

AUSTRALIAN STOCK EXCHANGE RELEASE

FRESHTEL & BINATONE LAUNCH THROUGH ARGOS STORES IN UK

Melbourne, Australia, Friday 28th July 2006:

In updating the market Freshtel Holdings is pleased to announce that the Freshtel Internet Phone (UK) products and service will be launched on Saturday 29th July 2006. Products will be distributed by Argos, the major telecommunications retailer in the UK.

The products are displayed in the July edition of the Argos catalogue, and distributed through over 660 Argos stores across the UK. In parallel with the Argos launch, the Freshtel UK website will go live in order to facilitate the registration and billing of new customers.

Freshtel's CEO Michael Carew said, "as previously announced Freshtel is expanding its UK operations, utilising the strength of Binatone's distribution network. Launching with Argos is a fantastic start for us, given their dominance in sales of telephone handsets in the UK market. The Binatone brand is well known in the UK and this will help raise awareness of our new retail service without the need for significant advertising support.

As with all Freshtel services, consumers using the new retail service will benefit from low cost calls worldwide and free calls across the growing Voicedot network. Customers will also receive a standard UK geographic telephone number with the service. The signup process has been designed for simplicity and ease, allowing a wider demographic to take advantage of Freshtel's products and services."

Binatone CEO, Mr Dino Lalvani commented, "Binatone has featured in every catalogue since Argos was founded in 1973, delivering innovation that people can afford. Our latest partnership with Freshtel underpins this philosophy via easy to use products powered by the Freshtel service".

Mr Lalvani added, "Argos is the dominant telecoms retailer in the UK and is the ideal channel to launch such an offer. By offering consumers the choice between a basic corded phone and a stylish cordless phone we aim to capture a significant share of the internet phone market."

Argos is the largest general-goods retailer in the United Kingdom and Republic of Ireland with over 660 stores and sales revenue of £3.65 billion (2005). Argos is unique amongst major retailers in the UK because its primary means of displaying goods to customers is via a catalogue. Customers can browse through the catalogue, select items to buy, pay for the items, and then collect the items from a counter in store. Argos is the number one phone retailer in the UK with market share approaching 50%.

Mr Carew added "Freshtel is now establishing a strong presence in the UK Retail sector with the unique position of not having to outlay marketing capital. This development lays another building block in Freshtel's revenue model".

The website for the new Freshtel UK service can be found at the following address:
<http://www.freshtelinternetphone.co.uk>

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

Investor Relations & Media enquiries:

Peter Warner
Director / Corporate Affairs
Freshtel Holdings
Ph: (02) 8669 9600
E: peter.warner@freshtelholdings.com

Adam Theobald
BDM / Corporate Affairs
Freshtel Holdings
Ph: (02) 8669 9600
E: adam.theobald@freshtelholdings.com