



PHONETIME PLANS EXPANSION BY ACQUIRING HUNTINGTON TELECOM

- Strengthens its position as a “Carrier’s Carrier” to Latin America -

Mississauga, ON – January 07, 2009 – Phonetime Inc. (TSX: PHD), one of the world’s fastest growing providers of international long-distance telecommunication services, announced today it has signed a binding Letter of Intent to acquire Huntington Telecom, a privately-held wholesaler of international long-distance minutes based in New York. The purchase price will consist of cash and common shares of Phonetime, and includes a three- year earn out formula based on specific revenue criteria and gross profit performance.

“Acquiring Huntington Telecom further solidifies Phonetime’s position as the ‘Carrier’s Carrier’ and is strategic on a number of levels,” said Wayne Silver, President and CEO of Phonetime Inc. “It will provide us direct licensed wholesale routes that complement our existing network in Latin America as well as North Africa. It is immediately accretive to our revenue and cash flow and we plan to finance this acquisition from our own internal resources and organic cash flow. We also believe that Phonetime’s proprietary software and systems will help us unlock additional margins and profit from Huntington’s routes and customer base.”

Mr. Silver further added, “The acquisition of Huntington is consistent with Phonetime’s corporate strategy to expand its financial and human resources so it can build additional direct capacity into high demand countries. Following on Phonetime’s acquisition in December 2007 of Symphony Telecom, which provides Phonetime a strong regional wholesale presence in Africa and the Far East, the Huntington acquisition brings us a strong regional presence in Latin America and North Africa. We intend to continue this strategic approach to acquire similar companies to add into the Phonetime family. We believe that by adding and managing more long distance routes and larger capacities, Phonetime develops into a more strategic and valuable partner to incumbent carriers all over the world. Acquiring Huntington is another step towards Phonetime’s goal to become a \$500 million company by 2011.”

Established in 1999, Huntington Telecom is a wholesale telecommunications company that works with regional carriers in Latin America, Asia and Africa, to develop international long-distance routes while ensuring call quality. In 2008, Huntington Telecom generated approximately \$40 US million in revenues.

The transaction is expected to close on or around March 31, 2009 and is subject to customary documentation and closing conditions and regulatory approvals.

About Phonetime Inc.

Established in 1994, Phonetime is a leading supplier of international wholesale and retail long distance telecommunications services with network facilities in Canada, the U.S., Europe, Africa and Asia. Through its Wholesale Division, Phonetime buys and resells long-distance services to major telephone carriers around the world using its proprietary call trading platform. Through its Retail Division, Phonetime provides subscription-based long distance services to targeted ethnic consumers across Canada and competitively markets a range of pre-paid long distance phone cards. Phonetime’s common shares trade on the Toronto Stock Exchange under the symbol PHD. More information can be found at the Company’s website, www.phonetime.com

Caution Regarding Forward Looking Information:

This press release contains forward-looking statements, which may be identified by words like "expects", "anticipates", "plans", "intends", "indicates" or similar expressions. These statements are not a guarantee of future performance and are inherently subject to risks and uncertainties. Phonetime's actual results could differ materially from those currently anticipated due to a number of factors set forth in reports and other documents filed by the Company with Canadian securities regulatory authorities from time to time.

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