SENETAS

SENETAS Corporation Limited

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26 November 2003

Company Announcements Office
ASX
Level 6
20 Bridge Street
SYDNEY NSW 2000

Dear Sirs,

SENETAS CORPORATION LTD ANNOUNCES LODGEMENT OF SHORT FORM PROSPECTUS WITH ASIC REGARDING NEW OPTION ISSUE

The Directors of Senetas Corporation Limited attach a copy of the short form prospectus now lodged with the ASIC regarding the non-renounceable issue of new options to existing shareholders and optionholders.

Yours faithfully

Stephen J Munday
Company Secretary

For further information contact:

Francis Galbally
Chairman and Group Chief Executive Officer
Senetas Corporation Limited
Phone: 03 9868 4555
Email: corporate@senetas.com

Stephen Munday
Group Chief Financial Officer
Senetas Corporation Limited
Phone: 03 9868 4555

SENETAS CORPORATION LIMITED
ACN 006 067 607

PROSPECTUS

Non-renouncable Issue of New Options
to existing shareholders and optionholders

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Company Senetas Corporation Limited ACN 006 067 607 *Registered Office* Level 1, 11 Queens Road Melbourne VIC 3004 Tel 03 9868 4555 Fax 03 9821 4899
Chairman & CEO Francis William Galbally **Deputy Chairman** Peter Samuel Cook **Other Directors** Ronald Warner (US resident) Hans-Rudolf Moser (European resident)
Company Secretary Stephen John Munday
Auditors Ernst & Young

CHAIRMAN'S LETTER

Fellow shareholders and optionholders,

As I said in my address to shareholders at our recent AGM, the last two years needed to be a period of consolidation and transformation. Senetas today is a different company to what it was two years ago. It has transitioned from a venture capitalist to an IT company focusing on Enterprise Information Management specializing in IT Security, Enterprise Management and Business Performance Management.

I invite you to participate in the renewed growth of the Company; the offer contained in this prospectus has been designed to ensure that you the shareholders and optionholders are afforded the opportunity to fund the initial steps in transforming the Company into a pre-eminent listed IT security company.

The Board has reviewed several available funding sources and concluded that all would dilute current shareholders at a time when the Company expects to experience significant growth through continued expansion of its IT security products business. The board decided to first seek these funds from existing shareholders and optionholders.

The Company is embarking on a growth strategy that involves not only organic growth in those market and geographic segments in which it is already involved but also new business development in new segments. Senetas is investigating a number of strategic acquisitions in an effort to consolidate the IT security market and to strengthen the Company's position in it.

The funds raised through this offering and any raised through the exercising of the options created in this offering will be used to undertake this growth strategy and expansion of the Company.

Senetas is more in control of its business and its future than ever before. Senetas has been recognized internationally for excellence in products and services. We have won business as diverse as encrypting the networks of a US Defence Agency to training the US Army in South Korea in specialist software.

The Board of Senetas has structured this offer to give all security holders an opportunity to participate in the growth of the Company. I invite you to participate in the growth and development of the Senetas business.

Francis Galbally
Chairman

DEFINITIONS

Acceptance Form	The form included with this Prospectus for Shareholders and Existing Optionholders to take up their Options.
Annual Report	The annual report of the Company for the period ending 30 June 2003 and lodged with ASX in September 2003.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Stock Exchange Limited ABN 98 008 624 691.
Board	The board of directors of Senetas.
CHESS	Clearing House Electronic Subregister System, operated by ASX Settlement and Transfer Corporation Pty Limited.
Company or Senetas	Senetas Corporation Limited ACN 006 067 607.
Consolidation Statement of Financial Position	The consolidated financial statements of financial position of the Company as set out in section 3.1.
Corporations Act	The Corporations Act 2001.
Directors	The directors of Senetas.
Entitlement	The entitlement to receive an Option on the payment of 1 cent and lodgment of the Acceptance Form.
Existing Options	The options over unissued Shares issued by the Company prior to the date of this Prospectus that are listed on the ASX and expire 31 May 2004.
Existing Optionholders	The holders of Existing Options on the Record Date.
Group	Senetas and its subsidiaries.
IBK	The operating division of Senetas involved in enterprise management
Issue	The issue of Options under this Prospectus.
Issue Date	Date of issue of Options set out in section 1.3.
Listing Rules	The listing rules of ASX.
Offer	The offer of Options under this Prospectus.
Options	The options to be issued under this Prospectus, the terms of which are set out in section 5.3.
Optionholders	The holders of Options.
Prospectus	This Prospectus.
Record Date	8 December 2003.
SCH Business Rules	The Securities Clearing House Business Rules approved under the Corporations Act.
Senetas or Company	Senetas Corporation Limited ACN 006 067 607.
Shareholders	The holders of Shares.
Shares	The fully paid ordinary shares in the capital of Senetas.
$	Australian dollars.

1. DETAILS OF THE ISSUE

1.1 Description of the Issue

Offer

This Prospectus describes the offer of Options to Shareholders and Existing Optionholders. The issue is underwritten by Lands Kirwan Tong Stockbrokers Pty Limited.

Each Shareholder and Existing Optionholder shall receive an entitlement to one Option for every three Shares or Existing Options held by them at the Record Date, subject to rounding up to the next whole number. To take up their Entitlement Shareholders and Existing Optionholders will be required to pay one cent per Option.

The Offer is non-renounceable. This means that Shareholders and Existing Optionholders cannot sell or trade their Entitlement. If any Entitlements are not accepted, those Entitlements lapse and revert to the Underwriter.

Purpose of the Offer

Whilst the Company has cash reserves which are sufficient for operational working capital needs within the Group into the foreseeable future, Senetas has developed a growth strategy which, when implemented, will require both increased working capital and funding for acquisition opportunities.

Senetas does not intend to fund acquisitions out of current cash reserves. Acquisition transactions generally have significant costs associated with them.

The funds raised under this offer will be used to fund acquisitions as the need arises and fund future working capital growth requirements.

1.2 Summary of action required to participate in the Issue

The Options will be issued on the Issue Date following receipt of Acceptance Forms and payment of one cent per Option. Separate holding statements for the Options will be dispatched by post to Optionholders on or soon after the Issue Date.

1.3 Important Dates

Shares quoted ex-Entitlement	2 December 2003
Record Date to determine Entitlements	8 December 2003
Close of Acceptances	31 December 2003
Options quoted on ASX on a deferred settlement basis	2 January 2004
Allotment and issue of Options	22 January 2004
Despatch of holding statements for Options	23 January 2004
Trading in Options commences on a normal settlement basis	23 January 2004

1.4 Rights Attaching to Shares issued on exercise of the Options

Shares issued on exercise of the Options will rank equally in all respects with existing Shares at the time of exercise.

1.5 Quotation on ASX of Options

Not later than 7 business days after the date of issue of this Prospectus, application will be made to ASX for quotation of the Options.

1.6 CHESS

The Options will participate in the security transfer system known as CHESS. Under CHESS, an Optionholder will not receive a certificate. Optionholders will receive a notice advising them of their holder identification number and sponsoring issuer number, participant identifier in the case of a holding on the CHESS sub-register, or security holder reference number in the case of a holding on the issuer sponsored sub-register, allowing the Options to be traded electronically.

Following distribution of the initial holding statements and CHESS notifications to all Optionholders, a holding statement will be provided to an Optionholder at the end of any subsequent month during which there has been a movement in their holding. Optionholders may also request Senetas to provide a statement at other times, although the Company may charge an administration fee in these circumstances.

1.7 Acceptance, application and payment

To accept your Entitlement, you should complete the Acceptance Form. Once the form is completed it should be returned with payment to:

BY POST: Senetas Corporation Limited – Option Offer
C/- Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 8060 (a reply paid envelope is provided)

BY HAND: Senetas Corporation Limited – Option Offer
C/- Computershare Investor Services Pty Limited
Level 12
565 Bourke Street
Melbourne Victoria 3000

The price of Options is one cent each. Payment must be by cheque, postal order or bank draft in Australian currency drawn on an Australian branch of a financial institution for the amount of the acceptance. Do not send cash. Receipts will not be issued.

Cheques or bank drafts should be made payable to "Senetas Corporation Limited – Option Offer".

If your cheque is dishonoured, your acceptance will be disregarded.

1.8 Enquiries

This Prospectus is important and requires your close attention. Questions relating to this document can be directed to Stephen Munday, Company Secretary, 03 9868 4555.

2. SENETAS CORPORATION LIMITED – THE BUSINESS

2.1 Corporate Overview

Senetas focuses on Enterprise Information Management, which has three planks - IT Security, Enterprise Management and Business Performance Management. Senetas' revenues are generated from these segments and the focus in the coming year will be on growing the security segment (both in product and services revenue).

Expansion Plans 2003/4 and Beyond

Senetas is well positioned to build on its solid base of consulting services and expertise in IT security. To build shareholder wealth over the coming twelve months Senetas will focus on three primary business goals:

1. Development of its consulting services business to ensure it remains a strong growing business providing reliable base revenue and earnings;

2. Development of its current IT security business, which presently consists of CTAM products and IBK security services; and

3. Expansion of the Group, through acquisition or partnerships.

The Senetas of Today and Tomorrow.

An outline of the Group's operations as the Group is structured today is set out below.

1. **Consulting Services Division -** This division trades under the Datum and IBK brands and provides a solid earnings base by distributing, integrating and servicing business software products by vendors such as IBM Microsoft and Hyperion.

2. **IT Security Technology -** This division predominately trades through our majority owned subsidiary CTAM Pty Ltd. The intellectual property in CTAM's technology is owned by CTAM and is being marketed to generate high growth licensing income streams through its new offshore partner SafeNet Inc.

The strategy of Senetas is to become the pre-eminent ASX listed IT security technology and services company.

Consulting Services Division.

The Company's consulting services division comprises two business units, Business Performance Management and Enterprise Management.

(A) Business Performance Management (BPM) is conducted through Datum.

Datum's BPM business encompasses Business Intelligence, CRM (customer relationship management) and Financial Systems Consulting.

Business Intelligence (BI) is the process of analysing an organisation's accumulated unstructured data from various sources and extracting useful insight from it.

BI strives to eliminate the guesswork that plagues business decision-making by leveraging the masses of quantitative data that enterprises collect each day in a variety of business applications.

Datum has over 14 years experience in the delivery of solutions within the data and content management field and is well known within the industry for its expertise and experience. It has particular expertise in building data marts and data warehouses and developing applications utilizing the stored data.

Datum's financial systems consulting is based on providing enterprise wide financial and planning solutions to its customers.

Datum's major partners include Microsoft, IBM, Hyperion and Business Objects.

(B) Enterprise Management is conducted through IBK.

Enterprise Management facilitates complete control and visibility of diverse and disparate IT infrastructures allowing organisations to manage their enterprise-wide infrastructure as a single, powerful entity.

It covers such diverse matters as system availability, data storage controls, physical locations, security management, connectivity and communications.

The Enterprise Management Systems capability is delivered through IBK, which was acquired by Senetas in July 2002. Over the next 12 months we intend to concentrate on expanding IBK's capability (particularly in the security consulting area) and its training component. We have seen an increase in investment in training in the Asia Pacific market over the last few months and recently IBK won a training contract worth US$300,000 to provide training to the US army based in South Korea.

IT Security Technology subsidiary - CTAM

IT Security includes the process of securing user access to networks and protecting sensitive information online, within corporate networks and on personal computers and devices.

CTAM provides three sources of revenue to the Group –

1. Royalties from SafeNet,
2. CTAM product sales in Australia and New Zealand, and
3. SafeNet sales and service in Australia where CTAM will act as SafeNet's distributor. This partnership will diversify CTAM's product offerings with additional and complimentary offerings making it a broader IT security product company.

With a renewed focus by most Western Governments on cyber terrorism, many businesses are being forced to make IT security a high priority (both from an application and network viewpoint). CTAM provides a method of securing high-speed wide area data networks.

This is a high growth area of IT in the US market with large amounts of money being allocated to it by government and industry in the wake of increased hacking and terrorism threats.

Importantly, CTAM, having partnered with SafeNet Inc. to expand its global distribution capabilities, is becoming an integral part of the security offering in the worldwide distribution network of SafeNet Inc. This and new product development is driving significant growth in CTAM.

Expansion geographically and through acquisition

Senetas has plans to expand internationally based on the CTAM and IBK international experience. There are many opportunities to replicate the basic delivery models that have evolved over the last few years in these businesses. Senetas will only take advantage of those opportunities that present low risk and acceptable returns, most of which are likely to be within the Asia Pacific region.

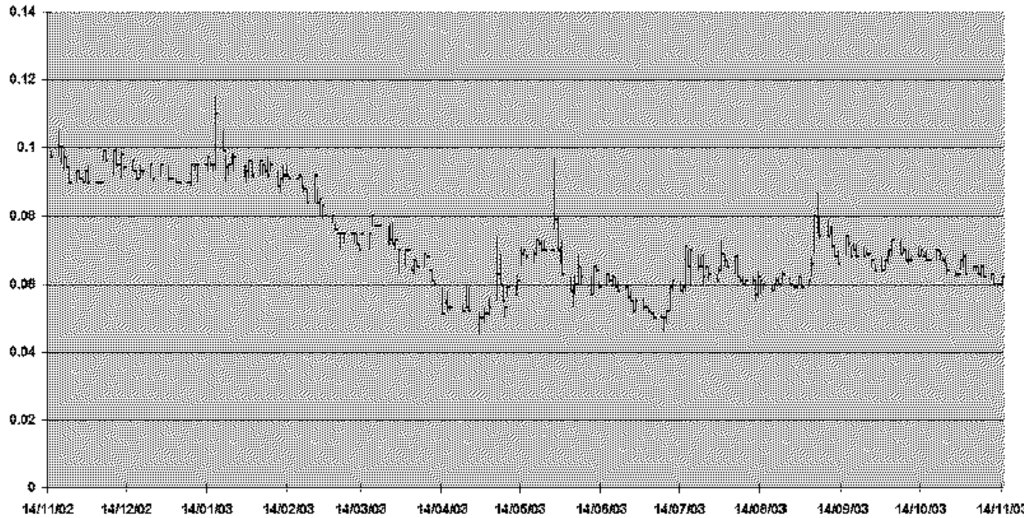
Senetas is investigating a number of strategic acquisitions over the next twelve months in an effort to consolidate the IT security market and to strengthen the Company's position in it. Senetas is now one of the few Australian listed companies that have significant IT security revenue streams.

Senetas will be endeavouring to ensure any acquisition is earnings accretive.

2.2 Share price

In the last 12 months Senetas' share price has ranged from 11.5 cents to 4.5 cents and as at 25 November 2003 was trading at around 6.7 cents.

Senetas Corporation Limited (ASX:SEN)



3. FINANCIAL INFORMATION

3.1 Consolidated Statement of Financial Position

An audited consolidated statement of financial position as at 30 June 2002, an audited consolidated statement of financial position as at 30 June 2003, an un-audited consolidated statement of financial position as at 30 September 2003 and a pro forma unaudited consolidated statement of financial position as at 30 September 2003 based on the issue of the Options under this Prospectus are set out below.

Consolidated Statement of Financial Position ($ millions)	Audited 30 June 2002	Audited 30 June 2003	Un-audited 30 September 2003	Pro-forma 30 September 2003
Current Assets				
Cash	3.17	1.79	1.42	2.50
Receivables	1.68	2.24	2.23	2.23
Inventories	0.32	0.27	0.32	0.32
Other	0.10	.05	0.05	0.05
Non Current Assets				
Property, Plant & Equipment	0.37	0.33	0.37	0.37
Intangibles	4.82	6.41	6.30	6.30
Other financial assets	1.68	-	-	-
Total Assets	12.14	11.09	10.69	11.77
Current Liabilities				
Payables	2.17	2.56	1.60	1.60
Interest bearing liabilities	0.14	-	0.01	0.01
Provisions	0.37	0.53	0.74	0.74
Deferred Revenue	-	1.68	0.86	0.86
Non Current Liabilities				
Provisions	-	.02	-	-
Total Liabilities	2.68	4.79	3.21	3.21
NET ASSETS	**9.45**	**6.30**	**7.48**	**8.56**
Members' Equity				
Contributed Equity	87.92	89.56	90.28	90.28
Reserves	0.13	0.09	0.11	1.19
Accumulated Losses	(78.60)	(82.91)	(82.66)	(82.66)
Total interest in equity	9.45	6.73	7.73	8.81
Outside equity interest	0.00	(0.43)	(0.25)	(0.25)
TOTAL EQUITY	**9.45**	**6.30**	**7.48**	**8.56**

The issue of Options under this Prospectus has been fully underwritten and after costs of the issue will therefore result in an increment to Cash of $1.08 million and an increment to the Option Premium Reserve in Members' Equity of $1.08 million, being the proceeds from the Issue net of estimated costs.

3.2 Effect of the Offer

The Company will receive one cent consideration for the issue of each Option totaling approximately $1,214,500.

The capital structure of Senetas, assuming no Existing Options are exercised, after the issue of the Options will be as follows:

Shares on issue as at the date of the Prospectus	309,160,117
Existing Options on issue as at the date of this Prospectus	72,623,258
Approximate number of Options to be issued under this Prospectus	121,450,000

Expiry of Existing Options

The Existing Options expire 31 May 2004. The exercise price of the Existing Options is 20 cents.

The capital structure of Senetas, assuming no new securities are issued other than the Options and no Existing Options are exercised, after 31 May 2004 will be as follows:

Shares on issue	309,160,117
Approximate number of Options to be issued under this Prospectus	121,450,000

Exercise of Options

If all the Options are exercised Senetas will receive approximately $9,716,000. The likelihood of Senetas raising this additional capital through exercise of the Options is dependant on the price of Shares from time to time up to the expiry date of the Options. The issue of the Options provides approximately $10 million of contingent capital that may be received by Senetas over the life of the Options and will, if received, be used to maintain the growth of Senetas.

The capital structure of Senetas, assuming no new securities are issued other than the Options and no Existing Options are exercised, but assuming all of the Options are exercised by 31 May 2005 will be 430,610,117 Shares.

Senetas also has 32,493,507 unlisted options granted under the Employee and Contractor Share/Option Plans. The unlisted options are convertible into one Share at any time at fixed prices, subject to vesting provisions. The unlisted options are not participating in the Option offer under this Prospectus.

4. RISK FACTORS

4.1 Factors Influencing Success and Risk

Offerees should appreciate that the market value of Options will be influenced by the various risks associated with Senetas' business, which can be broadly categorised into general risks and specific business risks. To fully understand the risks associated with an investment in Senetas, this Prospectus should be read in its entirety.

Careful consideration should be given to the following risk factors, as well as the other information contained in this Prospectus, before an investment decision is made. Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside the control of Senetas and not capable of mitigation. There are also general risks associated with any investment in securities.

4.2 Specific Business Risks

Some of the specific business risks facing Senetas are shown below:

Potential Risk	**Comments**
Operational Risk	The performance of Senetas as a whole depends to a large extent on: (a) the ability of the Company to recognise and harness new and evolving technologies to solve clients' IT requirements better than the Company's competitors; (b) the successful delivery of projects undertaken by the Company on behalf of clients; and (c) the ability of the Company to deliver IT services using specialist staff in the key areas of Business Intelligence and Enterprise Management (including security).
Performance Risk	The performance of Senetas as a whole depends to a large extent on: (a) the success of the Company in developing and commercialising its technology; (b) the ability to obtain patents, maintain trade secret protection and operate without infringing on the proprietary rights of third parties, or have third parties circumvent the Company's rights; (c) the success of competitors in developing technology and products that are more effective than any which Senetas is developing, or which could make Senetas technology and products obsolete or non-competitive; (d) the ability of CTAM to fulfill its obligations under the SafeNet, Inc license agreement and associated documents; and (d) the success of SafeNet, Inc in implementing its business plan in relation to high speed network security sales.

Potential Risk	Comments
Financial Risk	The Company requires funding to undertake its growth and acquisition strategies. Whilst much of this can be funded from internally generated funds, the timing and effect of growth and acquisitions would be diminished should the Company be unable to source the funds required. The Company operates in a service industry that traditionally operates on low utilization rates throughout the December-January period. The Company requires sufficient working capital to fund operation through this period each year.
Dependence on Retaining Key Personnel	The IT services provided by the Company are on the whole generally available from a broad base of IT consultants. The Company does, however, operate in several niche IT service segments where it relies on the specialist skills and knowledge of several key staff. The loss of any of these key staff would diminish the Company's ability to compete in those specialist segments, however, these skills could be replaced over time and any effect should be temporary.
Competition	The Company operates in several markets and in specific industry segments and whilst there are no competitors who compete with the Company across all of these markets and segments there are competitors in each segment or market. The Company's ability to provide more innovative and effective IT solutions to clients needs is constantly tested by these competitors. The Company's success is highly dependent on its ability to maintain its competitive advantage.

4.3 General Risks

These are risks of an investment in the Options, which are considered beyond the control of Senetas.

Possible Volatility of Share or Option Price

The stock market does from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of particular companies. The market price of Shares and Options may be volatile. Factors that may have a significant impact on the market price and marketability of Shares or Options include announcements as to government regulation, variation in interest rates, the activities of any competitors, economic and other external factors, new products, possible litigation, as well as fluctuations in Senetas' operating results.

Regulation

Corporate regulation and changes in accounting standards due to be implemented in the next few years will increase the compliance costs and change the presentation of companies' accounts. Whilst the Company does not expect the promulgated changes to have any adverse effect on the Company's operations, continued changes to such regulations and standards will at the very least increase the compliance costs for listed companies.

Macro Economic Risks

Senetas is an international company and there are certain risks inherent in doing business on an international level, such as unexpected changes in regulatory requirements, trade barriers including import and export controls, tariffs, customs, duties, difficulties in staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability, expropriation, nationalization, war and other political risks, fluctuations in currency exchange rates, foreign exchange controls which are strict or prohibit appropriation of funds, technology export, import restrictions or prohibitions, brokers or government agencies and potentially adverse tax consequences, any of which could adversely impact the success of Senetas' international operations.

Taxation Risks

Australian tax laws are constantly changing with the introduction of various taxation reform proposals that may affect Senetas and investors.

Changes in US taxation laws may also adversely affect the operations and financial position of Senetas and consequently have an adverse impact on investors.

Tax liabilities are the responsibility of each individual investor, and Senetas is not responsible either for taxation or penalties incurred by investors. Investors should consult their own taxation advisers to ascertain the tax implications of their investment.

General

The Options issued under this Prospectus carry no guarantee with respect to the price at which the Options will trade on ASX. If you are in doubt as to whether you should invest in Senetas, you should consult with your stockbroker, accountant or other financial adviser.

5. MATERIAL AGREEMENTS

5.1 Key Documents

The Board considers that certain agreements relating to Senetas are significant to the Issue, the operations of Senetas or may be relevant to Optionholders. A description of material agreements or arrangements, together with a summary of the more important details of each of these agreements is set out below.

5.2 Summary of underwriting agreement

The underwriting agreement between the Company and Lands Kirwan Tong Stockbrokers Pty Ltd (Underwriter) sets out the terms on which the Underwriter will underwrite the Offer.

If valid applications are not received for all of the Options the subject of the Offer, the Underwriter has agreed to lodge, or procure the lodgment of, valid applications for that number of Options for which valid applications have not otherwise been received. Senetas has agreed to pay the Underwriter 5.5% (including GST) of the total amount to be raised by the Offer. Senetas must also pay to the Underwriter the costs and expenses incurred by the Underwriter in connection with the Offer.

The underwriting agreement may be terminated by the Underwriter following the occurrence of a termination event, which termination events are considered usual for agreements of this nature.

5.3 Constitution of Senetas

All issued shares of Senetas are fully paid ordinary shares that carry no special rights. The constitution of Senetas sets out the rights conferred, and the restrictions imposed, on Shares. Certain provisions of the constitution are summarised below:

Rights of ordinary Shareholders

Each Shareholder has the right to receive notices of and to attend general meetings of Senetas.

Subject to restrictions on voting from time to time affecting classes of shares in Senetas, and any restrictions imposed by the Corporations Act, the Shares in Senetas carry the right to cast one vote on a show of hands and, on a poll, one vote for each fully paid share held, and for each partly paid share held, a vote having the same proportionate value as the proportion to which the shares have been paid up. Voting may be in person or by proxy, attorney or representative.

All Shares rank equally in a winding up of Senetas and are entitled to dividends equally, in proportion to the amount paid up, or deemed to be paid up, on the Shares.

Shareholders have the right, on a winding up of Senetas, to participate in surplus assets and profits of Senetas equally with each other, in proportion to the amount paid up or deemed to be paid up on the Shares.

Dividends

Subject to the rights of or restrictions on the holders of shares created or raised under any special arrangements as to dividends, the Directors may from time to time determine to pay a dividend, which is payable on all shares in proportion to the amount of capital paid up on the shares. No dividends are payable except out of the profits of Senetas.

Alteration of rights

At present, Senetas only has ordinary shares on issue and has no current plans to create further classes of shares. The rights and restrictions attaching to a class of shares in Senetas can only be altered with the consent of a special resolution passed at a separate meeting of the holders of that class of shares by 75% of those holders who, being entitled to do so, vote at that meeting, or with the written consent of members with at least 75% of votes in that class.

Reduction of share capital

Senetas may reduce its capital in any manner allowed by the Corporations Act or the Listing Rules.

Directors need not issue share certificates

Subject to the requirements of the Listing Rules and the Corporations Act, Senetas need not issue share certificates where Senetas participates in computerised trading.

Forfeiture of Shares

Senetas is empowered to forfeit shares in relation to which calls have been made or deemed to have been made and which remain unpaid in accordance with its constitution, the Listing Rules or the Corporations Act.

Right to refuse registration of transfer

The Directors may only refuse to register a transfer of securities of Senetas as permitted by the Listing Rules or the SCH Business Rules.

5.3 Terms of Options to be issued under this Prospectus

Consideration	1 Cent
Shares issued on exercise	Each Option entitles the Optionholder to subscribe for 1 Share
Exercise price:	$0.08 per Share
Option period	Options may be exercised at any time between 31 December 2003 and 31 May 2005
Quotation	The Company will seek quotation of the Options on ASX

Options will be issued on the following basis:

(a) The Options shall expire at 5.00pm (EST) on 31 May 2005 ("Expiry Date")

(b) Each Option shall entitle the Optionholder to subscribe for an ordinary share in the capital of the Company. Shares issued on the exercise of the Options will rank equally in all respects with the then existing issued ordinary fully paid shares of the Company from the date of issue and will be subject to the provisions of the constitution of the Company.

(c) Options may be transferred at any time in accordance with the Corporations Act, the Securities Clearing House Business Rules and/or the Listing Rules.

(d) Options shall be exercisable at 8 cents per Option ("Exercise Price")

(e) Options may be exercisable at any time prior to the Expiry Date by notice of exercise in or to the effect of the form to be endorsed on the Option Certificate or as otherwise provided to the Optionholder by the Company accompanied by payment of the Exercise Price for the number of Options exercised.

(f) An Optionholder has no right to a change in the Exercise Price or to any change to the number of underlying securities over which the Option can be exercised.

(g) An Optionholder shall not be entitled to participate in new issues of ordinary shares offered to members of the Company during the currency of the Option without first exercising the Option.

(h) In the event of any reorganisation of the capital of the Company the Options shall be treated in the manner required by the Listing Rules of Australian Stock Exchange Limited as in force as at the date of any such reorganisation and as appropriate to the type of reorganisation proposed.

(i) For the purpose of these terms of issue of options any reference to "the Company" shall mean a reference to the legal entity comprising Senetas Corporation Limited or, if Senetas Corporation Limited shall at any time enter into a scheme of arrangement with its members pursuant to which its members:

(i) become entitled to exchange their shares in Senetas Corporation Limited for shares in another corporation (whether incorporated pursuant to the laws of any State of Australia or otherwise);
(ii) receive shares (and nothing else) in another corporation (whether incorporated pursuant to the laws of any State of Australia or otherwise) in return for the cancellation or redemption of all of their shares in the capital of Senetas Corporation Limited;

then the reference to "the Company" in these terms and conditions shall constitute a reference to Senetas Corporation Limited until such time as the securities of Senetas Corporation Limited shall be suspended from quotation by ASX or other stock exchange on which they may be listed and thereafter shall constitute a reference to the corporation which shall have become the parent company of Senetas Corporation Limited as a result of such scheme of arrangement and Senetas Corporation Limited covenants with each Optionholder that in such circumstances it shall procure such other corporation to agree to issue and allot an ordinary share in that corporation on the exercise of an Option.

5.4 Documents available for inspection

Copies of the following documents are available for inspection during normal office hours at the registered office of the Company for 13 months after the date of this Prospectus:

- the material agreements referred to in this section 5;
- the consents to the issue of this Prospectus; and
- the 2003 Annual Report of Senetas.

6. ADDITIONAL INFORMATION

6.1 Disclosing Entity Requirements

Senetas is a 'disclosing entity' for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations under the Corporations Act.

Copies of the documents lodged with ASIC in relation to the Company not being a document referred to in section 1274(2)(a) of the Corporations Act may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of any of the following documents:

- the annual report for the year ended 30 June 2003 (**Annual Report**); and
- any documents used to notify ASX of information relating to the Company during the period from lodgement of the Annual Report to the date this Prospectus is lodged at ASIC including:
  - 19/11/2003 Change of Director's Interest Notice
  - 17/11/2003 Appendix 3B - Share Purchase Plan
  - 17/11/2003 Change of Director's Interest Notice
  - 14/11/2003 Share Purchase Plan
  - 11/11/2003 Updated Change of Director's Interest Notice
  - 11/11/2003 Release of shares subject to voluntary escrow
  - 05/11/2003 Change of Director's Interest Notice
  - 31/10/2003 Extension of Closing Date for Share Purchase Plan
  - 30/10/2003 AGM Presentation Slides
  - 30/10/2003 Results of AGM
  - 30/10/2003 Chairman's Address to Shareholders
  - 13/10/2003 Release of shares subject to voluntary escrow
  - 29/09/2003 Share Purchase Plan

free of charge to any person on request being made by that person during the application period of the Prospectus.

6.2 Overseas Shareholders and Existing Optionholders

This Prospectus does not constitute an invitation or offer in any place in which, or to any person to whom, it would not be lawful to make such an invitation or offer. Senetas reserves the right to reject any acceptance form where this offer might contravene the law of any applicable jurisdiction.

6.3 Interests of Experts and Advisers

No expert or any firm in which any expert is a partner has, or has had in the two years before lodgement of this Prospectus, any interest in the formation or promotion of Senetas or in any property proposed to be acquired by Senetas in connection with the formation or promotion of Senetas or the Issue, and no amounts, whether cash or shares or otherwise, have been paid or agreed to be paid to any expert (or to any firm in which he or she is or was a partner) for services rendered by the expert or the firm in connection with the formation or promotion of Senetas or the Issue. No form of payment of any kind will be made or agreed to be made to any such expert or firm other than in cash.

6.4 Interests of Directors

Holdings

The Directors or their associates have a beneficial interest in the following securities in Senetas:

Directors	Shares	Unlisted Options
Francis Galbally	19,298,036	3,500,000
Peter Cook	-	3,000,000
Ron Warner	-	-
Hans-Rudolf Moser	-	-

Other than set out above or elsewhere in this Prospectus:

- No Director or proposed Director of Senetas and no firm in which a Director or proposed Director of Senetas is or was at the relevant time, a partner has, or has had in the two years before lodgement of this Prospectus, any interest in the promotion of, or in any property proposed to be acquired by Senetas.
- No amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid to any Directors or proposed Directors of Senetas (or to any firm in which he is or was a partner) either to induce him to become, or to qualify him as a Director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of Senetas.

For the year ended 30 June 2003 the following remuneration was paid to Directors:

Name	Total remuneration
Francis Galbally	$412,259
Peter Cook	$117,302
Ron Warner	$ 30,000
Hans-Rudolf Moser	-

6.5 Expenses of the Offer

All expenses connected with the Offer are payable by Senetas, including legal fees, share registry fees, printing costs and other miscellaneous expenses. These expenses are estimated to be $72,000. In addition to the expenses, the Underwriting fee associated with this Offer is expected to be $67,000. Total costs associated with the Issue are therefore estimated at $139,000.

6.6 Consents and Disclaimers of Responsibility

Lands Kirwan Tong Stockbrokers Pty Limited has given, and has not withdrawn, its written consent to be named as the underwriters for the Offer in the form and the context in which it is named. Lands Kirwan Tong has not caused or authorised the issue of the Prospectus.

7. DIRECTORS' STATEMENT

The Directors have authorised and caused the issue of this Prospectus and accept responsibility for the information contained in it. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is accurate and this Prospectus does not omit any required information.

Each Director has consented to lodgement of this Prospectus with ASIC and has not withdrawn that consent.

The Directors have reviewed the Company's obligations under the continuous disclosure requirements of the ASX Listing Rules and believe that all matters, which should be disclosed, have been so disclosed or are appropriately dealt with in this Prospectus.