

AUSTRALIAN STOCK EXCHANGE RELEASE

JB HI-FI AND FRESHTEL STRIKE DEAL TO TAKE ON LOCAL VOIP MARKET

Melbourne, Australia, Wednesday 27th November 2007: Internet telephony provider Freshtel Holdings Limited (ASX: FRE) is set to expand its presence in Australia announcing today that it has signed an exclusive supply agreement with JB Hi-Fi, Australasia's fastest growing and largest retailer of home entertainment.

The agreement gives JB Hi-Fi exclusive rights to sell Freshtel branded internet phone products throughout Australia in the consumer electronic space. The products will be sold in over 50 Australian stores, and JB Hi-Fi has provided a commitment towards the advertising and point of sale promotion of the product.

Scott Browning, Marketing Director of JB Hi-Fi, said: "We regard internet telephony as an exciting opportunity which fits perfectly with our philosophy to provide the best brands and specialist products at the lowest prices. Partnering with Freshtel will enable us to maximise this opportunity.

"Freshtel's high quality range of products and the success of the Tesco Internet Phone in the UK, which Freshtel brought to market, demonstrated that they have the ability and approach to help us make this agreement a great success."

Rhonda O'Donnell, CEO of Freshtel said this agreement provides Freshtel with the ability to expand its local footprint with one of Australia's most successful consumer electronic retailers and represents a new tier in the company's unique wholesale business model.

"The JB Hi-Fi deal is what we regard as a joint venture partnership to market and sell the Freshtel branded internet phone solution through their stores, as opposed to a white label agreement where the partner would sell the product under their own brand.

"The beauty of this arrangement is that it allows Freshtel to focus on its core business of developing internet telephony solutions and capitalise on the brand and retail presence and marketing expertise of our partners to distribute the product. Our partners benefit from Freshtel's technical expertise, having access to our superior range of easy-to-use internet telephony products and learning from our experience with global retailers," she said.

As part of the agreement, Freshtel will establish a reseller portal to allow JB Hi-Fi to sell call plans and credit in-store, and provide customers with information relating to their Freshtel Internet Phone account.

"Operationally we are geared up to provide JB Hi-Fi with the support they need to give customers a great experience using the Freshtel Internet Phone," Ms O'Donnell concluded.

The Freshtel Internet Phone will be available in some JB Hi-Fi stores before Christmas, with a full roll out to take place towards the end of the first quarter of 2008.

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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 www.freshtel.net

For further information please contact:

Investor Relations:

Rebecca Wilson
IR – Buchan Consulting
Ph: +61 2 9237 2800 / 0417 382 391
E: rwilson@bcg.com.au

Media Enquiries:

Kyahn Timms
Media Consultant to Freshtel – Buchan
Ph: (03) 9866 4722 / 040 101 8828
E: ktimms@bcg.com.au

Peter Warner
Director – Corporate Affairs
Freshtel Holdings
Ph: (02) 8669 9600