

AUSTRALIAN STOCK EXCHANGE RELEASE

FRESHTEL AND BINATONE ADD THREE MORE UK RETAILERS TO DISTRIBUTION CHANNEL

Melbourne, Australia, Wednesday, 18th October 2006: Freshtel Holdings (ASX: FRE) continues to expand its retail presence in the United Kingdom, today announcing that Woolworths UK and two other major retailers will be distributing Freshtel Internet Phone (UK).

Woolworths, one of the UK's leading home and entertainment retailers, will display the products in the October edition of their catalogue "Big Red Book" for online and mail order customers, as well as distribute the products throughout their 806 stores.

Robert Dyas, a homeware retailer with 95 stores across England will also feature the product in its catalogue and stores, and the popular shopping channel and online retailer QVC will begin promoting and stocking Freshtel products next month.

Meanwhile, Argos, the number one phone retailer in the UK which began distributing Freshtel Internet Phone in July 2006 has expanded its Freshtel range, launching a new dual USB and PSTN handset.

Michael Carew, CEO of Freshtel said, "We are going from strength to strength in the UK, building an enviable retail presence without having to outlay significant capital to acquire new customers.

"We now have direct retail distribution through some of the UK's dominant telecom and home entertainment retailers such as Argos and Woolworths, which is enabling us to steadily grow the Freshtel retail brand. This together with our very successful wholesale arrangement with Tesco, is helping us to build a strong foothold in the UK market.

"Over the last quarter we have experienced significant growth in subscribers across the Voicedot network, reflecting the value of our UK and Australian based partnerships. This all puts us in a strong position for continued growth in the UK, as well as other overseas and domestic markets."

Mr Dino Lalvani, CEO of Binatone, Freshtel partner and one of the most recognised telecommunications hardware brands in the UK said "We believe we have now become accepted as a world leader in the development and deployment of internet telephone services, and that will continue to be the main thrust of our business."

Customers using the retail Freshtel service will be able to make free calls across the growing Voicedot network, which is owned by Freshtel, as well as low cost calls to traditional and mobile

phones worldwide. Customers will also receive a standard UK geographic telephone number and free voicemail with the service.

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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