

AUSTRALIAN STOCK EXCHANGE RELEASE

FRESHTEL LAUNCHES ITS MOBILE INTERNET TELEPHONY SOLUTION IN AUSTRALIA

Melbourne, Australia, Tuesday 9th September: Local customers will now be able to cut their mobile bills, with Freshtel Holdings Limited (ASX:FRE) announcing that it has launched its new mobile internet telephony service to Australian customers today.

Freshtel will retail its mobile solution direct to customers in Australia under the brand 'Freshtel Mobilelink'. Initially the application will be sold through Freshtel's website www.mobilelink.freshtel.net, while the company finalises partnerships in Australia and globally.

The converged mobile technology - released to customers in the UK last week – allows users to use wireless internet connections – or WiFi networks - with their existing compatible mobile phone and existing number. To access the service customers need to download the software application which is delivered via a premium SMS and then automatically installed on the handset.

Calls and texts made using the service will be free to other Freshtel Mobilelink customers and calls to other mobile, landlines and international numbers can be substantially cheaper than mobile rates.

Ms Rhonda O'Donnell, CEO of Freshtel Holdings said:

“Releasing our own retail version of the product is an important component of our go-to-market strategy for Freshtel Mobilelink. For one, this approach enables us to get the product out into the Australian market quickly. We have a base of approximately 300,000 registered users on Freshtel's Australian network to whom we will market the solution. We are confident that these users will welcome a new and convenient way to save on their telephone calls.

“Additionally, establishing our own retail offering allows us to demonstrate the power of Freshtel Mobilelink to potential new wholesale partners and start to realise a return on investment as we capture revenue from subscriptions and ongoing call revenue,” she said.

Ms O'Donnell said the product had the potential to shake up the local mobile market and held particular appeal for customers who regularly exceeded their cap plans.

“We believe customers could save around 50 per cent on their current mobile bill. Freshtel Mobilelink offers call rates of 15c per 30 seconds to Australian mobiles and no flag fall.

Compare that with a \$79 post paid cap plan, with one of the major providers where standard call rates are 37c per 30 seconds, plus 35c flag fall - and it amounts to a significant saving.¹

“Freshtel offers pre-paid bundles which are a great way for customers to manage or reduce their calling costs, by supplementing their existing cap plan and avoiding a nasty surprise when their bill arrives.”

The new application takes just minutes to download onto a WiFi enabled mobile handset. The user simply sends a text to receive a link that they click on to download the application. When completed, Freshtel Mobilelink automatically routes calls over the selected WiFi network, when it is in range.

“The majority of mobile calls are actually made in the home or the office so people with access to a wireless network at home or at work can use this product to manage their calling costs and benefit from cheaper calls,” said Ms O’Donnell.

Ms O’Donnell added that the simplicity of this product set it apart from other mobile VoIP solutions.

“It’s very easy to get started with Freshtel Mobilelink. It takes just three easy steps and customers can try out the product for a mere \$1, which is the cost of the premium SMS to register with the service.

“Once you’re using the solution it is totally seamless. Users only need to worry about having one number, and the application automatically selects the WiFi network as the route for the call once that network has been configured.”

Customers can also use some public WiFi areas², as long as they have the necessary access rights. The mobile phone will automatically revert to the mobile network if the caller is outside a WiFi area.

Freshtel Mobilelink is currently compatible with ten Nokia WiFi enabled handsets in the N and E series, including the popular N95, E65 and E51 handsets. Freshtel is also working with other handset manufacturers to enable the application to work with additional handsets by the end of the year.

The application with pre-paid calling plans are available to purchase on Freshtel’s website www.mobilelink.freshtel.net.

¹ Call rates compared with Optus \$79 cap national call rate of 37c per 30 seconds and 35c flagfall, and up to \$550 included value. Source: <http://personal.optus.com.au>

² Customers need to have access to the public WiFi network. Subscriptions, charges and conditions of use may apply.

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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 Freshtel's retail site.

Freshtel Holdings: www.freshtelholdings.com

Voicedot Networks: www.voicedot.com

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