

AUSTRALIAN STOCK EXCHANGE RELEASE

FRESHTEL UNVEILS CONVERGED MOBILE SOLUTION AT WIRELESS 08, UK

Melbourne, Australia, Thursday 22nd May: Freshtel Holdings Limited (ASX:FRE) has unveiled its converged mobile solution at Wireless 08 in the UK, and at the same time has announced a mobile VoIP trial with its retail partner, Tesco. (See attached media release, "TESCO AND FRESHTEL TRIAL MOBILE VoIP AT WIRELESS '08 - New mobile phone application promises free mobile calls – for further details.)

CEO Rhonda O'Donnell said: "This is a very important milestone for the company and for the first time showcases our unique mobile product. This product will give millions of people the option of free calls and messages to other users of the product and greatly reduced calls to other mobiles, domestic and international landline numbers, all from your existing mobile number."

"The trial of our converged mobile product with our key retail partner Tesco is an important first step towards a commercial launch."

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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.

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Voicedot Networks: www.voicedot.com

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MEDIA RELEASE

Thursday 22nd May 2008

TESCO AND FRESHTEL TRIAL MOBILE VoIP AT WIRELESS '08 New mobile phone application promises free mobile calls

Tesco and its Australian partner Freshtel are trialling a new internet telephony product that allows customers to make free mobile phone calls using their existing telephone number at Wireless 08 in London this week.

The new application takes just minutes to download onto a WiFi enabled mobile handset. As well as allowing customers to call and send messages to other users for free it also makes calls to other mobiles, landlines and international numbers substantially cheaper, regardless of what mobile network customers are on.

The product automatically routes the call over the WiFi network where available, as this is the cheapest route for the call. This means customers with broadband WiFi in their home and/or office will be able to route their calls over the internet for free, as well as in public WiFi areas, as long as they have the necessary access rights. It only reverts to the mobile phone network if the caller is outside a WiFi area.

Rhonda O'Donnell, CEO of Freshtel said that this will give users a seamless mobile and internet telephony experience.

"This is truly is an exciting product. Never before have users been able to get the cost saving benefits of an internet phone on their mobile handset without the hassle of a separate number.

"We've really focused on simplicity, and regard this as key to gaining instant customer acceptance. The application can be downloaded within a minute, it is automatically configured for the handset and automatically routes the call over the internet when a Wi-Fi internet connection is available. For the user it's a totally passive process."

Anna Boukovskaia, head of internet phone at Tesco said they were excited about the trial:

"We're always looking for new ways to offer great value products and services to our customers. We've a proven track record harnessing internet technology to deliver fantastic savings on landline calls for customers. A mobile internet phone is the logical next step for Tesco Internet Phone."

Freshtel's R&D team is working with a number of handset manufacturers in the development of the application. The product is currently only compatible with the main Nokia Wi-Fi enabled handsets such as the N95, N81, E65 and E51.

Freshtel and Tesco are monitoring the trial's success with a view to launch.

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