

## **Elephant Talk Communications, Inc. Agrees to Acquire 100% of ValidSoft Limited**

### **The Company Executes New Heads of Terms**

SCHIPHOL, Netherlands - (Marketwire - 11/02/09) - Elephant Talk Communications, Inc. (OTC BB: [ETAK](#)), an international telecom and multimedia content distributor, today announced the execution of a heads of terms agreement with ValidSoft Limited which provides financial institutions with identity verification, fraud prevention and false positive reduction for credit and debit card users, Point of Sale transactions, Card Not Present transactions (Internet), Internet Banking and Remote Access using patented software solutions which interact with the users of a mobile device. The heads of terms agreement sets forth the terms and conditions whereby Elephant Talk will purchase all of the issued and outstanding securities of ValidSoft and the transaction is subject to the execution and consummation of a definitive agreement which shall contain provisions customary in such type of transactions.

Upon the execution and consummation of a definitive agreement, the transaction is expected to allow ValidSoft to leverage Elephant Talk's strong international telecommunications platform to assimilate and distribute their proprietary software solutions to protect users from financial fraud while offering additional unique product offerings based on Elephant Talk's Mobile Virtual Network Enabler platform (MVNE) technologies and converging telecommunications technologies including Long Term Evolution, Wi-Fi, WiMax and Digital Enhanced Cordless Telecommunications.

ValidSoft's patented and patent pending software is based on detecting real time electronic fraud, minimizing false positives and resolving fraudulent transactions in a fully automated manner while protecting the privacy of the individual. False positives often results in the denial of legitimate transactions which the company believes to be one of the leading reason for customer dissatisfaction with their bank and increased processing costs for the financial institutions. Due to ValidSoft's ability to detect electronic fraud and eliminate an estimated 95%+ of false positives, the software is expected to offer issuing banks and institutions significant operational cost savings, high customer satisfaction, greater customer protection, higher transaction completion and significantly reduced fraud.

Mr. Steven van der Velden, Chief Executive Officer of Elephant Talk Communications, states that "The combination of ValidSoft's paradigm shifting software, deep-rooted relationships with Fortune 500 companies and knowledgeable management team coupled with Elephant Talk's premier telecommunications infrastructure is expected to create one of the strongest anti-fraud solution on the market. The addition of ValidSoft to Elephant Talk's platform of service offerings will provide the company with a distinct advantage over our competitors. We will aggressively target major banks, financial institutions and

government agencies in order to implement our revolutionary approach to controlling worldwide card fraud.” Mr. van der Velden further states that “Elephant Talk believes that we will be fully equipped to be the global leader in fraud prevention by utilizing our global telecommunication footprint, while we remain focused on our ultimate goal of expanding market share in our current offerings. Our management team believes that this is the best way to deliver increased earnings and improved shareholder value in the near term.”

Several well-known banks have already concluded testing of ValidSoft’s software and have determined that electronic card fraud and false positives were substantially eliminated. The company is now in negotiations to implement its products and services with banking and financial institutions around the world. According to Javelin Research, it is estimated that the total cost of card fraud in the United States in 2008 cost financial institutions over \$50 billion whilst Gartner Research predicts that the loss from card related fraud will triple over the next 3 years. ValidSoft believes it possesses the solutions to assist in the prevention of the massive losses attributable to fraud that the current preventative technologies cannot stop.

Pat Carroll, Chief Executive Officer of ValidSoft, states that "The ownership and management of ValidSoft believes that this combination with Elephant Talk will allow our innovative software to be brought to the market much more efficiently and rapidly by leveraging Elephant Talk’s highly efficient mobile networks. With our proven track record of success, via our paid trials with major banks, we are confident that our technology can substantially eliminate bank fraud and identity theft, provide peace of mind to customers and promote better business practices. It is our goal to establish ourselves as a worldwide leader in fraud prevention and we believe that this partnership will help us achieve that goal."

ValidSoft’s capability is based on a real-time, risk-based, Out-of-Band Multi-factor Authentication and Transaction Verification platform with solutions designed to help prevent fraud across a variety of transaction types and channels including: Card Present (CP) & Card Not Present (CNP) fraud and false positive detection, identification and resolution; Internet Banking; Telephone Banking; Mobile Financial Services; Extranet; VPN; Remote Access; and Business Continuity. The solutions are disability enabled, environmentally friendly and based on telecommunications technologies thereby providing a high level of security up to non-repudiation level where required, based on the banks risk policies.

Mr. Martin Zuurbier, Chief Technology Officer of Elephant Talk, adds that "ValidSoft’s technology will be successfully integrated into the Elephant Talk platform and the new technology is expected to allow Elephant Talk to present our rapidly expanding customer base with essential proprietary software solutions to combat the global epidemic of fraud. In addition to reducing card fraud and assisting banks to efficiently manage overhead costs associated with false positives for banking institutions and government agencies, it is expected

that ValidSoft will offer new exciting solutions to our users such as secured Mobile Banking, Business Process Automation and other innovative solutions. These new product offerings are expected to attract new users, increase market share and expand our global footprint."

### **About Elephant Talk Communications, Inc.**

Elephant Talk is positioning itself as an international telecom operator and enabler to the multimedia industry by facilitating the distribution of all forms of content as well as mobile and fixed telecom services to global telecommunications consumers. The company provides traditional telecom services, media streaming and distribution services primarily to the business-to-business (B2B) community within the telecommunications market where it has a presence. The company's global footprint as a fully licensed carrier, supported by its propriety IN (Intelligent Network) and Billing/CRM (Client Relationship Management) Systems, has been designed to offer cutting-edge solutions to the increasingly competitive global multimedia industry. Elephant Talk's telecommunications platform eliminates the usual limitations caused by national borders, networks, devices or media and, therefore, enables its B2B customers to operate as independent telecom and multimedia distribution organizations. Elephant Talk is also a developer for mobile telecom and content distribution solutions and, as a Mobile Virtual Network Enabler (MVNE), the company has positioned itself as one of the premier outsourcing partner for both Mobile Network Operators (MNO's) as well as for Mobile Virtual Network Operators (MVNO's). At the same time, Elephant Talk assists its MNO partners to more efficiently provide a broad range of sophisticated services to their own existing base of MVNO's. Elephant Talk is positioning itself as the preferred MVNE partner of the larger, global Mobile Operators and currently operates sophisticated networks in over a dozen markets in Europe, Asia Pacific and the Middle East. The company was ranked fifth on the Orange County 2008 Deloitte Technology Fast 50. For more information, visit: [www.elephanttalk.com](http://www.elephanttalk.com).

### **About ValidSoft Limited**

ValidSoft ([www.validsoft.com](http://www.validsoft.com)) is an Irish software engineering company that develops security software solutions to help global institutions counter the most sophisticated card and electronic fraud consistent with leading independent research thinking. ValidSoft solutions are at the cutting edge of the market and are used to verify the authenticity of both consumers and institutions (Mutual Authentication), and the integrity of online transactions (Transaction Verification) for the mass market, in a highly cost effective and secure manner, yet easy to use and intuitive. The ValidSoft Security Model is a very strong security model and has been independently reviewed by Professors Fred Piper and Andreas Fuchsberger of the Royal Holloway, University of London, one of the foremost security institutions in the world.

## **Forward-Looking Statements**

Certain statements contained herein constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations, estimates and projections about the company's industry, management's beliefs and certain assumptions made by management. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Because such statements involve risks and uncertainties, the actual results and performance of the company may differ materially from the results expressed or implied by such forward-looking statements. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Unless otherwise required by law, the company also disclaims any obligation to update its view of any such risks or uncertainties or to announce publicly the result of any revisions to the forward-looking statements made here. Readers should review carefully reports or documents the company files periodically with the Securities and Exchange Commission.