

Renounceable Rights Issue To Raise Up to \$1,592,221 and Completion of Placement raising \$206,897

Melbourne, Australia, Thursday, 22nd April 2010:

Renounceable Rights Issue

Freshtel Holdings Limited (Company) today announces that the Company will undertake a 1 for 1 pro-rata renounceable rights issue at an offer price of 0.375 cents per share to raise up to approximately \$1,592,221.

Shareholders will also have the right to apply for Shares in excess of their entitlement under a shortfall offer to meet any shortfall in applications under the rights issue. However, the maximum amount that will be raised under the rights issue and the shortfall issue (Offer) will be \$1,592,221.

The Offer is not underwritten. A maximum of approximately 424,592,354 new shares will be issued under the Offer.

The offer price represents a discount of around 46.4% to the last price at which shares in the Company traded on ASX on 20 April 2010, prior to the announcement of the Offer.

The proceeds raised from the Offer will be used to provide working capital, reduce existing debt and to position the Company for possible acquisitions of interests in new projects. From the proceeds of the rights issue, \$326,985 will be applied towards retiring part of the debt provided by Custodial Capital Management Pty Limited.

The indicative timetable for the Offer is set out below:

Despatch of Appendix 3B to shareholders	27 April 2010
Shares trade <i>Ex</i> entitlements	29 April 2010
Rights Trading begins	29 April 2010
Record Date	5 May 2010
Despatch of Offer Document - Offer opens	11 May 2010
Rights Trading ends	18 May 2010
Deferred settlement trading commences	19 May 2010
Closing Date	25 May 2010
Expected Allotment Date	31 May 2010
Expected Despatch Date (deferred settlement trading ends)	2 June 2010
Expected commencement of normal trading in new shares	3 June 2010

An Appendix 3B in respect of the Offer is attached. In accordance with the ASX Listing Rules, a copy of this announcement and the attached Appendix 3B will be dispatched to shareholders for their information.

An offer document has been lodged with ASX today and is available on the ASX website. It will be dispatched to shareholders as soon as practicable after the record date. The offer document does not constitute a prospectus prepared in accordance with the Corporations Act and will not be lodged with ASIC.

Completion of Placement

The Company is pleased to announce it has agreed to place 55,172,752 new ordinary shares (Placement Shares) at 0.375 cents per Placement Share to raise a total of \$206,897 being the maximum allowed under Listing Rule 7.1.

The Placement Shares will rank equally with all ordinary shares currently on issue.

Funds were sought to be raised through the Placement to fund working capital and position the Company for possible acquisitions of interests in new projects.

The Placement is being made to investors who are exempt from the disclosure requirements of Chapter 6D of the Corporations Act.

The Placement Shares are expected to be allotted on 27 April 2010 and will participate in the rights Offer. The Placement Shares are issued under the Company's 15% share issue capacity under Listing Rule 7.1. Accordingly, no shareholder approval is required.

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