th> <th data-bbox="989 1444 1283 1478">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1478 989 1702">794,011,956</td> <td data-bbox="989 1478 1283 1702">Ordinary</td> </tr> </tbody> </table>	Number	⁺ Class	794,011,956	Ordinary
Number	⁺ Class				
794,011,956	Ordinary				

+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)		
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	No
12 Is the issue renounceable or non-renounceable?	Renounceable
13 Ratio in which the +securities will be offered	1 new share for every 1 existing share
14 +Class of +securities to which the offer relates	Fully paid ordinary shares
15 +Record date to determine entitlements	5 May 2010
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17 Policy for deciding entitlements in relation to fractions	Not applicable
18 Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Hong Kong, United Kingdom, United States, Italy, Japan and Germany
19 Closing date for receipt of acceptances or renunciations	25 May 2010

+ See chapter 19 for defined terms.

For personal use only

Appendix 3B
New issue announcement

20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Not applicable
25	If the issue is contingent on +security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	No prospectus or product disclosure statement is being issued. However a rights issue offer document and entitlement and acceptance form will be sent to eligible shareholders on 11 May 2010
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	29 April 2010
29	Date rights trading will end (if applicable)	18 May 2010
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Appropriate instructions are to be provided to the shareholder's stockbroker and any other information that is requested by the stockbroker.
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	To sell part of their entitlements, appropriate instructions are to be provided to the shareholder's stockbroker and any other information that is requested by the stockbroker.

+ See chapter 19 for defined terms.

For personal use only

For personal use only

To accept for the balance, shareholders should either complete and return the Entitlement and Acceptance Form with their payment or pay via BPAY® pursuant to the instructions set out on the Entitlement and Acceptance Form.

32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?

Issuer sponsored holders should complete and sign a standard Renunciation and Transfer Form (obtainable from the Company) and forward with the transferee's payment, together with the completed Entitlement and Acceptance Form for any rights that the transferee wishes to take up, to the Share Registry in accordance with the instructions on the Entitlement and Acceptance Form.

CHESS holders should contact the CHESS controlling participant, normally their broker.

Refer to the "Action required by Eligible Shareholders" section in the offer document for further details.

33 ⁺Despatch date

2 June 2010

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
- 1 - 1,000
 - 1,001 - 5,000
 - 5,001 - 10,000
 - 10,001 - 100,000
 - 100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

For personal use only

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

42	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)	
	Number	+Class

+ See chapter 19 for defined terms.

For personal use only

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:


.....
(Company Secretary)

Date: 22nd April 2010

Print name:

David Sims
=====

+ See chapter 19 for defined terms.

For personal use only