

22 April 2010

**Freshtel Holdings Limited (ASX code FRE)  
Notice under Section 708AA(2)(f) of the Corporations Act**

Freshtel Holdings Limited has today announced a rights offer of 1 ordinary share for every 1 ordinary share in Freshtel Holdings Limited held as at 5 May 2010 and a shortfall offer in respect of that rights offer to raise approximately \$1,592,221 (before expenses of the offer).

This notice is given by Freshtel Holdings Limited under section 708AA(2)(f) of the Corporations Act as modified by Australian Securities and Investments Commission Class Order 08/35 (CO 08/35).

Freshtel Holdings Limited advises that:

1. the shares the subject of the Offer (**New Shares**) will be made available and will be issued without a prospectus for the New Shares being prepared;
2. this notice is given under section 708AA(2)(f) of the Corporations Act as modified by CO 08/35;
3. as a disclosing entity, Freshtel Holdings Limited is subject to regular reporting and disclosure obligations;
4. as at the date of this notice, Freshtel Holdings Limited has complied with:
  - (a) the provisions of Chapter 2M of the Corporations Act as they apply to Freshtel Holdings Limited; and
  - (b) section 674 of the Corporations Act as it applies to Freshtel Holdings Limited;
5. as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) & 708AA(9) of the Corporations Act as modified by CO 08/35; and
6. the issue of New Shares may have a material effect on control of Freshtel Holdings Limited, depending on the participation of shareholders:
  - if all eligible shareholders take up their entitlements under the rights offer, then there will be no change in control of Freshtel Holdings Limited.
  - Custodial Capital Management Pty Limited (ACN 006 198 656) (**Custodial**) holds 87,196,041 shares (representing 23.6% issued capital as at the date of this notice) in the company. Custodial has indicated to the company that it intends to take up its entitlement under the rights issue. If no other eligible shareholder takes up its entitlement and none of the shortfall shares are placed, Custodial's relevant interest in the company would increase to 34% (based on the total number of shares immediately after the Offer, including 55,172,752 shares to be issued under the placement announced today).

Yours faithfully



**Dr Allan Sullivan  
Chairman  
Freshtel Holdings Limited**