



PocketMail™
"Hey, PocketMail Me!"

POCKETMAIL GROUP LIMITED

ABN 96 008 719 015

PROSPECTUS

For a renounceable rights issue of 5 New Shares for every 2 Shares held and an offer to Eligible Shareholders to participate in any Shortfall.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

If you do not lodge an Entitlement and Acceptance Form or (if eligible) Shortfall Application Form by 23 November 2001, you will not be issued with any New Shares.

PocketMail Group Limited

Level 1, 15-17 Hunter Street, Sydney NSW 2000 Tel: +61 2 9234 0023 Fax: +61 2 9233 8370

IMPORTANT DATES

Announcement of Rights Issue	18 Oct 2001
Lodgement of Prospectus	18 Oct 2001
Application to ASX for official quotation of Shares pursuant to the Offer	19 Oct 2001
Notice of Rights Issue to Shareholders	23 Oct 2001
Existing Shares quoted ex-Rights	24 Oct 2001
First day of Rights Trading	24 Oct 2001
Record date for entitlements to participate in the Offer	30 Oct 2001
Last day for despatch of Prospectus and Application Forms	2 Nov 2001
Last day of Rights trading	16 Nov 2001
Closing Date for acceptances and payment in full	23 Nov 2001
Last day to notify ASX of any Under-Subscription	30 Nov 2001
Last day for despatch of holding statements	14 Dec 2001

This timetable is indicative only and the dates may be varied by the Company without prior written notice, although an announcement of any changes will be made on ASX. Applications should be submitted as early as possible.

The Company reserves the right to extend the period of the Offer, subject to appropriate notice to ASX, or to decide not to proceed with the Offer, in its discretion.

IMPORTANT NOTICE

Shareholders should be aware that their Rights might have value. The Rights Issue is renounceable which enables Shareholders who do not wish to take up their Entitlement to sell their Rights on ASX.

It is important that Shareholders accept their Entitlement either in whole or in part, or at least deal with their Rights. Shareholders who take no action in respect of their Entitlement will receive no benefit.

Shareholders who do not take up their Entitlement will have their existing equity in the Company diluted.

Eligible Shareholders who subscribe for Shortfall Shares under the Shortfall Offer will have the opportunity to increase their holding in the Company. Eligible Shareholders should note that Shortfall Shares will only be available to the extent there is a Shortfall and that the Directors reserve the right to issue the Shortfall in their discretion.

Related Parties are not eligible to participate in any issue of Shortfall Shares.

Following closing of the Offer, the Directors reserve the right pursuant to the Listing Rules to issue Shares forming part of any Under-Subscription at their discretion within 3 months after the close of the Offer at an issue price not less than the Rights Issue Price.

IMPORTANT INFORMATION

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisers before deciding whether to accept their Entitlement.

This Prospectus is dated 18 October 2001 and a copy of this Prospectus was lodged with the ASIC on that date.

Neither ASIC nor ASX takes responsibility for the contents of this Prospectus.

The Closing Date for acceptances and payment under both the Rights Offer and the Shortfall Offer is 5.00 pm Sydney time on 23 November 2001.

Rights trading will commence on 24 October 2001 and end at 4.00 pm Sydney time on 16 November 2001.

The expiry date for this Prospectus is 12 months after the date of this Prospectus. No Shares will be issued on the basis of this Prospectus after the expiry date.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus.

Application will be made to ASX for official quotation of the Shares the subject of this Prospectus within 7 days after the date of this Prospectus.

Applications for New Shares can only be made on an original Entitlement and Acceptance Form, or, for Eligible Shareholders, on a Shortfall Application Form.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any of those restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed to enable them to subscribe for Shares pursuant to this Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Some capitalised words or terms in this Prospectus have defined meanings, which appear in the Glossary.

The Company is a disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations pursuant to which the Company has lodged with ASIC certain documents referred to in this Prospectus. Copies of documents lodged with ASIC in relation to the Company (other than documents

referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an office of ASIC or the Company. In addition, the Company will give a copy of any of these documents, which are taken to be included in the Prospectus under section 712 of the Corporations Act, free of charge to any person who asks for a copy on or before the Closing Date.

The Company reserves the right to extend the period of the Offer, subject to appropriate notice to ASX, or to decide not to proceed with the Offer, in its discretion.

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1. CORPORATE DIRECTORY

Directors

Neil Lewis
(Chairman)
David Marchant
(Managing Director)
Christopher Coudounaris
(Non Executive Director)

Share Registry

Computershare Investor Services Pty
Limited,
Level 2, Reserve Bank Building,
45 St Georges Terrace,
Perth,
WA 6000.

Telephone: (08) 9323 2000

Facsimile: (08) 9323 2033

Company Secretary

David McArthur

Solicitors to the Company

Clayton Utz,
No.1 O'Connell Street,
Sydney,
NSW 2000

Australian Business Number

96 008 719 015

Auditors

KPMG,
The KPMG Centre,
45 Clarence Street,
Sydney,
NSW 2000

Registered Office & Principal Place of Business

Level 1,
15-17 Hunter Street,
Sydney,
NSW 2000

2. CHAIRMAN'S LETTER

Dear Shareholder

On behalf of PocketMail Group Limited ("the Company") I am pleased to invite you to participate in a pro rata renounceable Rights Issue to raise between \$6.0 million and \$14.0 million.

All Shareholders (other than Non-Qualifying Foreign Shareholders) will be offered an entitlement in the ratio of 5 New Shares for every 2 Shares held as at the Record Date, at an issue price of \$0.03 per New Share.

The Company's major Shareholder, Bindera, has undertaken to subscribe for at least 200 million New Shares at an aggregate subscription price of \$6.0 million. Bindera has an entitlement to subscribe for up to 244.1 million New Shares at an aggregate subscription price of \$7.3 million. The proceeds of the Offer will be used firstly to retire debt of approximately \$6.0 million and thereafter to provide additional working capital with which to continue the development of the Company's existing PocketMail business in Australia and its recently acquired PocketMail businesses in North America and the UK, as well as to continue the roll out of its products and services beyond Australia into the wider Asia Pacific region.

All Shareholders (other than Related Parties and Non-Qualifying Foreign Shareholders) can also apply for New Shares available as a consequence of any Shortfall.

The Company continues to focus on the growth of its PocketMail mobile e-mail service, with over 50,000 subscribers in North America, Australia, Singapore, Hong Kong and the UK. The Company believes that PocketMail's unique service offering of affordable mobile e-mail coupled with worldwide coverage provides excellent opportunities for growth.

The Prospectus sets out the details of the Offer and we draw your attention to Section 3, which outlines the procedure you must follow if you wish to take up or renounce the Rights to which you are entitled, and or wish to apply for any Shortfall if available. The Closing Date for acceptances and payment is 23 November 2001. Rights trading will commence on 24 October 2001 and end at 4.00 pm Sydney time on 16 November 2001.

I encourage you to carefully read this Prospectus and the accompanying Entitlement and Acceptance Form and Shortfall Application Form. If you have any questions in relation to the Offer, please contact the Company Secretary, Mr David McArthur, on 08 9389 8799.

We look forward to your continued support.

Yours sincerely

Neil Lewis
Chairman

3. DETAILS OF THE OFFER

3.1 Rights Issue

The Rights Issue Offer is a pro rata renounceable rights issue to Shareholders (other than Non-Qualifying Foreign Shareholders) on the basis of 5 New Shares for every 2 Shares held as at the Record Date.

The New Shares offered under this Prospectus will rank equally with the existing Shares on issue.

In the calculation of any Entitlement, fractions will be rounded up to the nearest whole number.

3.2 Treatment of Overseas Shareholders

This Prospectus does not constitute an invitation to subscribe for New Shares in any jurisdiction where, or to any person to whom, it would not be lawful to issue this Prospectus. It is the responsibility of any applicant outside Australia to ensure compliance with any laws of any country relevant to their applications.

Rights will only be offered to the following Shareholders:

- All Shareholders with registered addresses in Australia; and
- All Shareholders with registered addresses in New Zealand, pursuant to the Securities Act (Overseas Companies) Exemption Notice 1997 (New Zealand). Shareholders resident in New Zealand should consult their professional advisers as to whether any government or other consents are required, or whether formalities need to be observed, to enable them to deal with their Rights.

The Company has considered the number of Shareholders with registered addresses outside of Australia and New Zealand and the size of the shareholdings held by those Shareholders. Taking into consideration the costs of complying with the legal requirements and the requirements of the regulatory authorities relating to Shareholders with registered addresses outside of Australia and New Zealand, the Company has formed the view that it is unreasonable to extend the Offer to those Shareholders with registered addresses outside of Australia and New Zealand. Accordingly Entitlement and Acceptance Forms and Shortfall Application Forms will not be sent to those Shareholders and this Prospectus will be sent to those Shareholders (also referred to in this Prospectus as Non-Qualifying Foreign Shareholders) for information purposes only.

As required by the ASX Listing Rules and the Corporations Act, the Company will appoint a nominee in Australia approved by ASIC (“Nominee”) to arrange for the sale of Entitlements that would otherwise have been given to Non-Qualifying Foreign Shareholders and will transfer to the Nominee the right to acquire the securities that would otherwise have been offered to Non-Qualifying Foreign Shareholders under this Prospectus.

The Nominee will be obliged to arrange for the sale of those rights and to distribute to each affected Shareholder their proportion of the proceeds of that sale, net of expenses. Any such sale will be at such price and otherwise in such manner as the Nominee will in its sole discretion determine. The ability to sell those rights and the price obtained for those rights will be, amongst other things, dependent upon market conditions and the market for the Company’s securities.

Neither the Company nor the Nominee will be subject to any liability, including liability for negligence, for any failure to sell the rights, or for any failure to sell the rights transferred to the Nominee at any particular price. If there is no viable market the rights held by the Nominee will be allowed to lapse.

Based on current shareholdings in the Company, it is anticipated that Shareholders holding approximately 38 million Shares will not be entitled to participate in the Offer on the basis that those Shareholders are Non-Qualifying Foreign Shareholders.

3.3 Entitlements

The number of New Shares to which a Shareholder is entitled under the Rights Issue is shown on the accompanying Entitlement and Acceptance Form for that Shareholder.

The Rights are renounceable which enables Existing Shareholders who do not wish to take up some or all of the New Shares to sell their Rights.

Rights trading will commence on 24 October 2001 and will cease at 4.00 pm Sydney time on 16 November 2001. You may sell your Rights between these dates should you choose not to accept your full Entitlement.

3.4 Entitlements not taken up

If you do not propose to take up your Entitlement in full you are advised to deal with the balance of your Rights rather than allowing them to lapse. If allowed to lapse you will receive no benefit. It is therefore important that you take action to either accept or sell your Entitlement in accordance with the above instructions.

If you are in doubt as to how to complete or deal with your accompanying Entitlement and Acceptance Form, you should consult your professional adviser without delay.

3.5 Size of Offer

If all Rights are subscribed for, the Company will issue a total of approximately 467.1 million New Shares at the Rights Issue Price of \$0.03 resulting in gross proceeds of approximately \$14.0 million.

Bindera, the Company's major Shareholder, has undertaken to subscribe for at least 200 million New Shares at an aggregate subscription price of \$6.0 million. Bindera has an entitlement to subscribe for up to 244.1 million New Shares at an aggregate subscription price of \$7.3 million.

3.6 Underwriting

The Rights Issue is not underwritten.

3.7 Issue Price

The Rights Issue Price is \$0.03 per New Share, by reference to the average Market Price for Shares calculated over the last 5 days on which sales in Shares were recorded before the date of this Prospectus.

3.8 Summary of action required for a Shareholder to deal with that Shareholder's Entitlements

To Accept Your Entitlement in Whole or in Part Only

To accept your Entitlement in whole or in part only, complete the accompanying Entitlement and Acceptance Form and send together with your cheque or bank draft made out in favour of "PocketMail Group Limited – Share Application Trust Account" for the total amount payable in respect of the New Shares you are subscribing for, so that they are received before 5.00pm Sydney time on the Closing Date at the following address:

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

To Sell your Entitlement in whole or in part only

To sell your Entitlement in whole or in part only, complete the section of the accompanying Entitlement and Acceptance Form marked "Instructions to Stockbroker / Agent", lodge with your Stockbroker and instruct your Stockbroker as to the number of Rights you wish to sell.

To Sell your Entitlement in part and accept all or part of the balance of your Entitlement

To sell your Entitlement in part and accept all or part of the balance of your Entitlement you should instruct your stockbroker:

- (a) As to the number of Rights you wish to sell;
- (b) To complete the accompanying Entitlement and Acceptance Form (on your behalf) setting out the number of New Shares you wish to subscribe for; and
- (c) To forward the accompanying Entitlement and Acceptance Form, together with a cheque made payable to "PocketMail Group Limited – Share Application Trust Account" for the total amount payable in respect of the number of New Shares you wish to subscribe for, to the Share Registry by no later than 5.00 pm Sydney time on the Closing Date.

To Transfer Your Entitlement other than on ASX

If you wish to transfer your Entitlement to another person other than on ASX then you must forward a completed and stamped standard renunciation form (obtained from your stockbroker or from the Share Registry), together with the accompanying Entitlement and Acceptance Form completed by the transferee and the transferee's cheque or bank draft for the amount due in respect of the New Shares to reach the Share Registry no later than 5.00pm Sydney time on the Closing Date.

Bank Draft and Cheque Details

Bank drafts and cheques must be made payable to "PocketMail Group Limited – Share Application Trust Account" and marked "Not Negotiable".

3.9 Stockbroker Handling Fee

No handling fee is payable to stockbrokers who lodge acceptances or renunciations on behalf of Shareholders.

Please note that the Offer is renounceable so that a holder of Shares may transfer all or part of their Entitlement.

3.10 Shortfall Offer

Where Entitlements have not been accepted in full, those New Shares which have not been taken up comprise the Shortfall and constitute the New Shares the subject of the Shortfall Offer.

Participation in the Shortfall Offer is open to all Existing Shareholders except for Related Parties and Non-Qualifying Foreign Shareholders.

To apply for the issue of New Shares under the Shortfall Offer

To apply for the issue of New Shares under the Shortfall Offer, complete the accompanying Shortfall Application Form together with your cheque or bank draft made out in favour of "PocketMail Group Limited – Share Application Trust Account" for the total amount payable in respect of the New Shares you are subscribing for, so that they are received before 5.00pm Sydney time on the Closing Date at the following address:

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Shortfall Shares will only be available to the extent there is a Shortfall and the Directors reserve the right to issue the Shortfall in their discretion.

3.11 Issue of New Shares

New Shares issued pursuant to the Offer will be issued as soon as practicable after the Closing Date.

Holding statements for the New Shares will be despatched by post on or before 14 December 2001. However, if the Closing Date is extended, the dates for issue and despatch will also be extended.

3.12 Quotation

The Company will lodge an application for official quotation by ASX of the New Shares offered under the Prospectus within 7 days after the date of the Prospectus.

The fact that ASX may grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares offered for subscription.

3.13 Taxation Implications

The Directors do not consider that it is appropriate to give potential applicants advice regarding the taxation consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of potential applicants. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to potential applicants of the Offer. Potential applicants should therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

3.14 CHES

The Company participates in the Clearing House Electronic Subregister System (CHES). CHES is operated by ASX Settlement and Transfer Corporation Pty Ltd (ASTC), a wholly owned subsidiary of ASX in accordance with the Listing Rules and the SCH Business Rules. Under CHES, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASTC will send a CHES statement.

3.15 Under-Subscription

Following closing of the Offer and issue of New Shares under the Offer, the Directors reserve the right to issue Shares comprising any Under-Subscription, in their discretion within 3 months after the close of the Offer at an issue price not less than the Rights Issue Price.

The Company will notify ASX of any Under-Subscription within 5 business days after the Closing Date.

3.16 Disbursement of Application Monies

Pending the issue of New Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act.

Applicants whose Applications are not accepted, or in the case of the Shortfall Offer are accepted for a lower number of New Shares, will receive a refund of the Application monies relating to the number of New Shares which have been applied for but not issued. The Company however, will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim any such interest.

3.17 Offer period

The Offer is scheduled to close on 23 November 2001. However, the Company reserves the right to extend the period of the Offer, subject to appropriate notice to ASX, or to decide not to proceed with the Offer, in its discretion.

3.18 Enquiries

Any questions concerning the Offer should be directed to Mr David McArthur on (08) 9389 8799.

4. THE COMPANY

- 4.1** Since commencing operations in 1999 as the exclusive licensee of the PocketMail mobile e-mail technology in Australia and New Zealand, the Company has grown rapidly.
- 4.2** In May 2001, the Company acquired the worldwide PocketMail business from privately held Pocket.com Inc ("PCI") of California.
- 4.3** The Company now has over 50,000 customers, primarily in the U.S., Canada, Australia, U.K., Hong Kong and Singapore and monthly cash revenues of around \$1 million per month.
- 4.4** Following the acquisition, the Company has been focusing on consolidating the various PocketMail operations around the world to reduce the cost base, improve service levels and rebuild revenues in the U.S. market.
- 4.5** The proceeds of the Offer will be used firstly to retire debt of approximately \$6 million and thereafter to provide additional working capital with which to continue the development of the Company's existing PocketMail business in Australia and its recently acquired PocketMail businesses in North America and the UK, as well as to continue the roll out its products and services beyond Australia into the wider Asia Pacific region.
- 4.6** The Company continues to focus on the growth of its PocketMail mobile e-mail service and believes that PocketMail's unique service offering of affordable mobile e-mail coupled with the widest coverage in the world provides excellent opportunities for growth.

5. EFFECT OF THE OFFER

5.1 Effect of the issue of New Shares on the Company

As the Rights Issue is not underwritten, the effect of the Offer on the Company must be considered by reference to the possible range of outcomes. One end of the range is when the Rights Issue is fully subscribed. The other end of the range is when the Company's major shareholder, Bindera, which has undertaken to subscribe for at least 200 million New Shares at an aggregate subscription price of \$6.0 million, is the only participant in the Offer.

(a) Issue Fully Subscribed

Assuming the issue is fully subscribed, the effect of the Rights Issue on the Company's capital structure would be as follows:

Shares	Number
Shares on issue at date of Prospectus	186,858,121
New Shares now offered	467,145,303
Total Shares on issue at completion of the Offer	<u>654,003,424</u>

The gross proceeds from the Rights Issue would be approximately \$14.0 million. After estimated expenses of the Rights Issue of \$50,000, the net proceeds of the Rights Issue would be \$13,950,000.

If the Rights Issue is not fully subscribed but the Shortfall is fully subscribed, the overall effect on the Company will be the same as if the Rights issue was fully subscribed.

(b) Minimum Subscription

If Bindera subscribes for 200 million New Shares out of its entitlement of 244.1 million New Shares and no other Shareholder subscribes for New Shares under the Prospectus, the Company's capital structure would be as follows:

Shares	Number
Shares on issue at date of Prospectus	186,858,121
New Shares subscribed for by major Shareholder	200,000,000
Total Shares on issue at completion of the Offer	<u>386,858,121</u>

The gross proceeds from the Rights Issue would be \$6.0 million. After estimated expenses of the Rights Issue of \$50,000, the net proceeds of the Rights Issue would be \$5,950,000.

(c) Effect of Conversion of Options

The Company has 53,740,000 Options on issue as at the date of Prospectus with exercise prices in the range 5 cents to 70 cents. The Expiry dates for these Options are between 31 December 2001 and 15 August 2006. If all listed Options were exercised before the Record Date and the Rights attaching to the resulting Shares were exercised, an additional 53,740,000 New Shares would be on issue after the Rights Issue with consequent effects on share capital and the Company's cash position.

5.2 Use of Proceeds

The proceeds of the Offer will be used firstly to retire debt of approximately \$6 million and thereafter to provide additional working capital with which to continue the development of the Company's existing PocketMail business in Australia and its recently acquired PocketMail businesses in North America and the UK, as well as to continue the roll out its products and services beyond Australia into the wider Asia Pacific region.

The Company's debt as at 30 September totalled \$7 million. Accordingly, the effect of the retirement of debt referred to above will be to reduce the Company's debt from \$7 million to approximately \$1 million.

5.3 Financial Information and Risk Factors

Other information relevant to the effects of the Offer on the Company is identified in section 6 and in the risk factors dealt with in section 7. Prospective investors are encouraged to review both of those sections and the information dealt with in those sections carefully.

6. FINANCIAL INFORMATION

6.1 Audited Financial Results for the Year to 30 June 2001.

On 28 September 2001, the Company lodged its audited financial results for the financial year ended 30 June 2001 with ASX and with ASIC. A copy of this document accompanies this Prospectus. A copy of this document may also be obtained from the Company on or before 5.00 pm Sydney time on the Closing Date, free of charge.

6.2 Appendix 4C

On 18 October 2001, the Company lodged an Appendix 4C – Quarterly report for entities admitted on the basis of commitments (“Appendix 4C”) for the 3 month period ended 30 September 2001 with both ASX and ASIC. A copy of this document accompanies this Prospectus. A copy of this document may also be obtained from the Company on or before 5.00 pm Sydney time on the Closing Date, free of charge.

6.3 Financial Forecasts & Projections

The Directors consider it prudent not to present financial forecasts or projections in this Prospectus as they consider they do not have a reasonable basis to predict future revenues and profitability of the Company, particularly in the aftermath of the terrorist attacks in the US and the current economic uncertainties in the world.

7. RISK FACTORS

7.1 General

The Shares offered under this Prospectus should be considered speculative because of the nature of the Company's business. Prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares.

This list is not exhaustive and potential applicants should examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Shares. Some of these risk factors can be mitigated by the use of safeguards and appropriate systems and actions, but some are outside the control of the Company and cannot be mitigated.

7.2 Dependence on Key Personnel

The Company is dependent on its key personnel for the management, operation and on-going development of the business. There can be no assurance that the Company will be able to retain such personnel. If the Company fails to retain such personnel and to internally develop such expertise it could materially adversely affect the Company's prospects for success.

7.3 Dependence on Key Suppliers

The Company is dependent on its carriers of telecommunications, manufacturer of PocketMail devices, hosts of its overseas network operations centres, processors of payments, and other suppliers in order to be able to deliver its service offering. There can be no assurance that key suppliers will be able to continue to supply the Company. If the Company loses the services of any key supplier, the Company may not be able to deliver its service. This could materially adversely affect the Company's prospects.

7.4 Competition and Technology

There are already many existing competitors to PocketMail. The Company operates in a market segment that is evolving and changing rapidly. Alternative or new technologies could render the PocketMail technology obsolete. The Company continues to invest in the upgrade and development of its technology and service to minimise these risks.

7.5 Telephone Network Risks

Some types of telephone service may be less reliable for PocketMail communications than others. The performance of the PocketMail service may also be affected by the quality and type of service the telephone networks provide. Telecommunication services continue to evolve and develop. Alternative or new technologies could render the PocketMail technology redundant.

7.6 Intellectual Property

The Company has a number of patents on its technology. As with any intellectual property, potential exists for a third party to dispute the rights to this technology. While the Company will use reasonable endeavours to protect these rights, unauthorised use or disclosure of the PocketMail technology may have an adverse effect on the operating and financial performance.

7.7 High Risk Nature of Industry

Shareholders should be aware that the technology industry is by nature a high-risk activity, only occasionally providing higher rewards. The PocketMail technology has not been widely publicised or utilised outside of North America or Australia. There are no assurances that the PocketMail technology will secure market acceptance either outside of existing operational countries or outside of existing market segments served.

7.8 General Economic Climate

Factors such as inflation, currency fluctuations, interest rates, the world economy, supply and demand of capital, and stock market prices will effect the Company's operations, business, future possible revenues, profitability, share price and the ability to raise further capital. Factors relating to the economic climate and market forces are outside the control of the Company.

7.9 Share Price Variation

There are general risks associated with any investment in the stock market. The price of the Company's Shares quoted on ASX may rise or fall. The Shares allotted under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on ASX. The Company may not pay a dividend for a number of years. If an investor sells Shares, the amount received may be higher or lower than the amount originally invested.

7.10 Market Uncertainties

The Company currently earns the majority of its revenues in the United States of America. As noted in the Company's Appendix 4C for the 3 month period ending 30 September 2001, the Company has been negatively impacted as a consequence of the terrorist attacks there on 11 September 2001. The current economic and other uncertainties in the world following those events may adversely affect the Company's prospects.

7.11 Letter of Credit Facilities

In accordance with the current terms of the Company's letter of credit facilities, the Company must retire all amounts outstanding under those facilities before 30 November 2001. The amount that needs to be retired is approximately \$300,000. Directors have commenced discussions with bankers to replace those facilities and have a reasonable expectation that those facilities will be replaced within the necessary timeframe. If the Company is unable to replace these facilities, this could materially adversely affect the Company's prospects.

8. ADDITIONAL INFORMATION

8.1 Inspection of Documents

The Company is a disclosing entity for the purposes of the Corporations Act 2001 and as such is subject to regular reporting and disclosure obligations under the Corporations Act 2001.

Copies of documents lodged with ASIC in relation to the Company, not being a document referred to in section 1274(2)(a) of the Corporations Act 2001, may be obtained from, or inspected at, an office of ASIC or the Company.

Up until 5.00 pm Sydney time on Closing Date, a copy of the Prospectus will also be made available for inspection at the Company's registered office.

8.2 Copies of documents available free of charge from the Company

Copies of documents referred to at paragraph 8.1 above which are taken to be included in the Prospectus under section 712 of the Corporations Act will be provided free of charge to any person asking for a copy.

As stated in section 6, a copy of the Company's audited financial results for the financial year ended 30 June 2001, and a copy of the Company's Appendix 4C for the 3 month period ended 30 September 2001 may be obtained from the Company up until 5.00 pm Sydney time on Closing Date free of charge.

In addition, up until 5.00 pm Sydney time on the Closing Date, the Company will give a copy of the Prospectus free of charge to a person who requests it.

8.3 Rights and liabilities attaching to Shares

The rights and liabilities attaching to the Shares arise from a combination of the Company's Constitution, statute and general law.

The following is a summary of the more significant rights attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) Each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) On a show of hands, every person present who is a Shareholder or a proxy or representative of a Shareholder has one vote; and
- (iii) On a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the Share.

(c) Dividend Rights

The Board may:

- (i) Declare and authorise the distribution from the profits of the Company a dividend to be distributed to the shareholders according to their respective rights and interests, determine the property to constitute the dividend and fix the time for distribution; and
- (ii) Authorise the distribution to the shareholders of an interim dividend and to determine the property to constitute the dividend and fix the time for distribution.

(d) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by ASX as restricted securities and which are subject to escrow conditions at the time of the commencement of the winding up shall rank in priority after all other shares.

(e) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements and in particular subject to the requirements detailed in the Company's Constitution.

(f) Future Increase In Capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act, the Directors may issue Shares as they shall, in their absolute discretion, determine.

(g) Variation Of Rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If, at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated by:

- (i) A special resolution of the Company; and
- (ii) With the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

8.4 Consents

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgment of this Prospectus with the ASIC.

Each of the parties referred to in this section:

- (a) Does not make, or purport to make any statement in this Prospectus other than those referred to in this section; and
- (b) To the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

KPMG have given their written consent to being named in the Corporate Directory section of this Prospectus as Auditors to the Company and have not withdrawn their consent prior to lodgement of this Prospectus with the ASIC. This consent applies to both the paper and electronic prospectuses as defined in ASIC Class Order 00/44.

Computershare Investor Services Pty Limited has given its written consent to being named as the Share Registry of the Company and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.5 Directors' Interests

Directors' direct and indirect interests in Shares and Options at the date of this Prospectus are:

Director	Shares	Options
Neil Lewis	Nil	1,000,000 options exercisable at 20 cents each on or before 5 October 2005.
David Marchant	(See below)	1,875,000 options exercisable at 40 cents each on or before 23 December 2004.
Chris Coudounaris	(See below)	

The Company's major shareholder, Bindera, which holds 97,637,500 Shares in the Company as at the date of the Prospectus is a company associated with Mr David Marchant and Mr Chris Coudounaris.

8.6 Interests of Experts

Other than as set out in this Prospectus, no expert nor any other person named in this Prospectus as performing a function in a professional advisory capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, has or had within 2 years before the date of this Prospectus, any interest in:

- (a) The promotion or formation of the Company; or
- (b) Property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; or
- (c) The Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert or any other person named in this Prospectus as performing a function in a professional advisory capacity in connection with the preparation or distribution of the Prospectus, nor to any firm in which any such person is or was a partner, either to induce him to become, or to qualify him as, an expert or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or the Offer.

KPMG have acted as auditors to the Company for the half years ended 31 December 1999 and 2000 and the years ended 30 June 2000 and 2001. With the exception of the consent stated at Section 8.4 above, KPMG has not authorised the issue of the Prospectus. Accordingly it makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Clayton Utz has acted as solicitors to the Company since 1999. In relation to this Prospectus, and this Offer, Clayton Utz has provided legal advice to the Company only in connection with whether the terms of the Offer comply with the Corporations Act and Listing Rules and on the information required by the Corporations Act and the Listing Rules to be included in the Prospectus and has not otherwise been involved in the preparation of this Prospectus or in any legal or other due diligence enquiries in relation to this Prospectus or the Offer. The Company estimates it will pay Clayton Utz \$20,000 for services in relation to this Prospectus. During the 24 months preceding lodgement of this Prospectus with the ASIC, Clayton Utz has received fees of approximately \$356,000 for other legal services.

Clayton Utz does not make, nor purport to make, any statement in this Prospectus and there is no statement in this Prospectus which is based on any statement by Clayton Utz. To the maximum extent permitted by law, Clayton Utz expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name.

9. **DIRECTORS' CONSENT**

The issue of this Prospectus has been authorised by all of the Directors, each of whom has consented to the lodgement of the Prospectus with ASIC and has not withdrawn that consent, and the Prospectus has been signed on their behalf by:

A handwritten signature in black ink, appearing to read 'D Marchant', with a stylized flourish at the end.

David Marchant

Managing Director

Date 18 October 2001

10. GLOSSARY

A\$ or \$ means an Australian Dollar.

Application means a valid application to take up an Entitlement or (in the case of Eligible Shareholders) to subscribe for Shortfall Shares under this Prospectus.

Application Form means an Entitlement and Acceptance Form or a Shortfall Application Form, as the case requires.

ASIC means Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited (ACN 008 624 691).

Bindera means Bindera Pty Limited (ACN 089 157 095).

Board means the board of Directors as constituted from time to time.

Closing Date means the last date for acceptances and payment in full of an Offer for New Shares under this Prospectus, being 5.00 pm Sydney time on 23 November 2001 (unless extended in which event the extended date will become the Closing Date).

Company or PKT means PocketMail Group Limited (ABN 96 008 719 015).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder with a registered address in Australia or New Zealand at the Record Date but not including a Related Party of the Company.

Entitlement means the entitlement to subscribe for New Shares afforded to a holder of Rights.

Entitlement and Acceptance Form means an application form accompanying this Prospectus for the Rights Issue.

Listing Rules or ASX Listing Rules means the official listing rules of the ASX as they apply to the Company from time to time and as amended, re-enacted, replaced or superseded.

Market Price has the meaning set out in Chapter 19 of the Listing Rules.

New Share means a Share to be issued pursuant to acceptances received under this Prospectus.

Non-Qualifying Foreign Shareholders means Shareholders who do not have a registered address in either Australia or New Zealand at the Record Date.

Offer means both the offer of New Shares under the Rights Issue and the offer of New Shares under the Shortfall Offer pursuant to this Prospectus.

Option means an option to acquire a Share.

Prospectus means this Prospectus dated 18 October 2001.

Record Date means 5.00 pm Sydney time on 30 October 2001.

Related Party has the meaning set out in Section 228 of the Corporations Act

Right means the right to subscribe for 5 New Shares for every 2 Shares held on the Record Date and Rights has a corresponding meaning.

Rights Issue means the transaction pursuant to which the Company offers to issue New Shares to the holders of Rights other than Non-Qualifying Foreign Shareholders under the terms of the Prospectus.

Rights Issue Price means \$0.03 per New Share.

Shortfall means the number of Shares comprising the difference between the Shares the subject of the Offer and the number of Shares for which valid Entitlement and Acceptance Forms have been received and accepted by the Company.

Shortfall Application Form means an application form accompanying this Prospectus for the Shortfall Offer.

Shortfall Offer means the offer to Eligible Shareholders under this Prospectus to subscribe for Shares comprising the Shortfall.

Share means a fully paid ordinary share in the capital of the Company.

Shareholders mean the registered holders of Shares as at the Record Date.

Share Registry means the share registry set out in the Corporate Directory section.

Under-Subscription means the number of Shares comprising the difference between the Shares the subject of the Offer and the number of Shares issued under the Offer.

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SHORTFALL APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT,
PLEASE CONTACT YOUR STOCKBROKER, OR LICENSED PROFESSIONAL ADVISER.

PocketMail Group Limited - ABN 96 008 719 015

This form should only be filled out by Eligible Shareholders applying for the issue of Shortfall Shares. Entitlements should be applied for on the accompanying Entitlement and Acceptance Form.

For the offer of Shortfall Shares at an issue price of \$0.03 cents per New Share, instructions A to I are set out on the reverse side of this form. All application monies must be accompanied by payment of \$0.03 cents per New Share and be forwarded to the Company's share registry by NO LATER THAN 5.00PM SYDNEY TIME on 23 NOVEMBER 2001.

PLEASE USE BLOCK LETTERS

A	Application for New Shares
	I/We apply forNew Shares (Minimum 100,000) at \$0.03 cents per new Share
	I/We lodge full application monies of \$.....

B/D	Title	Given Names or Company Name	Surname / ABN	Tax File Number (s) or exemption category

C/D	Title	Joint Applicants or Designated Account e.g. <SUPER FUND A/C>	Tax File Number (s) or exemption category

E	Address
 Suburb/City/Town.....State.....Postcode.....

F	Contact Details
	Contact Name.....Contact No.....

G	CHESS Details
	PID.....HIN.....

H	Payment Details			
	All cheques should be made payable to "PocketMail Group Limited – Share Application Trust Account" and crossed "NOT NEGOTIABLE"			
	DRAWER	BANK	BRANCH	AMOUNT

Declaration	
This Application Form does not need to be signed. By lodging this Shortfall Application Form and a cheque for the application monies, this Applicant hereby:	
<ol style="list-style-type: none"> (1.) Applies for the number of New Shares in the Shortfall Application Form or such lesser number as may be allocated by the Directors as their discretion; (2.) Agrees to be bound by the Constitution of the Company; and (3.) Authorises the Directors to complete or amend this Application Form where necessary to correct any errors or omissions. 	

**PLEASE READ THE INSTRUCTIONS ON THE REVERSE OF THIS FORM
FOR APPLICATIONS FOR SHORTFALL**

INSTRUCTIONS TO APPLICANTS FOR SHORTFALL

This Shortfall Application Form together with a cheque for the application monies must be forwarded to the Company's share registry, Computershare Investor Services Pty Limited, Level 2, Reserve Bank Building, 45 St. Georges Terrace, Perth, WA 6000 so as to arrive NOT LATER THAN 5.00 PM SYDNEY TIME ON 23 NOVEMBER 2001.

A Application for New Shares

Applications must be for a minimum of 100,000 New Shares and thereafter be in multiples of 10,000 Shares.

To calculate application monies due, multiply the number of New Shares that have been applied for by \$0.03.

B Name of Applicant

Write the Applicant's FULL NAME in Box B. This must be either an individual's name or the name of a company.

If a Shortfall Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept an Application Form, and how to construe, amend or complete it, shall be final. A Shortfall Application form will not however be treated as having offered to subscribe for more New Shares than is indicated by the amount of the accompanying cheque for the application monies referred to in Box A.

C Joint Applicants and/or Account Designations

If JOINT APPLICANTS are applying or an ACCOUNT DESIGNATION is required, complete Boxes B and C. Up to three joint Applicants may register.

D Tax File Number or Exemption

An Applicant is not obliged to quote his or her Tax File Number ("TFN"). However, in cases where no TFN is quoted, the Company must deduct tax from any dividends payable (to the extent that they are not franked) at the top personal marginal tax rate plus the Medicare levy.

E Address

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City / Town.

F Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Application Form.

G CHESS Details

If you are sponsored in Chess by a stockbroker or other Chess Participant, enter the Participant Number ("PID") and your Holder Identification Number ("HIN").

H Payment Details

Payment must be made in Australian currency by cheque or bank cheque drawn on an Australian Bank. The amount of the cheque should agree with the amount shown in Box A of the Application Form. Cheques are to be made payable to "PocketMail Group Limited – Share Application Trust Account" and should be crossed "Not Negotiable". Cash should not be forwarded. Similarly payment made direct to the Company's bank account may not be accepted.

I Declaration

By completing the Application Form, the Applicant will be taken to have made to the Company the declarations and statements herein. The Application Form does not need to be signed.