

**ASX Announcement**

**FRESHTEL UNWINDS JOINT VENTURE AGREEMENT**

**Melbourne, Australia, 14 December 2005:** The joint venture between Freshtel Australia and Freshwater Technology Investments ("FTI"), as trustee for Freshwater Technology Investments Unit Trust ("FTIUT") has been wound up.

Under the joint venture, established in 2002, FTI as trustee for FTIUT provided Freshtel with capital of \$312,500 to develop an IP phone. In return Freshtel agreed to pay FTIUT US\$1 from the sale of every IP phone worldwide. When FTIUT received a minimum of US\$1.5m, Freshtel could elect to pay \$312,500 to buy out all of FTIUT's future rights.

Unit holders in Freshwater Technology Investments Unit Trust have, today, resolved to wind up the unit trust. Freshtel Australia will repay the \$312,500 and make a one off payment of \$312,500 to buy out all future rights of FTIUT to income from the sale of IP phones.

This favourable resolution ensures that Freshtel is now entitled to all income from the global sale of the IP phones.

**About Freshtel Holdings**

Freshtel Holdings Limited is an Australian Voice Over IP (VoIP) 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, Voicestream Network and Virbiage and has a direct-to-market retail channel through [www.freshtel.net](http://www.freshtel.net)

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