

MELBOURNE

✉ Level 1/11 Queens Road
Melbourne VIC 3004
Australia
☎ Phone: +61 3 9868 4555
☎ Fax: +61 3 9821 4899

SYDNEY

✉ Suite 5, Level 13
327 Pitt Street
Sydney NSW 2000
Australia
☎ Phone: +61 2 9283 2333
☎ Fax: +61 2 9283 7558

✉ corporate@senetas.com
www.senetas.com

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

Dear Sirs,

**Senetas Corporation Announces Sales of Borderless Security
Product to Australian Government Agency**

Please find attached statement by Directors.

Yours faithfully



Andrew R Wilson
Company Secretary

Senetas Corporation Announces Sales of Borderless Security Product to Australian Government Agency

The Board of Senetas Corporation Limited (ASX:SEN) announced today that it has delivered a borderless security solution to an Australian Government agency to provide authentication and digital identity management.

Senetas sold 1500 iKey™ 2032 USB tokens, a PKI-based, two-factor authentication device, to the federal agency in Canberra sourced from Senetas' US technology partner, SafeNet Inc. (NASDAQ: SFNT).

Similar to a smartcard, iKey offers authentication, encryption key management, and digital signing functionality into a tiny, secure package that includes an integrated USB connector, eliminating the need for a separate reader or expensive biometric device.

Announcing successful fulfillment of the government contract today, Mr DuBois said it was the first major sale of SafeNet product by Senetas since the announcement last September that both companies had successfully renegotiated their technology partnership agreement.

Senetas CEO John DuBois, the tamper proof iKeys are FIPS 140-1, Level 2 validated hardware, "an important U.S. Government certification that demonstrates the key's cryptographic strength and security".

He said Senetas had taken a strategic decision to broaden its enterprise security offering by reselling a range of SafeNet product in the Australasian market.

"Our strategy is to broaden the end-to-end security offering. Senetas' world-leading CypherNet high speed network encryption technology secures data in motion, now we are also offering protection for data-at-rest," he said.

Mr DuBois said market research firm IDC estimated in December 2005 that the global market for hardware authentication tokens would total \$US660 million in 2007, of which the market for USB tokens would reach \$US138 million and outstrip other technologies by growing at 45% CAGR.

He said Frost & Sullivan recently estimated that over the next two years global shipments of smart-card devices would grow 22% for financial services and 40% for authentication and security applications for government.

He said Senetas customers had shown interest in two other SafeNet products:

- ProtectPack which secures sensitive data transferred via email & stored on portable media - USB Memory Sticks, CDs, DVDs etc that are difficult to defend by conventional network security mechanisms.

- SafeNet Borderless Security iGate SSL VPN, cost effective 2-factor authentication suitable for small to medium enterprises, or for large enterprises wishing to quickly implement a secure access control solution for a single department.

"With the broader product strategy provided by our SafeNet relationship, Senetas now can not only offer protection for information, but also solutions to validate and authenticate access to that information across a range of mediums – the result is a broader addressable market in Australia and a realistic expectation of new and expanding revenue streams," Mr DuBois said.

Mr DuBois said he believed Senetas could build its sales revenue from all SafeNet branded products to \$10 million in Australia and New Zealand over the next three years.

About Senetas

Senetas Corporation Limited (ASX Code: SEN) is an Australian ASX S&P 300 company and is the world's leading developer and supplier of high speed network encryption hardware products. Its products are accredited to the highest international government security standards. Customers include Government departments in the USA, Australia, the Middle East, Asia, and European Countries as well as some of the world's leading financial institutions.

For further information contact:

Investor Relations
Phone: 1300 787 795
Email: investor@senetas.com