

AUSTRALIAN STOCK EXCHANGE RELEASE

FRESHTEL PARTNERS WITH COUNTRY ENERGY

Melbourne, Australia, 27th March 2007: Freshtel is to provide an internet telephony service to customers participating in a broadband over powerline (BPL) trial in the Queanbeyan area.

Country Energy, which manages Australia's largest power supply network across 95 per cent of New South Wales' land mass, is launching a six month trial commencing in May 2007, to test power utility applications as well as high speed broadband internet and voice-over-internet services delivered via powerlines.

In addition to receiving a modem and access to the broadband service, the 300 participating households will receive a free Binatone cordless phone and will be provided with \$30 per month of Freshtel call credit.

Mr John Butkiewicz, CEO of Freshtel Holdings, said this represented not only a great opportunity for Freshtel, but also provided an insight into the potential for widespread internet telephony uptake in Australia.

"The use of existing infrastructure to provide broadband telecommunications services to country and coastal communities will provide an exciting boost to broadband penetration."

"Broadband usage is a key criterion in the growth of internet telephony. As high performance broadband becomes more accessible, internet telephony uptake will increase as consumers and businesses use their Freshtel internet phone service to drastically cut their telecommunication costs," he said.

The Country Energy trial is testing technology that will provide households with broadband access up to 40 times faster than a 256Kb ADSL connection.

"Freshtel is very excited to be involved in this trial of leading-edge technology and to work with a partner who is as committed to innovation as we are. Our R&D team will be working closely with Country Energy to monitor and enhance the customer response and technical performance of the voice calls throughout the trial period," Mr Butkiewicz said.

Country Energy, which is owned by the NSW State Government, has around 195,000 kilometres of powerlines and 1.4 million power poles, and offers retail electricity in five states and territories. It employs more than 3,900 employees serving more than 870,000 customers.

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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