

Media Release

FRESHTEL SECURES FIRST LANDMARK DEAL WITH EUROPEAN TELCO

Sydney, Australia, 9 June 2005: Freshtel Holdings (ASX: FRE) has today announced its first commercial licensing agreement with leading European telecommunications provider, Maskina Inc.

In the agreement Freshtel will license its Voicestream Networks white label VoIP (Voice over Internet Protocol) solution to Maskina. Voicestream Networks is Freshtel's internet telephone network used to route telephone calls, and is the wholesale version of the Freshtel offering.

Maskina is a leading provider of telecommunications services with offices in Norway, Iceland, Germany, UK and the USA. Maskina is an industry leader in developing application frameworks for end-user generated mobile services, enabling end-users to create, distribute and use valuable mobile services. Voice traffic accounted for approximately \$US29 million of Maskina's revenue in its last financial year.

The deployment of Freshtel's technology will enable Maskina customers access to Voicestream Network's state of the art VoIP network, significantly improving VoIP call quality.

In the agreement Freshtel will receive licence fees, ongoing fees per user, plus revenue share for end user call termination services.

Michael Carew, CEO, Freshtel Holdings said: "This is the first of many licencing deals for Freshtel's technology, our strategy since inception has been to derive revenue from licensing and the provision of wholesale call termination services to operators, and we are very excited about the potential of the Maskina deal."

"We continue to be in negotiations with other key partners in Europe who are planning to licence Freshtel technologies to their users," added Mr Carew. "This is the beginning of a long line of licencing deals for Freshtel."

Maskina's IP Telephony division features products focused on both the retail and wholesale sectors. Through the utilisation of Voicestream Networks Maskina IP Telephony will provide wholesale voice termination services globally. With an international network currently handling over 80 million minutes per month Maskina markets its services through selected distribution channels providing third party access to enterprises, mobile virtual network operators, student / youth groups, mobile payment providers and international corporations.

Voicestream Network's call termination service (CTS) and associated VoIP system has purposely been developed to allow replication. This enables licensing to other organisations world wide and allows them to offer alternatives to conventional stand alone telecommunication services.

About Freshtel Holdings

Freshtel Holdings Limited is the leading Australian Internet Telephony company that develops and markets VoIP (Voice over Internet Protocol) telephony products and services. Freshtel Holdings Limited comprises three separate channels, Freshtel,

Virbiage and Voicestream and an internal research and development (R&D) arm.
Freshtel Pty Limited retails VoIP services using the Firefly softphone here in Australia
and worldwide.

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