

# Freshtel™

HOLDINGS

Freshtel Holdings Ltd.  
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4 October 2005

Ms Julia Kagan  
Adviser, Issuers (Melbourne)  
Australian Stock Exchange Limited  
GPO Box 1784Q  
Melbourne VIC 3001

Dear Julia,

Freshtel Holdings Limited ('Freshtel')

We refer to your letter of today's date relating to change in price and volume in shares traded in Freshtel.

You have asked:

1. *Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?*

No

2. *If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?*

Not applicable.

3. *Is there any other explanation that the Company may have for the price change in the securities of the Company?*

In August 2005, the Company announced its intention to seek expressions of interest in relation to a private placement of up to 50 million shares. On 23 September 2005, the Company announced that it had firm commitments for the placement of 50 million shares at \$0.22, to raise \$11m. The placement was significantly oversubscribed. The additional capital is to facilitate the roll out of Freshtel's products and services into the major UK and US markets and to facilitate the ongoing development of infrastructure, systems and marketing initiatives in Australia.

As there have been limited volumes of Freshtel shares for sale on market, the prospective purchasers of the stock may have increased the market price for Freshtel shares in their effort to acquire the number of shares they were seeking

4. *Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.*



We confirm Freshtel is in compliance with the ASX Listing Rules, and in particular, Listing Rule 3.1.

Yours sincerely,

Jan Macpherson  
Company Secretary



**ASX**  
AUSTRALIAN STOCK EXCHANGE

4 October 2005

Jan Macpherson  
Freshtel Holdings Limited  
MELBOURNE

By email only

Dear Jan

**Freshtel Holdings Limited (the "Company")**

**RE: PRICE QUERY**

We have noted a change in the price of the Company's securities from \$0.26 at the close of trading yesterday, Monday 3 October 2005 to \$0.32 at the time of writing. We also note an increase in trading volume.

In light of the price change and volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by return email or by facsimile on **facsimile number 03 9614 0303**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 9.30 am E.S.T. tomorrow, Wednesday 5 October 2005.

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Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely

Julia Kagan  
Adviser, Issuers (Melbourne)