MP/PKTLTRS.256

PocketMail™

19 April 2006

AUSTRALIAN STOCK EXCHANGE LIMITED

Dear Sir / Madam

Prospectus

The directors wish to advise that the Prospectus has been despatched to shareholders. A copy of the Prospectus is attached.

Yours faithfully
POCKETMAIL GROUP LIMITED

D McArthur

DAVID McARTHUR
Company Secretary

PocketMail Group Limited ABN 91 008 719 015 Level 2, 45 Stirling Highway, Nedlands WA 6009, PO Box 985, Nedlands WA 6909
Tel: +61 8 9389 8799 Fax:+ 61 8 9389 8327 Email: info@corp.pocketmail.com.au Web: www.pocketmail.com.au

POCKETMAIL GROUP LIMITED
ABN 96 008 719 015

PROSPECTUS

For an underwritten non-renounceable rights issue of 5 Shares for every 1 Share held at an issue price of 1 cent per Share (**Rights Issue**)

and

For the offer of 50,000,000 Shares at an issue price of 1 cent per Share to raise $500,000 (**Placement Offer**)

Underwriter to the Rights Issue

Arthur Phillip Pty Ltd

The Underwriting Agreement is subject to terms and conditions including the performance by sub-underwriters. Refer to Section 9.2 for details.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.
If you do not understand it you should consult your professional advisers without delay.
The Shares offered by this Prospectus should be considered speculative.

IMPORTANT NOTICE

This Prospectus is dated 4 April 2006 and was lodged with the ASIC on that date. The ASIC and ASX and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The expiry date of this Prospectus is at 5.00pm EST on that date which is 13 months after the date this Prospectus was lodged with the ASIC (**Expiry Date**). No securities may be issued on the basis of this Prospectus after the Expiry Date.

Application will be made to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these 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.

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.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered speculative.

WEB SITE – ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Underwriter at www.arthurphillip.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form or Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company or the Underwriter.

EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act.

Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

CONTENTS

ALL REFERENCES TO SECURITIES IN THIS PROSPECTUS ARE ON A POST-CONSOLIDATION BASIS FOLLOWING THE 1 FOR 20 CONSOLIDATION APPROVED AT THE GENERAL MEETING HELD ON 16 FEBRUARY 2006.

1. CORPORATE DIRECTORY

Directors

Andrew Kelly*
Marol Kelly*
Richard Poole

Proposed Directors

Roger Steinepreis**
Philip Suriano**

Company Secretary

David McArthur

Principal Office

Level 14, O'Connell House
15-19 Bent Street
SYDNEY NSW 2000

Telephone: (02) 8257 6500
Facsimile: (02) 8257 6501

Registered Office

Level 2, 6A Glen Street
Milsons Point
SYDNEY NSW 2061

Share Registry

Computershare Investor Services Pty Ltd***
Level 2/45 St Georges Terrace
PERTH WA 6000

Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Solicitors to the Company

Steinepreis Paganin
Lawyers and Consultants
Level 4, Next Building
16 Milligan Street
PERTH WA 6000

Underwriter and Corporate Advisor

Arthur Phillip Pty Ltd
Level 14, O'Connell House
15-19 Bent Street
SYDNEY NSW 2000

* Andrew Kelly and Marol Kelly will resign as Directors of the Company on completion of the capital raising.

** Roger Steinepreis and Philip Suriano will be appointed as Directors on completion of the capital raising.

***This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. LETTER FROM THE BOARD

Dear Investor,

The Company was involved in the provision of world wide mobile email services. The Company's services were available throughout the United States, Canada, Western Europe, Australia, New Zealand, the Bahamas, United Arab Emirates and internationally from every other country in the world. Notwithstanding some early success, over the past few years there has been a decline in subscriber numbers and subscription revenues for the Company.

The operations were funded both from capital raisings and with the financial support of the major shareholder, Bindera Pty Ltd (**Bindera**), a company associated with Mr Andrew Kelly, a Director of the Company.

The Company's Shares have been suspended from trading since October 2005.

A review of the operations and financial position of the Company took place late last year, and it was determined that the Company was in need of a restructure and recapitalisation to clear the related party loans and to ensure that its securities are re-quoted on ASX. To this end, and as announced by the Company on ASX, the Company agreed with a proposal presented by Arthur Phillip and Blueknight Corporation Pty Ltd.

The effect of the restructure is to sell the United States operations of the Company while retaining the Australian rights to the PocketMail business. The related party loans will be discharged by a cash payment of $555,000 with the balance assumed by the purchaser of the United States operations.

A General Meeting was held on 16 February 2006 at which all resolutions pertaining to the restructure and recapitalisation of the Company were passed.

Since that time, and prior to the transfer of the Australian subsidiary company, Pocketmail Australia Pty Ltd (**PMA**) to the purchaser, the Board resolved to cease funding PMA and to place it in administration.

A deed of company arrangement (**DOCA**) has been entered into in order to secure a return to creditors of approximately 11.9 cents in the dollar. This does not directly affect the restructure and recapitalisation which will proceed, however the Company has contributed $40,000 for creditor payments.

The Company will therefore operate the Pocketmail business in Australia on a scaled down basis and will also look to undertake acquisitions in the future to add value for shareholders.

Yours sincerely

Mr R Poole
DIRECTOR

3. INVESTMENT OVERVIEW

3.1 Important Notice

This section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

3.2 Indicative Timetable

Lodgement of Prospectus with the ASIC	4 April 2006
Opening Date of Placement Offer (exposure period will apply so that no applications can be processed during the exposure period)	4 April 2006
Placement Offer Closing Date	5.00pm EST on 3 May 2006
Rights Issue	
Notice dispatched to Option holders	5 April 2006
Notice in relation to the Rights Issue dispatched to Shareholders	6 April 2006
Shares quoted on an "ex" basis	7 April 2006
Record Date for determining Entitlements under Rights Issue	13 April 2006
Despatch Prospectus / Opening Date of Rights Issue	18 April 2006
Rights Issue Closing Date	3 May 2006
Shares quoted on a deferred settlement basis	4 May 2006
Last day for despatch of new holding statements and deferred trading ends	11 May 2006

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Placement Offer Closing Date or close the Placement Offer early without notice. The Directors may extend the Rights Issue Closing Date by giving at least 6 Business Days notice to ASX prior to the Rights Issue Closing Date.

3.3 Purpose of the Offers and Use of Proceeds

The Rights Issue is underwritten (refer to Section 9.2 for terms and conditions). The minimum subscription for the Placement Offer is full subscription. It is intended to apply funds raised from the Offers (assuming there are no oversubscriptions) as follows:

Description	Amount
Repayment of Bindera Loan	$555,000
Expenses of Offers	$160,000
Unallocated working capital	$1,169,117
Total	**$1,884,117**

In the event the Company was to accept oversubscriptions these funds would be applied to unallocated working capital.

Following completion of the Offers, the Company will have sufficient working capital to carry out its stated objectives.

3.4 Capital Structure

The capital structure of the Company following completion of the Offers is summarised below[1]:

	Full Subscription of Both Offers
Shares	**Number**
Shares on issue at date of Prospectus	27,682,340
Shares offered under the Placement	50,000,000
Shares offered under the Rights Issue	138,411,700
Shares issued on conversion of the Convertible Notes[2]	60,000,000
Total Shares on issue at completion of the Offers (assuming conversion of the Convertible Notes)	**276,094,040**
Options	
Options on issue at date of Prospectus[3]	8,306,250
Options now offered	Nil
Options issued on conversion of the Convertible Notes	60,000,000
Total Options on issue at completion of the Offers (assuming conversion of the Convertible Notes)	**68,306,250**

Notes:

1. The Rights Issue is underwritten and the minimum subscription for the Placement Offer is full subscription.

2. The Company has approval to issue Convertible Notes with a face value of $150,000. The Convertible Notes convert into Shares and Options. Please refer to Section 10.1 for the terms of the Convertible Notes and the Shares and Options issued on conversion of the Convertible Notes.

3. These options are detailed as follows:

   (a) 7,500,000 options exercisable at $1.00 expiring 15 August 2006; and

   (b) 806,250 options exercisable at $0.40 expiring 16 July 2007.

4. DETAILS OF THE OFFERS

4.1 Placement Offer

By this Prospectus, the Company offers for subscription 50,000,000 Shares at an issue price of 1 cent each to raise $500,000.

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

The Company reserves the right to accept oversubscriptions of 10,000,000 Shares at an issue price of 1 cent each to raise a further $100,000 and reserves the right to keep the Prospectus open to do so.

4.2 Rights Issue

By this Prospectus, the Company makes a fully underwritten pro rata non-renounceable rights issue to holders of Shares on the basis of 5 Shares for every 1 Share held on the Record Date.

Based on the capital structure of the Company at the date of this Prospectus, the number of Shares to be issued is approximately 138,411,700 at an issue price of 1 cent per Share. The Rights Issue will raise approximately $1,384,117 (before costs) assuming all Entitlements are accepted.

The Company currently has 8,306,250 Options on issue. The terms and conditions of these Options do not allow for the participation by those Option holders in new issues of securities. Those Option holders will, however, be entitled to exercise their Options during the time period set out in the ASX Listing Rules in order to participate in the Rights Issue.

The Directors reserve the right in conjunction with the Underwriter, to place the Shortfall (if any) in accordance with the terms of the Underwriting Agreement. The issue price of any Shares the subject of the Shortfall will be 1 cent per Share, being the price at which the Entitlement has been offered to Shareholders pursuant to this Prospectus.

In the calculation of any entitlement, fractions will be rounded down to the nearest whole number.

The Directors reserve the right to withdraw the Prospectus in the event the Underwriting Agreement is terminated (refer to Section 9.2 for a summary of the terms of the Underwriting Agreement).

4.3 Applications

Placement

Applications for Shares under the Placement must be made using the Application Form.

Payment for the Shares must be made in full at the issue price of 1 cent per Share. Applications must be for a minimum of 200,000 Shares and thereafter in multiples of 10,000 Shares. Completed Application Forms and accompanying cheques must be mailed or delivered to:

Mailed

Computershare Investor Services Pty Ltd
GPO Box D182
PERTH WA 6840

Delivered

Computershare Investor Services Pty Ltd
Level 2/45 St Georges Terrace
PERTH WA 6000

Cheques should be made payable to "PocketMail Group Limited – Placement Offer Account" and crossed "Not Negotiable". Completed Application Forms must reach one of the above addresses by no later than the Placement Offer Closing Date.

Rights Issue

Your acceptance of the Rights Issue must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be the maximum Entitlement.

You may participate in the Rights Issue as follows:

(a) if you wish to accept your Entitlement in full:

  (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and

  (ii) attach your cheque for the amount indicated on the Entitlement and Acceptance Form; or

(b) if you only wish to accept part of your Entitlement:

  (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and

  (ii) attach your cheque for the appropriate application monies (at 1 cent per Share); or

(c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything. Any Shortfall will be distributed pursuant to the terms and conditions of the Underwriting Agreement with the Underwriter.

Applications for Shares under the Rights Issue must be made using the Entitlement and Acceptance Form.

Payment for Shares must be made in full at the issue price of 1 cent per Share. Completed Entitlement and Acceptance Forms and accompanying cheques must be mailed or delivered to:

Mailed

Computershare Investor Services Pty Ltd
GPO Box D182
PERTH WA 6840

Delivered

Computershare Investor Services Pty Ltd
Level 2/45 St Georges Terrace
PERTH WA 6000

Cheques should be made payable to "PocketMail Group Limited – Rights Issue Account" and crossed "Not Negotiable". Completed Entitlement and Acceptance Forms must reach one of the above addresses by no later than the Rights Issue Closing Date.

The Rights Issue is non-renounceable so that a holder of Shares may not sell or transfer all or part of their Entitlement. Pursuant to the ASX Listing Rules, the Company will allow an extension of at least 3 Business Days to member organisations of ASX to lodge acceptances after the Closing Date for the Rights Issue.

4.4 Shortfall

The Shortfall will be placed by the Company in conjunction with the Underwriter. Only complete the Shortfall Application Form if you are directed to do so by either the Company or the Underwriter.

If you are directed to participate in the Shortfall, forward the completed Shortfall Application Form and your cheque for the appropriate application monies to Computershare Investor Services Pty Ltd, GPO Box D182, Perth, WA, 6840 by such date as directed by the Company or the Underwriter (as the case may be).

The offer of Shares under the Shortfall is independent from the Rights Issue and will remain open after the Rights Issue has closed for a period determined by the Company and the Underwriter.

4.5 Allotment

Subject to ASX granting conditional approval for the Shares to be reinstated to trading on the Official List of ASX, allotment of Shares offered by this Prospectus will take place as soon as practicable after the respective closing date. Prior to allotment, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

With respect to the Placement, the Directors reserve the right to allot Shares in full for any application or to allot any lesser number or to decline any application. Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus application monies will be returned by cheque to the applicant within 7 days of the allotment date.

4.6 Minimum Subscription

The Rights Issue is fully underwritten and accordingly, the minimum subscription under the Rights Issue is the full subscription. The minimum subscription to be raised under the Placement Offer is $500,000 being the full subscription under the Placement Offer.

If the minimum subscription has not been raised within 4 months after the date of this Prospectus, all applications for the Placement will be dealt with in accordance with the Corporations Act.

4.7 Reinstatement to Official Quotation on ASX

The Company will apply to ASX within 7 days after the date of this Prospectus for its Shares to be reinstated to Official Quotation and for Official Quotation of the Shares offered under this Prospectus. If ASX does not admit the Shares to official quotation within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In that circumstance, all applications will be dealt with in accordance with the Corporations Act.

4.8 Applicants outside Australia

The Offers are made to residents of Australia and New Zealand only.

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify these Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia or New Zealand.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form or Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

4.9 Underwriter

The Rights Issue is underwritten by Arthur Phillip Pty Ltd (**Underwriter**). Please refer to Section 9.2 of this Prospectus for a summary of the material terms of the Underwriting Agreement between the Company and the Underwriter.

4.10 Commissions on Application Forms

The Company reserves the right to pay a commission of 5% (inclusive of goods and services tax) of amounts subscribed to any Australian Financial Services licensee in respect of valid applications lodged and accepted by the Company and bearing the stamp of the Australian Financial Services licensee in respect of the Placement Offer. Payments will be subject to the receipt of a proper tax invoice from the Australian Financial Services licensee.

4.11 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS 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 ASTC Settlement Rules.

Under CHESS, 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 CHESS statement.

4.12 Risk Factors

Prospective investors in the Company should be aware that subscribing for securities the subject of this Prospectus involves a number of risks. These risks are set out in Section 8 of this Prospectus and investors are urged to consider those risks carefully (and if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 8, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered speculative.

4.13 Privacy Statement

If you complete an application for Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office; authorised securities brokers; print service providers; mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

5. COMPANY OVERVIEW

5.1 History

The principal activity of the Company was the sale and marketing of Pocketmail mobile email devices and the provision of the Pocketmail mobile email service in the United States, Canada, Western Europe, Australia, New Zealand, the Bahamas, United Arab Emirates and internationally from every other country in the world.

The business of the Company commenced in Australia in mid 1999 and in setting up the business, a licence was acquired to operate the Pocketmail service from Pocketmail Inc (**PMI**) (a wholly owned subsidiary of the Company).

The operations were funded both from capital raisings and with the financial support of the major Shareholder, Bindera Pty Ltd (**Bindera**), a company associated with Mr Andrew Kelly, a current Director of the Company.

In August 2004, the Company executed an agreement with Bindera to defer commencement of repayment by the Company of approximately $2,506,734 in related party loans until August 2005. Under the terms of the agreement, interest accrued but not paid to 31 January 2005 was payable in 18 equal monthly instalments commencing in February 2005. Interest incurred from 10 February 2005 was payable monthly in arrears. The principal was repayable in 12 equal instalments commencing in August 2005.

The repayment terms have not been met and with the support of Bindera, the repayment of the related party loans was further deferred. As at the date of this Prospectus, the related party loans to Bindera and another entity associated with Mr Kelly are in excess of $3,000,000.

Notwithstanding some early success, over the past few years there has been a decline in subscriber numbers and subscription revenues for the Company.

Since around September 2005, a detailed run off plan has been followed and under this plan, operating costs have been managed down and liabilities reduced.

5.2 Restructure

As part of a review of the operations and financial position of the Company late last year, and in particular, the Company's working capital position, it was determined that the Company was in need of a restructure and recapitalisation to discharge the related party loans and to ensure that its securities were reinstated to Official Quotation.

The effect of the restructure is to sell the United States operations of the Company (sale of the shares in PMI) while retaining the Australian rights to the PocketMail business for a period of 10 years, together with a licence to the Pocketmail technology for Singapore, Philippines, Malaysia, Indonesia and Thailand. The related party loans will be repaid in part with the balance assumed by the party which acquires the business. Refer to section 9.1 for a summary of the terms of the letter agreement relating to the restructure of the Company. This will be effected on the completion of this capital raising.

The purchaser will assume all of the liabilities relating to the United States operation insofar as these liabilities are the obligation of the Company, all lease arrangements, rental agreements and employee liabilities and will take a transfer of the loan owing by the Company to Bindera (other than $555,000 which is being repaid by the Company from the proceeds of this capital raising).

As part of the restructure, the Board will change. Existing Directors, Andrew Kelly and Marol Kelly will resign and Roger Steinepreis and Phil Suriano will be appointed Directors upon completion of the capital raisings the subject of this Prospectus.

The proposed restructure and recapitalisation is conditional upon ASX confirming it will reinstate the securities of the Company to Official Quotation.

5.3 Pocketmail Australia Pty Ltd (PMA)

Prior to the completion of the restructure, the Board of the Company decided to withdraw financial support from PMA.

On 2 March 2006, PMA entered into a sale agreement with PMI for the sale of its business and assets. This sale essentially involved the transfer of PMA's subscriber base for the Pocketmail service along with the majority of its employees, in settlement of all outstanding matters between the parties including settlement in relation to management fees and a loan account. The rationale for this sale was that it would:

(a) ensure continuity of service for the approximately 4,000 individual Pocketmail prepaid customers, all of whom were creditors of PMA by reason of paying for their Pocketmail service;

(b) ensure continuity of employment (an assumption of their entitlements) for most of the Australian Pocketmail staff;

(c) significantly reduce the costs of any administration relating to PMA; and

(d) maximise any return for the creditors of PMA.

Had this not been done, PMI would have sought to terminate the existing licence agreement with PMA and, in addition, the net liabilities of PMA would have increased.

Further, the Company was owed approximately $15,200,000 by PMA and it was considered inappropriate to continue to fund that business pending completion of the restructure.

Administrators were appointed to PMA and a deed of company arrangement has been agreed. The Company contributed a further $40,000 to satisfy creditor claims (in part).

This does not significantly affect the transaction with the purchaser because the overall position has not materially changed.

5.4 Grant of Licences

PMI has entered into a licence with the Company in respect of the Australian rights to the Pocketmail service. The licence is for a period of 10 years and the Pocketmail service will continue in Australia, with the existing subscriber base of approximately 4,000 subscribers (as sold to PMI), being serviced by the Company.

Further, it has been agreed under the licence agreement that the Company shall have a licence to the Pocketmail technology for Singapore, Philippines, Malaysia, Indonesia and Thailand. This licence is for a period of 10 years and the Company shall pay PMI a 5% royalty on the gross subscription fees received for the provision of the Services. There is a minimum performance target for the 2 years of the licence of US$1 million in gross subscription fees and if this is not achieved the licence will automatically cease.

There is some scope for the expansion of the business and this will be assessed by the Company.

5.5 Other Opportunities

The Company will have sufficient working capital to carry out its operations going forward and will also have sufficient funds to look at complementary acquisitions or new acquisitions in other areas. To the extent that a new acquisition was to present itself, that acquisition will be placed before shareholders for approval at an appropriate time.

At this stage, the Directors have not identified nor given any consideration to any other business sector or complementary opportunities but reserve the right to direct any capital raised under this Prospectus to pursue that objective and strategy.

The future funding requirements of the Company will therefore be dependent on its success in exploiting its existing assets and also the costs of acquiring any additional projects or business opportunities for investment as and when identified and investors must take this risk into account when determining whether to invest pursuant to this Prospectus.

5.6 Corporate Governance

The Directors monitor the business affairs of the Company on behalf of Shareholders and have formally adopted a corporate governance policy which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct.

Full details of the corporate governance policies that have been adopted by the Board, can be found in the Company's 2005 Annual Report.

6. DIRECTORS AND PROPOSED DIRECTORS

6.1 Current Directors

Mr Andrew Kelly

Mr Kelly founded Strathfield Group Limited (**Strathfield**) in 1980 and has managed and developed Strathfield since inception. He is also a director of Kelly Group Holdings Pty Ltd and was previously a director of OCMS Pty Limited. Mr Kelly currently assists in Strathfield's business development and ongoing management of its Telco relationships.

Ms Marol Kelly

Mrs Kelly has had 20 years experience in retail management, primarily with Strathfield Group Limited, with an emphasis on Human Resources. She is currently a member of the School Council of The Meriden School and a director of various privately held companies.

Mr Richard Poole

Mr Richard Poole commenced his career as a lawyer specialising in mergers and acquisitions. He left the law in 1999 to focus on the start up of a small technology company. He successfully built that company from its early stages to a public listed vehicle and raised the necessary capital for the company's operations up to his departure in 1999. Since that time, Mr Poole has been involved in the start up of small technology companies and expanded into the provision of investment and merchant banking services with Arthur Phillip Pty Ltd (AFSL 258057). Mr Poole is also a director of Merchant House International Limited with operations in China and the United States, Etick Limited, Real Brand Holdings Limited, Strathfield Group Limited, Alexander Securities Limited, BBX Holdings Limited and Microview Limited.

Mr Andrew Kelly and Ms Marol Kelly will resign upon completion of the capital raisings the subject of this Prospectus.

6.2 Proposed Directors

Mr Roger Steinepreis

Mr Roger Steinepreis graduated from the University of Western Australia where he completed his law degree. He was admitted as a barrister and solicitor of the Supreme Court of Western Australia in 1987 and has been practising as a lawyer for approximately 16 years.

He is the legal adviser to a number of public companies on a wide range of corporate related matters. His areas of practice focus on company restructures, initial public offerings and takeovers. Mr Steinepreis is a director of Imugene Limited, a company which he restructured and recapitalised with Mr Richard Poole after the Company (then VosTech Ltd) was placed in administration. Imugene Limited now has a market capitalisation of approximately $25 million.

Mr Philip Suriano

Philip Suriano is currently the Managing Director of Microview Solutions Pty Limited and works in corporate finance. Mr Suriano began his career in corporate banking with the Commonwealth Bank in 1989. Mr Suriano has spent the last 14 years in senior positions within the Australian Media Industry. Mr

Suriano has gained wide knowledge and experience to give him a strong background in operations, sales and marketing in roles such as National Sales Director, MCN (the subscription TV joint venture company between Austar and Foxtel) and Group Sales Manager at Network Ten. Prior to joining MCN, Mr Suriano was employed within the Victor Smorgon Group of Companies (Alt Media and Brandhouse Advertising).

7. FINANCIAL INFORMATION

7.1 Effect of the Offers

The principal effect of the Offers will be to:

(a) increase cash reserves immediately after completion of the Offers and estimated expenses of the Offers and repayment of the Bindera loan of $555,000 to approximately $1,169,117. In addition, the Company will have placed the Convertible Notes resulting in further cash at bank of $150,000;

(b) decrease the creditors of the Company by $555,000 being the amount of the loan repaid by the Company to Bindera and after the assumption of the balance of the related party loans by the purchaser of the US operations as referred to below; and

(c) increase the number of Shares on issue from 27,685,633 Shares to 276,113,798 Shares.

7.2 Statement of Financial Position

Set out below is a pro forma statement of financial position of the Company as at 31 December 2005 incorporating the effect of the Offers, the expenses of the Offers, and the issue of the Convertible Notes and the sale of Pocketmail Inc:

	Consolidated Actual 31 Dec 2005 $	Proforma 31 Dec 2005 $
CURRENT ASSETS		
Cash assets	65,406	1,319,117
Receivables	164,353	-
Inventories	48,240	-
Other	153,851	-
TOTAL CURRENT ASSETS	431,850	1,319,117
NON-CURRENT ASSETS		
Property, plant and equipment	55,652	25,000
Intangibles	-	-
TOTAL NON-CURRENT ASSETS	55,652	25,000
TOTAL ASSETS	487,502	1,344,117
CURRENT LIABILITIES		
Payables	357,497	22,500
Revenues from subscription services received in advance	1,744,185	-
Interest-bearing liabilities	3,183,729	-
Provisions	44,223	-
TOTAL CURRENT LIABILITIES	5,329,634	22,500
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	-	-
TOTAL NON-CURRENT LIABILITIES	-	-

TOTAL LIABILITIES	5,329,634	22,500
NET ASSETS	4,842,132	1,321,617
EQUITY		
Contributed equity	24,338,971	26,373,088
Retained profits	(29,163,876)	(25,036,327)
Reserves	(17,228)	(15,144)
TOTAL EQUITY	(4,842,132)	1,321,617

Note:

As part of the sale of the US operations, the purchaser will assume all of the net liabilities relating to those operations insofar as those liabilities are the obligations of the Company other than $555,000 of the Bindera loan which will be discharged by the Company from the proceeds of the Offers.

8. RISK FACTORS

8.1 Introduction

An investment in the Company is not risk free and 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.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.2 Uncertainty of Future Profitability

The Company has incurred losses and it is therefore not possible to evaluate the future prospects of the Company based on past performance.

The Company's ability to operate profitability in the future will depend on its ability to manage its costs, to execute its development and growth strategies, economic conditions in the markets the Company operates, competitive factors and regulatory developments. Accordingly, the extent of future profits, if any, and the time required to achieve a sustained profitability is uncertain. Moreover, the levels of such profitability cannot be predicted.

8.3 Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies, products or technologies, although no such acquisitions or investments have been identified. Any such, future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies.

8.4 Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's operational activities, as well as on its ability to fund those activities.

8.5 Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised in the Offers. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and reduce its expansion programs as the case may be.

8.6 Reliance on Key Personnel and Need to Attract Qualified Staff

The Company is dependent on its management and technical personnel, the loss of whose services could materially and adversely affect the Company and impede the achievements of its business objectives.

The Company's ability to sell its products and services will depend in part upon its ability to attract and retain suitably qualified management and technical personnel over time.

There can be no assurance that the Company will be able to attract or retain sufficiently qualified personnel on a timely basis or retain its key management personnel.

8.7 Industry Risks

The Company's current and future potential competitors include companies with substantially greater resources than it. There is no assurance that competitors will not succeed in developing products or services that are more effective or economic than the current products and services or any of those being developed by the Company or which would render the products obsolete and/or otherwise uncompetitive. In addition, the Company may not be able to compete successfully against current or future competitors where aggressive pricing policies are employed to capture market share. Such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's future business, operating results and financial position.

8.8 Alternative Technologies

The industry in which the Company operates presents continuing opportunities for the development of new technologies. The development and commercialisation of new technologies that are more cost efficient than those of the Company or offer greater variety in services than the Company, could place the Company at a competitive disadvantage.

8.9 Protection of Intellectual Property

The Company's success will depend, in part, on its ability to maintain trade secret protection and operate without infringing the proprietary rights of third parties or having third parties circumvent the Company's rights. No guarantee can be given that such protection will be successfully and validly maintained by the Company. While the Company believes that it has taken appropriate steps to protect their proprietary technology, they must rely on the limited protection afforded by a combination of trademark laws, trade secrets, confidentiality procedures and contractual provisions to manage proprietary rights. The law may not adequately protect these rights in all places where the Company does business, or enable the same rights to be defended sufficiently to avoid adverse material impact on operations.

8.10 New Services

The Company may, from time to time, introduce new and expanded services in order to generate additional revenues, attract more customers and respond to competition. There can be no guarantee that these new businesses will eventuate or be successful.

8.11 Share Market

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

(a) general economic outlook;

(b) interest rates and inflation rates;

(c) currency fluctuations;

(d) changes in investor sentiment toward particular market sectors;

(e) the demand for, and supply of, capital; and

(f) terrorism or other hostilities.

8.12 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus.

Therefore, the Shares carry no guarantee with respect to the payment of dividends, returns of capital or market value.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.

9. MATERIAL CONTRACTS

Set out below is a summary of the contracts to which the Company is a party which the Board considers material to the Company.

9.1 Letter Agreement

The Company, Mr Warwick Mirzikinian and Mr Robert Melham (the **Purchaser**), Bindera and Arthur Phillip have entered into a letter agreement which contains the following material terms:

(a) the Company agrees to sell and the Purchaser agrees to purchase 100% of the issued capital of the Company's wholly owned subsidiaries, PocketMail Australia Pty Ltd and PocketMail Inc (USA) (together, the **PKT Companies**);

(b) in consideration for the acquisition of the PKT Companies (**Acquisition**), the Purchaser's acknowledge that the PKT Companies assume all of the liabilities relating to the PocketMail businesses insofar as those liabilities are the obligations of the Company, all lease arrangements, rental agreements, employer liabilities and the transfer of a loan owing by the Company to Bindera (other than an amount of $555,000);

(c) settlement of the Acquisition is subject to and conditional on the passing and implementation of all of the resolutions at the General Meeting;

(d) Arthur Phillip agrees to manage and administer the PKT Companies in consideration for a management fee to be determined between Arthur Phillip and the PKT Companies but based on Arthur Phillip's normal commercial terms for the provision of such service;

(e) the management arrangement between Arthur Phillip and the PKT Companies has a fixed term of 2 years but may be terminated by either party at any time by 3 months written notice;

(f) the PKT Companies grant the Company an exclusive, royalty free licence to utilize the PocketMail technology (and all associated intellectual property) in Australia for a period of 10 years from the date of completion of the Acquisition;

(g) the PKT Companies shall be required to repay the loan to Bindera (as assumed) out of the profits of the PKT Companies or from the net proceeds of the sale of the PocketMail businesses owned by them; and

(h) Bindera agrees to indemnify the Company for any liability incurred by the Company in respect of all leases and other cross facilities guaranteed by the Company that are not capable of being released. This indemnity is given in consideration of the repayment by the Company of the sum of $555,000 to Bindera.

A variation letter has been signed as a result of PMA being placed in administration and this company will not be acquired by the purchasers until completion of the administration. The variation letter also confirms the grant of the further licence referred to in Section 5.4

9.2 Underwriting Agreement

The Underwriter has entered into an Underwriting Agreement with Arthur Phillip (an entity associated with proposed Director Richard Poole), pursuant to which the Underwriter agrees to fully underwrite the Rights Issue and act as corporate adviser on the terms and conditions contained therein.

The Underwriter is not bound to underwrite the subscription of the Shortfall unless and until:

(a) the Company lodges the Prospectus with the ASIC;

(b) the Underwriter procures such persons to sub-underwrite 100% of the Rights Issue as the Underwriter in its absolute discretion thinks fit and those sub-underwriters perform pursuant to their obligations with the underwriter; and

(c) the Underwriter is satisfied (in its sole and absolute discretion) with the form of the Prospectus and has given its consent to be named in the Prospectus.

If the conditions are not satisfied or waived by the Underwriter by 30 June 2006 or a later date or dates as the Underwriter may stipulate, the Underwriting Agreement shall immediately terminate and neither party shall have any further rights against the other party, other than in respect of breaches of the Underwriting Agreement which arose prior to its termination (if any).

Underwriting Commission

In consideration for the Underwriter agreeing to fully underwrite the Rights Issue and acting as corporate adviser, the Company must pay to the Underwriter an underwriting fee of $75,000 and a corporate management fee of $60,000.

In addition to the underwriting fee and corporate management fee, the Company must pay all costs and expenses reasonably and properly incurred by the Underwriter in relation to the Rights Issue.

Representation and Warranties

The Underwriter and the Company provide each other with standard representations and warranties typical of an agreement of this type.

Shortfall

Within 5 Business Days after the Rights Issue Closing Date, the Company must advise the Underwriter of the Shortfall and within 8 Business Days of the Company advising the Underwriter of the Shortfall, the Underwriter will provide application forms and monies to the Company for the Shortfall.

Termination Events

The Underwriter may, by giving written notice to the Company at any time prior to the Underwriter lodging applications with the Company for the Shortfall, terminate its obligations under the Underwriting Agreement if:

(a) **Prospectus:** any of the following occurs in relation to the Prospectus:

(i) the Underwriter reasonably forms the view that there is a material omission, it contains a material statement which is misleading or deceptive, or a material statement has become misleading or deceptive (provided such material omission or misleading statement is outside the control of the Underwriter);

(ii) the Underwriter reasonably forms the view that any projection or forecast provided to the Underwriter by the Company or a representative of the Company becomes, to a material extent, incapable of being met or unlikely to be met in the projected time;

(iii) ASIC gives notice of intention to hold a hearing under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act; or

(iv) any person other than the Underwriter who consented to being named in the Prospectus withdraws that consent;

(b) **Supplementary Prospectus**: a supplementary or replacement document (as appropriate) must be lodged with ASIC under section 719 or section 724 of the Corporations Act and the Company does not lodge a supplementary or replacement document (as the case may be) in the form and content and within the time reasonably required by the Underwriter;

(c) **ASX listing**: ASX does not give approval for the Underwritten Shares to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;

(d) **Index change:** the S&P ASX 200 Index as determined at close of trading falls to a level that is 90% or less of the level at the close of trading on the date of the Underwriting Agreement and remains at that decreased level for 3 consecutive Business Days;

(e) **indictable offence:** a Director of the Company or any Related Corporation is charged with an indictable offence other than those previously disclosed to the Underwriter prior to the execution of the Underwriting Agreement;

(f) **return of capital or financial assistance**: the Company or a Related Corporation takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;

(g) **banking facilities:** the Company's bankers terminate or issue any demand or penalty notice or amend the terms of any existing facility or claim repayment or accelerated repayment of any facility or require additional security for any existing facility and such termination, issue of demand or amendment has a Material Adverse Effect (as defined in the Underwriting Agreement);

(h) **change in laws**: any of the following occurs before the opening date of the Offers:

(i) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or

(ii) the public announcement of prospective legislation or policy by the Federal Government, or the Government of any State or Territory; or

(iii) the adoption by the ASIC, its delegates, ASX, the Reserve Bank of Australia or any other regulatory authority of any regulations or policy,

which does or is reasonably likely to prohibit, restrict or regulate the principal business of the Company, the Rights Issue or the operation of stock markets in Australia generally and has or would have a Material Adverse Effect;

(i) **failure to comply**: the Company or any Related Corporation fails to comply with any of the following:

(i) a provision of its constitution;

(ii) any statute;

(iii) a requirement, order or request, made by or on behalf of the ASIC or any Governmental Agency; or

(iv) any material agreement entered into by it;

and that failure to comply has a Material Adverse Effect;

(j) **alteration of capital structure or constitution**: except as contemplated in the Prospectus or at the General Meeting, the Company alters its capital structure or its constitution without the prior written consent of the Underwriter;

(k) **hostilities**: there is an outbreak of significant hostilities (whether or not war has been declared) not presently existing, or a major escalation in existing hostilities, after the date of the Underwriting Agreement involving one or more of Australia, Japan, Russia, the United Kingdom, the United States of America, the Middle East or the Peoples Republic of China and such outbreak or escalation of hostilities has a Material Adverse Effect;

(l) **extended Force Majeure:** a Force Majeure, which prevents or delays an obligation under the Underwriting Agreement, lasting in excess of 2 weeks occurs;

(m) **default**: the Company is in default of any of the terms and conditions of the Underwriting Agreement or breaches any warranty or covenant given or made by it under the Underwriting Agreement;

(n) **adverse change**: any adverse change occurs in respect of the Company or its assets which has a Material Adverse Effect;

(o) **investigation**: any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Corporation;

(p) **due diligence:** there is a material omission from the results of the due diligence investigation performed in respect of the Rights Issue or the results of the investigation or the verification material are materially false or misleading;

(q) **Prescribed Occurrence:** a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs without the consent of the Underwriter (such consent not to be unreasonably withheld or delayed) after the date of the Underwriting Agreement and before the Closing Date, other than as disclosed in the Prospectus;

(r) **Suspension of debt payments:** the Company suspends payment of its debts generally;

(s) **Event of Insolvency:** an Event of Insolvency occurs in respect of the Company or a Related Corporation; or

(t) **Judgment against a Related Corporation:** a judgment in an amount exceeding $50,000 is obtained against the Company or a Related Corporation and is not set aside or satisfied within 7 days.

Indemnity

The Company indemnifies and must keep indemnified the Underwriter and its directors, officers and employees from and against all claims, actions, damages, losses, liabilities, cost or expenses for which the Underwriter (or its directors, officers or employees) suffers or incurs in respect of, or in any way relating to, the Rights Issue, the Prospectus or the Underwriting Agreement.

10. ADDITIONAL INFORMATION

10.1 Rights Attaching to Securities

10.1.1 Ordinary Shares

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(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, attorney 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 fully paid 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 such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend Rights**

Subject to the rights of persons (if any) entitled to Shares with special rights to dividend the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the Shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the Shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend all dividends are to be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(d) **Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind 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 of the Company, 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 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, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) **Variation of Rights**

Pursuant to 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 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.

10.1.2 Options

The material terms of the Options to be issued upon the exercise of the Convertible Notes are as follows:

(a) each Option entitles the holder, when exercised, to one (1) Share;

(b) the Options are exercisable at any time on or before 31 December 2008;

(c) the exercise price of the Options is 2 cents each;

(d) subject to the Corporations Act, the Constitution and the ASX Listing Rules, the Options are fully transferable;

(e) the Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the option holder to exercise a specified number of Options, accompanied by an option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Options remaining;

(f) all Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares;

(g) the Options will not be listed on the Official List of ASX;

(h) there are no participating rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of Options to Shareholders during the currency of the Options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, option holders will be notified of the proposed issue at least seven (7) business days before the record date of any proposed issue. This will give Option holders the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue;

(i) in the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the ASX Listing Rules; and

(j) in the event the Company makes a pro rata issue of securities, the exercise price of the Options will change in accordance with the formula set out in ASX Listing Rule 6.22.2.

10.1.3 Convertible Notes

The material terms of the Convertible Notes are as follows:

(a) the Convertible Notes have a total face value of $150,000;

(b) no interest will be payable on the Convertible Notes;

(c) the Convertible Notes are not transferable;

(d) the Convertible Notes will mature 3 months after the issue date (**Maturity Date**). On this date the Convertible Notes on issue at that time will automatically convert to the number of securities in accordance with (f);

(e) the Company may not redeem the Convertible Notes;

(f) the Convertible Notes are convertible into Shares with a conversion price of 0.25 cents per Share (post Consolidation) with 1 free attaching Option per Share at any time after issue and prior to the Maturity Date; and

(g) the Convertible Notes are an unsecured debt instrument ranking alongside general unsecured creditors.

10.1.4 Issue of Shares and Options on conversion of the Convertible Notes

This Prospectus will also apply to the Shares and Options to be issued on conversion of the Convertible Notes. The Prospectus will remain open until the Maturity Date for these noteholders to apply for those Shares and Options on conversion of the Convertible Notes.

Roger Steinepreis and Richard Poole (or an entity controlled by them) will each subscribe for Convertible Notes with a face value of $50,000 as approved by shareholders in the general meeting held on 16 February 2006.

10.2 Disclosure of Interests

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors and Proposed Directors have relevant interests in securities as set out in the table below:

Director/Proposed Director	Shares	Options	Convertible Notes[2]
Andrew Kelly	15,513,062	Nil	Nil
Marol Kelly	Nil	Nil	Nil
Roger Steinepreis[1]	NIL	NIL	$50,000
Richard Poole[1,2]	NIL	NIL	$50,000
Philip Suriano	Nil	Nil	Nil

Notes:

1. Refer to section 10.1 for a summary of the terms of the Convertible Notes.

2. Arthur Phillip, an entity associated with proposed Director Richard Poole, has entered into the Underwriting Agreement pursuant to which, it has agreed to underwrite the Rights Issue. However, a condition of the Underwriting Agreement is that sub underwriting commitments are received for the whole of the underwritten amount. Accordingly, Arthur Phillip will not receive any interest in Shares pursuant to the Rights Issue.

10.3 Remuneration

The Company's Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting.

For each of the previous 2 financial years, the total remuneration paid to each of the Directors is as follows:

Director	Remuneration
Andrew Kelly	$62,700
Marol Kelly	Nil
Richard Poole	Nil

The remuneration of executive Directors will be fixed by the Directors and may be paid by way of fixed salary or consultancy fee.

10.4 Fees and Benefits

Other than as set out below or elsewhere in this Prospectus, no:

(a) Director of the Company;

(b) person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(c) promoter of the Company; or

(d) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in the Prospectus as a financial services licensee involved in the issue,

has, or had within 2 years before lodgement of this Prospectus with the ASIC, any interest in:

(i) the formation or promotion of the Company;

(ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offers of Shares under this Prospectus; or

(iii) the Offers of Shares under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director of the Company or for services rendered in connection with the formation or promotion of the Company or the Offers of Shares under this Prospectus.

Steinepreis Paganin have acted as the solicitors to the Company in relation to the Prospectus. The Company estimates it will pay Steinepreis Paganin $15,000 for these services. Steinepreis Paganin has also provided legal services in respect of the restructure of the Company and these are estimated to be $35,000. Subsequently, fees will be charged in accordance with normal charge out rates.

Arthur Phillip Pty Ltd has acted as the Underwriter and Corporate Advisor to the Company in relation to the Prospectus. The Company will pay Arthur Phillip Pty Ltd $135,000 for these services (refer to Section 9.2 for details). Arthur Phillip may pay up to $75,000 to sub-underwriters. Arthur Phillip will also be engaged to assist in managing the Australian operations, the rights of which have been licensed as set out in Section 5.4 for a commercial fee. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Arthur Phillip Pty Ltd has not received any other fees from the Company.

10.5 Consents

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 disclaim and take 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.

Steinepreis Paganin have given their written consent to being named as the solicitor to the Company in this Prospectus. Steinepreis Paganin have not withdrawn their consent prior to the lodgement of this Prospectus with the ASIC.

Arthur Phillip Pty Ltd has given its written consent to being named as the Underwriter and Corporate Advisor to the Company in this Prospectus. Arthur Phillip Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Robert Neilson has given his written consent to being named as the Company's auditor and for the reference to the audited accounts in Section 7.2 of this Prospectus and has not withdrawn his consent prior to lodgement of this Prospectus with the ASIC.

10.6 Expenses of the Offers

The total expenses of the Offers are estimated to be approximately $160,000.

10.7 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors and Proposed Directors are not aware of any legal proceedings pending or threatened against the Company.

10.8 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant application forms. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the website of the Underwriter at www.arthurphillip.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

10.9 Taxation

The acquisition and disposal of securities in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

10.10 Forecasts

The Directors have considered the matters set out in ASIC Policy Statement 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

11. DIRECTORS' AND PROPOSED DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors and Proposed Directors.

In accordance with Section 720 of the Corporations Act, each Director and Proposed Director has consented to the lodgement of this Prospectus with the ASIC.

R J Poole
For and on behalf of
PocketMail Group Limited

12. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

A$** or **$ means an Australian dollar.

Application Form means the application form accompanying this Prospectus relating to the Placement Offer.

ASIC means Australian Securities & Investments Commission.

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

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

Business Day has the same meaning as in the ASX Listing Rules.

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

Consolidation means the consolidation of the Company's capital on a 1:20 basis for which approval was obtained at the General Meeting.

Convertible Notes mean the convertible notes to be issued by the Company on the material terms and conditions set out in Section 10.1.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Rights Issue.

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Prospectus relating to the Rights Issue.

EST means Eastern Standard Time.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

General Meeting means the general meeting of Shareholders held on 16 February 2006.

Listing Rules means the official listing rules of ASX.

Offers means the Placement Offer and the Rights Issue.

Official List means the Official List of ASX.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

Option means an option to subscribe for a Share subject to the terms and conditions set out in Section 10.1.

Placement Offer means the offer of 50,000,000 Shares at $0.01 per Share as set out in Section 4.1.

Placement Offer Closing Date means the closing date for receipt of Application Forms under this Prospectus in respect of the Placement Offer, as set out in Section 3.2.

Proposed Directors means the directors proposed to be appointed to the Board at the General Meeting, the details of which are set out in Section 6.2.

Prospectus means this prospectus.

Record Date means 5.00pm (EST) on 13 April 2006.

Rights Issue means the non-renounceable rights issue of Shares to Shareholders pursuant to this Prospectus, as set out in Section 4.2.

Rights Issue Closing Date means the closing date for receipt of Entitlement and Acceptance Forms under this Prospectus in respect of the Rights Issue, as set out in Section 3.2.

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

Shareholder means a holder of Shares.

Shortfall means the number of Shares comprising the difference between the Shares the subject of the Rights Issue and the number of Shares for which valid applications have been received and accepted by the Company on or before the Rights Issue Closing Date.

Underwriting Agreement means the underwriting agreement between the Company and the Underwriter pursuant to which the Underwriter agrees to fully underwrite the Rights Issue, as summarised in Section 9.2.

Underwriter or **Arthur Phillip** means Arthur Phillip Pty Ltd (ACN 100 908 101).