

AUSTRALIAN STOCK EXCHANGE RELEASE

FRESHTEL SIGNS WHITE LABEL DEAL WITH PAKISTAN'S INCUMBENT TELECOMMUNICATIONS PROVIDER

Melbourne, Australia, Thursday, 18th September 2008: Freshtel Holdings Limited (ASX:FRE) has announced today that it has signed a deal with Pakistan Telecommunication Company Limited (PTCL), Pakistan's largest telecommunications provider, to provide pre-paid calling services in the UK and Europe.

PTCL will target the lucrative pre-paid calling market in the UK and Europe by launching its own branded version of Freshtel's pre-paid calling solution which allows users to pay for call credit online using credits or via vouchers and make calls over a fixed line, mobile or internet telephone. All calls made using the service will be routed through Freshtel's network.

The deal is a white label agreement meaning that Freshtel will provide the network, payment and account management interface and customer support that makes up the solution, but it will be marketed and distributed under the PTCL brand.

Under the terms of the deal, PTCL will pay Freshtel an annual licence fee to establish and manage the service. Freshtel will also earn revenue for calls made over the Freshtel network by PTCL customers using the pre-paid service.

With its new service, PTCL aims to bring the more than 1 million Pakistanis living in the UK and Europe closer to their friends and families back home in Pakistan by offering a calling service which is superior to traditional calling cards. It will include features such as unmatched call quality, competitive call rates, speed dialling, online account management and a host of value added services.

In the UK the pre-paid calling market is estimated to be worth more than £500 million per annum¹. In particular it is extremely popular with students, travellers and migrant communities.

Dr. Sadik Al-Jadir, Senior Executive Vice President (Commercial) from PTCL said:

"There is a very large Pakistani expatriate community in the UK and Europe that maintain strong ties with friends and family back home in Pakistan. Our aim is to serve this community better by delivering a greater value for money service with superior call quality and world class service standards."

"With Freshtel's solution we are able to offer these consumers more choice and better value on their calls to Pakistan and a range of functionality that exceeds the traditional offerings available today. PTCL will be able to give consumers an alternative calling solution without gimmicks and above all a solution that is trusted and reliable. Our goal is for the service to become the preferred choice for calling friends and family in Pakistan and other international destinations."

Rhonda O'Donnell, CEO of Freshtel Holdings said:

¹ Source: Ofcom; Office of Communications UK
http://www.ofcom.org.uk/bulletins/comp_bull_index/comp_bull_ccases/closed_all/cw_007/

“PTCL is a brand that is very well known and well trusted in the British and European Pakistani community. With the help of Freshtel’s solutions, PTCL now has the means to offer its customers living abroad access to alternative calling solutions and improved service. We believe this deal represents a great opportunity for Freshtel and PTCL to continue to build our respective businesses.”

“The white-label calling service is an additional channel through which Freshtel continues to increase its customer portfolio, opening up the cost benefits and features of our technology to a new segment of customers.”

With 5.3 million customers and 32,000 employees PTCL is the incumbent telecommunications provider in Pakistan. PTCL is regarded as one of Pakistan’s most reliable carriers. As well as offering a wide range of services direct to consumers, SME’s and corporate, PTCL provides significant nationwide telecommunications infrastructure to all telecom operators in Pakistan.

Freshtel’s white-label pre-paid calling service is a wholesale offering developed by Freshtel that enables partners to offer competitively priced, high quality telephone calls via any fixed telephone or mobile handset or internet telephone, under their own brand but utilising Freshtel’s network.

Unlike traditional calling services, Freshtel’s pre-paid calling solution allows customers to view call logs and top up their account online, either with vouchers or a credit card. Customers can also configure their account with their handset, removing the need to enter lengthy pin numbers each time they make a call.

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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

Freshtel retail: www.freshtel.net

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