FORM S-1 · REGISTRATION STATEMENT

Quokka Sports Inc

IPO priced 1999-07-28 · $12.00 a share



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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 23, 1999

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

FORM S-1 REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

QUOKKA SPORTS, INC. (EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	7999	94-3250045
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

525 BRANNAN STREET, GROUND FLOOR SAN FRANCISCO, CA 94107 (415) 908-3800 (ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES) ALAN RAMADAN PRESIDENT AND CHIEF EXECUTIVE OFFICER 525 BRANNAN STREET, GROUND FLOOR SAN FRANCISCO, CA 94107 (415) 908-3800 (NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: AS SOON AS PRACTICABLE AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

IF ANY OF THE SECURITIES BEING REGISTERED ON THIS FORM ARE TO BE OFFERED ON A DELAYED OR CONTINUOUS BASIS PURSUANT TO RULE 415 UNDER THE SECURITIES ACT OF 1933, CHECK THE FOLLOWING BOX. [ ] IF THIS FORM IS FILED TO REGISTER ADDITIONAL SECURITIES FOR AN OFFERING PURSUANT TO RULE 462(B) UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [ ] IF THIS FORM IS A POST-EFFECTIVE AMENDMENT FILED PURSUANT TO RULE 462(C) UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [ ] IF THIS FORM IS A POST-EFFECTIVE AMENDMENT FILED PURSUANT TO RULE 462(D) UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [ ] IF DELIVERY OF THE PROSPECTUS IS EXPECTED TO BE MADE PURSUANT TO RULE 434, PLEASE CHECK THE FOLLOWING BOX. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
COMMON STOCK, PAR VALUE $.0001 PER SHARE.....	$57,500,000	$15,985

(1) ESTIMATED SOLELY FOR THE PURPOSE OF COMPUTING THE REGISTRATION FEE IN ACCORDANCE WITH RULE 457(O) UNDER THE SECURITIES ACT OF 1933.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SEC, ACTING PURSUANT TO SECTION 8(A), MAY DETERMINE.

THE INFORMATION IN THIS PRELIMINARY PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PRELIMINARY PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS DATED APRIL , 1999

PROSPECTUS

SHARES QUOKKA SPORTS LOGO

COMMON STOCK

Quokka Sports, Inc. is offering shares. This is our initial public offering, and no public market currently exists for our stock. We anticipate that the initial public offering price will be between $ and $ per share. We have filed an application for the common stock to be quoted on the Nasdaq National Market under the symbol "QKKA."

INVESTING IN THE COMMON STOCK INVOLVES RISKS WHICH ARE DESCRIBED IN THE "RISK FACTORS" SECTION BEGINNING ON PAGE 8 OF THIS PROSPECTUS.

	PER SHARE	TOTAL
Initial public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Quokka	$	$

THE UNDERWRITERS MAY ALSO PURCHASE UP TO AN ADDITIONAL SHARES FROM QUOKKA AT THE PUBLIC OFFERING PRICE, LESS THE UNDERWRITING DISCOUNT, WITHIN 30 DAYS FROM THE DATE OF THIS PROSPECTUS TO COVER OVER-ALLOTMENTS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE UNDERWRITERS EXPECT THAT THE SHARES OF COMMON STOCK WILL BE READY FOR DELIVERY IN NEW YORK, NEW YORK ON OR ABOUT , 1999.

MERRILL LYNCH & CO. LEHMAN BROTHERS

BANCBOSTON ROBERTSON STEPHENS

THE DATE OF THIS PROSPECTUS IS , 1999

(INSIDE FRONT COVER)

[TO COME]

(INSIDE FRONT COVER GATE FOLD)

[COLOR CODED WORLD MAP IDENTIFYING LOCATIONS OF CERTAIN SPORTING EVENTS COVERED BY QUOKKA WITH PICTURE OF MOUNTAINEER, PICTURE OF CAR RACE, PICTURE OF MARATHON RUNNER AND PICTURE OF SAILBOAT SUPERIMPOSED ON MAP.]

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT. THIS DOCUMENT MAY ONLY BE USED WHERE IT IS LEGAL TO SELL THESE SECURITIES. THE INFORMATION IN THIS DOCUMENT MAY ONLY BE ACCURATE ON THE DATE OF THIS DOCUMENT.

NO DEALER, SALESPERSON OR OTHER PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO REPRESENT ANYTHING NOT CONTAINED IN THIS PROSPECTUS. YOU MUST NOT RELY ON ANY UNAUTHORIZED INFORMATION OR REPRESENTATIONS. THIS PROSPECTUS IS AN OFFER TO SELL ONLY THE SHARES OFFERED HEREBY, BUT ONLY UNDER CIRCUMSTANCES AND IN JURISDICTIONS WHERE IT IS LAWFUL TO DO SO. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS CURRENT ONLY AS OF ITS DATE.

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Quokka Sports(R) and Quokka Sports Immersion(TM) are trademarks of Quokka. This prospectus also includes trade dress, trade names and trademarks of other companies. All other brand names or trademarks appearing in this prospectus are the property of their respective holders.

Prospectus Summary

You should read the following summary together with the more detailed information regarding our company and the common stock being sold in this offering and our financial statements and notes to those statements appearing elsewhere in this prospectus. Unless otherwise indicated, all information in this prospectus (1) assumes the automatic conversion of our outstanding preferred stock into common stock on a one-for-one basis upon closing of the offering, (2) assumes the underwriters' option to purchase additional shares in the offering will not be exercised and (3) assumes the exercise of certain warrants to purchase 508,848 shares. See "Description of Capital Stock" and "Underwriting." References in this prospectus to "Quokka," "Quokka Sports," "our company," "we," "our," and "us" refer to Quokka Sports, Inc.

Quokka Sports, Inc.

Quokka Sports has pioneered a unique new genre of global sports programming that uses the digital information sharing and communications power of the Internet and other interactive distribution systems to immerse our global audience in a compelling sports entertainment experience. Our programming is designed to engage viewers, give them control of the action sequence and let them

experience and view sports from a variety of perspectives. Our coverage of sporting events incorporates a wide range of digital assets, which might include: video, text, audio, images, athlete biometrics, telemetry, environmental data, e-mails, results and timing. Our programming can be accessed over the Internet at www.quokka.com and may be available through other interactive distribution systems in the future. With unique, rich content that leverages technology's potential for merging entertainment and information, we are positioned to become a leading provider of digital sports entertainment addressing the entertainment passions of a global community of sports enthusiasts.

We are creating an interactive digital sports network that offers a variety of engaging sports entertainment programming. In developing our programming calendar, we currently target sports events that are generally rich in digital assets and long in duration, have a global audience and involve continuous action with multiple simultaneous activities. We have selected the Olympics, motor racing, sailing and adventure sports as the first four channels of our network.

We generate revenues primarily through the sale of sponsorships. Sponsors secure an exclusive sponsorship category and the opportunity to embed and promote their products in our rich digital programming. Our technology and communication sponsors also have the opportunity to showcase the technological capabilities of their products and services in the production of our immersive programming. Additionally, we deliver a global audience having demographic qualities desired by sponsors and advertisers.

Our first digital sports program was the 1997-98 Whitbread Round The World Race, a 32,000 nautical mile, around-the-world sailing race featuring an international field of competitors. Our coverage attracted more than 1.8 million unique users from 177 countries, more than half of whom accessed our Whitbread Web site from outside the United States. Sports fans visiting the Whitbread site were primarily between 25 and 34 years old and had an average annual household income of $75,000, while 64% were college educated and 63% held professional, executive or technical positions, providing an attractive, targeted audience for sponsors and advertisers. These users spent an average of approximately 9.9 minutes per visit at the site. This compares favorably to an average of 5.8 minutes per visit at other leading sports-related Web sites, according to our estimates based on Media Metrix statistics. We generated $9.4 million of revenues from sponsorships related to the Whitbread race.

In February 1999, we established a joint venture with NBC Olympics, Inc. to develop interactive digital coverage of the Olympics through August 2004. In March 1999, through a joint venture with Forsythe Racing, Inc., we acquired digital rights to cover Championship Auto Racing Teams events through 2003. Additionally, in March 1999, we acquired digital rights to cover FIM 500cc Road Racing World Championship motorcycle races through 2003. We began coverage of the nine-month Around Alone sailing race in September 1998. We covered the 14th Marathon des Sables desert footrace and are also covering a variety of Quokka-created, adventure sports events as part of our adventure sports channel. We plan to add programming to each of our four existing channels and may create additional channels in the future.

Participatory and spectator sports are among the leading passions in developed nations around the globe as evidenced by the popularity of sports and the amount of money consumers spend on sports events, products and related services. The ESPN Chilton Sports Poll estimates that 86.6% of the general population 12 years of age or older in the United States are sports fans. Today, sporting events generate revenue from a wide range of sources, including the sale of broadcast rights, sponsorships, advertising, merchandising, publishing and venue access. The Georgia Institute of Technology estimated that revenue streams derived from spectator sports, sporting goods and sporting publications in the United States in 1995 exceeded $130 billion. In addition, based on research conducted by Sponsorship Research International, an independent research organization that measures global sponsorship opportunities, we estimate that in 1998 $13.2 billion was invested globally in sports through the sponsorship of events, federations, teams, individuals and stadiums.

In August 1996, we adopted our current business model and incorporated in Delaware under the name Quokka Productions, Inc. Shortly thereafter, in September 1996, we changed our name to Quokka Sports, Inc. Prior to August 1996, we operated as an Australian software development and consulting company, Ozware Developments Unit Trust, an Australian unit trust. Our main offices are located at 525 Brannan Street, San Francisco, California 94107, and our phone number is (415) 908-3800. Our primary Web site is located at www.quokka.com. Information contained on our Web site does not constitute part of this prospectus.

The Offering

Common stock offered by Quokka..... shares Common stock to be outstanding after the offering..... shares(1) Use of proceeds..... For general corporate purposes, including working capital, expansion of operations, capital contributions to our joint ventures and capital expenditures.

Proposed Nasdaq National Market symbol..... QKKA (1) Based on shares outstanding as of March 31, 1999. Excludes: (a) 2,391,750 shares issuable upon the exercise of warrants outstanding as of March 31, 1999 at a weighted average per share price of $4.95; (b) 7,145,025 shares issuable upon the exercise of options outstanding as of March 31, 1999 at a weighted average per share price of $4.35; (c) 6,460,401 additional shares reserved for issuance under Quokka's 1997 Equity Incentive Plan; (d) 450,000 shares reserved for issuance under Quokka's 1999 Non-Employee Director's Stock Option Plan, and (e) 1,000,000 shares reserved for issuance under Quokka's 1999 Employee Stock Purchase Plan. Includes 508,848 shares issuable upon the exercise of certain warrants outstanding as of March 31, 1999 at a weighted average per share price of $1.06, which will expire if not exercised prior to the closing of this offering. See "Capitalization," "Management -- Director Compensation," "Management -- Employee Benefit Plans" and "Description of Capital Stock."

SUMMARY CONSOLIDATED FINANCIAL INFORMATION (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

THREE MONTHS ENDED

	YEARS ENDED DECEMBER 31,					MARCH 31,	
	1994	1995	1996	1997	1998	1998	1999
	(UNAUDITED)	(UNAUDITED)				(UNAUDITED)	(UNAUDITED)
CONSOLIDATED STATEMENT OF OPERATIONS: Revenues.....	$ 399	$ 82	$ 39	$ 4,000	$ 8,635	$ 4,867	$ 897
Operating expenses.....	311	100	1,595	8,871	18,493	5,289	8,461
Income/(loss) from operations.....	88	(18)	(1,556)	(4,871)	(9,858)	(422)	(7,564)
Net income/(loss)....	$ 90	$ (6)	$ (1,560)	$ (4,942)	$ (9,538)	$ (390)	$ (7,848)
Historical basic and diluted net income/(loss) per share.....	$ 0.02	$ 0.00	$ (0.41)	$ (0.73)	$ (0.99)	$ (0.04)	$ (0.80)
Shares used in computing historical basic and diluted net income/(loss) per share.....	3,800,000	3,800,000	3,800,000	6,791,534	9,654,835	9,651,566	9,756,059
Pro forma net loss per share -- basic and diluted.....	$ (0.40)	$ (0.23)					
Shares used in computing pro forma net loss per share -- basic and diluted.....	23,914,934	34,000,923					

	MARCH 31, 1999
	ACTUAL
	AS ADJUSTED(1)
	(UNAUDITED)
CONSOLIDATED BALANCE SHEET DATA:	
Cash and cash equivalents.....	$ 15,263
Working capital.....	13,953
Total assets.....	22,853
Debt and leases, long-term portion.....	699
Accumulated deficit.....	(23,894)
Total stockholders' equity.....	18,612

(1) Adjusted to give effect to the sale of the shares offered by Quokka hereby, at an assumed public offering price of $, after deducting the estimated underwriting discount and estimated offering expenses, and the application of the net proceeds therefrom. See "Use of Proceeds" and "Capitalization."

Risk Factors

You should carefully consider the risks described below before making an investment decision. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also could harm our business. If any of the following risks actually occur, our business could suffer and the trading price of our common stock could decline.

This prospectus contains forward-looking statements. The outcome of the events described in these forward-looking statements is subject to risks and you should not put undue reliance on these forward-looking statements. When used in this prospectus, the words "intend," "anticipate," "believe," "estimate," "plan" and "expect" and similar expressions as they relate to us are included to identify forward-looking statements. Our actual results could differ materially from those discussed in the forward-looking statements contained in this prospectus. This section and the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" contain a discussion of some of the factors that could contribute to those differences.

Risk Factors Related to Our Operations

WE HAVE A HISTORY OF OPERATING LOSSES AND WE EXPECT TO INCUR LOSSES FOR THE FORESEEABLE FUTURE We adopted our current business model in August 1996 and began generating revenues in connection with this model during the first quarter of 1997. As of March 31, 1999, we had an accumulated deficit of approximately $23.9 million. We expect to incur losses for the foreseeable future, largely due to substantial planned increases in marketing expenses and expenses associated with our digital sports entertainment programming. We may be unable to generate sufficient revenues or control operating expenses to achieve or sustain profitability or generate positive cash flow.

WE HAVE A LIMITED OPERATING HISTORY UPON WHICH YOU CAN EVALUATE OUR BUSINESS AND PROSPECTS Our limited operating history makes it difficult to evaluate our business and prospects. As a digital sports entertainment company in an early stage of development, we face significant risks, uncertainties, expenses and difficulties. In order to succeed, we must do most, if not all, of the following:

- develop immersive programming to attract and retain our audience;

- secure and retain additional sponsors and advertisers;

- acquire rights on commercially feasible terms to cover additional sporting events;

- develop, enhance and carefully manage our brand;

- deliver multiple programming events simultaneously to one or more global distribution networks;

- promote our name in the sports and media markets;

- respond appropriately to competitive developments;

- develop and implement a successful electronic commerce strategy;

- develop a successful line of product merchandise;

- secure additional distribution systems for our content;

- continue to develop and improve our know-how, to enhance our Web sites to meet the needs of a changing market and to adapt to changing technology;

- successfully execute our business and marketing strategies; and - attract, integrate, retain and motivate qualified personnel.

Our business will suffer if we are unable to accomplish these things.

Our Quarterly Operating Results Are Expected to Fluctuate

Our quarterly operating results have varied in the past, and we expect them to fluctuate in future periods depending on a number of factors described below and elsewhere in this "Risk Factors" section of the prospectus. Many of these factors are outside our control. Our revenues in any quarter depend

on the sports programming we offer, the sponsorship arrangements we have in place at that time and finalize during the quarter and, to a lesser extent, the advertising and electronic commerce transactions we execute. We expect that our electronic commerce revenues will be higher leading up to and during our major sports programming. It is likely that sponsorship deals will have a long sales cycle and may be unevenly distributed across fiscal quarters. We expect our expenses to increase over time for production and other operational costs. The timing of these expenses, as well as our obligations under existing and future contracts, could fluctuate from quarter to quarter and intensify leading up to and during significant sporting events such as the Olympic Games. We may be unable to predict our future revenues accurately or to adjust spending in a timely manner to compensate for any unexpected revenue shortfall. Any significant shortfall of revenues would have a negative impact on our results of operations. For these and other reasons, we may not meet the earnings estimates of securities analysts or investors and our stock price could suffer.

Our Business Depends on Our Ability to Acquire Rights to Key Sporting Events

We need to acquire rights to key sporting events to succeed. Our limited operating history makes it difficult to assess our ability to acquire rights in the future. Holders of rights may not be willing to enter into strategic relationships with us or to sell rights to us at prices we can afford, or at all. We expect the cost of acquiring rights to increase significantly as competition for these rights increases. We may not be successful in acquiring the rights we need, especially if third parties, such as traditional media companies, have significantly greater resources, experience and bargaining leverage than we do, compete for those rights.

WE HAVE LIMITED EXPERIENCE DEVELOPING AND COORDINATING A COMPREHENSIVE PROGRAMMING SCHEDULE We have limited experience developing our programming. The programming we have developed required significantly fewer resources and technical skills than the major sports programming we are scheduled to produce, including the Olympic Games and coverage of motor sports. Our programming may not keep pace with technological developments, evolving industry standards or competing programming alternatives. We have not developed multiple large-scale programming events simultaneously and may lack the financial and technical resources to develop immersive content for multiple simultaneous sporting events. Even if the resources are available, we may be unable to coordinate a comprehensive programming schedule. To be successful, we will need to staff and operate 24-hour production facilities that are capable of collecting, repackaging and distributing digital coverage to a global audience. Our business will suffer if we are unable to coordinate a comprehensive programming schedule.

Our Audience May Not Like Our Web Sites or the Interactive Nature of Our Programming

It is difficult to predict whether our audience will like the layout and design of our Web sites or adapt to the interactive nature of our programming. If our layout and design are not user-friendly in the eyes of a wide and diverse audience, we will not be successful in attracting repeat users. Additionally, the nature of our programming requires our audience to actively navigate through multiple pages to experience the depth of coverage. Sports fans who are accustomed to passive listening or viewing sports coverage provided by traditional media may not be willing to participate in the interactive nature of sports entertainment on our Web sites. Our audience could reduce its viewing of our existing programming due to dissatisfaction with our programming or greater satisfaction with programming developed by one or more of our competitors. If the size of our audience or the duration of visits to our sites decrease or fail to grow as expected, we may be unable to achieve the audience exposure we have committed and will commit to provide to our sponsors, which could result in lost sponsorship revenues. Our business will suffer if our Web site design and programming do not appeal to the general public.

We Have Limited Experience with Our Sponsorship Model

Our revenue model is primarily based on securing long-term digital entertainment sponsorships that provide sponsors exclusivity within a sponsorship category and product promotion that is embedded in our programming. We have limited experience with this sponsorship model and have entered into only one digital entertainment sponsorship. Prospective sponsors may not be interested in entering into these digital entertainment sponsorships at the rates we set, if at all. Our business will suffer if we are unable to maintain our existing sponsors and secure additional sponsors.

Additionally, our sponsorship agreements typically require the delivery of a specified number of brand impressions. Our fulfillment of these commitments assumes that we will be able to create these brand impressions on sports programming that we acquire or create. Owners of rights to sporting events often have pre-arranged sponsor lists they require us to honor. Pre-existing sponsorship relationships may prevent us from meeting the minimum commitments we have to our exclusive sponsors and could cause us to allocate impressions to our sponsors that were otherwise available for additional revenue generating purposes. We might acquire or create additional programming which would allow us to provide our sponsors with sufficient brand impressions for which we would incur additional expenses.

We Will Depend on a Small Number of Sponsors, the Loss of Which Could Harm Our Business

To date, we have depended on a limited number of sponsors for a majority of our revenues. In 1998, two sponsors accounted for 68% of our revenues.

We anticipate that our results of operations will depend to a significant extent upon revenues from a small number of digital entertainment sponsors. Although we seek to enter into multi-year agreements with our digital entertainment sponsors, we cannot guarantee that these sponsors will maintain their association with us. The loss of one or more digital entertainment sponsors could negatively affect our business.

Our Systems May Fail or Experience a Slow Down

Substantially all of our communications hardware and computer hardware operations are located in our facilities in San Francisco, California and at Frontier GlobalCenter in Sunnyvale, California, where our Web sites are hosted. Our operations depend on our ability to protect these systems against damage from fire, earthquakes, power loss, telecommunications failures, break-ins and similar events. Additionally, computer viruses, electronic break-ins or other similar disruptive problems could harm our Web sites. A disaster or malfunction that disables either our San Francisco production facility or our Sunnyvale hosting services could cause an interruption in the production and distribution of our programming, limit the quantity or timeliness of updates to our productions or limit the speed at which our audience can access our content. Our insurance policies may not adequately compensate us for any losses that may occur due to any failures or interruptions in our systems. We do not presently have a formal disaster recovery plan.

Our Web sites have experienced significant increases in traffic during coverage of certain sporting events. As we deliver additional programming, we expect our audience base to increase significantly. This will require our Web sites to accommodate a high volume of traffic and deliver frequently updated information. Failure of our systems to have the capacity to accommodate higher volumes of traffic could harm our business. Our Web sites in the past have experienced slower response times or other problems for a variety of reasons, including delays or malfunctions as a result of third-party distributors on which we rely.

Our Brand May Not Achieve the Broad Recognition Necessary to Succeed

We believe that broad recognition and a favorable audience perception of the Quokka brand will be essential to our success. Accordingly, we intend to build traffic and brand recognition by aggressively marketing www.quokka.com as the first interactive network that offers immersive sports programming. We believe building brand awareness of www.quokka.com and the Quokka Sports Immersion experience will develop an association between our style of programming and a distinctive user experience that inspires lengthy repeat visits and strong audience loyalty. We plan to market www.quokka.com through an extensive traditional media campaign employing advertising on television, printed publications, outdoor signage and radio. We also plan to have a simultaneous online advertising campaign and to gain significant exposure through our co-branded initiatives. These initiatives will involve significant expense and we may lack the resources necessary to accomplish these

initiatives. Even if the resources are available, we cannot be certain that our brand enhancement strategy will deliver the brand recognition and favorable audience perception that we seek. If our strategy is unsuccessful, these expenses may never be recovered and we may be unable to increase future revenues. Even if we achieve greater recognition of our brand, competitors with greater resources or a more recognizable brand could reduce our market share of the emerging digital sports entertainment market.

We Depend on Key Strategic Relationships

We depend on agreements with certain established media entities and sports governing bodies, such as NBC Olympics, Inc. and Championship Auto Racing Teams, Inc. Our agreements with these parties enable development of certain Olympic and motor sports programming. Additionally, these strategic relationships, among others, provide us with credibility in the marketplace to negotiate sponsorships and acquire rights to cover additional sports. While these strategic relationships are grounded in contractual agreements, these parties can terminate the agreements for various reasons, including contractual breaches and a change in control of our company. We cannot guarantee that our strategic partners will perform their contractual obligations. Even if the contracts run for the full term, we may not be able to renew the agreements on comparable terms, if at all. The loss of any of these strategic relationships could impact the breadth of our sports programming and affect our ability to acquire additional rights or secure sponsorships.

WE DEPEND ON THIRD PARTIES FOR INTERNET ACCESS, DELIVERY OF OUR PROGRAMMING AND GENERATION OF MULTIPLE REVENUE STREAMS Our audience depends on Internet service providers, online service providers and other Web site operators for access to our Web sites. Many of them have experienced significant outages in the past, and could experience outages, delays and other difficulties due to system failures unrelated to our systems. Access by our audience outside the United States could also be delayed or interrupted due to the uncertainty of the telecommunications infrastructure in foreign countries.

We depend on various domestic and international third parties for software, systems and delivery of much of our programming. Many of these third parties have limited operating histories, early generation technology and are themselves dependent on reliable delivery from others. Any delays or malfunctions in the distribution of our content would limit our ability to deliver our programming. We also depend on Frontier GlobalCenter in Sunnyvale, California. If the Frontier GlobalCenter hosting facility is disabled or malfunctions, access to our Web sites would be limited or eliminated.

Our plans to generate multiple revenue streams also depend on third parties. In particular, we depend on encryption technology by others to enable secure electronic commerce transactions. In addition, our ability to obtain sponsorship and advertising interest will depend on whether third parties we hire can generate meaningful and accurate data to measure the demographics of our audience and the delivery of advertisements on our Web sites. Companies may choose not to advertise on our Web sites or may pay less if they do not perceive these measurements made by third parties to be reliable.

Our Sponsorship Model Could Prevent Us from Acquiring Critical Technology

A significant feature of our sponsorship model is the exclusive right to be the sole sponsor of a sponsorship category, such as computing, database software, digital distribution, consumer electronics or wireless communications. While we expect this exclusivity feature to be central to our marketing strategy for securing and retaining these sponsorships, it may bind us to undesirable sponsorship arrangements and limit our ability to acquire technology we may otherwise want or need. Exclusive sponsors acquire multi-year rights to a sponsorship category and sometimes provide us with equipment or technical expertise to enable us to develop and distribute our programming. We are limited in our ability to terminate an existing sponsor relationship if a sponsor fails to provide us with necessary equipment and expertise, or is otherwise less desirable than a prospective sponsor in the same sponsorship category. An existing sponsor also may prevent us from acquiring desirable technology from competitors of the sponsor, which could harm our programming.

We Must Keep Pace with Rapid Technological Change to Remain Competitive

The market for digital sports programming is characterized by rapid technological change. To be successful, we must adapt to this rapidly changing market by continually improving the features we offer and developing new features. We may not maintain our competitive position in the digital sports entertainment market for a number of reasons, including the following:

- our technology infrastructure may not provide high-quality, reliable and immersive programming or adequately scale to support multiple simultaneous events;

- we may be unable to afford substantial expenditures to adapt our service to changing technologies;

- we may be unable to license leading technologies or develop new proprietary technologies; and - we may fail to utilize new technologies effectively or adapt to technological changes.

Our business will suffer if we are unable to adapt in a timely manner in response to technological developments, evolving industry standards, changing market conditions or customer requirements.

OUR BUSINESS IS SUBJECT TO MANY RISKS ASSOCIATED WITH WORLDWIDE SPORTS EVENT COVERAGE AND OTHER INTERNATIONAL ACTIVITIES Our coverage of adventure sports is not limited geographically. We have developed, and expect to continue to develop, programming covering sporting events throughout the world and across the oceans. For example, our coverage of yachting races and of adventure sports, such as mountaineering in the Karakoram range in China and treks across deserts in Morocco, require us to traverse international borders. Coverage of these events requires that we deploy production staff to locations throughout the world. Additionally, we expect to

maintain offices in several foreign countries, including Great Britain, Switzerland and Australia. As a result, we are subject to numerous risks associated with doing business internationally, including the following:

- regulatory requirements, including export requirements, tariffs and other barriers, health and safety requirements and labor and immigration laws;

- difficulties in staffing and managing foreign operations;

- differences in reliability of telecommunications infrastructure and Internet access;

- varying technological standards and capabilities;

- differences in standards of protection for intellectual property;

- political instability;

- hostile action against event participants or our employees;

- currency fluctuations;

- potentially adverse tax consequences; and - restrictions against the repatriation of earnings from a foreign country.

Any one of these or other risks could harm the success of our international operations or prevent or delay our coverage of a particular sports event. Additionally, regional events that we choose to cover may fail to attract a global audience. In that case, we would incur the significant expenses inherent in the coverage of an international event without achieving the audience exposure we have committed or may commit to provide to our sponsors.

We Are Growing Rapidly and May Be Unable to Effectively Manage Our Growth

We are experiencing a period of significant expansion. We had 40 employees at December 31, 1997, compared to 118 employees at December 31, 1998 and 186 employees at March 31, 1999. This growth is placing, and we expect any further growth to continue to place, a significant strain on our management, operational and financial resources. This will require us to implement additional management information systems and to develop additional operating, administrative, financial and accounting systems and controls. If we are unable to develop these systems and manage our growth effectively, our business will suffer.

Many of our senior management have only recently joined us. Eight of our thirteen most senior officers have worked for us for less than one year. These individuals have not previously worked together and are becoming integrated as a management team. Our business will suffer if our senior management is unable to successfully manage our growth.

Our Success Will Depend on Our Key Personnel, Who We May Be Unable to Retain

Our success will depend on the continued services of our senior management and other key personnel, as well as our ability to attract, train, retain and motivate other highly skilled technical, managerial, marketing and customer service personnel. Competition for these personnel is intense, and we may not be able to successfully attract, integrate or retain sufficiently qualified personnel. Our anticipated programming schedule in the near future will require that we attract and retain personnel who are skilled in production, computer and other technical fields. Skilled technical personnel are in high demand and have multiple employment opportunities, especially in the San Francisco Bay Area, where our headquarters are located. As a matter of practice, we do not generally enter into employment agreements with our employees. The loss of the services of any of our executive officers, particularly Alan Ramadan, our president and chief executive officer, or other key employees could harm our business.

ACCEPTANCE OF PROPERTY OR SERVICES AS PAYMENT MAY LIMIT THE AVAILABILITY OF WORKING CAPITAL We have received property or services, including computer equipment, Internet access, digital cameras and telecommunications equipment and services as payment for our sponsorships. While these property and services allow us to develop and distribute our programming content, they do not provide us with the same working capital flexibility that a cash payment would provide. We expect to reduce the amount of property and services accepted as payment in future periods, but may not be successful in doing so.

WE MAY BE SUBJECT TO NEGATIVE PUBLICITY AND LIABILITY FOR ATHLETES OR OUR EMPLOYEES ASSOCIATED WITH OUR EVENTS Many of our events, including sailing and mountain climbing, involve significant risks to athletes and our employees that participate in or document the events. Additionally, many of our events take place in regions of the world where there may be increased danger of external threats such as terrorism. We will experience adverse publicity, and may be subject to liability claims by athletes, employees or their relatives, for injuries or deaths that occur as a result of our events. Any incidents like this during our events could disrupt our programming and reduce sponsorships and athlete and employee participation in future events. Liability claims, regardless of merit, could require us to expend significant resources. Additionally, our insurance coverage may be inadequate to protect us against any claims.

We May Be Unable to Adequately Protect or Enforce Our Intellectual Property Rights

We regard the protection of our copyrights, service marks, trademarks, trade dress and trade secrets as critical to our success. We rely on a combination of copyright, trademark, service mark and trade secret laws and contractual restrictions to protect our proprietary rights in products and services. We have entered into confidentiality and invention assignment agreements with our employees and contractors

and nondisclosure agreements with parties with which we conduct significant business to limit access to and disclosure of our proprietary information. These contractual arrangements and the other measures taken by us to protect our intellectual property may not prevent misappropriation of our technology or deter independent third-party development of similar technologies. In addition, we may need to engage in litigation in order to enforce our intellectual property rights in the future or to determine the validity and scope of the proprietary rights of others. Such litigation could result in substantial costs and diversion of management and other resources, either of which could harm our business.

We pursue the registration of our trademarks and service marks in the United States and internationally. Effective trademark, service mark, copyright and trade secret protection may not be available in every country in which our programming is accessible online. We have licensed in the past, and expect to license in the future, certain of our proprietary rights, such as trademarks or copyrighted material, to third parties. These licensees may take actions that might adversely affect the value of our proprietary rights or reputation, which could adversely affect our business. We also rely on certain off-the-shelf technologies that we license from third parties. These third-party licenses may not continue to be available to us on commercially reasonable terms or at all. The inability to use licensed technology important to our business could require us to obtain substitute technology of lower quality or performance standards or at greater cost, which could harm our business. In the future, we may seek to license additional technology or content in order to enhance our current programming or to introduce new content. We cannot be certain that any such licenses will be available on commercially reasonable terms or at all. The loss of or inability to obtain or maintain any of these technology licenses could result in delays in providing our programming until equivalent technology, if available, is identified, licensed and integrated. Such delays could harm our business.

Because we license some data and content from third parties, our exposure to copyright infringement actions may increase because we must rely upon these third parties for information as to the origin and ownership of the licensed content. We generally obtain representations as to the origins and ownership of licensed content and obtain indemnification to cover any breach of any representations. However, we cannot be certain that these representations are accurate or that any indemnification amounts will be sufficient to provide adequate compensation for any breach of representations.

We cannot guarantee that infringement or other claims will not be asserted or prosecuted against us in the future whether resulting from our internally developed intellectual property or licenses or content from third parties. Any future assertions or prosecutions could harm our business. Any claims, with or without merit, could be time-consuming, result in costly litigation and diversion of technical and management personnel or require us to introduce new content or trademarks, develop non-infringing technology or enter into royalty or licensing agreements. These royalty or licensing agreements, if required, may not be available on acceptable terms, if at all. Our business will suffer if a successful claim of infringement is brought against us and we are unable to introduce new content or trademarks, develop non-infringing technology or license the infringed or similar technology on a timely basis.

We Face a Number of Risks Associated with Attaining Year 2000 Compliance

Computer systems, software packages and microprocessor dependent equipment may cease to function or generate erroneous data when the year 2000 arrives. To correctly identify the year 2000, a four-digit date code field will be required to be what is commonly termed "year 2000 compliant." Our business may suffer if the systems we depend on to conduct day-to-day operations are not year 2000 compliant. The potential areas of exposure include electronic data exchange systems operated by third parties with which we transact business and computers, software, telephone systems and other equipment used internally.

While we have established a year 2000 compliance program, this program may not uncover all year 2000 problems. If systems material to our operations are not year 2000 compliant or if third parties fail to make their systems year 2000 compliant in a timely manner, the year 2000 issue could harm our business.

We May Be Subject to Liability for Publishing or Distributing Content

We may be subject to claims relating to content associated with us, including content that may appear on our Web sites or be obtained through other distribution channels. These claims could take the form of lawsuits for defamation, negligence, copyright or trademark infringement or other theories based on the nature and content of such materials. In addition, we could be subject to liability with respect to content that may be accessible through our Web sites or third-party Web sites accessed from our sites. Although we carry general liability insurance, our insurance may not cover potential claims of this type or may not be adequate to cover all costs incurred in defense of potential claims or to indemnify us for all liability that may be imposed.

ACQUISITIONS COULD RESULT IN DILUTION, OPERATING DIFFICULTIES OR OTHER HARMFUL CONSEQUENCES If appropriate opportunities arise, we intend to acquire businesses, technologies, services or products that we believe are strategic for our success. We currently do not have any understandings, commitments or agreements with respect to any material acquisition. We may be unable to identify, negotiate or finance future acquisitions successfully, or to integrate successfully any acquisitions with our current business. The process of integrating an acquired business, technology, service or product into our business and operations may result in unforeseen operating difficulties and expenditures, including the allocation of significant management time and company resources that would otherwise be available for ongoing development of our business. Moreover, the anticipated benefits of any acquisition may not be realized. Future acquisitions could require us to obtain additional equity or debt financing, which may not be available on favorable terms or at all and which may be dilutive to existing stockholders.

Risks Related to the Internet Industry

OUR BUSINESS DEPENDS ON THE DEVELOPMENT AND GROWTH OF THE INTERNET AND COULD BE AFFECTED BY DELAYS IN THE DEVELOPMENT OF NEW INTERACTIVE DISTRIBUTION SYSTEMS Our success will depend on the continued development and growth of the Internet. While Internet technologies have been evolving rapidly in recent years, future growth may not continue at comparable rates. As the Internet continues to experience increased numbers of users and increased frequency of use, the Internet infrastructure may be unable to support the demands of a global audience or the bandwidth requirements of consumers. The Internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure, and it could face outages and delays in the future. This might include outages and delays resulting from the Year 2000 problem. These outages and delays could adversely affect the level of Internet usage as well as the level of traffic on our Web sites. In addition, the Internet could lose its viability due to delays in the development or adoption of new standards and protocols to handle increased levels of activity or due to regulation by governments, businesses or other organizations. Our business will suffer if the necessary infrastructure, standards or protocols or complementary products, services or facilities are not developed in a timely manner.

Our programming is designed to operate on today's Internet platform as well as future broadband interactive distribution systems. These systems are expected to enable increased bandwidth for content and provide faster access for consumers. Delays in the development of broadband systems could harm our ability to distribute our programming through subscription services and pay-per-view events, which could adversely effect plans to generate multiple revenue streams and existing revenue streams.

The Online Digital Entertainment Market Is Intensely Competitive

The market for Internet services and products is relatively new, intensely competitive and rapidly changing. Since the Internet's commercialization in the early 1990's, the number of Web sites on the Internet competing for consumers' attention and spending has proliferated. We expect that competition will continue to intensify.

We compete, directly and indirectly, for sponsors, rights and the attention of sports viewers with the following categories of companies:

- Web sites targeted to sports enthusiasts generally, such as www.cbs.sportsline.com, www.cnnsi.com and www.espnsportszone.com, many of which have been established by traditional media companies, and Web sites targeted to enthusiasts of particular sports, such as www.majorleaguebaseball.com, www.nascar.com, www.nba.com, www.nfl.com and www.nhl.com;

- publishers and distributors of traditional media targeted to sports enthusiasts such as the ESPN networks, the FoxSports network and Sports Illustrated;

- online services such as America Online and the Microsoft Network, which provide access to sports-related content and services;

- vendors of sports information, merchandise, products and services distributed through other means, including retail stores, mail, facsimile and private bulletin board services; and - Web search and retrieval services, such as Excite, Infoseek, Lycos and Yahoo! and other high-traffic Web sites, such as those operated by cYnet and Netscape.

We expect that the number of our direct and indirect competitors will increase in the future. We anticipate that, as the Internet and other interactive distribution systems converge with traditional television broadcasting and cable, significant competition may come from the cable arena, including such sports-oriented cable networks as the ESPN networks.

Many of our current and potential competitors have longer operating histories, significantly greater financial, technical and marketing resources, significantly greater name recognition and substantially larger user or membership bases than us and, therefore may have a significantly greater ability to attract advertisers and users. In addition, many of these competitors may be able to respond more quickly than we can to new or emerging technologies and changes in Internet user requirements and to devote greater resources than we can to the development, promotion and sale of their services. Our current or potential competitors may develop products and services comparable or superior to those developed by us or adapt more quickly than we can to new technologies, evolving industry trends or changing Internet user references. Increased competition could result in price reductions, reduced margins or loss of market share, any of which would harm our business. In addition, as we expand internationally, we may face new competition. We may be unable to compete successfully against current and future competitors and competitive pressures may harm our business.

OUR REVENUES DEPEND ON ADOPTION OF THE INTERNET AS AN ATTRACTIVE MEDIUM FOR SPONSORS AND ADVERTISERS Our ability to generate sponsorship and advertising revenues will depend on many factors, including the following:

- the development of the Internet as an attractive medium for sponsors and advertisers;

- the level of use of the Internet by consumers and the amount of traffic on our Web sites; and - our ability to achieve and measure demographic characteristics that are attractive to sponsors and advertisers.

Market acceptance of the Internet as a medium for sponsorship and advertising is highly uncertain. Most potential sponsors and advertisers have only limited experience with the Internet as an advertising medium and have not devoted a significant portion of their advertising expenditures to Internet-based 16 campaigns. Even if sponsors and advertisers are persuaded to allocate portions of their budgets to Internet-based advertising, they may not find the medium to be effective for promoting their products and services relative to traditional print and broadcast media. Additionally, no standards are widely accepted to measure the effectiveness of the Internet as a medium for targeting consumers with particular demographics and influencing consumer behavior. If these standards do not

develop, existing sponsors or advertisers may not continue their current level of Internet-based sponsorships or advertising, and sponsors or advertisers who are not currently buying sponsorships or advertising on the Internet may be reluctant to do so.

Changes in Regulation of the Internet Could Limit Our Business Prospects

We are subject to the same federal, state and local laws as other businesses on the Internet. Today there are relatively few laws directed towards online services. However, due to the increasing popularity and use of the Internet and other online services, it is possible that a number of laws and regulations may be adopted with respect to the Internet or other online services. These laws and regulations could cover issues such as user privacy, freedom of expression, pricing, fraud, content and quality of products and services, taxation, advertising, intellectual property rights and information security. Applicability to the Internet of existing laws governing issues such as property ownership, copyrights and other intellectual property issues, taxation, libel, obscenity and personal privacy is uncertain. The vast majority of these laws were adopted prior to the advent of the Internet and related technologies and, as a result, do not contemplate or address the unique issues of the Internet and related technologies. Those laws that do reference the Internet, such as the recently passed Digital Millenium Copyright Act, have not yet been interpreted by the courts and their applicability and reach are therefore uncertain.

Several states have also proposed legislation that would limit the uses of personal user information gathered online or require online services to establish privacy policies. The Federal Trade Commission has also initiated action against at least one online service regarding the manner in which personal information is collected from users and provided to third parties. Changes to existing laws or the passage of new laws intended to address these issues, including some recently proposed changes, could directly affect the way we do business or could create uncertainty in the marketplace. This could reduce demand for our services or increase the cost of doing business as a result of litigation costs or increased service delivery costs, or could in some other manner have a material adverse effect on our business, results of operations and financial condition. In addition, because our services are accessible worldwide and cover events of global interest, other jurisdictions may claim that we are required to comply with their laws or qualify to do business as a foreign corporation in a particular state or foreign country.

In addition to government regulation of the Internet, businesses and other organizations may restrict access to the Internet at work. Many users access the Internet through computer terminals at work, either because they do not have access at home or because the networks at work provide faster and more reliable access. Access at work may increase if employers upgrade their technology more quickly than individual consumers in response to the development of broadband solutions. In response to Internet use by employees or consultants at work, employers may impose regulations limiting or eliminating Internet or broadband access on their equipment. To the extent that many of our users access our Web sites at work, our business will suffer if businesses and other organizations restrict Internet access at work.

Our Internet Activities May Be Subject to Taxes

Tax authorities in a number of states are currently reviewing the appropriate tax treatment of companies engaged in electronic commerce. Therefore, we may become subject to additional state sales and income taxes. As our content is available over the Internet in multiple states and foreign countries, these jurisdictions may claim that we are required to qualify to do business as a foreign corporation in each such state and foreign country. We are qualified to do business in six states in the United States, and failure by us to comply with foreign laws or to qualify as a foreign corporation in a jurisdiction where we are required to do so could subject us to taxes and penalties for the failure to qualify and could result in the inability to enforce contracts in such jurisdictions. Any such new legislation or regulation, or the application of laws or regulations from jurisdictions whose laws do not currently apply to our business, could subject us to additional taxes or penalties.

Internet Security Concerns Could Hinder Electronic Commerce

The need to securely transmit confidential information over the Internet has been a significant barrier to electronic commerce and communications over the Internet. A key component of our business model includes selling products associated with the sports entertainment programming that we deliver. Any compromise of security could deter people from using the Internet and our Web sites to conduct transactions that involve transmitting confidential information. We may need to expend significant resources to protect against security breaches or to address problems caused by such breaches.

Risks Related to This Offering

An Active Public Market for Our Common Stock May Not Develop

Prior to this offering, there has not been a public market for our common stock. An active public market for our common stock may not develop or be sustained after this offering. The initial offering price may vary significantly from the market price after this offering.

Our Common Stock Price Is Likely to Be Volatile

The stock markets in general, and the Nasdaq National Market and the market for Internet-related and technology companies in particular, have experienced extreme price and volume fluctuations in recent months. These fluctuations often have been unrelated or disproportionate to the operating performance of these companies. The trading prices of many technology company stocks, particularly

Internet company stocks, are at or near historical highs and reflect valuations substantially above historical levels. Our stock price could be subject to wide fluctuations in response to a variety of factors, including factors that may be beyond our control. These include:

- actual or anticipated variations in our quarterly operating results;

- announcements of technological innovations or new sports entertainment programming by us or our competitors;

- changes in financial estimates by securities analysts;

- conditions or trends in the Internet and online entertainment industries;

- changes in the market valuations of other Internet companies;

- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;

- additions or departures of key personnel; and - sales of substantial amounts of our common stock or other securities in the open market.

These broad market and industry factors could harm the market price of our common stock, regardless of our performance. Market fluctuations, as well as general political and economic conditions such as recession or interest rate or currency rate fluctuations, also could harm the market price of our common stock. Volatility in the market price of our common stock could result in securities class action litigation. Any litigation like this could result in substantial costs and a diversion of management's attention and resources.

OUR MANAGEMENT HAS BROAD DISCRETION TO DETERMINE HOW TO USE THE FUNDS RAISED IN THIS OFFERING AND MAY USE THEM IN WAYS THAT STOCKHOLDERS MAY NOT DEEM DESIRABLE We plan to use the net proceeds of this offering for general corporate purposes, including working capital associated with the expansion of our network production operations and our marketing campaigns. In addition, we may use a portion of the net proceeds for the license or acquisition of additional programming rights, creation of programming associated with these rights, meeting our capital contribution obligations under our joint venture arrangements, establishing additional joint ventures as well as capital equipment purchases associated with both the production of our programming and general business services. Our management will have significant discretion as to the use of the net proceeds of this offering. This could result in the proceeds being applied to uses stockholders may not deem desirable. In addition, we cannot be certain that the proceeds invested will yield a significant return, if any.

We May Need to Raise Additional Capital, Which Would Result in Additional Dilution

We currently anticipate that the net proceeds of this offering, together with our available funds, will be sufficient to meet our anticipated needs for working capital, capital expenditures and business expansion through at least the next 12 months. Thereafter, we will need to raise additional capital. We may, however, need to raise additional capital sooner in order to fund unanticipated opportunities or respond to competitive pressures. If additional funds are raised through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders will be reduced and the securities issued may have rights, preferences and privileges senior to those of our common stock. Additional financing may not be available on favorable terms or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to fund our expansion, take advantage of unanticipated opportunities or respond to competitive pressures.

SALES OF OUR SHARES AFTER THIS OFFERING COULD NEGATIVELY AFFECT THE MARKET PRICE OF OUR STOCK AND RESULT IN FURTHER DILUTION Sales of a substantial number of shares in the public market after this offering could negatively affect the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. Immediately following this offering, we will have shares of common stock outstanding assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options or warrants after March 31, 1999. Of these shares, all the shares sold in this offering will be freely tradable without restrictions or further registration under the Securities Act of 1933. The remaining 34,134,206 shares of common stock will be "restricted securities" as defined by Rule 144 adopted under the Securities Act of 1933. These shares may be sold in the public market only if registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 adopted under the Securities Act of 1933. We can not predict the effect that future sales made under Rule 144, Rule 701 or otherwise will have on the market price of our common stock.

In addition, following closing of this offering we intend to register shares of common stock issuable upon the exercise of stock options granted under our stock option plans. After the effective date of such registration, shares issued upon the exercise of stock options generally will be available for sale in the public market. Our executive officers and directors and certain stockholders beneficially owning in the aggregate 34,092,719 shares of common stock have agreed, subject to certain limited exceptions, not to offer, sell, contract to sell, grant any option to purchase or otherwise dispose of any shares of common stock, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated for a period of 180 days after the first day any of the common stock to be sold in this offering is released by the underwriters for sale to the public. Any shares subject to these lock-up agreements may be released at any time by Merrill Lynch, Pierce, Fenner & Smith Incorporated, with or without notice. The holders of approximately 33,896,430 shares of common stock are entitled to certain registration rights with respect to such shares. The holders of warrants to purchase approximately 2,553,288 shares of common stock are also entitled to certain registration rights with respect to such shares.

OUR EXISTING STOCKHOLDERS HAVE SIGNIFICANT CONTROL OF OUR MANAGEMENT AND AFFAIRS, WHICH THEY COULD EXERCISE AGAINST YOUR BEST INTEREST Upon completion of this offering, our executive officers, directors and their affiliates will, in the aggregate, own approximately % of our outstanding common stock, % if the underwriters' over-allotment option is exercised in full. As a result, these persons, acting together, will have the ability to control all matters submitted to our stockholders for approval and to control our management and affairs. Matters that would require stockholder approval include the following:

- election and removal of directors;

- merger or consolidation of our company; and - sale of all or substantially all of our assets.

This concentration of ownership may have the effect of delaying or preventing a change in control or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our company, which could decrease the market price of our common stock.

SOME ANTI-TAKEOVER PROVISIONS IN OUR CHARTER DOCUMENTS AND DELAWARE LAW MAY DELAY OR PREVENT A TAKEOVER OF OUR COMPANY Some provisions of our charter documents and Delaware law may make it more difficult for a third party to acquire control of us, even if a change in control would be beneficial to our stockholders. Our board of directors can issue up to 10,000,000 shares of preferred stock without stockholder approval. The issuance of preferred stock could make it more difficult for a third party to acquire our company. These provisions could diminish the opportunities for a stockholder to participate in tender offers, including tender offers at a price above the then-current market value of our common stock. Additionally, certain of our material agreements, including our agreement with NBC Olympics, Inc., allow the other party to terminate the agreement if a change in control occurs. This could also have the effect of deterring a change in control.

In addition, our charter documents provide that special meetings of stockholders may be called only by the chairman of the board of directors, our chief executive officer, a majority of the board of directors and holders of 50% of the outstanding capital stock. Our charter documents also provide for a classified board of directors, require advance notice of stockholder proposals and nominations and do not provide for cumulative voting in the election of directors. These provisions may make it more difficult for stockholders to replace current members of our board of directors and may make the acquisition of our company by a third party more difficult.

Use of Proceeds

We estimate that the net proceeds from the sale of the shares of common stock in this offering will be approximately $ ($ if the underwriter's over-allotment option is exercised in full), assuming an initial public offering price of $ per share and after deducting underwriting discounts and commissions and estimated offering expenses of $. The principal purposes of this offering are to obtain additional working capital, increase awareness of our brand, create a public market for our common stock, enhance our ability to acquire other businesses, products or technologies and facilitate future access to public equity markets.

We currently expect to use the net proceeds of this offering for general corporate purposes, including working capital associated with the expansion of our network production operations and our marketing campaigns. In addition, we may use a portion of the net proceeds for the license or acquisition of additional programming rights, creation of programming associated with these rights, meeting our capital contribution obligations under our joint venture arrangements, establishing additional joint ventures as well as capital equipment purchases associated with both the production of our programming and general business services.

As of the date of this prospectus, we cannot specify with certainty the particular uses for the net proceeds to be received upon completion of this offering. Accordingly, our management will have broad discretion in the application of the net proceeds. Pending such uses, the net proceeds will be primarily invested in short-term, interest bearing obligations, investment grade instruments, certificates of deposit or direct or guaranteed obligations of the United States.

Dividend Policy

We have not declared or paid any cash dividends on our capital stock and do not anticipate paying any cash dividends in the foreseeable future. In addition, the terms of our subordinated debt and equipment lease lines prohibit the payment of cash dividends on our stock.

Capitalization

The following table sets forth our capitalization as of March 31, 1999: (1) on an actual basis; (2) on a pro forma basis to reflect the conversion of all outstanding shares of preferred stock into common stock upon the closing of this offering; and (3) on a pro forma as adjusted basis to reflect this conversion and the application of the net proceeds from the sale of the shares offered hereby, after deducting the estimated underwriting discount and estimated offering expenses.

MARCH 31, 1999 PRO FORMA ACTUAL PRO FORMA AS ADJUSTED (IN THOUSANDS) Long-term debt and lease obligations, net of current portion..... $ 699 $ 699 Stockholders' equity: Preferred stock, $0.0001 par value; actual -- 27,600,000 shares authorized, 23,736,016 shares issued and outstanding; pro forma -- 27,600,000 shares authorized, no shares issued and outstanding; pro forma as adjusted -- shares authorized, no shares issued and outstanding..... 2 0 -- Common stock(1): Voting stock, $0.0001 par value; actual -- 45,400,000 shares authorized, 9,589,342 shares issued and outstanding; pro forma -- 45,400,000 shares authorized, 33,834,206 shares issued and outstanding; pro forma as adjusted -- shares authorized, shares issued and outstanding..... 1 3 Non-voting stock, $0.0001 par value; actual -- 300,000 shares authorized, 300,000 shares issued and outstanding; pro forma -- 300,000 shares authorized, 300,000 shares issued and outstanding; pro forma as adjusted -- 300,000 shares authorized, 300,000 shares issued and outstanding..... -- -- -- Additional paid-in capital..... 41,087 41,627 Stock warrants..... 1,416 1,416 Accumulated deficit..... (23,894) (23,894) Total stockholders' equity.....

18,612 19,152 Total capitalization..... $ 19,311 $ 19,851 (1) Based on shares outstanding as of March 31, 1999. Excludes: (a) 2,391,750 shares issuable upon the exercise of warrants outstanding as of March 31, 1999 at a weighted average per share price of $4.95; (b) 7,145,025 shares issuable upon the exercise of options outstanding as of March 31, 1999 at a weighted average per share price of $4.35; (c) 6,460,401 additional shares reserved for issuance under Quokka's 1997 Equity Incentive Plan; (d) 450,000 shares reserved for issuance under Quokka's 1999 Non-Employee Director's Stock Option Plan; and (e) 1,000,000 shares reserved for issuance under Quokka's 1999 Employee Stock Purchase Plan. Includes 508,848 shares issuable upon the exercise of certain warrants outstanding as of March 31, 1999 at a weighted average per share price of $1.06, which will expire if not exercised prior to the closing of this offering. See "Capitalization," "Management -- Director Compensation," "Management -- Employee Benefit Plans" and "Description of Capital Stock."

Dilution

The pro forma net tangible book value of Quokka as of March 31, 1999 was $19.2 million, or $0.56 per share of common stock. "Pro forma net tangible book value per share" is determined by dividing the pro forma number of outstanding shares of common stock (assuming the conversion of all outstanding shares of preferred stock into shares of common stock and the exercise of certain warrants) into the net tangible book value of Quokka (total tangible assets less total liabilities). After giving effect to the receipt of the estimated net proceeds from the sale by Quokka of the shares of common stock offered by Quokka hereby (after deducting the underwriting discount and estimated offering expenses), the pro forma net tangible book value of Quokka as of December 31, 1998 would have been approximately $ million, or $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors purchasing shares at the initial public offering price. The following table illustrates the per share dilution:

Assumed initial public offering price per share..... Pro forma net tangible book value per share as of March 31, 1999..... $0.56 Increase per share attributable to new investors..... Pro forma net tangible book value per share after the offering..... Dilution per share to new investors..... $ The following table summarizes as of March 31, 1999, on the pro forma basis described above, the number of shares of common stock purchased from Quokka, the total consideration paid to Quokka and the average price per share paid by existing stockholders and by investors purchasing shares of common stock in this offering (before deducting the underwriting discount and estimated offering expenses):

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE
	NUMBER	PERCENT	AMOUNT	PERCENT	PER SHARE
Existing stockholders.....	34,134,206		$41,630,080		$1.22
New stockholders.....					
Total.....		100%	$	100%	

The foregoing discussion and tables assume no exercise of any stock options outstanding as of March 31, 1999. As of March 31, 1999, there were options outstanding to purchase a total of 7,145,025 shares with a weighted average exercise price of $4.35 per share. Additionally, the foregoing discussion and tables assume no exercise of warrants outstanding as of March 31, 1999 to purchase a total of 2,391,750 shares at a weighted average exercise price of $4.95 per share. However, the discussion and tables assume the exercise of certain warrants outstanding as of March 31, 1999 to purchase a total of 508,848 shares at a weighted average exercise price of $1.06 per share, which will expire if not exercised prior to the closing of this offering. To the extent that any of these warrants or options are exercised, other than the warrants which we have assumed will be exercised, there will be further dilution to new public investors. See "Capitalization," and "Management -- Employee Benefit Plans."

Selected Consolidated Financial Data

The following selected consolidated financial data should be read in conjunction with, and are qualified by reference to, the Consolidated Financial Statements and Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this prospectus. The consolidated statement of operations data is qualified by reference to (1) the audited consolidated statement of operations for each of the three one-year periods ended December 31, 1996, 1997 and 1998, (2) the unaudited consolidated statement of operations for each of the two one-year periods ended December 31, 1994 and 1995 and (3) the unaudited consolidated statement of operations for each of the two three-month periods ended March 31, 1998 and 1999. The consolidated balance sheet data is qualified by reference to (1) the audited consolidated balance sheet data as of December 31, 1996, 1997 and 1998 and (2) the unaudited consolidated balance sheet data as of December 31, 1994 and 1995, and as of March 31, 1999, not included in this prospectus.

						THREE MONTHS ENDED	
	YEARS ENDED DECEMBER 31,					MARCH 31,	
	1994	1995	1996	1997	1998	1998	1999
	(UNAUDITED)	(UNAUDITED)				(UNAUDITED)	(UNAUDITED)
	(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)						
CONSOLIDATED STATEMENT OF OPERATIONS:							
Revenues	$ 399	$ 82	$ 39	$ 4,000	$ 8,635	$ 4,867	$ 897
Production costs	25	21	611	5,130	7,779	3,431	2,718
Research and engineering	41	18	423	1,030	4,480	585	2,132
Sales and marketing	--	5	53	816	2,519	358	1,390
General and administration	245	56	508	1,827	3,185	871	1,792
Depreciation and amortization	--	--	--	68	530	44	430
Total costs and							

expenses.....	311	100	1,595	8,871	18,493	5,289	8,462
Income/(loss) from operations.....	88	(18)	(1,556)	(4,871)	(9,858)	(422)	(7,565)
Equity and losses of associated venture.....	--	--	--	--	--	--	452
Interest (income)/expense, net.....	(2)	(12)	4	71	(320)	(32)	(169)
Net income/(loss).....	$ 90	$ (6)	$ (1,560)	$ (4,942)	$ (9,538)	$ (390)	$ (7,848)
Historical basic and diluted net income/(loss) per share(1).....	$ 0.02	$ 0.00	$ (0.41)	$ (0.73)	$ (0.99)	$ (0.04)	$ (0.80)
Shares used in computing historical basic and diluted net income/(loss) per share.....	3,800,000	3,800,000	3,800,000	6,791,534	9,654,835	9,651,566	9,756,059
Pro forma net loss per share -- basic and diluted...					$ (0.40)	$ (0.23)	
Shares used in computing pro forma net loss per share -- basic and diluted...					23,914,934	34,000,923	

	DECEMBER 31,					MARCH 31,
	1994	1995	1996	1997	1998	1999
						(UNAUDITED)
	(IN THOUSANDS)					(IN THOUSANDS)
CONSOLIDATED BALANCE SHEET DATA:						
Cash and cash equivalents.....	$ 72	$ 0	$ 65	$ 4,027	$ 23,994	$ 15,263
Working capital.....	1	(8)	(1,566)	1,444	23,218	13,953
Total assets.....	117	0	113	4,651	28,212	22,853
Debt and leases, long-term portion.....	0	0	0	83	501	699
Accumulated deficit.....	0	(8)	(1,566)	(6,508)	(16,046)	(23,894)
Total stockholders' equity.....	1	(8)	(1,566)	1,663	25,453	18,612

(1) See Note 1 of Notes to Consolidated Financial Statements for a description of the method used to compute the pro forma basic and diluted net income per share.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains certain forward-looking statements that involve risks and uncertainties. When used in this prospectus, the words "intend," "anticipate," "believe," "estimate," "plan" and "expect" and similar expressions as they relate to us are included to identify forward-looking statements. Our actual results could differ materially from the results discussed in the forward-looking statements as a result of certain of the risk factors set forth below and elsewhere in this prospectus.

Overview

Quokka Sports has pioneered a unique new genre of global sports programming that uses the digital information sharing and communications power of the Internet and other interactive distribution systems to immerse our global audience in a compelling sports entertainment experience. Our programming is designed to engage viewers, give them control of the action sequence and let them experience and view sports from a variety of perspectives. Our coverage of sporting events incorporates a wide range of digital assets, which might include: video, text, audio, images, athlete biometrics, telemetry, environmental data, e-mails, results and timing. Our programming can be accessed over the Internet at www.quokka.com and may be available through other interactive distribution systems in the future. With unique, rich content that leverages technology's potential for merging entertainment and information, we are positioned to become a leading provider of digital sports entertainment, satisfying the entertainment passions of a global community of sports enthusiasts.

In August 1996, we adopted our current business model, incorporated in Delaware under the name Quokka Productions, Inc. and relocated our headquarters to San Francisco. Shortly thereafter, in September 1996, we changed our name to Quokka Sports, Inc. Prior to August 1996, we operated as an Australian software development and consulting company, Ozware Developments Unit Trust, an Australian unit trust. The primary focus of our operating activities is to develop our digital sports entertainment network. In addition to pursuing our primary focus over the last few years, we have also provided consulting and Web design services to strategic partners including the International Olympic Committee, Sydney Organizing Committee for the Olympic Games, News America Digital Publishing, and others.

We generate revenues from digital entertainment sponsorships, advertising, electronic commerce and studio services. The majority of our revenues are derived from the sale of sponsorship packages to corporations. In the past, we have accepted property and services as payment for sponsorships, including Internet access, computer equipment, digital cameras, hosting servers, and telecommunications equipment and services. Property and services received as payment are valued at

fair-market value based on the amounts normally charged to third parties for similar property and services. We intend to reduce the amount of property and services accepted for payment in future periods, although we may not be successful in this regard.

Prior to 1999, our sponsorships were primarily short-term and associated with single events. Revenues from these short-term sponsorships associated with the Whitbread and Around Alone races were recognized over the term of the sponsored event based upon the ratio of current period impressions to projected total ultimate impressions, based on a determination that no significant obligations remained and collection of the resulting receivable was probable. When we were obligated to provide a minimum number of impressions, we recorded a pro rata portion of amounts received as deferred revenue until we satisfied these obligations. Sponsorship revenues connected with the Around Alone race continue to be recognized in this manner through the end of the race in May 1999.

In 1999, we began to configure our sponsorships as multi-year, multi-event and multi-benefit sponsorships. These new sponsorships, which we call digital entertainment sponsorships, may include a variety of benefits such as category exclusivity, embedded product placement in our programming, traditional sports sponsorship benefits and sales and marketing assistance. We plan to sell digital 25 entertainment sponsorships to technology and communications companies as well as consumer retail goods and services companies. These multi-year sponsorship agreements are expected to provide for periodic sponsorship fees that we intend to recognize ratably over the corresponding period during the term of the contract, provided that no significant obligations remain and collection of the resulting receivable is probable.

As a direct result of having only one live program at a time, revenues from sponsorships, advertising and electronic commerce have varied on both a quarterly and annual basis during the short operating history of this line of business. Revenues may fluctuate from period to period in the future depending upon our ability to attract digital entertainment sponsorships, the number of live events that are being produced and distributed simultaneously during any one period, our ability to maintain a continuous programming calendar, our ability to attract a worldwide audience for our sporting events, our ability to acquire long-term digital and other intellectual property rights to global sporting events and our ability to develop and produce sports programming which will attract a global audience.

We also generate revenues by providing Web site design and consulting services to those entities that could become future strategic business partners. Revenues from studio services are recognized in the period the service is provided. We intend to continue to offer studio services, however, we expect studio services to decline substantially as a percentage of overall revenues in future periods.

We have incurred significant net losses and negative cash flows from operations, and as of March 31, 1999, we had an accumulated deficit of $23.9 million. This accumulated deficit resulted from the production costs of our network programming, the costs of developing new and enhancing existing tools and techniques that enhance our Quokka Sports Platform, the costs of expanding our sales and business development efforts and other costs related to ongoing research and design. Due to the planned expansion of our digital sports entertainment programming, we expect to incur significant operating losses for the foreseeable future. Although we have experienced revenue growth in recent

periods, such growth may not be sustainable and, therefore, these recent periods should not be considered indicative of future performance. We may never achieve significant revenues or profitability; or if we achieve significant revenues, they may not be sustained.

Results of Operations

Years Ended December 31, 1996, 1997 and 1998 Revenues. Revenues increased from $39,000 in 1996 to $4.0 million in 1997 to $8.6 million in 1998. In 1997, we generated revenues from the sale of sponsorships for the first time. Revenues increased from 1996 to 1997 primarily as a result of 1997 sponsorship sales totaling $2.7 million. The increase in revenues from 1997 to 1998 is primarily attributable to a $4.3 million increase in sponsorship revenues. Included in total sponsorship revenue for 1996, 1997 and 1998 were revenues relating to products and services accepted as payment of $0, $1.7 million and $4.4 million. Revenues attributable to these products and services are also shown as a corresponding production expense for all periods presented. The balance of the increase in revenues was primarily attributable to increases in revenues from studio services from $39,000 in 1996 to $1.2 million in 1997 to $1.6 million in 1998.

Production Costs. Total production costs increased from $611,000 in 1996 to $5.1 million in 1997 to $7.8 million in 1998. Production costs include costs of personnel and consultants, computer hardware and software, travel, satellite transmission costs, field gear, cameras, satellite phones, marketing and an allocation of general and administrative expenses. The $4.5 million increase in production costs from 1996 to 1997 is due to the launch of our first digital sports entertainment program, the Whitbread race, during 1997. The $2.7 million increase from 1997 to 1998 is attributable to an increase in the number of months of live programming.

Research and Engineering. Research and engineering expenses increased from $423,000 in 1996 to $1.0 million in 1997 to $4.5 million in 1998. Research and engineering expenses include personnel cost, costs associated with network operations and expenses incurred to improve and develop our Quokka Sports Platform and broadband applications. The increase in research and engineering expenses from year to year is attributable to an increase in the number of development projects. Research and engineering costs are expensed as incurred.

During 1998, we entered into a software license and development agreement. In connection with this agreement, we issued warrants to purchase 635,650 shares of our preferred stock and recognized a non-cash charge of $853,000 during 1998.

Sales and Marketing. Sales and marketing expenses increased from $53,000 in 1996 to $816,000 in 1997 to $2.5 million in 1998. Sales and marketing expenses include personnel costs, consultants and advertising. These expenses increased primarily due to increases in the number of sales and marketing personnel and consultants. During 1998, we spent $554,000 for advertising and we expect to significantly increase our advertising expenses in future periods as we build the Quokka brand and awareness of our programming.

Depreciation and Amortization. Depreciation and amortization expenses increased from $0 in 1996 to $68,000 in 1997 to $530,000 in 1998. Depreciation and amortization expenses consist of depreciation of computers, telecommunications equipment, software, and furniture and fixtures associated with our operational infrastructure. Amortization expense relates to leasehold improvements of our facilities in San Francisco. The increase in depreciation and amortization expenses was primarily due to increased facilities, equipment and related costs associated with an increase in personnel in all areas.

General and Administrative. General and administrative expenses increased from $508,000 in 1996 to $1.8 million in 1997 to $3.2 million in 1998. General and administrative expenses include management, business and legal affairs, finance and accounting, facilities, management information systems and human resources. The increase in general and administrative expenses is due to increased personnel in all areas to support and grow our business including increased facilities and related costs.

Interest Income and Expense, Net. Net interest expense was $4,000 in 1996 and $71,000 in 1997. Net interest income was $320,000 in 1998. Interest expense incurred during these periods relate to our financing obligations for various equipment purchases. Interest income recorded during these periods includes interest income earned on cash and cash equivalents. The increase from 1997 to 1998 was primarily due to a higher investment balance throughout 1998 due to the issuance of preferred stock. Interest income in 1998 was partially offset by increased interest expense due to borrowings under a line of credit.

Three Months Ended March 31, 1998 and 1999 Revenues. Revenues declined from $4.9 million for the three months ended March 31, 1998 to $897,000 for the three months ended March 31, 1999. Revenues for the first quarter of 1998 were primarily derived from sponsorship revenues associated with our coverage of the Whitbread Round The World Race, our sole event during the period. Revenues for the first quarter of 1999 were primarily derived from sponsorship revenues associated with our coverage of the Around Alone race, our sole event during the period. The Whitbread is a better known event than Around Alone and, accordingly, attracted larger sponsorship revenues.

Production Costs. Production costs decreased from $3.4 million for the three months ended March 31, 1998 to $2.7 million for the three months ended March 31, 1999. The $713,000 decrease reflects significantly lower costs associated with our coverage of the Around Alone race as compared to the Whitbread race, which were offset by increased expenses related to the production activities for upcoming events.

Research and Engineering. Research and engineering expenses increased from $586,000 for the three months ended March 31, 1998 to $2.1 million for the three months ended March 31, 1999. This increase represents the cost of additional personnel and related expenses associated with our continuing development of our Quokka Sports Platform, broadband applications and network operations.

Sales and Marketing. Sales and marketing expenses increased from $358,000 for the three months ended March 31, 1998 to $1.4 million for the three months ended March 31, 1999. The $1.0 million increase is attributable to increases in the number of sales and marketing personnel and expenses

related to creating a brand, developing audience awareness of our programming and launching www.quokka.com.

General and Administrative. General and administrative expenses increased from $870,000 for the three months ended March 31, 1998 to $1.8 million for the three months ended March 31, 1999. This increase was attributable to increased personnel and related facilities and other third-party expenses associated with building our operational infrastructure. During the first quarter of 1999, we leased additional office space in San Francisco and new office space in London.

Depreciation and Amortization. Depreciation and amortization expenses increased from $44,000 for the three months ended March 31, 1998 to $430,000 for the three months ended March 31, 1999. The $386,000 increase was primarily due to increased facilities, equipment and related costs associated with an increase in personnel in all areas.

Interest Income and Expense, Net. Net interest income was $32,000 for the three months ended March 31, 1998 and $169,000 for the three months ended March 31, 1999. The $137,000 net increase reflects a higher investment balance during the three months ended March 31, 1999 due to the issuance of preferred stock during prior periods.

Equity and Losses of Associated Venture. We incurred net losses of $452,000 in our joint venture with Forsythe Racing, Inc. for the period from the inception of CART Digital Media Enterprises, LLC in January 1999 through March 31, 1999. We have accounted for our 50% interest in this joint venture under the equity method of accounting. Expenses incurred during the period related primarily to pre-production expenses for CART programming.

Liquidity and Capital Resources

Since August 1996, we have financed our operations primarily through private sales of our equity securities. Aggregate net proceeds from sales our equity securities since August 1996 totaled approximately $41.0 million through December 31, 1998 and $41.1 million through March 31, 1999.

In addition to funding ongoing operations and capital expenditures, our principal commitments consist of various obligations under operating and capital leases. On July 24, 1997, we entered into a capital lease for the use of certain computer and telecommunications equipment with a purchase price of approximately $120,000. This capital lease requires monthly payments of $4,200 through November 2000. On October 7, 1998, we entered into a financing arrangement with a bank to borrow $750,000 for the purchase of equipment. Our obligations under this financing arrangement are secured by the underlying equipment. Terms of this agreement require monthly repayment over 36 months commencing November 25, 1998 in the amount of approximately $21,000 per month plus interest at a rate equal to 0.75% over the prime rate quoted by the bank. At March 31, 1999, the prime rate quoted by the bank was 7.75% and accordingly the interest rate was 8.50%. Total rent expense for outstanding leases is approximately $90,000 per month.

On February 9, 1999, we established NBC/Quokka Ventures, LLC, a joint venture with NBC Olympics, Inc. Terms of the operating agreement for the venture require us to make quarterly capital contributions and contribute the first $15 million in cash to be used by the venture, plus any additional cash required by the venture as determined by the board of directors of the venture. This joint venture has been consolidated in our financial statements.

On February 12, 1999, we completed a subordinated debt agreement. Terms of this agreement call for maximum borrowings of $10 million. Repayment is due in 36 monthly installments commencing in February 2000 and is subject to acceleration under certain conditions including the completion of an initial public offering. No amounts were outstanding on this facility as of March 31, 1999. In connection with this agreement, we issued warrants for the purchase of 215,384 shares of preferred stock. The imputed value of these warrants is $552,000 and has been treated as a loan commitment fee. This fee is being 28 amortized over the term of the six-month draw down period as no further services are required to earn the warrants and they are fully vested, and $140,000 of this amount was amortized in the three months ended March 31, 1999.

At March 31, 1999, we had approximately $15.3 million in cash and cash equivalents. Net cash used in operating activities was $3.8 million and $10.9 million for 1997 and 1998. Net cash used in operating activities were $1.3 million and $6.4 million for the three months ended March 31, 1998 and 1999. Net cash used in operating activities resulted from our net operating losses, adjusted for certain non-cash items including compensation expense related to the issuance of warrants to attract certain key vendors and business partners. Non-cash charges related to the issuance of these warrants were $382,000 and $953,000 for the three months ended March 31, 1998 and 1999 and $62,000 and $450,000 for the years ended December 31, 1997 and 1998. Non-cash charges relating to depreciation expense for the three months ended March 31, 1998 and 1999 was $44,000 and $430,000 and was $68,000 and $530,000 for the years ended December 31, 1997 and 1998.

Net cash used in investing activities was $295,000 and $2.7 million for 1997 and 1998. Net cash used in investing activities was $246,000 and $2.6 million for the three months ended March 31, 1998 and 1999. Net cash used in investing activities resulted primarily from capital expenditures related to purchases of computer equipment.

Net cash provided by financing activities was $8.1 million and $33.5 million for the years ending December 31, 1997 and 1998. Net cash used in financing activities during the three months ended March 31, 1998 was $11,000 and net cash provided by financing activities during the three months ended March 31, 1999 quarter was $279,000. Net cash provided by financing activities for these periods included the issuance of preferred stock, common stock and warrants.

No provision for federal or state income taxes has been recorded as we incurred net operating losses for the three months ended March 31, 1998 and 1999 and for the three annual periods ending December 31, 1998. However, we have paid state franchise taxes during 1997 and 1998 as well as foreign corporation tax during 1998. At December 31, 1998, we had approximately $12.0 million of federal net operating loss carryforwards available to offset future taxable income; such carryforwards expire in years 2011 through 2017. In addition, we have carryforwards of approximately $10.0 million as of

December 31, 1998 for California franchise tax purposes, commencing in 2001. As a result of various equity transactions during 1996 and 1997, we believe our company has undergone an "ownership change" as defined by Section 382 of the Internal Revenue Code. Accordingly, the use of a portion of the net operating loss carryforward may be limited. Due to this limitation, and the uncertainty regarding the ultimate use of the net operating loss carryforward, no tax benefit for losses has been recorded by us and a valuation allowance has been recorded for the entire amount of the net deferred tax asset. In addition, certain events, including any sales by us of shares of our stock, including sales pursuant to this offering, and/or transfers of a substantial number of shares of common stock by the current stockholders, may partially restrict our ability to use our net operating loss carryforwards.

We believe that the net proceeds from this offering, combined with current cash and cash equivalent balances will be sufficient to fund our operating requirements for working capital and capital expenditures for at least the next twelve months. Thereafter, we will need to raise additional funds. To the extent that we encounter unanticipated opportunities, we may need to raise additional funds sooner, in which case we may sell additional equity or debt securities or borrow funds from banks. Sales of additional equity or convertible debt securities would result in additional dilution of our stockholders.

Year 2000 Compliance

Computer systems, software packages and microprocessor-based equipment may cease to function or generate erroneous data when the year 2000 arrives. The problem affects those systems or products that are programmed to accept a two-digit code in the date fields. To correctly identify the year 2000, a four- digit date code field will be required to be what is commonly termed "year 2000 compliant." Our business operations will suffer if not year 2000 compliant. The potential areas of exposure include electronic data 29 exchange systems operated by third parties with which we transact business and computers, software, telephone systems and other equipment used internally. To minimize the potential adverse affects of the year 2000 problem, we established a year 2000 compliance program. A project team developed detailed plans for making our systems year 2000 compliant. This team conducted a three-phase process of identifying internal systems (both information technology and non-information technology systems) that are not year 2000 compliant, determining their significance in the operation of our company and developing plans to resolve the issues where necessary. We have also been communicating with all of our hardware and software vendors, suppliers and others to coordinate our year 2000 readiness. The responses we have received to date have indicated that steps are currently being undertaken to address this concern. However, if these third parties are not able to make all systems year 2000 compliant, our operations may be negatively affected.

Because much of our infrastructure is new, we believe that we have few systems that will be affected by these date change problems. Our initial review of our principal systems, hardware and software through which all of our sporting events are produced and distributed indicates that we are year 2000 compliant, and we do not anticipate any material adverse operational issues to arise. We intend to complete our compliance assessment by June 30, 1999 and implement necessary corrective solutions

before September 30, 1999. Because the majority of our infrastructure is new, costs attributable to this project to date have not been material. Based upon procedures performed to date, we further anticipate that future costs related to this project will also not be material; however, future costs are difficult to estimate and may differ materially from those currently projected. The anticipated costs associated with our year 2000 compliance program do not include time and costs that may be incurred as a result of any potential failure of third parties to become year 2000 compliant or costs to implement our future contingency plans. If systems important to our operations have not been made year 2000 compliant, or if third parties fail to make their systems year 2000 compliant in a timely manner, the year 2000 issue could negatively affect our business.

Business

The following description of our business should be read in conjunction with the information included elsewhere in this prospectus. The description contains certain forward-looking statements that involve risks and uncertainties. When used in this prospectus, the words "intend," "anticipate," "believe," "estimate," "plan" and "expect" and similar expressions as they relate to us are included to identify forward-looking statements. Our actual results could differ materially from the results discussed in the forward-looking statements as a result of certain of the risk factors set forth below and elsewhere in this prospectus.

Overview

Quokka Sports has pioneered a unique new genre of global sports programming that uses the digital information sharing and communications power of the Internet and other interactive distribution systems to immerse our global audience in a compelling sports entertainment experience. Our programming is designed to engage viewers, give them control of the action sequence and let them experience and view sports from a variety of perspectives. Our coverage of sporting events incorporates a wide range of digital assets, which might include: video, text, audio, images, athlete biometrics, telemetry, environmental date, e-mails, results and timing. Our programming can be accessed over the Internet at www.quokka.com and may be available through other interactive distribution systems in the future. With unique, rich content that leverages technology's potential for merging entertainment and information, we are positioned to become a leading provider of digital sports entertainment addressing the entertainment passions of a global community of sports enthusiasts.

We are creating an interactive digital sports network that offers a variety of engaging sports entertainment programming. In developing our programming calendar, we currently target sports events that are generally rich in digital assets and long in duration, have a global audience and involve continuous action with multiple simultaneous activities. We have selected the Olympics, motor racing, sailing and adventure sports as the first four channels of our network.

We generate revenues primarily through the sale of sponsorships. Sponsors secure an exclusive sponsorship category and the opportunity to embed and promote their products in our rich digital programming. Our technology and communication sponsors also have the opportunity to showcase the technological capabilities of their products and services in the production of our immersive programming. Additionally, we deliver a global audience having demographic qualities desired by sponsors and advertisers.

Our first digital sports program was the 1997-98 Whitbread Round The World Race, a 32,000 nautical mile, around-the-world sailing race featuring an international field of competitors. Our coverage attracted more than 1.8 million unique users from 177 countries, more than half of whom accessed our Whitbread Web site from outside the United States. Sports fans visiting the Whitbread site were primarily between 25 and 34 years old and had an average annual household income of $75,000, while 64% were college educated and 63% held professional, executive or technical positions, providing an attractive, targeted audience for sponsors and advertisers. These users spent an average of approximately 9.9 minutes per visit at the site. This compares favorably to an average of 5.8 minutes per visit according to our estimates based on Media Metrix statistics, at other leading sports-related Web sites. We generated $9.4 million of revenues from sponsorships related to this event.

In February 1999, we established a joint venture with NBC Olympics, Inc. to develop interactive digital coverage of the Olympics through August 2004. In March 1999, through a joint venture with Forsythe Racing, Inc., we acquired digital rights to cover the Championship Auto Racing Teams events through 2003. Additionally, in March 1999, we acquired digital rights to cover FIM 500cc Road Racing World Championship motorcycle races through 2003. We covered the 7th Whitbread Round The World Race from September 1997 to May 1998 and began coverage of the nine-month Around Alone sailing race in September 1998. We covered the 14th Marathon des Sables desert footrace and are also covering a variety of Quokka-created adventure sports events as part of our adventure sports channel. We plan to add programming to each of our four existing channels and may create additional channels in the future. 31

Industry Background

The Evolution of the Internet as a Powerful New Medium The Internet has quickly become a global medium for worldwide communication, instant access to information and electronic commerce. International Data Corporation estimates that the number of Web users worldwide will increase from approximately 142 million at the end of 1998 to more than 502 million by the end of 2003 and that more than 56% of Web users in 1998 accessed the Internet from outside the United States. We believe such rapid growth is attributable mainly to the increasing number of personal computers in homes and offices, the decreasing cost of personal computers, technological innovations providing easier, faster and cheaper access to the Internet and the proliferation of content and services available on the Internet.

The technological advances associated with today's Internet and other emerging interactive distribution systems provide advertisers with a level of targetability, interactivity and measurability not available in traditional media. Accordingly, Forrester Research estimates that the amount of Web advertising worldwide will grow from $1.5 billion in 1998 to over $15.3 billion by the year 2003. Additionally, as online merchants take advantage of these technological improvements to deliver a guided selling experience, integrating one-click buying, intelligent product recommendations and real-time customer services, more consumers are expected to engage in electronic commerce. International Data Corporation estimates that the number of consumers making purchases on the Internet will grow from 30.8 million in 1998 to 182.6 million in 2003 and that the total value of consumer goods and services purchased over the Internet will increase from $14.9 billion to $177.7 billion over the same five-year period. The combination of the growth in online advertising and electronic commerce enhances the Internet's value as a commerce medium.

As new higher-bandwidth interactive distribution systems, including DSL, cable and satellite, continue to become more widely adopted, we believe the Internet will continue to transform from an information-based medium to one that enables dynamic entertainment-based content. Technology companies are developing these broadband networks to accommodate the increased bandwidth requirements for interactive content, faster access and portability of media over multiple delivery devices. According to Forrester Research, broadband access provides consumers with high-speed, always-on connections and multiple services like telephone and Internet on a single line at a price-performance ratio that is 5 to 25 times better than conventional dial-up connections. As a result, Forrester Research estimates that approximately 15.8 million households in the United States will have high-speed personal computer connections to the Internet by 2002.

The Global Sports Industry Participatory and spectator sports are among the leading passions in developed nations around the globe as evidenced by the popularity of sports media and the amount of money consumers spend on sports events, products and related services. The ESPN Chilton Sports Poll estimates that 86.6% of the general population 12 years of age or older in the United States are sports fans. Further, according to Nielsen Media Research, sports television programming in the United States consistently draws large audiences, with sports broadcasts comprising seven of the top ten most widely viewed telecasts during the 1997-98 television season.

The business opportunities associated with sports are large and diverse. Today, sporting events generate revenues from the sale of broadcast rights, sponsorships, advertising, merchandising, publishing and venue access, and these revenue opportunities continue to evolve. The Georgia Institute of Technology estimated that revenue streams derived from spectator sports, sporting goods and sporting publications in the United States in 1995 exceeded $130 billion. Sponsorships frequently integrate the sponsoring company's products, logos and trademarks with the sporting event. Based on research conducted by Sponsorship Research International, an independent research organization that measures global sponsorship opportunities, we estimate that in 1998 $13.2 billion was invested globally in sports through the sponsorship of events, federations, teams, individuals and stadiums.

Sponsorship Research International has identified the following events as some of the leading global sports sponsorship opportunities:

SPORTING EVENT(1)	DURATION	NUMBER OF COUNTRIES	CUMULATIVE GLOBAL TELEVISION AUDIENCE(2)
World Cup Soccer (1994).....	52 games	188	32.1 billion
Olympics: Summer (1996).....	16 days	214	20.0 billion
Olympics: Winter (1994).....	16 days	100	10.7 billion
European Championship Soccer (1996).....	31 games	192	6.7 billion
Formula 1 Grand Prix Season (1997).....	17 races	133	5.4 billion
World Championship Athletics (1997).....	9 days	154	3.8 billion
World Cup Rugby (1995).....	32 matches	100	2.7 billion
Whitbread Round The World Race (1993-94).....	9 months	177	2.6 billion
Wimbledon Tennis Tournament (1996).....	15 days	167	1.6 billion
CART World Series (1997).....	17 races	182	1.2 billion
Super Bowl (1996).....	1 game	187	0.1 billion

(1) Information for each event is as of the year indicated and is the most recently available data from Sponsorship Research International.

(2) For purposes of this column, a person who watches multiple games or multiple days of coverage of an event would be counted multiple times. For example, a person who watches 15 World Cup Soccer matches would be counted 15 times.

Advertising and merchandise sales also generate substantial revenues in the sports industry. Paul Kagan Associates, Inc. estimates that advertisers in the United States will increase their sports-related television advertising from $4.8 billion in 1998 to $6.6 billion in 2003. The Sporting Goods Manufacturers Association estimates that expenditures by sports fans in the United States on sports-related goods and services reached $45.6 billion in 1998.

The growth of the Internet presents a unique means of reaching geographically dispersed sports audiences. Because of the low incremental cost of distributing information and entertainment over the Internet, producing global sporting events for a geographically dispersed fan base is now economically feasible. Additionally, as the Internet has evolved, sports fans have increasingly turned to the Internet for sports information, making sports-related Web sites some of the most popular online destinations. The ESPN Chilton Sports Poll estimates that 36 million people in the United States accessed sports information on the Internet in 1998, an increase of 40% over 1997. In addition, using Media Metrix data, we estimate that sports fans spend approximately 20% more time per usage session on sports-related Web sites than the average user does at the average Web site and revisit these sports-related Web sites approximately 28% more often. Cyberdialogue/findsvp also found that on average, sports fans spend more time per week online, have higher household incomes and make more online purchases than the average online adult.

Limitations of Current Sports Coverage Because of the tremendous popularity of sports worldwide, numerous traditional and online information sources such as newspapers, magazines, broadcasters and specialized sports-related Web sites have attempted to address sports fans' demand for up-to-date information and entertaining coverage of their favorite events. However, no current sports information source has been able to reproduce the experience of participating in an event. Although print media, such as newspapers and magazines, are adequate for communicating basic information such as scores

and statistics or reporting on the outcome of an event, they are limited by content that is static, without the benefits of video animation or audio stimulation. Further, although these media have the ability to produce in-depth analysis of athletes and events, the timeliness of this content is often limited because of inherent delays in production and distribution. 33 Although radio and television broadcasters are able to provide real-time coverage in an entertaining fashion, all viewers and listeners of a given program receive a single presentation of the content. Broadcast coverage is generally regional in nature, leaving significant global audiences untapped as broadcasters seek to meet the demands of the largest audiences in their specific coverage regions. Additionally, broadcast media are constrained by the rigidity of their schedules, the limited ability of the audience to interact with the programming on a real-time basis and the relatively small number of available frequencies or channels. Further, due to basic infrastructure costs and other significant technological challenges, traditional broadcast media are not well suited to cover sporting events with long durations, large or discontinuous venues, multiple simultaneous activities and continuous action for a global audience. For example, traditional broadcasters were limited in their ability to provide continuous coverage of the action during the Whitbread Round The World Race, which was primarily conducted across the most remote sections of the world's oceans for approximately nine months.

While Web sites that include sports information as part of their offerings have proliferated, these sites are typically more informational than engaging. In general, these sites deploy traditional styles of sports coverage by providing access to the same type of content available through traditional media channels, except on a real-time and interactive basis. These traditional styles of presenting content generally fail to produce the engaging, high-quality experience and entertaining coverage that can be provided through in-depth event coverage using interactive distribution systems.

The Quokka Solution

We have pioneered a unique new genre of global sports programming that uses the digital information sharing and communications power of the Internet and other interactive distribution systems. Our programming engages viewers, by giving them control of the action sequence and transforming them from passive spectators to active participants. By leveraging our rights to digital assets such as athlete biometrics, telemetry, environmental data, e-mails, video, text, audio, images, results and timing, we are able to capitalize on the advantages of interactive distribution systems to immerse our global audience in a compelling sports entertainment experience. Through our unique approach to covering sports we intend to capitalize on the market opportunities created by the emergence of the Internet as a communications and commerce medium, the worldwide popularity of sports and the appealing demographics of sports fans. Further, because we use interactive distribution systems to distribute our programming to geographically dispersed audiences, we are able to reach significant global markets on a cost-effective basis. The primary advantages of our solution are as follows:

Brings the Sports Fan Closer to the Athlete's Experience Through Immersive Programming Our programming is designed to transform the audience from spectator to participant by removing barriers between the athlete and the audience and enabling fans to experience the sport from the athlete's

perspective. We strive to accomplish this transformation through our unique approach to covering sports, which we call Quokka Sports Immersion. As telemetry, biometrics and other performance data about the athletes and their equipment are captured during competitions, we create graphic visualizations, simulations and extensive performance analyses that, together with e-mail from the athletes themselves, tell the rich story behind a given athletic endeavor to fans who want to look deeper into the action. For example, when covering the Whitbread and Around Alone races, we presented the data that drove each skipper's tactical decisions, including each boat's position as well as forecasts of wind speed, currents and water temperature. Additionally, our programming includes virtual competitions that parallel the actual event, allowing fans to put themselves directly in the competition. The Quokka Sports Immersion experience is controlled by each user in an immersive, interactive environment that traditional media cannot capture, enabling our audience to become participants in the coverage as well as virtual participants in the competition.

Establishes a Network Offering Unique Sports Programming and Content We are creating an interactive digital sports network that offers a broad range of engaging sports entertainment programming. Our programming can be accessed over the Internet at www.quokka.com and related event Web sites and may be available through other interactive distribution systems in the future. Our selection of sports events is central to the experience we create for our audience. In developing our programming calendar, we are currently targeting sports events that are particularly well-suited to our immersive style of coverage, such as the Olympics, motor racing, sailing and adventure sports. These sporting events typically have long durations, large or discontinuous venues, multiple simultaneous activities or continuous action. We believe that Quokka Sports Immersion has the potential to change the way sports such as these are experienced.

Provides Compelling Opportunities for Sponsors and Advertisers We provide our sponsors with value beyond a simple media buy over the Internet or other interactive distribution systems. Sponsors secure an exclusive sponsorship category and the opportunity to embed and promote their products in our rich digital programming. Our technology and communication sponsors also have the opportunity to showcase their technological capabilities using our Quokka Sports Immersion programming. Additionally, we deliver a global audience of loyal users with demographics desired by sponsors and advertisers. For example, our first digital sports program, the 1997-98 Whitbread Round The World Race, attracted more than 1.8 million unique users from 177 countries, more than half of whom accessed the site outside the United States. These users spent an average of approximately 9.9 minutes per visit at the site. This compares favorably to an average of 5.8 minutes per visit at other leading sports- related Web sites, according to our estimates based on Media Metrix statistics. Visitors to the Whitbread site were primarily between 25 and 34 years old and had an average annual household income of $75,000, while 64% were college educated and 63% held professional, executive or technical positions, providing an attractive, targeted audience for sponsors and advertisers.

Strategy

Our objective is to be the leading branded interactive network for digital sports entertainment. Our strategy includes the following key elements:

Establish Key Relationships Centered Around Global Sporting Events We intend to establish additional key relationships to complement our existing relationships with global sports organizations and their media partners in order to expand our programming. Through relationships with a variety of sports leaders, including NBC Olympics, Inc. and Forsythe Racing, Inc., we and our joint ventures have secured rights to provide digital coverage of major sports events such as the Olympics and CART auto racing. We intend to expand our programming schedule as we establish additional relationships. We also expect to capitalize on the exposure we receive from our distinctive coverage of our existing events to gain access to digital rights to additional sporting events in the future. As we seek to expand our programming, we will target events that attract a global audience and are well-suited to our immersive style of programming.

Build Brand Recognition We intend to build traffic and brand recognition by aggressively marketing www.quokka.com as the first interactive network that offers immersive sports experiences. We believe building brand awareness of www.quokka.com and the Quokka Sports Immersion experience will lead users to associate our style of programming with a distinctive experience that inspires lengthy repeat visits and strong audience loyalty. We plan to market www.quokka.com through an extensive traditional media campaign employing advertising through television, print publications, outdoor signage and radio. We also plan to have a simultaneous online advertising campaign and to gain increased exposure through our co-branded initiatives. For example, we expect to receive significant exposure on the CART Radio Network during its broadcast of CART FedEx Championship Series races.

Establish Global Communities by Bringing Together Geographically Dispersed Audiences We intend to use the global nature of the Internet to provide our immersive sports programming to large, geographically dispersed audiences. Through our programming, we plan to create global online communities of viewers with similar interests that come together to experience international sporting events that take place continents or oceans away. For example, we plan to establish membership-based online communities centered around each of our major channels. These communities will provide geographically dispersed sports fans with the opportunity to participate in virtual competitions, chat rooms and electronic commerce. We believe these online communities will inspire sports enthusiasts to visit our network repeatedly and will help establish www.quokka.com as the leading destination site for global sports enthusiasts.

Generate Multiple Revenue Opportunities We intend to leverage our immersive programming, dispersed global communities and interactive content library to create multiple revenue streams. In addition to generating revenue by selling valuable digital entertainment sponsorships and advertising, we intend to offer subscription services that provide access to premium content and pay-per-view events. We are also pursuing electronic commerce opportunities to sell merchandise targeted to the

audience of each sporting event we cover as well as certain derivative products generated from our content, such as books, games and screen savers. We also plan to expand our library of archived content from our sports programming that we believe may generate additional revenues through syndication.

Enhance Our Innovative Approach to Immersive Sports Programming We plan to continue to dedicate ourselves to combining leading-edge digital technology with traditional sports broadcasts to provide a fully immersive experience for our audience. To improve and expand our immersive programming, we intend to continue developing our technological expertise and our content library as well as our strategic relationships with leading technology companies. We believe that our innovative approach to sports programming positions us as the first interactive sports network and gives us a competitive advantage in the emerging digital broadcast industry. We intend to leverage the experience we gain from covering each event across all of our programming to enhance the overall experience for our audiences and encourage them to visit our network for longer periods of time.

Capitalize on Evolving Broadband Opportunities We plan to capitalize on opportunities created by the evolution of broadband technologies. We intend to build our programming on a component by component basis. We expect that this programming structure will enable us to optimize the richness of our programming for the bandwidth available across a range of interactive distribution systems, including the Internet, cable modems, satellite systems and other emerging broadband technologies. We believe this approach will enable users to enjoy our programming at all connection speeds.

Our Sports Entertainment Programming

Our selection of sporting events is the foundation for the experience we create for our audience. In developing our programming calendar, we currently target sporting events that are generally rich in digital assets, long in duration, have a global audience and involve continuous action and multiple simultaneous activities. We believe that as we expand our programming and develop new methods of providing immersive sports coverage, we will be able to enhance the overall experience for our future audiences and encourage them to visit our network for longer periods of time. In developing our immersive coverage of each event, we strive to create an experience through which our audience can connect with our content as a member of a community with shared interests. Our goal is to enable our audience to understand the event with the intensity of participating athletes, get to know the athletes so the audience will empathize with them and interact with the experience we create.

Whitbread Round The World Race: Our Inaugural Event Our digital coverage of the 7th Whitbread Round The World Race, a 32,000 nautical mile around-the-world sailing competition, provides an excellent example of the enhanced programming that we are able to create by using Quokka Sports Immersion. We chose this event as the first test of our distinctive programming approach because we believed it exemplified the type of global, long-duration, large-venue, continuous and multi-focus sporting event that traditional media has failed to cover adequately and because it fit well with our distinctive style of programming. By exploiting the unique technological opportunities afforded by interactive distribution systems, we created coverage not possible through traditional media. Team profiles and ongoing stories, such as icebergs in the Southern Ocean eliminating a leader from the

competition, made the athletes more than simply names on a screen but people to be cheered on, empathized with and cared about. The Whitbread site attracted more than 1.8 million unique users from 177 countries during the nine-month race, with over half the audience coming from outside the United States.

When the ten Whitbread yachts left Southampton, England on September 21, 1997 to begin their nine-month race, we had each boat fully equipped to transmit digital assets. Satellite transceivers on each boat sent digital video, still images, audio clips, e-mails and telemetry data to our production studios in San Francisco. We then combined that data with wind, weather and water current information forecasts to offer immersive coverage on the www.whitbread.org site. The site presented the drama surrounding each boat's voyage, using the crew's own words and pictures. In addition, the site gave fans the ability to follow the race action on our proprietary Quokka Race Viewer, a fully interactive navigation quality map that gave fans a bird's eye view of each boat's location, maneuvers and tactical challenges 24 hours a day, seven days a week, allowing fans to drill down deeply into the event and understand it from the sailor's perspective.

The telemetry data provided by the boats as well as the wind, weather and water current forecasts also fed our proprietary Virtual Race game engine, allowing fans to sail their own virtual yachts, competing against other virtual racers as well as the actual competitors. More than 11,000 virtual boats raced side-by-side with the real boats on our Quokka Race Viewer, bringing virtual competitors into the heart of the action. With access to the same information on wind speed, current and weather as the actual competitors, the virtual racers could make real-time strategy and tactics decisions regarding sail selection and course headings in an effort to complete the course first.

Current and Upcoming Programming We have selected the Olympics, motor racing, sailing and adventure sports as the first four channels of our network, and we plan to develop additional channels in the future. The calendar below identifies our and our joint ventures' programming, including pre- and post-event coverage.

[GRAPH OF PROGRAMMING CALENDAR DEPICTING APPROXIMATE START AND END DATES OF THE FOLLOWING EVENTS: (1) OLYMPICS (OLYMPICS); (2) CART (MOTOR RACING); (3) FIM GRAND PRIX MOTORCYCLES (MOTOR RACING); (4) AROUND ALONE (SAILING); (5) FIRST ASCENT (ADVENTURE); (6) MARATHON DES SABLES (ADVENTURE) AND ; NORTH AMERICAN ADVENTURE TOUR (ADVENTURE).]

Olympics

The International Olympic Committee expects more than 10,000 athletes from an estimated 200 countries to compete in the 2000 Olympic Games in Sydney, Australia. According to the International Olympic Committee, the 1996 Olympic Games in Atlanta generated a cumulative television audience in the United States of 2.3 billion. Additionally, the International Olympic Committee estimates that Olympic marketing, which is composed of broadcast rights fees, sponsorships, supplierships, license fees, ticket revenue and related merchandise sales, is projected to exceed $3.5 billion for the 1997-2000 Olympic quadrennium.

Our joint venture with NBC Olympics, Inc. has the rights to provide interactive digital coverage in the United States of the Summer Games in Sydney in 2000, the Winter Games in Salt Lake City in 2002, the Summer Games in Athens in 2004 and certain related pre-Games and United States Olympic qualifying events. Additionally, the joint venture has secured rights to incorporate limited highlights of NBC video into its digital interactive coverage for a United States audience. See "-- Joint Ventures and Rights Agreements."

The joint venture is scheduled to launch its Web site in August 1999 in advance of the 2000 Olympic Games. The site will build awareness for broadcast and digital interactive coverage of the Games by covering pre-Olympic events, such as the United States Gymnastics Championship and United States Olympic Team Trials. In addition, covering the pre-Olympic events also has certain production advantages. For example, the events will enable us to tune our production infrastructure in advance of the 2000 Olympic Games. Likewise, in covering pre-Olympic events, the joint venture will collect numerous digital assets, such as athletes' backgrounds, that can also be used in the digital coverage of the Olympic Games.

The joint venture is currently preparing for its coverage of the 2000 Olympic Games in Sydney and the United States trials leading up to these Games. These development and pre-production activities include hiring key personnel, integrating the respective expertise of NBC and Quokka, selecting the emphasis for the coverage, gathering background information on athletes, building templates for the joint venture's coverage and establishing the infrastructure necessary to create the coverage and support anticipated visits to the joint venture's Web site.

Motor Racing

Motor racing attracts a global audience with races held around the world. Based on information compiled by Sponsorship Research International across 14 countries including the United States, the United Kingdom, Brazil and Russia, we estimate that there were approximately 340 million people who watched televised motor racing events and approximately 350 million people who watched televised motor cycling events in 1998. Additionally, we believe that auto racing is one of the most popular spectator sports in North America. According to the 1998 Goodyear Racing Attendance Report, race attendance for the 12 North American racing series that the Goodyear Rubber & Tire Company monitored in 1998 was approximately 17.1 million people.

We believe motor racing is well-suited to our distinctive style of programming due to its continuous, multi-focus action. Although it is exciting to follow the current leader, motor races are often won or lost by action occurring elsewhere in the race. A contender threatening to overtake the lead may lose critical time during an inefficient pit-stop or a dark-horse may suddenly pull into the lead because of a particularly adept cornering maneuver. Additionally, motor racing fans tend to be interested in following one or two of their favorite racers, who, unless in the lead, may rarely be shown on-air by traditional broadcasters.

Our immersive coverage of a motor racing event will generally include:

- a proprietary Quokka Race Viewer providing an up-to-the-minute lap position graphic, lap time and time-behind-leader updates;

- track audio feeds;

- graphical representations of the course;

- a chronicle allowing fans to follow their favorite drivers and teams;

- in-depth profiles on drivers, teams and manufacturers with interactive photo galleries;

- interactive global event map and detailed race schedules, including United States and foreign television coverage schedules;

- a virtual competition, where fans play the role of team owners; and - community and electronic commerce areas.

CART. We have acquired, through a joint venture with Forsythe Racing, Inc., the exclusive worldwide interactive media rights for all Championship Auto Racing Team (otherwise known as CART) events through December 31, 2003. CART competitors drive open-wheel champ cars with engines generating 900 or more horsepower at speeds up to 240 miles per hour. In 1999, the CART FedEx Championship Series consists of 20 races held on large and small oval tracks, permanent road courses and temporary street circuits in Japan, Brazil, Canada, the United States and Australia. See "-- Joint Ventures and Rights Agreements."

In Motegi, Japan, the joint venture's digital coverage of CART captured the drama that sometimes occurs in motor racing. Near the end of the race, live in-car audio feeds from drivers Adrian Fernandez and Greg Moore gave our audience a unique insight into the closing laps of Fernandez's victory at Motegi. Fernandez and his crew gambled on having enough gas to complete the race and stayed out of the pit, knowing that the entire race could be lost by running out of gas on the last lap. Meanwhile, Moore spun with less than two laps to go, bringing out a caution flag that enabled Fernandez to conserve fuel and win the race. With live in-car audio feeds from both these drivers, our digital coverage brought our audience inside the drama as it was developing.

We plan to provide coverage of the annual CART FedEx Championship Series racing season, which runs from February to November, and to extend the coverage to include pre-and post-season developments. We may elect to cover additional CART events in the future.

FIM Motorcycle Racing. We have acquired the exclusive, worldwide interactive media rights for all Federation Internacionale de Motocyclisme (otherwise known as FIM) 500cc Road Racing World Championship Grand Prix events from January 1, 2000 through December 31, 2003. Racing prototype motorcycles, competitors in FIM Grand Prix races compete at speeds in excess of 170 miles per hour on fixed course tracks. Races are held throughout the world several times a month during the racing season. The season runs from mid-April through October, with 16 races held in such varied locations as Brazil, Germany, South Africa, Italy, Holland, Spain, Japan and Malaysia. Beginning in 2000, we plan to provide coverage of the annual FIM Grand Prix motorcycle racing season and to extend this coverage to include pre- and post-season developments. See "-- Joint Ventures and Rights Agreements."

Sailing

Sailing attracts a significant worldwide audience, with events like the Whitbread Round The World Race generating a cumulative global television audience of approximately 2.6 billion according to Sponsorship Research International. Based on information compiled by Sponsorship Research International across 14 countries including the United States, the United Kingdom, Brazil and Russia, we estimate that there are approximately 270 million people who watched televised sailing events in 1998. As evidenced by our successful coverage of the Whitbread race, sailing is well-suited to our distinctive style of programming.

Our immersive coverage of a sailing event will generally include:

- a proprietary Quokka Race Viewer depicting each boat's position as well as wind, water current and other weather data on navigation-quality charts 24 hours a day, seven days a week;

- substantial coverage by the competitors themselves through e-mail, moving video, still video and audio transmissions;

- a chronicle allowing fans to follow their favorite skippers and crews;

- behind-the-scenes, in-depth coverage of the crews and boats, with interactive photo galleries;

- a virtual competition, where fans can race head-to-head against the actual competitors and other virtual competitors and where both actual and virtual boats are tracked on our proprietary Quokka Race Viewer; and - community and electronic commerce areas.

Around Alone. We have acquired the exclusive, worldwide interactive media rights for the Around Alone race through December 31, 2001 with the option to extend the term for two additional four-year periods.

Held every four years, the Around Alone race is a 27,000 nautical mile solo sailing race around the world through some of the earth's most treacherous waters. The race challenges the nautical skills, endurance, resourcefulness, innovation and fortitude of competitors who circumnavigate the globe making only four stops. Sixteen competitors entered the 5th Around Alone race that began in September 1998 and will end in May 1999. This year's race had stops in Cape Town, South Africa; Auckland, New Zealand; Punta del Este, Uruguay; and Charleston, South Carolina. Our coverage of the 5th Around Alone race began in September 1998, and by mid-April 1999, we had attracted more than 300,000 unique viewers.

Because we had equipped the boats with instruments to capture real-time information about the competitors, we were able to provide live coverage of significant events during the race -- events that previously would have been covered only after the sailors had reached port and the action had long-since passed. For example, fans were able to follow the exciting rescue of Isabelle Autissier whose boat capsized in the middle of the Southern Ocean. With Autissier too far from land for any national rescue services to reach her, a fellow competitor undertook the rescue effort. Our audience tracked Giovanni Soldini as he turned back and began a 24-hour, 200-mile battle against gale-force winds and 30-foot waves to search for and eventually rescue Autissier. Additionally, the race garnered significant media

attention in the United States when traditional media companies became aware of the story we were covering live. Traditional media, including the New York Times, National Public Radio and Dateline NBC, picked up the story of Viktor Yazykov, a Russian competitor who performed surgery on his own arm in the middle of the Atlantic Ocean by following a doctor's e-mail instructions. We posted the e-mails as they were received and were the first media company with pictures of Yazykov during and following the surgery. We supplied video clips, still photographs and other assets to traditional media companies seeking to cover the story.

Adventure Sports

Adventure sports such as climbing expeditions, wilderness challenges and similar events are particularly well-suited to our style of programming. By collecting digital assets from these remote events, we are able to create unique experiences that help to transform these events into spectator sports. As an emerging category of spectator sports there are few established branded adventure sports events. Accordingly, our programming for adventure sports will cover Quokka-created events as well as currently existing events such as the Marathon des Sables.

Our immersive coverage of an adventure sports event will generally include:

- graphical displays depicting the athletes' positions, whether climbing up a mountain or running across a desert, on a 24 hours a day, seven days a week basis;

- biometric data, such as heart-rates, from selected athletes;

- substantial coverage by the competitors themselves through e-mail, video, still images and audio transmissions;

- a chronicle allowing fans to follow their favorite adventure athletes and teams;

- behind-the-scenes coverage of the rigors and challenges presented by the event as well as the event location; and - community and electronic commerce areas.

Marathon des Sables. We provided exclusive interactive coverage of the 14th Marathon des Sables in April 1999. The Marathon des Sables is a grueling seven-day footrace that stretches approximately 140 miles through Morocco's Sahara Desert. During the 14th race, rest stations were available to the athletes at predetermined locations that ranged from six to 44 miles apart. Each of the 590 competitors had to carry his or her own backpack containing food, sleeping gear and anti-venom kits. Water was provided, but was typically limited to a ration of nine liters a day.

First Ascent: The Expedition to China's Karakoram Range. From mid-April through June 1999, we will provide immersive coverage of a Quokka-sponsored crew of seven climbers traveling by truck and camel across the ancient Silk Route from Beijing to Kashgar. This 3,000 mile expedition will be heading to the mountains in the Karakoram range in the Chinese Himalayas and is scheduled to include several first ascents by our company-selected team of world-class climbers. The team will also be searching for a route up Hidden Peak, the world's 11th tallest mountain. If a route is found, we plan to schedule an attempt to scale Hidden Peak in 2000.

Audience Generation

We are planning to employ a variety of methods to promote www.quokka.com and to build and retain our audience.

Building Our Audience We plan to build our audience by:

- launching an aggressive media campaign, utilizing print, outdoor signage, radio, television and Internet advertisements to build our brand and promote awareness of www.quokka.com and our programming offerings;

- capitalizing on exposure to a national audience through guaranteed promotion by NBC of the Web site developed by the joint venture we formed with NBC Olympics, Inc.;

- expanding our programming offerings;

- capitalizing on our association with, and promotion of our coverage provided by, governing bodies and rights holders of the sports events we cover; and - exploiting appropriate syndication opportunities by distributing portions of our programming to other Internet sites and traditional media companies in exchange for advertisements or other promotional consideration designed to direct audience to www.quokka.com.

Retaining Our Audience We plan to retain our audience by:

- continuing to deliver immersive and engaging content;

- maximizing audience loyalty through community-building activities such as virtual competitions, chat rooms, online forums and online transactions; and - migrating our audience to different channels on our network.

We believe an important metric for measuring the quality of our audience is the duration of an average visit to our Web sites. Based on Media Metrix data, we estimate that users spend an average of approximately 5.8 minutes per visit on other leading sports-related Web sites. To date, our event programming has generated average visit durations significantly greater than this 5.8-minute average.

Average Event Channel Visit Duration(1)

Whitbread Round The World Race.....	Sailing	9.9 minutes
Around Alone race.....	Sailing	14.8 minutes
CART auto races.....	Motor Sports	12.8 minutes
Marathon des Sables.....	Adventure	19.8 minutes

(1) Our internal statistics regarding our coverage of the Whitbread and Around Alone races have been audited by Internet Profiles Corporation. Our internal statistics regarding our coverage of the Marathon des Sables and CART races are based on unaudited reports from Internet Profiles Corporation. The Around Alone race, CART races and Marathon des Sables coverage is ongoing and final results may differ.

Marketing and Advertising As of March 31, 1999, we had 15 full-time employees on our marketing team. In addition to being responsible for brand marketing, program marketing, audience research and the coordination of our external public relations efforts, members of our marketing team also serve as product managers for our media and derivative products. In 1998, we spent $554,000 on advertising. In 1999, we expect to raise our advertising expenditures and launch an aggressive media campaign. We also plan to increase our marketing staff to support our brand building, electronic commerce and derivative product strategies.

Leveraging Our Audience and Content: Generating Multiple Revenue Streams

We plan to leverage our diverse, global audience and suite of content offerings to create multiple revenue streams. We believe we can generate revenue from a variety of sources, including sponsors, advertising, electronic commerce, derivative product sales, subscription and pay-per-view opportunities and studio services.

Digital Entertainment Sponsorships We plan to offer multi-year digital entertainment sponsorships to technology, communications, consumer retail and consumer services companies. We currently sell sponsorships to certain companies whose products can be integrated into our technical infrastructure. These companies will form the Quokka Performance Team. Although the benefits associated with Team membership will be custom-designed, we envision providing members of the Quokka Performance Team with benefits such as the following:

- exclusive exposure in their category as part of our digital media coverage, including embedded product placement in our programming that identifies our sponsor as an enabler of the Quokka Sports Immersion experience;

- traditional sports sponsorship benefits in connection with Quokka-owned events, including venue signage, licenses to use event designations in their own marketing efforts and access to hospitality suites; and - sales and marketing assistance, including targeted lead generation, trade show presence, in-store demonstrations using our digital content and sales presentations demonstrating the Team member's contribution to the Quokka Sports Immersion experience.

In addition to the Quokka Performance Team, we plan to create additional "Teams" with similar custom-designed sponsor benefits in order to build sponsorship revenues. For example, consumer retail goods and services companies could become part of an Athlete's Team, covering equipment, sports clothing and similar items of interest to athletes of all abilities. We developed our Team model for digital entertainment sponsorships as we identified the various ways we provided value to sponsors of our early Web sites, such as Tandem (which has since been acquired by Compaq Computer Corporation), which accounted for approximately 52% of our revenues in 1998, and CompuServe, which accounted for approximately 16% of our revenues in 1998. We plan to continually evolve our Team model in order to better meet sponsors' needs.

Because sponsorship is already part of the sports industry, many sports governing bodies or other rights holders for the events we cover will have pre-existing sponsorship relationships. We believe these pre-existing sponsorships will provide us with ready-made sales opportunities. In certain circumstances, however, pre-existing sponsorships associated with specific events may limit the pool of prospective companies we can approach regarding sponsorship sales in connection with such events.

Advertising Opportunities We plan to generate additional revenues from banner advertisements that are prominently displayed throughout our digital sports entertainment network. In selling banner advertisements, we plan to target companies seeking to reach a global sports audience. Our experience with the Whitbread race demonstrated that our distinctive coverage can attract a significant loyal and global audience representing a demographic base sought by Internet advertisers and sponsors from the consumer-products industry. We believe that by delivering an audience that returns to our site frequently and stays for an extended period of time, we can provide additional value to our sponsors and advertisers and generate advertising revenues on a per user basis in excess of that currently achieved elsewhere in the Internet industry.

Electronic Commerce Opportunities We plan to develop electronic commerce opportunities on our Web sites to generate additional revenues, as well as enhance our user experience. As electronic commerce continues to grow, we expect that sports fans will increasingly seek sports merchandise, event gear and other equipment over the Internet and other digital distribution systems. We believe audiences of each of our channels provide a receptive market for goods relating to sailing, motor sports, the Olympics and adventure sports as well as general sports merchandise. In the future, we plan to offer event-branded gear, event-related gear, Quokka- branded products and our derivative products. In addition, we hope to offer products produced by our digital entertainment sponsors that we use in creating and producing the Quokka Sports experience. We will seek to make the electronic shopping experience as immersive as possible so that it complements the overall look and feel of our digital media programming. Additionally, by providing access to high-quality sporting and events-related products through our site or other digital distribution systems, we believe that we will be expanding the overall Quokka experience for our audience.

Derivative Products: Leveraging Digital Assets We plan to repurpose our digital content for distribution through derivative products, such as books, magazines, other publications, videos and screen savers. We believe that our audience will be a receptive market for such derivative products and that such products will also appeal to people who are not yet part of our audience. One of our initial derivative products is a book containing page views from the Whitbread race that tells the inside story of the race from beginning to end and maps each competitor's progress throughout the race. Additionally, we believe that derivative products will provide additional value to our digital entertainment sponsors and can be used to gather important information regarding our audience. For example, we created a screen saver that embedded our sponsors' logos within digital media from the Whitbread competition. Approximately 40,000 users downloaded the screen saver for free in exchange for providing valuable, in-depth demographic information.

Subscription and Pay-Per-View Opportunities As broadband and other interactive distribution systems proliferate and users are able to access greater volumes of streaming video and audio in interactive settings, we believe we may be able to distribute our immersive sports content through subscription services and that certain sports events or coverage depths may be appropriate for distribution on a pay-per-view basis.

Studio Services

We believe our studio services, which have included designing the official Web site for the International Olympic Committee, have provided opportunities to build strategic relationships with key players in the sports and sports media industries. Our studio services have been primarily strategic in nature, and we believe that revenues from studio services are likely to decrease as a percentage of total revenues in the future.

International Olympic Committee. We produced www.olympic.org, the official site of the International Olympic Committee and have advised the International Olympic Committee on interactive rights and branding on the Internet. Creation of the www.olympic.org site was a multi-phase project aimed at establishing a significant online presence for the Olympic movement. This Olympic site provides a store of information on Olympic history, tradition and current events. Our work for the International Olympic Committee accounted for more than 12% of our revenues in 1998.

Our Sales Team

As of March 31, 1999, our sales team consisted of thirteen full-time employees, twelve of whom focus on selling sponsorships. Because of the strategic and customized nature of our sponsorship sales, we plan to add additional members to our sponsorship sales force. In connection with NBC/Quokka Ventures' coverage of the Olympics, Quokka and NBC Olympics, Inc. will jointly sell sponsorships for the 44 joint venture's Olympic Web site. Additionally, we plan to expand our sales force significantly in order to grow advertising sales and develop our media and derivative products sales. We may also use third party vendors to sell banner ads on our site.

The Quokka Sports Platform

The Quokka Sports Platform is a set of processes and facilitating technologies that enables us to collect digital assets from sports events and produce and deliver immersive programming. This set of processes and technologies provides a robust and efficient method that facilitates real-time production of our sports entertainment programming and maximizes the long-term value of the digital assets that Quokka collects and produces. Our current programming is produced using the Quokka Sports Platform, which is continuously being enhanced and improved to accommodate our expanding requirements.

Dataflow Segments of the Quokka Sports Platform At the highest level, the Quokka Sports Platform is organized into six segments: [GRAPHIC TITLED "QUOKKA SPORTS PLATFORM" AND DEPICTING DATA FLOW THROUGH THE FOLLOWING SIX STAGES OF THE QUOKKA SPORTS

PLATFORM: (1) COLLECTION; (2) TRANSMISSION; (3) PRODUCTION; (4) DISTRIBUTION; (5) DELIVERY; AND (6) CLIENT.]

Collection. Collection is the process of capturing data at event venues. Collection is the point at which the Quokka Sports Platform begins and the raw data from venues become digital media assets, the fundamental building blocks of the Quokka Sports Platform. Digital media assets consist of individual units of digital content, such as photographic images, video streams or e-mails from an athlete as well as information about the assets, such as author or physical storage location.

Devices capturing wide-ranging data are already a part of many sports. For example, a world-class yacht is equipped with over 40 sensors that track multiple variables such as rig tension, rudder position and wind speed. Over 80 attributes of a CART car's performance are measured, including fuel level, engine temperature and engine RPMs. Athletes use this feedback to hone their skills and track their performance. We seek access to relevant portions of this data either directly by connecting to the sensors monitoring the actual information or indirectly through our contractual relationships with the governing body of an event, such as CART. We also seek access to data by securing voluntary cooperation from athletes.

Remote Production and Transmission. Collected digital assets are prepared for transmission and then transmitted to our production studio. In our remote production process, we define event-specific data tags that indicate the type of data included in a transmission in much the same way desktop icons indicate whether a file is a word processing document or electronic spreadsheet. Remote production teams also control which assets are captured, formatted and transmitted from the event and manage physical resources necessary to accomplish this task. Tagged data is then transmitted to our production studio over Internet Protocol networks, using satellite data communications, high-bandwidth wide-area networks or other communications technologies.

Production. Transmissions are stored at our production studio in San Francisco on receipt. Our event producers, directors and their multi-disciplined teams use these transmitted digital assets to create multiple visual and audio presentations. Aided by automation technologies, digital assets received from the sports venue are combined with previously stored assets or original material created by our staff of designers, writers, audio specialists and photographers. In advance of each event, these teams have developed story-telling templates that enable the action to be experienced from the athlete's perspective and drive the audience to explore the site further.

Distribution and Delivery. Distribution is the process of transporting our immersive content from our production studio through high-speed interactive systems to delivery head-ends, while delivery is the process of ultimately reaching the end user. We currently distribute our Quokka Sports Immersion programming through www.quokka.com over the Internet. Accordingly, delivery is accomplished primarily through Internet service providers who provide end-users with access to the Internet through their computers. We are also designing our programming to exploit the technological opportunities presented by other interactive distribution systems, such as DSL, cable modem and satellite. If we ultimately employ these distribution methods, our future delivery partners are likely to include the providers of DSL service, interactive cable services, or satellite providers. End-users

accessing our programming through these systems in the future may use computers or ultimately other interactive viewing devices such as interactive televisions. We have also distributed our content to traditional broadcast and print media. We believe these traditional media may serve as additional distribution outlets for our rich digital programming.

Joint Ventures and Rights Agreements

We plan to secure rights to cover sporting events through a variety of methods, including direct acquisition and the formation of joint ventures with rights holders or other entities having established relationships with rights holders. We have experience with both methods. To date, we have acquired the rights to events such as FIM Motorcycle racing directly from the rights holders and we have entered into a joint venture with NBC Olympics, Inc. in connection with the Olympic Games and a joint venture with Forsythe Racing, Inc. in connection with CART.

Joint Venture with NBC. In February 1999, we formed NBC/Quokka Ventures, LLC with NBC Olympics, Inc., a wholly-owned subsidiary of National Broadcasting Company, Inc. In connection with the formation of the joint venture, we contracted with the joint venture to provide the services necessary for the joint venture to provide interactive digital coverage. Consequently, we expect that the joint venture's interactive digital coverage of the Olympics on its Web site will showcase Quokka's distinctive style of programming and will complement NBC's television coverage.

NBC Olympics, Inc. granted the joint venture the following interactive media rights, subject to limitations, in connection with the Olympic Games and certain United States qualifying events through 2004: (1) United States interactive rights to incorporate limited highlights of NBC video into its coverage for a audience; (2) an exclusive license to produce the official NBC interactive media coverage of the Games; (3) a license to incorporate still photographs and sequential still photographs taken from all video produced from the Games by NBC Olympics into the joint venture's coverage; (4) a license to incorporate into the joint venture's coverage historical Games footage, non-competition video and all research and other materials, whether text, audio, video, still footage, written or fixed in any other medium relating to the Games produced by NBC Olympics; (5) the right to distribute the joint venture's coverage in interactive media throughout the United States; and (6) a license to use the composite NBC/ Olympic logo on the joint venture's Web site in connection with the production, operation, promotion, marketing and distribution of the joint venture's coverage of the Games.

In order to protect its broadcast rights and brand, however, NBC Olympics, Inc. can restrict the joint venture's use of any of the foregoing interactive media rights if: (1) NBC lacks the ability to grant such rights to the joint venture as a result of contractual limitations or restrictions imposed by, or conflicts with any legal rights held by the International Olympic Committee or any other person or entity possessing intellectual property or other rights in the still photographs, sequential still photographs or video, whether Games, non-competition or historical; (2) a use conflicts with NBC's current sponsors or advertisers or the sponsors or advertisers of the International Olympic Committee, United States Olympic Committee, Sydney Organizing Committee of the Olympic Games, Salt Lake Olympic Organizing Committee or the 2004 Games Organizing Committee; (3) the digital assets are involved in

any transaction by us or the joint venture with any NBC Competitor, as defined below; (4) a use competes with NBC's broadcast, cable or direct broadcast satellite coverage of the Games; or (5) a use violates NBC's, NBC Sports', the International Olympic Committee's, the United States Olympic Committee's or other Olympic organizations' editorial policies and practices.

NBC/Quokka Ventures, LLC is owned 51% by us and 49% by NBC Olympics, Inc. and management is vested in a board of directors, three of whom are currently appointed by us and two of whom are currently appointed by NBC Olympics, Inc. We have committed to meeting the capital needs of the joint venture in such amounts as may be necessary to fund the joint venture's operations on an on-going basis in accordance with its long-term strategic plans and annual operating plan. In connection with this obligation, we have committed to contributing at least $15 million in capital to the joint venture.

NBC Olympics, Inc. has the right to terminate the joint venture in the event an NBC Competitor: (1) merges or otherwise consolidates with us in a transaction where we are not the surviving entity; (2) becomes the beneficial owner of 15% or more of our outstanding equity securities; (3) becomes entitled to elect, appoint or replace a member or members of our board of directors unless NBC Olympics, Inc. is also granted the same right; or (4) acquires all or substantially all our assets. For these purposes, an "NBC Competitor" includes any media company that is significantly engaged in any of the primary businesses of NBC Olympics, Inc., National Broadcasting Company, Inc. or its subsidiaries or any telecommunications, Internet or similar company that is significantly engaged in any of the primary businesses of NBC Olympics, Inc., National Broadcasting Company, Inc., its subsidiaries or Snap! LLC or successor entities. However, an NBC Competitor shall not include any entity identified by Quokka in writing to NBC Olympics, Inc. that NBC Olympics, Inc. does not designate as an NBC Competitor in writing to Quokka within thirty days of our written notice.

Joint Venture with Forsythe Racing, Inc. In January 1999, we formed CART Digital Media Enterprises, LLC with Forsythe Racing, Inc. Forsythe owns two of the teams that compete as part of the Championship Auto Racing Teams circuit and brings to the joint venture racing expertise as well as long-standing relationships with suppliers, teams and event promoters in the auto racing world.

CART Digital Media Enterprises, LLC is owned 50% by us and 50% by Forsythe Racing, Inc. and management is vested in a Board of Managers, two of whom are appointed by us and two of whom are appointed by Forsythe Racing, Inc. Capital contributions will be made to the joint venture on a 50/50 basis by us and Forsythe Racing, Inc. We expect to make capital contributions of approximately $3 million in 1999 in order to meet the venture's needs for operating capital.

In March 1999, the joint venture secured the exclusive worldwide interactive media rights for all CART events through December 31, 2003 with a right of first negotiation. In connection with this digital coverage, the joint venture also secured certain exclusive worldwide rights to: use CART's marks as well as in connection with any derivative products, use data and content from the events, syndicate content and sell commercial partnerships, advertising, official merchandise, electronic commerce products and services, official photographs and derivative products. The right to sell advertising and commercial partnerships is subject to certain obligations to approach current CART sponsors and the right to sell

derivative products 47 and syndicate content is subject to CART's reasonable approval. The right to sell official merchandise, official photographs and other electronic commerce products and services is subject to receiving approval of certain other third parties. CART has the ability to terminate the agreement if: (1) the joint venture fails to pay the guarantee set forth in the agreement or such additional sums as may be owed; (2) the joint venture fails to maintain state of the art quality and technological enhancements, subject to notice and an opportunity to cure; (3) the Web site fails to achieve certain minimum levels of traffic, subject to notice and an opportunity to cure; (4) if the joint venture or we provide similar services to an open wheel professional auto racing sanctioning body, league or series currently domiciled in the United States that promotes products or services competitive with those of CART; or (5) if more than 49% of the ownership or beneficial interest in the joint venture or in Quokka is transferred, sold or assigned to an entity whose products or services are competitive to or in conflict with those of CART.

FIM Motorcycle Racing We have acquired from Dorna Promocion del Deporte, S.A. the exclusive, worldwide interactive media rights for all FIM Road Racing World Championship Grand Prix events from January 1, 2000 through December 31, 2003. In connection with our coverage rights, we have secured the exclusive worldwide rights to: (1) use FIM Motorcycling World Championships' trademarks as part of our coverage as well as in connection with any derivative products; (2) use data and content from the events; (3) syndicate content; and (4) sell sponsorships, advertising, official merchandise, electronic commerce products and services and derivative products. Our right to sell advertising and sponsorships is subject to certain obligations to approach current FIM Motorcycling World Championships sponsors and our right to sell derivative products is subject to Dorna's reasonable approval. Our right to syndicate content is subject to a restriction that certain assets may not be syndicated alone without Dorna's consent. Our right to sell official merchandise and other electronic commerce products and services is subject to receiving approval of certain other third parties. Dorna has the ability to terminate the agreement if we fail to pay the required rights fee.

Around Alone

We have acquired from Great Adventures, Ltd. the exclusive, worldwide interactive media rights for the Around Alone race through December 31, 2001 with the option to extend the term for two additional four-year periods. In connection with our coverage rights, we also have secured worldwide rights to: (1) use Around Alone's trademarks in our coverage as well as in connection with any derivative products; (2) use data and content from the events; and (3) sell sponsorships, advertising, official merchandise, certain electronic commerce products and services, official photographs, video and audio and derivative products. Our right to sell advertising and sponsorships is subject to certain obligations to approach current Around Alone sponsors. Our right to sell official merchandise, official photographs, video and audio and certain electronic commerce products and services is subject to receiving approval of certain other third parties. Great Adventures has the ability to terminate the agreement if we fail to pay any revenue sharing earned.

Competition

The market for Internet services and products is relatively new, intensely competitive and rapidly changing. Since the Internet's commercialization in the early 1990's, the number of Web sites on the Internet competing for consumers' attention and spending has proliferated. We expect that competition will continue to intensify.

We compete, directly and indirectly, for sponsors, rights and the attention of sports viewers with the following categories of companies:

- Web sites targeted to sports enthusiasts generally, such as www.cbs.sportsline.com, www.cnnsi.com and www.espnsportszone.com, many of which have been established by traditional media companies, and Web sites targeted to enthusiasts of particular sports, such as www.majorleaguebaseball.com, www.nascar.com, www.nba.com, www.nfl.com and www.nhl.com;

- publishers and distributors of traditional media targeted to sports enthusiasts such as the ESPN networks, the FoxSports network and Sports Illustrated;

- online services such as America Online and the Microsoft Network, which provide access to sports-related content and services;

- vendors of sports information, merchandise, products and services distributed through other means, including retail stores, mail, facsimile and private bulletin board services; and - Web search and retrieval services, such as Excite, Infoseek, Lycos and Yahoo! and other high-traffic Web sites, such as those operated by cYnet and Netscape.

We believe that our programming does not compete directly with traditional media, primarily because traditional media frequently do not provide substantial coverage of the sports that we cover and because we believe our programming can substantially enhance coverage provided by traditional media.

We expect that the number of our direct and indirect competitors will increase in the future. We anticipate that, as the Internet and other interactive distribution systems converge with traditional television broadcasting and cable, significant competition may come from the cable arena, including such sports-oriented cable networks as the ESPN networks.

We believe that the principal competitive factors in attracting and retaining audience are the ability to offer compelling and entertaining sports programming, the depth, breadth and timeliness of coverage and brand recognition. We believe that the principal competitive factors in securing and retaining long-term digital rights to cover sporting events include the ability to do the following:

- offer high-quality coverage;

- establish and maintain relationships with rights holders;

- deliver an attractive audience demographics;

- maintain credibility as a leading and enduring company; and - pay substantial rights fees.

We may be unable to compete successfully with respect to one or all of these factors.

Many of our current and potential competitors for sponsors, rights and the attention of sports viewers have longer operating histories, significantly greater financial, technical and marketing resources, significantly greater name recognition and substantially larger user or membership bases than us and, therefore, may have a significantly greater ability to attract advertisers and users. In addition, many of these competitors may be able to respond more quickly than we can to new or emerging technologies and changes in Internet user requirements and to devote greater resources than we can to the development, promotion and sale of their services. Our current or potential competitors may develop products and services comparable or superior to those developed by us or adapt more quickly than we can to new technologies, evolving industry trends or changing Internet user references. Increased competition could result in price reductions, reduced margins or loss of market share, any of which would harm our business. In addition, as we expand internationally, we may face new competition. We may be unable to compete successfully against current and future competitors and competitive pressures may harm our business.

Infrastructure, Operations and Technology

The www.quokka.com site is hosted at Frontier GlobalCenter in Sunnyvale, California. All of our network operations are controlled from our headquarters in San Francisco, California. We provide multiple Web servers that run the Microsoft Internet Information Server on the Microsoft Windows NT Server operating system and Compaq server hardware. Internet access is maintained through Frontier GlobalCenter.

The network infrastructure is composed of Cisco Systems, Inc. products in redundant configurations. The computer and networking equipment used to operate our Web sites is configured with multiple power supplies. Frontier GlobalCenter provides a generator with up to two weeks of backup power.

Our operations depend upon our ability to protect systems against damage from fire, earthquakes, power loss, telecommunications failure, break-ins, computer viruses, hacker attacks and other events beyond our control. A disaster or malfunction that disables either our San Francisco production facility or Frontier Global Center could interrupt our programming completely, limit the quantity or timeliness of updates to our productions or limit the speed at which our audience can access our content. Although we do not currently have a documented disaster recovery plan, we intend to create one.

The market for digital media is characterized by rapid growth, rapidly changing technology, evolving industry standards and frequent announcements of new developments. To be successful, we must adapt to our rapidly changing environment by continually improving the performance, features and reliability of our services as well as adapting to new technologies. We may also incur substantial costs if we need to modify our programming or distribution processes to adapt to these changes. Our business could be adversely affected if we incur significant costs without adequate results or cannot adapt to these changes.

Intellectual Property

We regard the protection of our copyrights, service marks, trademarks, trade dress and trade secrets as critical to our success. We rely on a combination of copyright, trademark, service mark and trade secret laws and contractual restrictions to protect our proprietary rights in products and services. We have entered into confidentiality and invention assignment agreements with our employees and contractors and nondisclosure agreements with parties with which we conduct significant business to limit access to and disclosure of our proprietary information. These contractual arrangements and the other measures taken by us to protect our intellectual property may not prevent misappropriation of our technology or deter independent third-party development of similar technologies. In addition, we may need to engage in litigation in order to enforce our intellectual property rights in the future or to determine the validity and scope of the proprietary rights of others. Such litigation could result in substantial costs and diversion of management and other resources, either of which could harm our business.

We pursue the registration of our trademarks and service marks in the United States and internationally. Effective trademark, service mark, copyright and trade secret protection may not be available in every country in which our programming is accessible online. We have licensed in the past, and expect to license in the future, certain of our proprietary rights, such as trademarks or copyrighted material, to third parties. These licensees may take actions that might adversely affect the value of our proprietary rights or reputation, which could adversely affect our business. We also rely on certain off-the-shelf technologies that we license from third parties. These third-party licenses may not continue to be available to us on commercially reasonable terms or at all. The inability to use licensed technology important to our business could require us to obtain substitute technology of lower quality or performance standards or at greater cost, which could harm our business. In the future, we may seek to license additional technology or content in order to enhance our current programming or to introduce new content. We cannot be certain that any such licenses will be available on commercially reasonable terms or at all. The loss of or inability to obtain or maintain any of these technology licenses could result in delays in providing our programming until equivalent technology, if available, is identified, licensed and integrated. Such delays could harm our business.

Because we license some data and content from third parties, our exposure to copyright infringement actions may increase because we must rely upon these third parties for information as to the origin and ownership of the licensed content. We generally obtain representations as to the origins and ownership of licensed content and obtain indemnification to cover any breach of any representations. However, we cannot be certain that these representations are accurate or that any indemnification amounts will be sufficient to provide adequate compensation for any breach of representations.

We cannot guarantee that infringement or other claims will not be asserted or prosecuted against us in the future whether resulting from our internally developed intellectual property or licenses or content from third parties. Any future assertions or prosecutions could harm our business. Any claims, with or without merit, could be time-consuming, result in costly litigation and diversion of technical and management personnel or require us to introduce new content or trademarks, develop non-infringing

technology or enter into royalty or licensing agreements. These royalty or licensing agreements, if required, may not be available on acceptable terms, if at all. Our business will suffer if a successful claim of infringement is brought against us and we are unable to introduce new content or trademarks, develop non-infringing technology or license the infringed or similar technology on a timely basis.

Government Regulation

We are subject to the same federal, state and local laws as other businesses on the Internet. Today there are relatively few laws directed towards online services. However, due to the increasing popularity and use of the Internet and other online services, it is possible that a number of laws and regulations may be adopted with respect to the Internet or other online services. These laws and regulations could cover issues such as user privacy, freedom of expression, pricing, fraud, content and quality of products and services, taxation, advertising, intellectual property rights and information security. Applicability to the Internet of existing laws governing issues such as property ownership, copyrights and other intellectual property issues, taxation, libel, obscenity and personal privacy is uncertain. The vast majority of these laws were adopted prior to the advent of the Internet and related technologies and, as a result, do not contemplate or address the unique issues of the Internet and related technologies. Those laws that do reference the Internet, such as the recently passed Digital Millennium Copyright Act, have not yet been interpreted by the courts and their applicability and reach are therefore uncertain.

Several states have also proposed legislation that would limit the uses of personal user information gathered online or require online services to establish privacy policies. The Federal Trade Commission has also initiated action against at least one online service regarding the manner in which personal information is collected from users and provided to third parties. Changes to existing laws or the passage of new laws intended to address these issues, including some recently proposed changes, could directly affect the way we do business or could create uncertainty in the marketplace. This could reduce demand for our services or increase the cost of doing business as a result of litigation costs or increased service delivery costs, or could in some other manner have a negative effect on our business, results of operations and financial condition. In addition, because our services are accessible worldwide and cover events of global interest, other jurisdictions may claim that we are required to comply with their laws or qualify to do business as a foreign corporation in a particular state or foreign country.

We are qualified to do business in six states in the United States, and failure by us to comply with foreign laws or to qualify as a foreign corporation in a jurisdiction where we are required to do so could subject us to taxes and penalties for the failure to qualify and could result in the inability to enforce contracts in such jurisdictions. Any such new legislation or regulation, or the application of laws or regulations from jurisdictions whose laws do not currently apply to our business, could have a negative effect on our business.

Employees

As of March 31, 1999, we had 186 employees, including 84 in production and programming, 41 in engineering, software development and network operations, 15 in marketing, 13 in sales and 33 in administration, which includes rights acquisition and other business services. We consider our relations with our employees to be good. We believe that our future success will depend in part on our continued ability to attract, integrate, retain and motivate highly qualified technical and managerial personnel and upon the continued service of our senior management and key creative personnel, none of whom is bound by an employment agreement. Our growth has required us to continually hire, train and manage new employees at a rapid rate, although competition for qualified personnel in our industry and geographical location is intense. There can be no assurance that we will be successful in attracting, integrating, retaining and motivating a sufficient number of qualified personnel to conduct our business in the future.

Facilities

Our principal administrative, marketing, production and research and engineering facilities are located in approximately 19,000 square feet of office space in San Francisco, California under a lease that expires in March 2002. Additionally, we have entered into a long-term lease covering approximately 11,000 square feet of office space at an additional site in San Francisco, California in order to accommodate additional production personnel. We have a 168 square-foot office in Troy, Michigan for local sales activities. Finally, we have entered into a long-term lease covering approximately 5,000 square feet of office space in London, England which will serve as the center for our international operations and have sub-leased approximately 400 square feet of office space near Lausanne, Switzerland. We are actively seeking additional space.

Management

Executive Officers and Directors

The following table sets forth certain information regarding our directors, executive officers and certain other key employees as of March 31, 1999:

Name Age Position

Alan S. Ramadan	41	President, Chief Executive Officer and Director
Richard H. Williams(1)	55	Chairman of the Board of Directors
John Bertrand A.M.	52	Vice Chairman of the Board of Directors
Alvaro J. Saralegui	42	Chief Operating Officer
Les Schmidt	44	Executive Vice President, Chief Financial Officer and Secretary
Michael W. Gough	43	Chief Creative Officer and Executive Producer
Judith M. Griggs	40	Senior Vice President, Motor Racing

L. Steve Nelson	40	Senior Vice President, Olympics
Thomas P. Newell	41	Senior Vice President, Business and Legal Affairs
David A. Riemer	41	Senior Vice President, Marketing
Marc P. Erzberger	31	Vice President, Motor Racing and General Manager
G. Michael Novelly	34	Vice President Finance and Controller
M. Elizabeth Sandell	43	Vice President, Organizational Design and Development
Gerardo Seeliger	52	Managing Director, Europe
Brian J. Terkelsen	35	Vice President, Programming and Production
Walter W. Bregman(1)(2)	65	Director
Roel Pieper	43	Director
James G. Shennan, Jr.(1)(2)(3)	57	Director
Barry M. Weinman(2)(3)	60	Director

(1) Member of the Nominating Committee.

(2) Member of the Compensation Committee.

(3) Member of the Audit Committee.

Alan S. Ramadan has served as our President and Chief Executive Officer and as a director since August 1996, when we incorporated in Delaware under the name Quokka Productions, Inc. Additionally, Mr. Ramadan served as Managing Director of our Company from 1990 to August 1996, during which period we were known as Ozware Developments Unit Trust and operated in Australia. In January 1993, Mr. Ramadan joined Fluid Thinking, Pty. Ltd. in Melbourne, Australia as that company's Chief Executive Officer until June 1995. As Chief Executive Officer of Fluid Thinking, Pty. Ltd., Mr. Ramadan was responsible for drawing together a team of specialists that, together with the Technology Foundation, developed key technology utilized by oneAustralia in the America's Cup challenge. Mr. Ramadan also founded Best Knowledge Systems, a consulting company, and worked as a research scientist at BHP Steel and as a computer scientist at Monash University in Melbourne, Australia. Mr. Ramadan holds a B.Sc. in Computer Science and Applied Mathematics from Monash University and is a 1995 graduate of the Stanford Business School's Executive Program for Growing Companies.

Richard H. Williams has served as a director since August 1996, when we incorporated in Delaware under the name Quokka Productions, Inc. Since April 1997, Mr. Williams has served as our Chairman of the Board. From December 1993 to February 1996, Mr. Williams was President and Chief Executive Officer of Illustra Information Technologies, Inc. In February 1996, Illustra Information Technologies, Inc. was acquired by Informix Software, Inc., where Mr. Williams served as Senior Vice President until August 1996. From October 1991 to May 1992, Mr. Williams was Executive Vice President of Sales for Novell, Inc., and General Manager of that company's Digital Research Systems Group. Prior to that time, Mr. Williams served as President and Chief Executive Officer of Digital Research, Inc. Before joining Digital Research, Inc., Mr. Williams was employed by IBM for twenty two years, where he served as Vice President of Plans, Controls and Product Management for the General Products Division from May 1984 to December 1986. Mr. Williams holds a B.S. in Mathematics from the University of North Dakota and conducted graduate studies at the University of Minnesota in numerical analysis and statistics.

John Bertrand A.M. has served as a director since August 1996 when we incorporated in Delaware under the name Quokka Productions, Inc. Since April 1997, Mr. Bertrand has served as our Vice Chairman of the Board. From September 1992 to June 1995, Mr. Bertrand was the Chairman of the

Board of Fluid Thinking, Pty. Ltd. and the skipper of oneAustralia, the 1995 America's Cup Challenge team that received technological support from Fluid Thinking, Pty. Ltd. From September 1995 to October 1998, Mr. Bertrand was Chairman of the Australian Government's Industry Research and Development Board. From June 1993 to the present, Mr. Bertrand has been the Chairman of the Southern Cross Foundation, an Australian scholarship foundation for engineering and applied science students. Mr. Bertrand holds a B.S. in Mechanical Engineering from Monash University and a M.S. in Naval Architecture from M.I.T. During his twenty-nine year international sailing career, from 1970 to the present, Mr. Bertrand has represented Australia in five America's Cups and two Olympic Games. Mr. Bertrand won the America's Cup for Australia in September 1983 and is a life member of the Australia's Sports Hall of Fame as well as the International America's Cup Hall of Fame.

Alvaro J. Saralegui joined Quokka in April 1999 as our Chief Operating Officer. From March 1998 to April 1999, Mr. Saralegui was employed by the People Magazine Group where he initially served as Vice President of People Weekly until he was promoted to Group Publisher in January 1999. From September 1983 to March 1998, Mr. Saralegui was employed at Sports Illustrated, Inc, where he served as General Manager from November 1992 to March 1998. During his fifteen years at Sports Illustrated, Inc., Mr. Saralegui also served as that company's Business manager, Director of Marketing and Sales Development and Advertising Sales Director. Mr. Saralegui holds a B.A. in History and Economics from Dartmouth and an M.B.A. from Columbia University.

Les Schmidt joined Quokka in February 1998 as our Senior Vice President, Quokka Productions, Chief Financial Officer and Secretary and was promoted to Executive Vice President, Chief Financial Officer and Secretary in February 1999. From September 1996 to June 1997, Mr. Schmidt served as the Chief Executive Officer of MECON, a healthcare benchmarking company. Mr. Schmidt joined The Learning Company in 1987 and served as that company's Chief Financial Officer until September 1994 when he was promoted to Chief Operating Officer. He served as Chief Operating Officer of The Learning Company and its successor, The Learning Company, Inc., a publicly traded developer and publisher of educational, foreign language and home office productivity software, until September 1996. Prior to that, Mr. Schmidt served as the Controller for Applied ImmuneSciences, Inc., a venture-backed biotech start-up. Before joining Applied ImmuneSciences, Inc., Mr. Schmidt was employed by Coopers & Lybrand, an accounting firm, during which time he became a CPA. Mr. Schmidt holds a B.A. in Political Economics from Antioch College and a M.S. in Taxation from Golden Gate University.

Michael W. Gough joined Quokka in July 1997 as our Vice President, Design and Creative Director and was promoted to Chief Creative Officer and Executive Producer in September 1998. In August 1995, Mr. Gough co-founded Construct Internet Design, a digital media design firm, where he served as Creative Director until July 1997. Prior to that, Mr. Gough co-founded Jones, Partners: Architecture, a design-focused architecture firm, where he served as Managing Partner from December 1994 to August 1995. Earlier in his career, Mr. Gough was an architect for Holt Hinshaw Pfau Jones and, before that, an architect for the San Jose Redevelopment Agency. Mr. Gough studied Architecture at California Polytechnic State University.

Judith M. Griggs joined Quokka in March 1999 as our Senior Vice President, Motor Racing. From August 1998 to the present, Ms. Griggs has served as Advisor and New Business Development Manager for Allsport Management SA. From April 1994 to April 1998, Ms. Griggs served as Chief Executive Officer for Australian Grand Prix Corporation. From January 1990 to March 1994, Ms. Griggs served as in-house counsel for Formula One Promotions and Administration, Ltd. Ms. Griggs matriculated at Wilderness Ladies College, Adelaide, Australia, she holds a Bachelor of Laws from the University of Adelaide, Australia, and she has completed the Advanced Management Program at the Harvard Graduate School of Business Administration.

L. Steve Nelson joined Quokka in December 1996 as our Senior Vice President. In February 1999, Mr. Nelson became the Senior Vice President, Olympics. From December 1995 to December 1996, Mr. Nelson served as Vice President, America's Marketing and Sales for Informix Software, Inc. While at Informix Software, Inc., Mr. Nelson oversaw industry sales and marketing for telecommunications, media, financial services, retail and manufacturing. From October 1994 to December 1996, Mr. Nelson served as Vice President of Software Marketing for IBM. During his fourteen years at IBM, Mr. Nelson also served as that company's Director of Marketing and General Manager of Product Marketing. Mr. Nelson holds a B.S. in Business from Wake Forest University where he was on the Varsity Golf Team.

Thomas P. Newell joined Quokka in March 1998 as Vice President of Business Affairs and was promoted to Senior Vice President, Business and Legal Affairs in October 1998. From May 1994 to August 1997, Mr. Newell served as Executive Vice President and General Counsel for GGP Productions, LP, an independent sports television production, syndication and sports marketing company. There, he handled the company's financial and business operations for three and a half years until its sale to International Management Group, a Cleveland-based sports marketing and television company. From April 1992 to April 1994, Mr. Newell served as Vice President, Business Affairs and Operations of CBS Enterprises for CBS, Inc. During his seven years at CBS, Inc., Mr. Newell also served as Litigation Counsel, then as Broadcast Counsel and as Director of Business Affairs of CBS Sports, in which capacity he conducted negotiations that resulted in CBS Sports' opportunity to cover the 1992 Olympic Winter Games. Prior to that, Tom worked as a civil litigator for five years at O'Melveny & Myers, a national law firm. Mr. Newell holds a B.A. from Stanford University and a J.D. from USC Law School.

David A. Riemer joined Quokka in November 1998 as our Senior Vice President, Marketing. Prior to joining us, Mr. Riemer spent 13 years at J. Walter Thompson, where he served as President, JWT/West from May 1997 to September 1998. While serving as President, JWT/West, Mr. Riemer oversaw the JWT/Digital Unit and developed an agency specialization in telecommunications, technology, retail and service marketing. Over the course of his career, Mr. Riemer has written two musical comedies, two books and directed various theatrical productions. Mr. Riemer holds a B.A. in Urban Studies and History from Brown University and an M.B.A. from Columbia University.

Marc P. Erzberger joined Quokka in August 1998 as our Vice President, Motor Racing. From June 1991 to June 1998, Mr. Erzberger served as a consultant for the Boston Consulting Group in London where he worked extensively in the financial services and consumer/retail sectors. Mr. Erzberger worked on

issues of strategy and implementation in several product areas, including household products, spirits and beverages, food, automotive and credit cards. Mr. Erzberger holds a B.Sc. in Mathematics and Management from the University of London, King's College, and an M.B.A. from the Harvard Graduate School of Business Administration. Mr. Erzberger is an avid sportsman, having represented Switzerland in the windsurfing event at the 1984 Olympic Games in Los Angeles.

G. Michael Novelly joined Quokka in August 1998 as our Controller and was promoted to Vice President, Finance and Controller in January 1999. From March 1995 to August 1998, Mr. Novelly served as the Senior Vice President and Chief Financial Officer of PolyGram Television, a division of the publicly traded global music and entertainment group, PolyGram, N.V. During his years at PolyGram, Mr. Novelly oversaw all financial and administrative aspects of the Company's film production, acquisition and worldwide distribution of its library of over 10,000 hours of filmed entertainment programming. Before joining PolyGram Television, Mr. Novelly was employed by KPMG Peat Marwick LLP, an accounting firm, where he provided auditing and consulting services to film production and distribution companies, including Metro-Goldwyn-Mayer Inc, Ticketmaster Corporation and Gramercy Pictures. Mr. Novelly is a CPA and holds a B.S. in Accounting and Finance from the University of Colorado at Boulder.

Elizabeth M. Sandell joined Quokka in July 1998 as our Vice President, Organizational Design & Development. From December 1996 to June 1998, Ms. Sandell served as Vice President, Human Resources for NetChannel Inc., a multi-media, internet service provider. In 1993, Ms. Sandell founded The Sandell Group, a consulting firm for technology companies, where she has served as that company's Principal from November 1993 to the present. Prior to that time, Ms. Sandell served as Western Region Director of Human Resources for Service America Corporation, where she was responsible for 4500 employees throughout 10 states and Canada. Ms. Sandell began her career in Human Resources with Marriott Corporation, holding a variety of corporate personnel management positions in the Hotel and Lodging Division. She holds a B.A. in Psychology from Agnes Scott College and a Masters of Divinity with emphasis in cross-cultural communication from Alliance Theological Seminary.

Gerardo Seeliger joined Quokka in August 1998 as an advisor and was promoted to Managing Director, Europe, in April 1999. Mr. Seeliger co-founded Seeliger & Conde, one of Spain's largest executive search firms, and served as that company's Managing Partner from April 1990 to April 1999. Prior to that time, Mr. Seeliger served as the General Manager of Sardan AG, the holding company for Adidas Group, Switzerland. Before that, Mr. Seeliger served as a Managing Director for Russell Reynolds Associates, an executive recruitment firm, and as a General Manager for Bankers Trust, Co. Mr. Seeliger has held several positions within the International Sailing Federation, including Chairman, Marketing. Mr. Seeliger holds a degree in Economics and Science from the University of Freiburg, Germany.

Brian J. Terkelsen joined Quokka in June 1998 as our Vice President, Programming and Production. In January 1993, Mr. Terkelsen co-founded Eco-Challenge Lifestyles, Inc., an adventure racing company, where he served as Chief Operating Officer from that company's inception to January 1998. During that period, Mr. Terkelsen also served as Executive Producer for several adventure racing television

productions, including productions for MTV and The Discovery Channel. From May 1985 to June 1992, Mr. Terkelsen was employed as an investment banker for Barclay's Bank and Bankers Trust, Co. Mr. Terkelsen holds a B.S. in Business Administration, Finance from Bryant College.

Walter W. Bregman became a director of Quokka in October 1997. From January 1988 to the present, Mr. Bregman has served as Chairman and Joint Chief Executive Officer of S&B Enterprises, a marketing and consulting company. In 1985, Mr. Bregman co-founded Cormorant Beach Club in St. Croix USVI and served as its Chief Executive Officer and Manager from 1985 to 1987. Prior to that time, Mr. Bregman was President of International Playtex, Inc. a manufacturer of intimate apparel, toiletries, pantyhose and baby nursers. Before joining International Playtex, Inc., Mr. Bregman served as Vice President of Marketing and Advertising for E&J Gallo Winery and as President of NCK, Inc., a worldwide advertising agency. Mr. Bregman also serves on the boards of directors for Symantec, Inc. and Sento, Inc. Mr. Bregman holds an A.B. in English Literature from Harvard College.

Roel Pieper became a director of Quokka in December 1997. From May 1998 to April 1999, Mr. Pieper has served as a director and an Executive Vice President of Koninklijke Philips Electronics N.V. From August 1997 to March 1998, Mr. Pieper served as Senior Vice President, Worldwide Sales and Marketing, of Compaq Computer Corporation. From January 1996 to August 1997, Mr. Pieper served as the President and Chief Executive Officer of Tandem Computers, Inc., where he helped reposition the company for its eventual merger with Compaq Computer Corporation. From September 1993 to December 1995, Mr. Pieper also served as the President and Chief Executive officers of Ub Networks, Inc., a wholly-owned subsidiary of Tandem Computers, Inc., until that subsidiary merged with Compaq Computer Corporation. From December 1990 to August 1993, Mr. Pieper was the President and Chief Executive Officer of AT&T's UNIX System Laboratories. Prior to that time, Mr. Pieper spent ten years in the employ of Software AG, where he was eventually promoted to the position of Chief Technology Officer. Mr. Pieper also serves on the boards of directors of Computer Associates, Inc., Veritas Software, Inc., General Magic, Inc. and Lincoln Financial Group. Mr. Pieper holds a Doctoral Degree in Mathematics and Computer Science from Delft Technical University and is Crown Fellow of the Aspen Institute in the United States.

James G. Shennan, Jr., became a director of Quokka in December 1997. From June 1989 to the present, Mr. Shennan has been a General Partner of Trinity Ventures, a venture capital firm. Mr. Shennan has over 25 years experience in consumer products and services marketing. Mr. Shennan also serves on the boards of directors of the Starbucks Coffee Company and P. F. Chang's China Bistro, Inc., as well as several private consumer and e-commerce companies in which Trinity Ventures is an investor. Mr. Shennan holds a B.A. in International Politics from Princeton University and an M.B.A. from the Stanford Graduate School of Business.

Barry M. Weinman became a director of Quokka in November 1997. From May 1993 to the present, Mr. Weinman has been a General Partner at Media Technology Ventures/AVI Management and has been making high tech venture capital investments in Silicon Valley since 1980. AVI Management and its new media fund, Media Technology Ventures, had approximately $300 million under management as of March 31, 1999. Mr. Weinman is also on the boards of directors of Women.com Networks

(Women's Wire), Be, Inc., InfoGear, Inc. and TalkCity, Inc. Mr. Weinman holds a B.S. in Industrial Engineering from Clarkson College of Technology and an M.A. in International Relations from the London School of Economics/University of Southern California.

Board Composition

Upon the completion of this offering, Quokka will have authorized seven directors. In accordance with the terms of our certificate of incorporation and bylaws, each of which will become effective upon the completion of this offering, the board of directors will be divided into three classes, Class I, Class II and Class III, with each class serving staggered three-year terms. Upon the completion of this offering, the members of the classes will be divided as follows:

- Class I: Messrs. Bertrand, Pieper and Ramadan;

- Class II: Messrs. Bregman and Shennan; and - Class III: Messrs. Weinman and Williams.

The Class I directors will stand for re-election or election at the 1999 annual meeting of stockholders. The Class II directors will stand for re-election or election at the 2000 annual meeting of stockholders and the Class III directors will stand for re-election or election at the 2001 annual meeting of stockholders. At each annual meeting of stockholders after the initial classification, the successors to directors whose terms will then expire will be elected to serve from the time of election and qualification until the third annual meeting following the election or special meeting held in lieu thereof.

Our certificate of incorporation provides that the authorized number of directors may be changed only by resolution of the board of directors. Any additional directorships resulting from an increase in the number of directors will be distributed between the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of the board of directors may have the effect of delaying or preventing changes in the control or management of Quokka. Notwithstanding the foregoing, if Quokka is subject to section 2115 of the California General Corporation Law, all directors shall be designated of the same class, and such directors shall be elected by cumulative voting if any stockholder requests cumulative voting. See "Description of Capital Stock -- Section 2115."

Directors of Quokka may be removed for cause by the affirmative vote of the holders of a majority of our voting stock and such directors may be removed without cause by the affirmative vote of the holders of at least two-thirds of our voting stock. Notwithstanding the foregoing, if Quokka is subject to 2115 of the California General Corporation Law, unless every director is removed, no single director may be removed without cause when the votes cast against such director's removal would be sufficient to elect that director if voted cumulatively. See "Description of Capital Stock -- Section 2115."

Board Committees

The Audit Committee of the board of directors consists of Messrs. Shennan and Weinman. The Audit Committee reviews our financial statements and accounting practices, makes recommendations to the board of directors regarding the selection of independent auditors and reviews the results and scope of the audit and other services provided by our independent auditors. The Compensation Committee of the board of directors consists of Messrs. Bregman, Shennan and Weinman. The Compensation Committee makes recommendations to the board of directors concerning salaries and incentive compensation for our officers and employees and administers our employee benefit plans. The Nominating Committee of the board of directors consists of Messrs. Bregman, Shennan and Williams. The Nominating Committee makes recommendations to the board of directors concerning the nomination of new directors.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee of the board of directors is an officer or employee of Quokka. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or Compensation Committee.

Director Compensation

Except for Mr. Bregman, we have not provided cash compensation to non-employee directors for their services as directors. Following the completion of this offering, all directors will be eligible to participate in our 1999 Equity Incentive Plan, employee directors will be eligible to participate in our 1999 Employee Stock Purchase Plan and non-employee directors will be eligible to participate in our 1999 Non-Employee Directors' Stock Option Plan. See "-- Employee Benefit Plans."

In October 1997, we entered into an agreement with Mr. Bregman, under which Mr. Bregman had been paid, as of March 31, 1999, an aggregate of $43,000. Prior to the completion of this offering, Mr. Bregman was compensated under the agreement at a rate of $2,000 for every board meeting attended and $500 for every committee meeting attended, if the committee meeting was held in conjunction with a board meeting. For each committee meeting not held in conjunction with a board meeting, Mr. Bregman received $1,500. Additionally, under the agreement, Mr. Bregman received an initial option grant as well as option grants in the amount of 16,000 shares each year. As of March 31, 1999, Mr. Bregman had been granted an aggregate of 112,000 shares of our stock outside of the 1997 Equity Incentive Plan with a weighted average exercise price of $0.80 per share. See "-- Employment and Consulting Agreements."

Executive Compensation

The following table shows compensation earned during fiscal 1998 by Quokka's chief executive officer and our only other executive officer who earned more than $100,000 in 1998. These people are referred to as the named executive officers. Titles shown in the table are titles held as of March 31, 1999. The information in the table includes salaries, bonuses, stock options granted and other miscellaneous compensation. We have not granted stock appreciation rights or restricted stock awards and provide no long-term compensation benefits other than stock options.

Summary Compensation Table(1)(2)

	ANNUAL COMPENSATION FOR 1998			LONG-TERM AND OTHER COMPENSATION
NAME AND PRINCIPAL POSITIONS	SALARY	BONUS	OTHER ANNUAL COMPENSATION	NUMBER OF SECURITIES UNDERLYING OPTIONS
Alan Ramadan.....	$214,583	--	--	-- President, Chief Executive Officer and Director Les Schmidt.....
	$172,051	--	--	200,000 Executive Vice President, Chief Financial Officer and Secretary (1) In accordance with the rules of the Securities and Exchange Commission the compensation described in this table does not include medical, group life insurance or other benefits received by the named executive officers that are available generally to all of our salaried employees and certain perquisites and other personal benefits received by the named executive officers, which do not exceed the lesser of $50,000 or 10% of any such officer's salary and bonus disclosed in this table.

(2) Messrs. Riemer and Williams did not serve as employees of Quokka for all of 1998. If these officers' base salaries were annualized for all of fiscal 1998, their compensation would have required disclosure on this table. For 1998, Mr. Riemer's base salary on an annualized basis was $200,000. For 1998, Mr. William's base salary on an annualized basis was $200,000. Additionally, if Mr. Saralegui, who was not hired by Quokka until April 1999, had been employed with Quokka during 1998 pursuant to the same compensation arrangement that he has with us during 1999, his compensation would have required disclosure in this table. For 1999, Mr. Saralegui's base salary is $275,000.

Option Grants During 1998

The following table sets forth each grant of stock options made during 1998 to each of the named executive officers.

					POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM(4)	
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED(1)	PERCENTAGE OF TOTAL OPTIONS GRANTED TO EMPLOYEES DURING 1998(2)	EXERCISE PRICE PER SHARE(3)	EXPIRATION DATE	5%	10%
Alan Ramadan(5).....	--	--	--	--		
Les Schmidt(6).....	200,000	8.8%	$0.50	2/16/08		

(1) Options granted in 1998 to the named executive officers were granted under the 1997 Equity Incentive Plan. All options granted to the named executive officers are immediately exercisable, incentive stock options, to the extent permissible under applicable IRS regulations. Generally, initial option grants vest as to 20% of the shares subject to the option one year from the date of hire and one-forty-eighth of the remaining shares subject to the option vest on each monthly anniversary thereafter. Bonus or promotion options vest according to the same schedule as the initial option grants except that the one year waiting period typically commences on the date the bonus is awarded or on the date of promotion. Other options vest according to the same schedule as the initial option grants except that the one year waiting period is reduced to ten months and the waiting period commenced on January 1, 1999. Upon certain changes in control of Quokka, this vesting schedule will accelerate as to all shares that are then unvested. Unvested shares are subject to Quokka's right of repurchase upon termination of employment. Options expire ten years from the date of grant.

(2) Based on an aggregate of 2,273,000 shares subject to options granted to employees of Quokka in 1998, including named executive officers.

(3) The exercise price per share of each option granted was equal to the fair market value of the common stock as determined by the board of directors on the date of the grant. In determining the fair market value of the stock granted on the grant date, the board of directors considered, among other things, Quokka's absolute and relative levels of revenues and other operating results and the state of Quokka's strategic relationships.

(4) Potential realizable values are computed by (a) multiplying the number of shares of common stock subject to a given option by an assumed initial public offering price of $ per share, (b) assuming that the aggregate stock value derived from that calculation compounds at the annual 5% or 10% rate shown in the table for the entire ten-year term of the option and (c) subtracting from that result the aggregate option exercise price. The 5% and 10% assumed annual rates of stock price appreciation are mandated by the rules of the SEC and do not represent Quokka's estimate or projection of future common stock prices.

(5) Excludes 300,000 shares subject to options granted in March 1999. Such options are subject to the same provisions regarding vesting as described in footnote (1) above, expire on March 15, 2009 and were granted at an exercise price of $8.00 per share.

(6) Excludes 250,000 shares subject to options granted in February 1999. Such options are subject to the same provisions regarding vesting as described in footnote (1) above, expire on February 25, 2009 and were granted at an exercise price of $7.00 per share.

Aggregate Option Exercises in 1998 and Year-end Option Values at December 31, 1998

The following table sets forth the number of shares of common stock acquired and the value realized upon exercise of stock options during 1998 and the number of shares of common stock subject to exercisable and unexercisable stock options held as of December 31, 1998 by each of the named executive officers. Value at fiscal year end is measured as the difference between the exercise price and the fair market value on December 31, 1998.

			NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT DECEMBER 31, 1998(3)		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT DECEMBER 31, 1998(4)
NAME	NUMBER OF SHARES ACQUIRED ON EXERCISE(1)	VALUE REALIZED(2)	EXERCISABLE	UNEXERCISABLE	EXERCISABLE UNEXERCISABLE
Alan Ramadan.....	--	--	--	--	-- --
Les Schmidt.....	32,000	--	168,000(5)	--	

(1) Represents shares which were vested on the date of exercise.

(2) Based on an assumed initial public offering price per share of $, minus the per share exercise price, multiplied by the number of shares issued upon exercise of the option.

(3) Options granted to named executive officers may be exercised immediately (i.e. prior to vesting) pursuant to early exercise provisions contained in option agreements. Any unvested shares issued pursuant to any such early exercise are subject to a repurchase option in favor of Quokka at the original exercise price paid per share upon the optionee's cessation of service as an employee, director or consultant prior to the vesting of such shares. Such repurchase option lapses at a rate reflecting the vesting schedule of the underlying option. Accordingly, such repurchase option generally lapses at a rate of 2.083% per month.

(4) Based on the difference between the assumed initial public offering price per share of $ and the exercise price.

(5) If exercised in full within 60 days of March 31, 1999, 150,000 of these shares would be subject to a right of repurchase in favor of Quokka.

Employee Benefit Plans

1997 Equity Incentive Plan General. In February 1997, the board of directors adopted, and the stockholders approved, the 1997 Equity Incentive Plan (the "Incentive Plan"). The Incentive Plan was amended in September 1998 and March 1999 and amended and restated in April 1999. As of April 5,

1999, options to purchase a total of 7,767,025 shares of Quokka's common stock were held by all participants under the Incentive Plan and options to purchase 5,336,401 remained available for grant. The Incentive Plan provides for the grant of incentive stock options, as defined under the Internal Revenue Code of 1986, as amended, to employees (including officers). The Incentive Plan also provides for the grant of nonstatutory stock options, restricted stock purchase awards and stock bonuses to employees (including officers), directors and consultants.

Administration. The Incentive Plan is administered by the board of directors, which determines recipients and types of options to be granted, including the exercise price, number of shares subject to the option vesting, and the exercisability thereof. The board of directors may delegate authority to administer the Incentive Plan to the Compensation Committee.

The board of directors determines the exercise price of options granted under the Incentive Plan. The exercise price for an incentive stock option cannot be less than 100% of the fair market value of the common stock on the date of grant. The exercise price for a nonstatutory stock option cannot be less than 85% of the fair market value of the common stock on the date of grant. Options granted under the Incentive Plan vest at the rate specified in the option agreement.

In general, the term of stock options granted under the Incentive Plan may not exceed 10 years. Unless the terms of an optionee's stock option agreement provide for earlier termination, in the event an optionee's service relationship with us, or any affiliate of ours, ceases due to disability or death, the optionee (or his beneficiary) may exercise any vested options up to twelve months (eighteen months in the event of death) after the date such service relationship ends. If an optionee's relationship with us, or any affiliate of ours, ceases for any reason other than disability or death, the optionee may (unless the terms of the stock option agreement provide for earlier termination) exercise any vested options up to three months from cessation of service.

Generally, an optionee may not transfer a stock option other than by will or the laws of descent or distribution unless the optionee holds a nonstatutory stock option that provides otherwise. However, an optionee may designate a beneficiary who may exercise the option following the optionee's death.

Option Grants. Incentive stock options may be granted only to our employees. No incentive stock option (and prior to our stock being publicly traded, no nonstatutory stock option) may be granted to any person who, at the time of the grant, owns (or is deemed to own) stock possessing more than 10% of the total combined voting power of Quokka or any of its affiliates unless the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant. Additionally, the term of any incentive stock option award granted to a 10% owner may not exceed five years from the date of grant. Further, the aggregate fair market value, determined at the time of grant, of shares of Quokka common stock with respect to which incentive stock options are exercisable for the first time by an optionee during any calendar year (under the Incentive Plan and all other stock plans of Quokka and its affiliates) may not exceed $100,000.

When we become subject to Section 162(m) of the Internal Revenue Code of 1986 (which denies a deduction to publicly held corporations for certain compensation paid to specified employees in a taxable year to the extent that the compensation exceeds $1.0 million), no person may be granted

options under the Incentive Plan covering more than 2,000,000 shares of common stock in any calendar year. Shares subject to stock options that have expired or otherwise terminated without having been exercised in full again become available for the grant of awards under the Incentive Plan. Under its general authority to grant options, the board of directors has the implicit authority to reprice outstanding options or to offer optionees the opportunity to replace outstanding options with new options for the same or a different number of shares. Both the original and new options will count toward the Section 162(m) limitation.

Restricted Stock and Stock Bonus Awards. Prior to our stock being publicly traded, the purchase price for each restricted stock award granted must be at least 100% of the fair market value of the stock subject to the option on the date of the award or at the time the purchase is consummated. For restricted stock awards made on or after the date that our stock is publicly traded, the purchase price for such awards must be at least 85% of the fair market value of the stock subject to the option on the date of the award or at the time the purchase is consummated. Rights to acquire shares under a stock bonus or restricted stock bonus agreement may not be transferred other than by will or by the laws of descent and distribution and are exercisable during the life of the optionee only by the optionee. Certain restricted stock awards made following the completion of this offering may be otherwise transferable if the stock bonus agreement so provides.

Changes in Control. In the event of certain changes in control, all outstanding options under the Incentive Plan either will be assumed, continued or substituted for by any surviving entity. If the surviving entity determines not to assume, continue or substitute for such awards, the vesting provisions of such stock awards will be accelerated and such stock awards will be terminated upon the change in control if not previously exercised. In the event of the acquisition pursuant to Section 13(d) or 14(d) of the Exchange Act of 1934 of securities representing 50% of our combined voting power, the vesting provisions of stock awards will either be assumed continued or substituted by Quokka (or a controlling affiliate of Quokka) or accelerated immediately upon the occurrence of such event and such stock awards will be terminated upon such acquisition if not previously exercised.

1999 Non-Employee Directors' Stock Option Plan General. In April 1999, the board of directors adopted, subject to stockholder approval, the 1999 Non-Employee Directors' Stock Option Plan (the "Directors' Plan") to provide for the automatic grant of options to purchase shares of common stock to non-employee directors of Quokka. The aggregate number of shares of common stock that may be issued pursuant to options granted under the Directors' Plan is 450,000 shares.

Administration. The board of directors shall administer the Directors' Plan unless and until the board of directors delegates administration to a committee. The exercise price of the options granted under the Directors' Plan will be equal to the fair market value of the common stock on the date of grant. No option granted under the Directors' Plan may be exercised after the expiration of 3 years from the date it was granted. Options granted under the Directors' Plan are not transferable other than by will or by the laws of descent and distribution and are exercisable during the life of the optionee only by the optionee. However, an optionee may designate a beneficiary who may exercise the option following the optionee's death. An optionee whose service relationship with Quokka or any affiliate (whether as a

non-employee director of Quokka or subsequently as an employee, director or consultant of either Quokka or an affiliate) ceases for any reason may exercise vested options for the term provided in the option agreement (12 months generally, 18 months in the event of death).

Automatic Grants. Pursuant to the terms of the Directors' Plan, upon the completion of this offering, subject to certain exceptions, each non-employee director will automatically be granted an option to purchase 25,000 shares of common stock (the "Initial Grant"). Any individual who becomes a non-employee director after this offering will automatically be granted the Initial Grant upon being elected to the board of directors. On June 1 of each year, commencing in 2000, any person who is then a non-employee director will automatically will be granted an option to purchase 25,000 shares of common stock (the "Annual Grant") provided that if any such person had not served as a non-employee director for the entire period since the preceding June 1, then the number of shares subject to the Annual Grant shall be reduced, pro rata, for each full quarter the person did not serve during the previous period. Initial Grants and Annual Grants vest and become immediately exercisable upon grant.

1999 Employee Stock Purchase Plan General. In April 1999, the board of directors adopted, subject to stockholder approval, the 1999 Employee Stock Purchase Plan (the "Purchase Plan"), authorizing the issuance of 1,000,000 shares 62 of common stock pursuant to purchase rights granted to employees of Quokka or to employees of any affiliate of Quokka. The Purchase Plan is intended to qualify as an employee stock purchase plan within the meaning of Section 423 of the Code. As of the date hereof, no shares of common stock had been purchased under the Purchase Plan.

Administration. The Purchase Plan shall be administered by the board of directors, but such administration may be delegated to the Compensation Committee. The Purchase Plan provides a means by which employees may purchase common stock of Quokka through payroll deductions. The Purchase Plan is implemented by offerings of rights to eligible employees. Under the Plan, Quokka may specify offerings with a duration of not more than 27 months, and may specify shorter purchase periods within each offering. The first offering will begin on the effective date of this Offering and be approximately 12 months in duration with purchases occurring every six months. Unless otherwise determined by the board of directors, common stock is purchased for accounts of employees participating in the Purchase Plan at a price per share equal to the lower of (i) 85% of the fair market value of a share of Quokka common stock on the date of commencement of participation in this offering or (ii) 85% of the fair market value of a share of Quokka common stock on the date of purchase. Generally, all regular employees, including executive officers, who work at least 20 hours per week and are customarily employed by Quokka or by an affiliate of Quokka for at least five months per calendar year may participate in the Purchase Plan and may authorize payroll deductions of up to 15% of their earnings for the purchase of stock under the Purchase Plan.

Limitations. Eligible employees may be granted rights only if the rights, together with any other rights granted under employee stock purchase plans, do not permit such employee's rights to purchase Quokka stock to accrue at a rate which exceeds $25,000 of the fair market value of such stock for each calendar year in which such rights are outstanding. In addition, an employee may purchase no more

than 2,000 shares during any one offering. No employee shall be eligible for the grant of any rights under the Purchase Plan if immediately after such rights are granted, such employee has voting power over 5% or more of Quokka's outstanding capital stock (measured by vote or value).

401(k) Plan

Quokka sponsors the Quokka Sports, Inc. 401(k) Plan, a defined contribution plan intended to qualify under Section 401 of the Internal Revenue Code of 1986, as amended. All employees are eligible to participate and may enter the 401(k) plan as of the first day of any month ("Participants"). Participants may make pre-tax contributions to the 401(k) plan of up to 15% of their eligible earnings, subject to a statutorily prescribed annual limit. Quokka does not make matching contributions. Each Participant's contributions, and the investment earnings thereon, are generally not taxable to the participants until withdrawn. Participant contributions are held in trust as required by law. Individual Participants may direct the trustee to invest their accounts in authorized investment alternatives.

Employment Agreements

In April 1999, we entered into a Key Employee Agreement with Mr. Saralegui, under which Mr. Saralegui is compensated at a rate of $275,000 per year, paid on a semi-monthly basis. The agreement also provides for an stock option grant, pursuant to Quokka's 1997 Equity Incentive Plan, for the purchase of 1,000,000 shares our common stock at an exercise price of $8.50 per share. To the extent permissible under applicable IRS rules, such grant shall be an incentive stock option grant. In the event Mr. Saralegui is terminated without cause, he is entitled to receive from us an amount equal to twelve months of his base salary as well as acceleration of a portion of his unvested options under certain circumstances.

Certain Transactions

In January 1997, Quokka issued and sold and aggregate of 3,800,000 shares of its common stock in exchange for all of the properties, rights, interests and other tangible and intangible assets of Ozware Developments Unit Trust, an Australian unit trust. From March 1997 to August 1997, Quokka issued and sold an aggregate of 5,851,566 shares of its common stock at $0.50 per share. In October 1997, Quokka issued warrants to purchase an aggregate of 212,800 shares of common stock at an exercise price of $0.50 per share. In December 1997, Quokka issued and sold an aggregate of 7,720,590 shares of Series A Preferred Stock at $0.68 per share. Between March 1998 and December 1998, Quokka issued and sold warrants to purchase up to 245,098 shares of Series A Preferred Stock at an exercise price of $1.02 per share, 245,098 shares of Series B Preferred Stock at an exercise price of $1.02 per share, 72,727 shares of Series B Preferred Stock at an exercise price of $1.50 per share and 72,727 shares of Series C Preferred Stock at an exercise price of $3.25 per share. The warrants were amended and partially exercised in December 1998 for 145,559 shares of Series A Preferred Stock, 145,559 shares of Series B Preferred Stock, 24,242 shares of Series B Preferred Stock and 24,242 shares of Series C Preferred Stock. The warrants, as amended, are currently exercisable for 99,539 shares of

Series A Preferred Stock at an exercise price of $1.02 per share, 99,539 shares of Series B Preferred Stock at an exercise price of $1.02 per share, 48,485 shares of Series B Preferred Stock at an exercise price of $1.50 per share and 48,485 shares of Series C Preferred Stock at an exercise price of $3.25 per share and will expire upon the closing of Quokka's initial public offering. From June to August 1998, Quokka issued and sold an aggregate of 10,737,068 shares of Series B Preferred Stock at $1.50 per share. In December 1998, Quokka issued and sold an aggregate of 4,938,756 shares of Series C Preferred Stock at $3.25 per share. From February 1999 to March 1999, Quokka issued and sold warrants to purchase up to an aggregate of 2,391,750 shares of Series C Preferred Stock at a weighted average per share price of $4.95. In April 1999, Quokka issued and sold warrants to purchase up to an aggregate of 161,538 shares of Series C Preferred Stock at an exercise price of $3.25 per share.

The following table identifies the directors, executive officers and five percent stockholders who have made equity investments in Quokka to purchase shares of Quokka's preferred stock or common stock. See "Principal Stockholders."

	SHARES OF COMMON STOCK	SHARES OF SERIES A PREFERRED STOCK	SHARES OF SERIES B PREFERRED STOCK	SHARES OF SERIES C INVESTOR PREFERRED STOCK
Alan S. Ramadan.....	2,090,572	--	--	--
Richard H. Williams(1).....	2,500,000	208,823	--	--
John Bertrand A.M.	2,116,204	--	--	--
Walter W. Bregman(2).....	200,000	22,058	89,381	30,769
Roel Pieper.....	500,000	257,353	305,523	215,679
Les Schmidt(3).....	35,500	--	200,000	76,923
L. Steve Nelson.....	360,967	--	33,333	15,385
David A. Riemer.....	--	--	--	20,000
M. Elizabeth Sandell.....	--	--	--	15,385
Media Technology Ventures, LP(4)....	--	2,941,177	1,185,524	769,231
MediaOne Interactive Services, Inc.(5).....	--	--	2,666,667	1,230,770
Intel Corporation(6).....	--	1,322,030	1,311,003	1,255,012
Accel VI LP(7).....	--	--	3,333,333	153,846
Trinity Ventures V, LP(8).....	--	2,205,883	884,752	153,846
Wakefield Group II LLC.(9).....	800,000	577,942	555,791	92,308

(1) Excludes warrants to purchase 56,800 shares of common stock issued to Mr. Williams in October 1997.

(2) Includes 200,000 shares of Common Stock, 22,058 shares of Series A Preferred Stock, 89,381 shares of Series B Preferred Stock and 30,769 shares of Series C Preferred Stock held in the Bregman Revocable Trust u/a/d 8/21/92, for which Mr. Bregman, a director of Quokka, serves as a trustee. Does not include warrants to purchase 6,000 shares of common stock issued to the Bregman Revocable Trust u/a/d 8/21/92 in October 1997. Excludes options to purchase 112,000 shares of Quokka's common stock granted to Mr. Bregman outside of Quokka's 1997 Equity Incentive Plan.

(3) Includes 182,000 shares of Series B Preferred Stock and 76,923 shares of Series C Preferred Stock held in The Les Schmidt and Joanne P. Hattum Family Trust u/t/d 4/8/92, for which Mr. Schmidt, an executive officer of Quokka, serves as a trustee. Also includes 6,000 shares of common stock held by each of The Schmidt Family Irrevocable Trust, dated 12/27/95, FBO Caryn H. Schmidt, The Schmidt Family Irrevocable Trust, dated 12/27/95, FBO Bryan P. Schmidt and The Schmidt Family Irrevocable Trust, dated 12/27/95, FBO Taylor G. Schmidt.

(4) Includes 769,231 shares of Series C Preferred Stock held by Media Technology Equity Partners, LP, and 336,337 shares of Series A Preferred Stock and 135,570 shares of Series B Preferred Stock held by Media Technology Ventures Entrepreneurs Fund, L.P. Mr. Weinman, a director of Quokka, is affiliated with the Media Technology entities.

(5) Excludes warrants to purchase 153,846 shares of Series C Preferred Stock issued to MediaOne Interactive Services, Inc. in April 1999.

(6) Excludes warrants to purchase 99,539 shares of Series A Preferred Stock, warrants to purchase 148,024 shares of Series B Preferred Stock and warrants to purchase 48,485 shares of Series C Preferred Stock issued to Intel Corporation in December 1998. These warrants represent the balance of warrants issued upon the amendment and partial exercise of the original warrants issued between March 1998 and December 1998.

(7) Includes 346,667 shares of Series B Preferred Stock and 16,000 shares of Series C Preferred Stock held by Accel Internet Fund II LP, 230,000 shares of Series B Preferred Stock and 10,615 shares of Series C Preferred Stock held by Accel Investors '98 LP, and 43,333 shares of Series B Preferred Stock and 2,000 shares of Series C Preferred Stock held by Accel Keiretsu VI LP.

(8) Includes 121,791 shares of Series A Preferred Stock, 48,849 shares of Series B Preferred Stock and 7,692 shares of Series C Preferred Stock held by Trinity V, side-by-side fund, LP. Mr. Shennan, a director of Quokka, is affiliated with Trinity Ventures V, LP and Trinity V, Side-by-Side Fund, LP.

(9) Excludes warrants to purchase 100,000 shares of common stock issued to Wakefield Group LLC in October 1997.

Pursuant to an Investors' Rights Agreement dated December 23, 1998 between Quokka and certain of the holders of Quokka's stock and warrants (the "Investors"), the Investors have certain registration rights for the shares of common stock held by them, or subject to acquisition upon exercise of certain warrants. See "Description of Capital Stock -- Registration Rights."

In March 1998, we entered into a Software License & Development agreement with Intel Corporation, a holder of more than five percent of our outstanding capital stock. Under this agreement, Intel is developing transport level software that will allow end users to view multiple video streams which are delivered over a satellite network. In connection with this agreement, we issued warrants to Intel to purchase 635,650 shares of our preferred stock at prices ranging from $1.02 to $3.25 per share. Intel has exercised warrants to purchase 339,602 shares of our preferred. The remaining outstanding warrants will expire upon this offering if not earlier exercised.

Since February 1, 1999, in connection with Mr. Bertrand's relocation to London, England, Quokka has been paying, and will continue to pay, Mr. Bertrand an amount equal to $3,000 per month, in order to secure Mr. Bertrand's residence in San Francisco, California as short-term corporate housing for various persons associated with Quokka.

Principal Stockholders

The following table sets forth certain information known to Quokka with respect to beneficial ownership of Quokka's common stock as of March 31, 1999 by (1) each stockholder known by Quokka to be the beneficial owner of more than 5% of Quokka's Common Stock, (2) each director of Quokka, (3) the named executive officers and (4) all executive officers and directors as a group. Unless otherwise noted, the address for the individuals listed below is: c/o Quokka Sports, 525 Brannan Street, San Francisco, California 94107.

		PERCENTAGE OWNED(1)	
NAME OF BENEFICIAL OWNER	NUMBER OF SHARES	BEFORE OFFERING	AFTER OFFERING

Entities associated with Media Technology Ventures(2)..... 4,895,932 14.3% One First Street, Suite 2 Los Altos, CA 94022 Intel Corporation..... 4,184,093 12.3% 2200 Mission College Blvd. Santa Clara, CA 95052 MediaOne Interactive Services, Inc.(3)..... 4,051,283 11.8% 9000 E. Nichols Avenue, Suite 100 Englewood, CO 80112 Entities associated with Accel VI LP(4)..... 3,487,179 10.2% 428 University Avenue Palo Alto, CA 94301 Entities associated with Trinity Ventures(5)..... 3,244,481 9.5% 3000 Sand Hill Road Building 1, Suite 240 Menlo Park, CA 94025 Wakefield Group II LLC(6)..... 2,126,041 6.2% 1110 East Morehead Charlotte, NC 28204 Alan Ramadan(7)..... 2,390,572 6.9% Richard H. Williams(8)..... 2,915,623 8.5% P.O. Box 4281 Incline Village, NV 89450 John Bertrand(9)..... 2,266,204 6.6% c/o Quokka Sports 133 Long Acre London, WC2E98D Walter Bregman(10)..... 377,807 1.1% Roel Pieper(11)..... 1,278,555 3.7% James G. Shennan, Jr.(12)..... 3,244,481 9.5% c/o Trinity Ventures V, L.P. 3000 Sand Hill Road Building 1, Suite 240 Menlo Park, CA 94025

		PERCENTAGE OWNED(1)	
NAME OF BENEFICIAL OWNER	NUMBER OF SHARES	BEFORE OFFERING	AFTER OFFERING
Barry M. Weinman(13).....	4,895,932	14.3%	
c/o Media Technology Ventures			
One First Street, Suite 12			

Los Altos, CA 94022		
Les Schmidt(14)	708,923	2.1%
All directors and executive officers as a group (8 persons)(15)	18,078,097	51.4%

(1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Unless otherwise indicated below, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Shares of common stock subject to options that are currently exercisable or exercisable within 60 days of March 31, 1999 are deemed to be outstanding and to be beneficially owned by the person holding such options for the purpose of computing the percentage ownership of such person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

(2) Includes 3,654,794 shares held by Media Technology Ventures, LP, 769,231 shares held by Media Technology Equity Partners, LP, and 471,907 shares held by Media Technology Ventures Entrepreneurs Fund, LP (collectively, the "MT Funds"). Mr. Weinman, a director of Quokka, is a general partner of each of the MT Funds and, as such, may be deemed to have an indirect pecuniary interest (within the meaning of Rule 16a-1 under the Securities Exchange Act of 1934) in an indeterminate portion of the shares beneficially owned by the MT Funds. Mr. Weinman disclaims beneficial ownership of these shares within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

(3) Includes warrants to purchase 153,846 shares that are currently exercisable.

(4) Includes 2,838,564 shares held by Accel VI LP, 362,667 shares held by Accel Internet Fund II LP, 240,615 shares held by Accel Investors '98 LP, and 45,333 shares held by Accel Keiretsu VI LP (collectively, the "Accel Funds").

(5) Includes 3,066,149 shares held by Trinity Ventures V, LP and 178,332 shares held by Trinity V, Side-by-Side Fund, LP. Mr. Shennan, a director of Quokka, is a general partner of Trinity Ventures V, LP and Trinity V, side-by-side fund, LP. As such, Mr. Shennan may be deemed to have an indirect pecuniary interest (within the meaning of Rule 16a-1 under the Securities Exchange Act of 1934) in an indeterminate portion of the shares beneficially owned by Trinity Ventures V, LP and Trinity V, side-by-side fund, LP. Mr. Shennan disclaims beneficial ownership of these shares within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

(6) Includes warrants to purchase 100,000 shares that expire if not exercised prior to the completion of this offering.

(7) Includes 300,000 shares underlying currently exercisable stock options. If exercised in full within 60 days of the date of this table, all of the shares subject to the option would be subject to a repurchase right in favor of Quokka.

(8) Includes warrants to purchase 56,800 shares that expire if not exercised prior to the completion of this offering. Includes 150,000 shares underlying currently exercisable stock options. If exercised in full within 60 days of the date of this table, all of the shares subject to the option would be subject to a repurchase right in favor of Quokka.

(9) Includes 150,000 shares underlying currently exercisable stock options. If exercised in full within 60 days of the date of this table, all of the shares subject to the option would be subject to a repurchase right in favor of Quokka.

(10) Includes 342,208 shares held in the Bregman Revocable Trust u/a/d 8/21/92, for which Mr. Bregman, a director of Quokka, serves as a trustee. Mr. Bregman disclaims beneficial ownership of these shares within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934. Includes warrants to purchase 6,000 shares that expire if not exercised prior to the completion of this offering. Includes 29,599 shares underlying currently exercisable stock options granted to Mr. Bregman outside Quokka's 1997 Equity Incentive Plan.

(11) All shares are held outright by Mr. Pieper.

(12) Includes 3,066,149 shares held by Trinity Ventures V, LP and 178,332 shares held by Trinity V, Side-by-Side Fund, LP See footnote (5) above regarding Mr. Shennan's indirect pecuniary interest in these shares.

(13) Includes 4,895,932 shares held by MT Funds. See footnote (2) above regarding Mr. Weinman's indirect pecuniary interest in these shares.

(14) Includes 258,923 shares held in The Les Schmidt and Joanne P. Hattum Family Trust u/t/d 4/8/92, for which Mr. Schmidt, an executive officer of Quokka, serves as a trustee. Mr. Schmidt disclaims beneficial ownership of these shares within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934. Includes 414,500 shares underlying currently exercisable stock options. If exercised in full within 60 days of the date of this table, 400,000 shares would be subject to a right of repurchase in favor of Quokka.

(15) See footnotes (1) through (14) above, as applicable.

Description of Capital Stock

The following description of the capital stock of Quokka and certain provisions of Quokka's certificate of incorporation and bylaws, which will become effective upon the completion of this offering, is a summary only and is qualified in its entirety by the complete provisions of the certificate of incorporation and bylaws, which have been filed as exhibits to Quokka's registration statement, of which this prospectus is a part.

Upon the closing of this offering, the authorized capital stock of Quokka will consist of 110,000,000 shares of common stock, $0.0001 par value per share and 10,000,000 shares of preferred stock, $0.0001 par value per share.

Common Stock

Upon the closing of this offering, each outstanding share of non-voting common stock will be automatically converted to voting common stock and, at such time, no share of common stock, whether previously designated as non-voting common stock or voting common stock, will be subject to any further conversion right. The common stock is not entitled to preemptive rights and is not subject to redemption.

Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of common stock are entitled to receive dividends out of assets legally available therefor at such times and in such amounts as the board of directors may from time to time determine. Each stockholder is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. Unless Section 2115 of the California Corporations Code is applicable to Quokka, holders of common stock are not entitled to cumulative voting rights with respect to the election of directors and, as a consequence, minority stockholders will not be able to elect directors on the basis of their votes alone. Upon a liquidation, dissolution or winding-up of Quokka, the assets legally available for distribution to stockholders are distributable ratably among the holders of the common stock and any participating preferred stock outstanding at that time after payment of liquidation preferences, if any, on any outstanding preferred stock and payment of other claims of creditors. Each outstanding share of common stock is, and all shares of common stock to be outstanding upon completion of this offering will be, fully paid and nonassessable.

Preferred Stock

Upon the closing of this offering, all outstanding shares of Series A, Series B and Series C Preferred Stock will be converted into 23,736,016 shares of common stock. Following the conversion, the shares converted will be retired from the number of authorized shares of preferred stock.

Upon the closing of this offering, the board of directors will have the authority, without further action by the stockholders, to issue up to 10,000,000 shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon, and to increase or decrease the number of shares of any such series (but not below the number of shares of such series then outstanding). The board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of Quokka and may adversely affect the market price of the common stock and the voting and other rights of the holders of common stock.

Warrants

In October 1997, Quokka issued warrants to purchase an aggregate of 212,800 shares of common stock at an exercise price of $0.50 per share to four investors (the "Common Stock Warrants"). Each of the Common Stock Warrants will expire upon the closing of this offering.

Between March 1998 and December 1998, Quokka issued and sold warrants to purchase up to 245,098 shares of Series A Preferred Stock at an exercise price of $1.02 per share, 245,098 shares of Series B Preferred Stock at an exercise price of $1.02 per share, 72,727 shares of Series B Preferred Stock at an exercise price of $1.50 per share and 72,727 shares of Series C Preferred Stock at an exercise price of $3.25 per share to Intel Corporation (the "Intel Warrants"). The Intel Warrants were amended in December 1998 and partially exercised by Intel in December 1998 for 145,559 shares of Series A Preferred Stock, 145,559 shares of Series B Preferred Stock, 24,242 shares of Series B Preferred Stock and 24,242 shares of Series C Preferred Stock. The Intel Warrants, as amended, are currently exercisable for 99,539 shares of Series A Preferred Stock at an exercise price of $1.02 per share, 99,539 shares of Series B Preferred Stock at an exercise price of $1.02 per share, 48,485 shares of Series B Preferred Stock at an exercise price of $1.50 per share and 48,485 shares of Series C Preferred Stock at an exercise price of $3.25 per share. Each of the Intel Warrants will expire upon completion of this offering, unless earlier exercised.

From February 1999 to April 1999, Quokka issued and sold warrants to purchase up to an aggregate of 2,553,288 shares of Series C Preferred Stock at a weighted average per share price of $5.24 to four investors. On February 8, 2009, 2,100,000 of these warrant shares will expire. On March 19, 2004, 76,366 of these warrant shares will expire. On January 22, 2009, 153,846 of these warrant shares will expire. The remaining 223,076 of these warrant shares will expire three years from the effective date of this offering.

Each of the aforementioned warrants are subject to the provisions of the Investors' Rights Agreement dated December 23, 1998, between Quokka and certain of the holders of Quokka's stock and warrants. See "-- Registration Rights."

Registration Rights

Pursuant to an Investors' Rights Agreement dated December 23, 1998 (the "Rights Agreement"), between Quokka and certain of the holders of Quokka's stock and warrants (the "Investors"), the Investors have certain registration rights for the 33,896,430 shares of common stock held by them, or subject to acquisition upon exercise of certain warrants (the "Registrable Securities"). Under the Rights Agreement, the Investors may demand, by written request from holders of more than 50% of the then outstanding Investors' Registrable Securities, that Quokka file a registration statement under the Securities Act covering all or a portion of the Investors' Registrable Securities, provided that, in the case of a registration on a form other than a Form S-3, there is a reasonably anticipated aggregate offering price to the public of at least $10.0 million, or in the case of a registration of Form S-3, there is a reasonably anticipated aggregate offering price to the public of at least $1.0 million. These

registration rights are subject to Quokka's right to delay the filing of a registration statement, in the case of a registration on a form other than a Form S-3, for a period not to exceed 60 days, and, in the case of a registration on a Form S-3, for a period not to exceed 90 days. In the case of a registration on a form other than a Form S-3, Quokka cannot delay more than twice in a 12-month period after receiving the registration demand. In the case of a registration on a Form S-3, Quokka cannot delay more than once in a 12-month period after receiving the registration demand. In the case of a registration on a form other than a Form S-3, the managing underwriter, if any, of any such offering has certain rights to limit the number of the Registrable Securities proposed to be included in such registration.

In addition, the Investors have certain "piggyback" registration rights. If Quokka proposes to register any of its securities under the Securities Act (other than pursuant to the Investors' demand registration rights noted above), the Investors may require Quokka to include all or a portion of their Registrable Securities in such registration. The managing underwriter, if any, of any such offering will have the right to limit the number of the Registrable Securities to no less than 25% of the total number of securities proposed to be included in such registration.

All registration expenses incurred in connection with the above registrations would be borne by Quokka. Each selling Investor would pay all underwriting discounts and selling commissions applicable to the sale of his or its Registrable Securities.

All registration rights described above will terminate ten years after the date of Quokka's initial public offering. Following the closing of this offering, the rights of each Investor holding less than 1% of Quokka's outstanding common stock under the Rights Agreement will terminate when such Investor may sell all of its or his shares under Rule 144(k) of the Securities Act or during any ninety-day period under Rule 144 of the Securities Act.

Section 2115

Quokka is currently subject to Section 2115 of the California General Corporation Law. Section 2115 provides that, regardless of a company's legal domicile, certain provisions of California corporate law will apply to that company if the company meets certain requirements. We will not be subject to section 2115 if:

- we are qualified for trading as a national market security on the Nasdaq National Market, and we have at least 800 stockholders of record as of the record date of our most recent annual meeting, or - less than 50% of our outstanding voting securities are held of record by persons having addresses in California.

The following table sets forth some of the effects on our corporate governance of Section 2115:

Section 2115 Non-section 2115

Election of Cumulative voting is allowed which No cumulative voting is allowed; Directors allows each shareholder to vote the accordingly a holder of 50% or more number of votes equal to the number of voting stock controls election of candidates multiplied by the of all directors. number of votes to which the shareholders' shares are normally entitled in favor of one candidate. This potentially allows minority stockholders to elect some members of the board of directors. Removal of Directors Removal with or without cause by If the board of directors is the affirmative vote of the holders classified, removal is only allowed of a majority of outstanding voting for cause upon the affirmative vote stock is allowed. of a majority of the outstanding voting stock entitled to vote in the election of directors. Supermajority Vote In order to institute a Simple majority may adopt amendment Requirement supermajority provision, the providing for supermajority. amendment must be approved by at least as large a proportion as would be required under the amendment. Dividend Dividends are only payable (a) out Dividends are payable out of either Distribution of the surplus of retained earnings the surplus of retained earnings or and (b) if, immediately after the out of its net profits for the year distribution, a company's assets the distribution takes place, or are at least equal to its the preceding year. liabilities.

Section 2115 Non-section 2115

Dissenters' Rights Generally available in any type of Generally only available in a reorganization, including a merger, merger. No rights so long as our sale of assets or sale/exchange of common stock is quoted on the shares. If the shares are listed on Nasdaq National Market or traded on an exchange, 5% of the stockholders an exchange. must assert their right for any stockholder to have these rights.

In addition to these differences, Section 2115 also provides for information rights and required filings in the event a company effects a sale of assets or completes a merger.

Quokka expects that it will no longer be subject to Section 2115 by the record date of its 2000 annual meeting of stockholders. See "-- Common Stock" and "Management -- Board Composition."

Delaware Anti-takeover Law and Certain Charter Provisions

Delaware Law

We are subject to Section 203 of the Delaware General Corporation Law regulating corporate takeovers. Section 203, subject to exceptions, prohibits a Delaware corporation from engaging in any "business combination" with any "interested stockholder" for a period of three years following the date that the stockholder became an interested stockholder unless:

- prior to the date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding those shares owned by persons who are directors and also officers, and employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or - on or subsequent to the date, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;

- any sale, transfer, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;

- subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder; or - the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

Section 203 defines an "interested stockholder" as:

- any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation; and - any entity or person affiliated with or controlling or controlled by the entity or person.

A Delaware corporation may "opt out" of the Anti-Takeover Law with an express provision in its original certificate of incorporation or an express provision in its certificate or incorporation or bylaws resulting from a stockholders' amendment approved by at least a majority of the outstanding voting shares. Quokka has not "opted out" of the provisions of the Anti-Takeover Law. The statute could prohibit or delay mergers or other takeover or change-in-control attempts with respect to Quokka and, accordingly, may discourage attempts to acquire Quokka.

Charter Provisions

Quokka's bylaws divide the board of directors into three classes as nearly equal in size as possible with staggered three-year terms. The classification of the board of directors could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, control of Quokka. In addition, the bylaws provide that any action required or permitted to be taken by the stockholders of Quokka at an annual meeting or a special meeting of the stockholders may be taken only if it is properly brought before such meeting and may not be taken by written action in lieu of a meeting. The bylaws also provide that special meetings of the stockholders of Quokka may be called only by the board of directors, the chairman of the board, the chief executive officer or the holders of 50% or more of Quokka's outstanding stock. See "Management -- Board Composition."

Quokka's certificate of incorporation and its bylaws provide that Quokka will indemnify officers and directors against losses that they may incur in investigations and legal proceedings resulting from their services to Quokka, which may include services in connection with takeover defense measures. Such provisions may have the effect of preventing changes in the management of Quokka. See "-- Limitation of Liability and Indemnification."

Limitation of Liability and Indemnification

Our certificate of incorporation, which will become effective upon the closing of this offering, contains provisions permitted under Delaware law relating to the liability of directors. These provisions eliminate a director's personal liability for monetary damages resulting from a breach of fiduciary duty, except in circumstances involving wrongful acts, such as:

- any breach of the director's duty of loyalty;

- acts or omissions which involve a lack of good faith, intentional misconduct or a knowing violation of the law;

- payment of dividends or approval of stock repurchases or redemptions that are unlawful under Delaware law; or - any transaction from which the director derives an improper personal benefit.

These provisions do not limit or eliminate our rights or any stockholder's rights to seek non-monetary relief, such as an injunction or rescission, in the event of a breach of director's fiduciary duty. These provisions will not alter a director's liability under federal securities laws.

Our bylaws, which will become effective upon the closing of this offering, require us to indemnify our directors and executive officers to the fullest extent not prohibited by the Delaware law. We may limit the extent of such indemnification by individual contracts with our directors and executive officers. Further, we may decline to indemnify any director or executive officer in connection with any proceeding initiated by such person or any proceeding by such person against Quokka or its directors, officers, employees or other agents, unless such indemnification is expressly required to be made by law or the proceeding was authorized by our board of directors.

We have entered into indemnity agreements with each of our current directors and certain of our executive officers to give such directors and officers additional contractual assurances regarding the scope of the indemnification set forth in our certificate of incorporation and bylaws and to provide additional procedural protections. At present, there is no pending litigation or proceeding involving a director, officer or employee of Quokka for which indemnification is sought, nor are we aware of any threatened litigation that may result in claims for indemnification. 73 We have the power to indemnify our other officers, employees and other agents, as permitted by Delaware law, but we are not required to do so.

Quokka plans to obtain directors' and officers' liability insurance.

Transfer Agent and Registrar

The Transfer Agent and Registrar for Quokka's common stock is BankBoston N.A.

Shares Eligible for Future Sale

Upon completion of this offering, Quokka will have outstanding shares of common stock, assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options. Of these shares, the shares sold in this offering will be freely tradable without restriction under the Securities Act unless purchased by "affiliates" of Quokka as that term is defined in Rule 144 under the Securities Act. Of the remaining shares, all of the shares held by existing stockholders are subject to lock-up agreements generally providing that, with certain limited exceptions, the stockholder will not (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of or otherwise dispose of or transfer any shares of common stock or securities convertible into or exchangeable or exercisable for or repayable with Common Stock, or (2) enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of the common stock whether any such swap or transaction is to be settled by delivery of common stock or other securities, in cash or otherwise, without the prior written consent of Merrill Lynch on behalf of the underwriters for a period of 180 days after the date of this prospectus. As a result of these lock-up agreements, notwithstanding possible earlier eligibility for sale under the provisions of Rules 144, 144(k) and 701, none of these shares can be sold until 181 days after the date of the final prospectus. Beginning 181 days after the date of the final prospectus, 33,602,781 of these shares will be eligible for sale in the public market, although a portion of such shares will be subject to certain volume limitations pursuant to Rule 144. The remaining Restricted Shares will become eligible for sale from time to time thereafter upon expiration of applicable holding periods under Rule 144 under the Securities Act and Quokka's right to repurchase unvested shares. Holders of options to purchase common stock of Quokka are also subject to 180-day lock-up agreements.

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated) who has beneficially owned Restricted Shares for at least one year (including the holding period of any prior owner except an affiliate) would be entitled to sell within any three-month period a number of shares that does not exceed the greater of (1) 1% of the number of shares of common stock then outstanding (which will equal approximately shares immediately after this offering) or (2) the average weekly trading volume of the common stock during the four calendar weeks preceding the filing of a Form 144 with respect to such sale. Sales under Rule 144 are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about Quokka. Under Rule 144(k), a person who is not deemed to have been an affiliate of Quokka at any time during the three months preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years (including the holding period of any prior owner except an affiliate), is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

Rule 701 permits resales of shares in reliance upon Rule 144 but without compliance with certain restrictions, including the holding period requirement, of Rule 144. Any employee, officer or director of or consultant to Quokka who purchased his or her shares pursuant to a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell such shares in reliance on Rule 144 without having to comply with the holding period, public information, volume limitation or notice provisions of Rule 144.

Certain holders of shares of common stock are also entitled to certain rights with respect to registration of such shares of common stock for offer and sale to the public. See "Description of Capital Stock -- Registration Rights."

There can be no assurance that an active public market for the common stock will continue after this offering. Future sales of substantial amounts of common stock (including shares issued upon exercise of outstanding options) in the public market after this offering could adversely affect market prices prevailing from time to time and could impair Quokka's ability to raise capital through the sale of its equity securities. As described below, only a limited number of shares will be available for sale immediately after this offering due to certain contractual restrictions on resale. Sales of substantial amounts of common stock of Quokka in the public market after the restrictions lapse could adversely affect the prevailing market price and the ability of Quokka to raise equity capital in the future.

Underwriting

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Lehman Brothers Inc. and BancBoston Robertson Stephens Inc. are acting as representatives (the "Representatives") of each of the underwriters named below. Subject to the terms and conditions set forth in a purchase agreement (the "Purchase Agreement") among Quokka and the underwriters, Quokka has agreed to sell to the underwriters, and each of the underwriters severally and not jointly has agreed to purchase from Quokka, the number of shares of common stock set forth opposite its name below.

Number Underwriter of Shares

Merrill Lynch, Pierce, Fenner & Smith Incorporated..... Lehman Brothers Inc. ..... BancBoston Robertson Stephens Inc. ..... Total.....

In the Purchase Agreement, the several underwriters have agreed, subject to the terms and conditions set forth therein, to purchase all of the shares of common stock being sold pursuant to each such agreement if any of the shares of common stock being sold pursuant to such agreement are purchased. In the event of a default by an underwriter, the Purchase Agreement provides that, in certain

circumstances, the purchase commitments of the nondefaulting underwriters may be increased or the Purchase Agreement may be terminated. The closing with respect to the sale of shares of common stock to be purchased by the underwriters are conditioned upon one another.

The Representatives have advised Quokka that the underwriters propose initially to offer the shares of common stock to the public at the initial public offering price set forth on the cover page of this prospectus, and to certain dealers at such price less a concession not in excess of $ per share of common stock. The underwriters may allow, and such dealers may reallow, a discount not in excess of $ per share of common stock to certain other dealers. After the initial public offering, the public offering price, concession and discount may change.

Quokka has granted options to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to an aggregate of additional shares of common stock at the public offering price set forth on the cover page of this prospectus, less the underwriting discount. The underwriters may exercise these options solely to cover over-allotments, if any, made on the sale of the common stock offered hereby. To the extent that the underwriters exercise these options, each underwriter will be obligated, subject to certain conditions, to purchase a number of additional shares of common stock proportionate to such underwriters initial amount reflected in the foregoing table.

The following table shows the per share and total public offering price, underwriting discount to be paid by Quokka to the underwriters, and the proceeds before expenses to Quokka. This information is presented assuming either no exercise or full exercise by the underwriters of their over-allotment options.

Per Share Without Option with Option

Public Offering Price.....	$	$	$
Underwriting Discount.....	$	$	$
Proceeds, before expenses, to Quokka.....	$	$	$

The expenses of the offerings (exclusive of the underwriting discount and commissions) are estimated at $ and are payable by Quokka.

The shares of common stock are being offered by the several underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of certain legal matters by counsel for the underwriters and certain other conditions. The underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part.

At the request of Quokka, the underwriters have reserved for sale, at the initial public offering price, up to of the shares offered hereby to be sold to certain directors, officers, employees, distributors, dealers, business associates and related persons of Quokka. The number of shares of common stock available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares which are not orally confirmed for purchase within one day of the pricing of this offering will be offered by the underwriters to the general public on the same terms as the other shares offered in this prospectus.

Quokka and its executive officers and directors and certain stockholders beneficially owning in the aggregate 34,092,719 shares of common stock have agreed, subject to certain exceptions, not to directly or indirectly (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of or otherwise dispose of or transfer any shares of common stock or securities convertible into or exchangeable or exercisable for or repayable with common stock, whether now owned or thereafter acquired by the person executing the agreement or with respect to which the person executing the agreement thereafter acquires the power of disposition, or file a registration statement under the Securities Act with respect to the foregoing; (2) enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of the common stock whether any such swap or transaction is to be settled by delivery of common stock or other securities, in cash or otherwise; or (3) make any demand for, or exercise any right with respect to, the registration of any share of common stock or any securities convertible into or exchangeable for common stock, without the prior written consent of Merrill Lynch on behalf of the underwriters for a period of 180 days after the date of this prospectus.

Prior to this offering, there has been no public market for the common stock of Quokka. The initial public offering price will be determined through negotiations between Quokka and the Representatives. The factors to be considered in determining the initial public offering price, in addition to prevailing market conditions, are expected to be price-revenue and discounted price-earnings ratios of publicly traded companies that the Representatives believe to be comparable to Quokka, certain financial information of Quokka, the history of, and the prospects for, Quokka and the industry in which it competes, and an assessment of Quokka's management, its past and present operations, the prospects for, and timing of, future revenues of Quokka, and the present state of Quokka's development. There can be no assurance that an active trading market will develop for the common stock or that the common stock will trade in the public market subsequent to this offering at or above the initial public offering price.

The underwriters do not expect sales of the common stock to be made to any accounts over which they exercise discretionary authority to exceed 5% of the number of shares being offered hereby.

The underwriters do not intend to confirm sales of the common stock offered hereby to any accounts over which they exercise discretionary authority.

Quokka has agreed to indemnify the underwriters against certain liabilities, including certain liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of this offering.

Until the distribution of the common stock is completed, rules of the Securities and Exchange Commission may limit the ability of the underwriters and certain selling group members to bid for and purchase the common stock. As an exception to these rules, the Representatives are permitted to engage in certain transactions that stabilize the price of the common stock. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the common stock.

If the underwriters create a short position in the common stock in connection with the offering contemplated hereby, i.e., if they sell more shares of common stock than are set forth on the cover page of this prospectus, the Representatives may reduce that short position by purchasing common stock in the open market. The Representatives may also elect to reduce any short position by exercising all or part of the overallotment options described above.

The Representatives may also impose a penalty bid on certain underwriters and selling group members. This means that if the Representatives purchase shares of common stock in the open market to reduce the underwriters' short position or to stabilize the price of the common stock, they may reclaim the amount of the selling concession from the underwriters and selling group members who sold those shares.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of the common stock to the extent that it discourages resales of the common stock.

Neither Quokka nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither Quokka nor any of the underwriters makes any representation that the Representatives will engage in such transactions or that such transactions, once commenced, will not be discontinued.

Legal Matters

The validity of the shares of common stock offered hereby will be passed upon for Quokka by Cooley Godward LLP, San Francisco, California ("Cooley Godward"). Certain legal matters will be passed upon for the underwriters by Wilson Sonsini Goodrich & Rosati, Professional Corporation. An investment partnership affiliated with Cooley Godward owns 127,887 shares of Quokka's preferred stock which will convert into 127,887 shares of Quokka's common stock upon the closing of this offering.

Experts

The financial statements included in this prospectus have been audited by PricewaterhouseCoopers LLP, independent accountants. The companies and periods covered by these audits are indicated in the individual reports of PricewaterhouseCoopers LLP. Such financial statements have been so included in reliance on the reports of PricewaterhouseCoopers LLP given on the authority of said firm as experts in auditing and accounting.

Change in Principal Accountants

In March 1998, KPMG LLP ("KPMG") was dismissed and PricewaterhouseCoopers LLP replaced KPMG as our independent accountants. The selection of PricewaterhouseCoopers LLP as our independent accountants was ratified by our board of directors in April 1998. During fiscal 1997 and fiscal 1998, we had no disagreement with our former accountants, KPMG, on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements if not resolved to their satisfaction would have caused them to make reference in connection with their opinion to the subject matter of the disagreement. KPMG did not issue a report on our financial statements with respect to the years ended December 31, 1997 or 1998.

Additional Information

A registration statement on Form S-1 relating to the common stock offered hereby has been filed by Quokka with the Securities and Exchange, Washington, D.C. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. Statements contained in this prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the registration statement, each such statement being qualified in all respects by such reference. For further information with respect to Quokka and the common stock offered hereby, reference is made to such registration statement, exhibits and schedules. A copy of the registration statement may be inspected by anyone without charge at the SEC's principal office at the public reference facility maintained by the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the SEC's regional offices located at Seven World Trade Center, 13th Floor, New York, New York 10048 and 500 Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of all or any part thereof may be obtained from the SEC's at 450 Fifth Street, N.W., Washington, D.C. 20549, upon the payment of certain fees prescribed by the SEC. The SEC maintains a Web site that contains reports, proxy statements and other information regarding registrants, including Quokka. The address of the SEC's Web site is www.sec.gov.

As a result of this Offering, Quokka will be subject to the information requirements of the Securities Exchange Act of 1934, as amended. So long as Quokka is subject to periodic reporting requirements of the Exchange Act, it will continue to furnish the reports and other information required thereby to the SEC. Quokka intends to furnish its stockholders with annual reports containing financial statements audited by an independent public accounting firm and quarterly reports containing unaudited financial information.

Quokka Sports, Inc. and Subsidiaries

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Report of Independent Accountants

To the Stockholders of Quokka Sports, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and changes in stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Quokka Sports, Inc. and subsidiaries at December 31, 1997 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP San Francisco, California January 22, 1999, except as to Note 12 for which the date is February 9, 1999 and April 22, 1999

Quokka Sports, Inc. and Subsidiaries

Consolidated Balance Sheets

	DECEMBER 31, 1997	DECEMBER 31, 1998	MARCH 31, 1999	PRO FORMA MARCH 31, 1999

(UNAUDITED) (UNAUDITED)

ASSETS Current assets: Cash and cash equivalents..... $ 4,026,610 $ 23,994,355 $ 15,262,901 Accounts receivable..... 76,151 1,150,603 819,800 Prepaid expenses and other..... 246,328 331,108 1,413,683 Total current assets..... 4,349,089 25,476,066 17,496,384 Property and equipment, net..... 301,944 2,736,298 5,357,025 Total assets..... $ 4,651,033 $ 28,212,364 $ 22,853,409 LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: Accounts payable..... $ 480,577 $ 289,050 $ 2,220,288 Accrued expenses..... 81,990 1,199,357 726,819 Current portion of long-term debt and capitalized lease obligations..... 37,112 290,188 347,132 Deferred revenues..... 2,305,613 479,735 248,985 Total current liabilities..... 2,905,292 2,258,330 3,543,224 Long term debt and capitalized lease obligations, net of current portion..... 82,572 500,710 698,523 Commitments (Note 5) Stockholders' equity: Preferred stock, $0.0001 par value; authorized: 8,500,000 at December 31, 1997 and 27,600,000 at December 31, 1998 and March 31, 1999 (unaudited); issued and outstanding: 7,720,590 at December 31, 1997 and 23,736,016 at December 31, 1998 and March 31, 1999 and pro forma shares (unaudited); liquidation value: $37,839,029 at December 31, 1998 and March 31, 1999 (unaudited)..... 772 2,374 2,374 $ -- Common stock: Voting stock, $0.0001 par value; authorized: 20,500,000 at December 31, 1997 and 45,400,000 at December 31, 1998 and March 31, 1999 (unaudited); issued and outstanding: 9,351,566 at December 31, 1997 and 9,400,365 at December 31, 1998; and 9,589,342 and March 31, 1999 (unaudited) and 33,834,206 pro forma shares..... 935 940 959 3,383 Non-voting stock, $0.0001 par value; authorized: 300,000 at December 31, 1997 and 1998 and March 31 1999 (unaudited); issued and outstanding: 300,000 at December 31, 1997 and 1998 and March 31, 1999 (unaudited) and no pro forma shares..... 30 30 30 30 Additional paid-in capital..... 8,107,295 41,018,912 41,086,953 41,626,666 Warrants and other..... 61,860 477,115 1,414,993 1,414,993 Accumulated deficit..... (6,507,723) (16,046,047) (23,893,647) (23,893,647) Total stockholders' equity..... 1,663,169 25,453,324 18,611,662 $ 19,151,425 Total liabilities and stockholders' equity..... $ 4,651,033 $ 28,212,364 $ 22,853,409 The accompanying notes are an integral part of these consolidated financial statements.

Quokka Sports, Inc. and Subsidiaries

Consolidated Statements of Operations

	YEARS ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1996	1997	1998	1998 (UNAUDITED)	1999 (UNAUDITED)
Revenues.....	$ 38,906	$ 3,999,781	$ 8,635,099	$ 4,867,218	$ 896,566
Costs and expenses					
Production costs.....	610,867	5,130,130	7,779,593	3,430,803	2,717,704
Research and engineering.....	423,303	1,029,539	4,480,224	585,500	2,132,284

Sales and marketing.....	53,165	815,540	2,519,418	358,491	1,389,967
General and administrative....	507,770	1,827,380	3,184,372	870,704	1,790,681
Depreciation and amortization.....	--	68,247	530,261	43,789	430,406
Total costs and expenses...	1,595,105	8,870,836	18,493,868	5,289,287	8,461,042
Loss from operations.....	(1,556,199)	(4,871,055)	(9,858,769)	(422,069)	(7,564,476)
Equity and losses of associated venture.....	--	--	--	--	(452,275)
Interest income/(expense), net.....	(3,580)	(70,785)	320,445	32,428	169,151
Net loss.....	$(1,559,779)	$(4,941,840)	$(9,538,324)	$ (389,641)	$(7,847,600)
Historical net loss per share:					
Basic and diluted.....	$ (0.41)	$ (0.73)	$ (0.99)	$ (0.04)	$ (0.80)
Number of shares used in calculation of historical net loss per share -- basic and diluted.....	3,800,000	6,791,534	9,654,835	9,651,566	9,756,059
Pro forma net loss per share (unaudited):					
Basic and diluted.....			$ (0.40)		$ (0.23)
Shares used in computing pro forma net loss per share -- basic and diluted.....			23,914,934		34,000,923

The accompanying notes are an integral part of these consolidated financial statements. F-4

Quokka Sports, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity

	SERIES A PREFERRED STOCK		SERIES B PREFERRED STOCK		SERIES C PREFERRED STOCK		VOTING COMMON STOCK	
	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT
Balance, January 1, 1996.....	--	$ --	--	$ --	--	$ --	3,800,000	$380
Net loss.....	--	--	--	--	--	--	--	--
Balance, December 31, 1996.....	--	--	--	--	--	--	3,800,000	380
Issuance of common stock to founder for cash (January 1997).....	--	--	--	--	--	--	--	--
Issuance of common stock to founder for cash net of issuance costs of $31,401 (January 1997).....	--	--	--	--	--	--	1,900,000	190
Issuance of common stock for cash at $0.50 per share of issuance costs of $17,591 (August 1997).....	--	--	--	--	--	--	3,651,566	365
Issuance of warrants in connection with promissory notes (October 1997).....	--	--	--	--	--	--	--	--
Issuance of Series A Preferred Stock for cash of $0.68 per share, net of issuance costs of $18,141 (December 1997).....	7,720,590	772	--	--	--	--	--	--

--	--									
Net loss.....	--	--	--	--	--	--	--	--	--	--
Balance, December 31, 1997.....	7,720,590	772	--	--	--	--	9,351,566	935		
Issuance of Series B Preferred Stock for cash of $1.50 per share, net of issuance costs of $75,543 (June and August 1998)...	--	--	10,737,068	1,074	--	--	--	--	--	--
Issuance of warrants (August 1998).....	--	--	--	--	--	--	--	--	--	--
Issuance of options for services rendered (August 1998).....	--	--	--	--	--	--	--	--	--	--
Issuance of options for services rendered (September 1998).....	--	--	--	--	--	--	--	--	--	--
Exercise of voting common stock options to employees for cash of $0.50 per share (August -- December 1998).....	--	--	--	--	--	--	48,799	5		
Issuance of Series C Preferred stock for cash of $3.25 per share, net of issuance costs of $36,031 (December 1998).....	--	--	--	--	4,938,756	494	--	--	--	--
Issuance of warrants under joint development agreement (December 1998).....	--	--	--	--	--	--	--	--	--	--
Exercise of warrants (December 1998).....	145,559	15	169,801	17	24,242	2	--	--	--	--
Cumulative translation adjustment.....	--	--	--	--	--	--	--	--	--	--
Net loss.....	--	--	--	--	--	--	--	--	--	--
Balance as of December 31, 1998.....	7,866,149	787	10,906,869	1,091	4,962,998	496	9,400,365	940		
Exercise of voting common stock options to employees for cash of $0.50 to $3.25 per share (January -- March 1999).....	--	--	--	--	--	--	197,775	20		
Repurchase of common stock (11,875 shares at $8.00 per share).....	--	--	--	--	--	--	(11,875)	(1)		
Issuance of common stock for services rendered.....	--	--	--	--	--	--	3,077	--		
Issuance of warrants for subordinated-debt agreement (March 1999).....	--	--	--	--	--	--	--	--	--	--
Issuance of warrants for CART rights agreement (March 1999).....	--	--	--	--	--	--	--	--	--	--
Issuance of options for services rendered.....	--	--	--	--	--	--	--	--	--	--
Cumulative translation adjustment.....	--	--	--	--	--	--	--	--	--	--
Net loss.....	--	--	--	--	--	--	--	--	--	--
Balance as of March 31, 1999 (unaudited)...	7,866,149	$787	10,906,869	$1,091	4,962,998	$496	9,589,342	$959		

	NON-VOTING COMMON STOCK		ADDITIONAL

	COMMON STOCK		PAID-IN	WARRANTS	ACCUMULATED	TOTAL STOCKHOLDERS'
	SHARES	AMOUNT	CAPITAL	AND OTHER	DEFICIT	EQUITY/(DEFICIT)
Balance, January 1, 1996	--	$--	$ --	$ --	$ (6,104)	$ (5,724)
Net loss	--	--	--	--	(1,559,779)	(1,559,779)
Balance, December 31, 1996	--	--	--	--	(1,565,883)	(1,565,503)
Issuance of common stock to founder for cash (January 1997)	200,000	20	99,980	--	--	100,000
Issuance of common stock to founder for cash net of issuance costs of $31,401 (January 1997)	100,000	10	968,399	--	--	968,599
Issuance of common stock for cash at $0.50 per share of issuance costs of $17,591 (August 1997)	--	--	1,807,828	--	--	1,808,193
Issuance of warrants in connection with promissory notes (October 1997)	--	--	--	61,860	--	61,860
Issuance of Series A Preferred Stock for cash of $0.68 per share, net of issuance costs of $18,141 (December 1997)	--	--	5,231,088	--	--	5,231,860
Net loss	--	--	--	--	(4,941,840)	(4,941,840)
Balance, December 31, 1997	300,000	30	8,107,295	61,860	(6,507,723)	1,663,169
Issuance of Series B Preferred Stock for cash of $1.50 per share, net of issuance costs of $75,543 (June and August 1998)	--	--	15,988,310	--	--	15,989,384
Issuance of warrants (August 1998)	--	--	--	588,734	--	588,734
Issuance of options for services rendered (August 1998)	--	--	5,293	--	--	5,293
Issuance of options for services rendered (September 1998)	--	--	29,495	--	--	29,495
Exercise of voting common stock options to employees for cash of $0.50 per share (August -- December 1998)	--	--	24,395	--	--	24,400
Issuance of Series C Preferred stock for cash of $3.25 per share, net of issuance costs of $36,031 (December 1998)	--	--	16,014,432	--	--	16,014,926
Issuance of warrants under joint development agreement (December 1998)	--	--	--	263,996	--	263,996
Exercise of warrants (December 1998)	--	--	849,692	(437,636)	--	412,090
Cumulative translation adjustment	--	--	--	161	--	161
Net loss	--	--	--	--	(9,538,324)	(9,538,324)
Balance as of December 31, 1998	300,000	30	41,018,912	477,115	(16,046,047)	

25,453,324						
Exercise of voting common stock options to employees for cash of $0.50 to $3.25 per share (January -- March 1999).....	--	--	135,118	--	--	135,138
Repurchase of common stock (11,875 shares at $8.00 per share).....	--	--	(94,999)	--	--	(95,000)
Issuance of common stock for services rendered.....	--	--	10,000	--	--	10,000
Issuance of warrants for subordinated-debt agreement (March 1999).....	--	--	--	552,486	--	552,486
Issuance of warrants for CART rights agreement (March 1999).....	--	--	--	400,841	--	400,841
Issuance of options for services rendered.....	--	--	17,922	--	--	17,922
Cumulative translation adjustment.....	--	--	--	(15,449)	--	(15,449)
Net loss.....	--	--	--	--	(7,847,600)	(7,847,600)
Balance as of March 31, 1999 (unaudited)...	300,000	$30	$41,086,953	$1,414,993	$(23,893,647)	$18,611,662

The accompanying notes are an integral part of these financial statements.

Quokka Sports, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	YEARS ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1996	1997	1998	1998	1999
				(UNAUDITED)	(UNAUDITED)
Cash flows from operating activities:					
Net loss.....	$(1,559,779)	$(4,941,840)	$ (9,538,324)	$ (389,641)	$(7,847,600)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Depreciation and amortization of property and equipment.....	--	68,247	530,261	43,789	430,406
Non-cash compensation-related charges and other.....	--	61,860	450,044	381,948	981,249
Non-cash charges for equipment.....	--	44,220	--	--	--
Changes in operating assets and liabilities:					
Accounts receivable.....	--	(76,151)	(1,074,452)	3,081	330,803
Prepaid expenses and other.....	(47,500)	(198,828)	(84,780)	(113,590)	

(1,082,575)					
Accounts payable.....	70,144	410,433	(433,336)	(1,008)	1,447,292
Accrued expenses.....	77,258	(1,293)	1,117,367	621,774	(472,538)
Deferred revenues.....	1,525,051	780,562	(1,825,878)	(1,888,699)	(230,750)
Net cash provided by (used in) operating activities.....	65,174	(3,852,790)	(10,859,098)	(1,342,346)	(6,443,713)
Cash flows from investing activities:					
Purchase of property and equipment....	--	(294,727)	(2,722,807)	(245,712)	(2,567,187)
Net cash used in investing activities.....	--	(294,727)	(2,722,807)	(245,712)	(2,567,187)
Cash flows from financing activities:					
Proceeds from borrowing.....	--	--	750,000	--	331,069
Proceeds from bridge loan.....	--	532,000	--	--	--
Payments on notes and long-term capital leases.....	--	--	(78,786)	(11,067)	(76,312)
Proceeds from the issuance of common stock, net of issuance cost.....	--	2,876,792	24,400	--	119,689
Repurchase of common stock.....	--	--	--	--	(95,000)
Proceeds from the issuance of Series A Preferred Stock, net of issuance cost.....	--	4,699,860	--	--	--
Proceeds from the issuance of Series B Preferred Stock, net of issuance cost.....	--	--	15,989,384	--	--
Proceeds from the issuance of Series C Preferred Stock, net of issuance cost.....	--	--	16,014,926	--	--
Proceeds from issuance and exercise of warrants.....	--	--	849,726	--	--
Net cash provided by (used in) financing activities.....	--	8,108,652	33,549,650	(11,067)	279,446
Increase (decrease) in cash...	65,174	3,961,135	19,967,745	(1,599,125)	(8,731,454)
Cash, beginning of period.....	301	65,475	4,026,610	4,026,610	23,994,355
Cash, end of period.....	$ 65,475	$ 4,026,610	$ 23,994,355	$ 2,427,485	$15,262,901

Quokka Sports, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

1. the Company and Significant Accounting Policies:

Organization

Prior to August 1996, Quokka Sports, Inc. operated as an Australian software development and consulting company known as Ozware Developments Unit Trust. In August 1996, Quokka adopted its current business model, incorporated in Delaware under the name Quokka Productions, Inc. and relocated its headquarters to San Francisco. In September 1996, Quokka Productions, Inc. changed its name to Quokka Sports, Inc.

Quokka is an independent digital sports network providing real-time coverage of sporting events for worldwide audiences. Utilizing digital assets generated at a sports venue that are under-utilized by traditional media, Quokka is building a digital sports network by creating digital programming content that is specifically designed for interactive distribution systems.

Revenues are generated from digital entertainment sponsorships, advertising, electronic commerce and studio services. The majority of revenues are derived from the sale of sponsorship packages to corporations. Digital entertainment sponsors may embed their products in Quokka's productions, site branding, access to development projects, the use of trademarks and logos and participation in various print and media campaigns.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency Translation The functional currency of Quokka's subsidiaries is the local currency. Accordingly, Quokka applies the current rate method to translate the subsidiaries' financial statements into United States dollars. Translation adjustments are included as a separate component of stockholders' equity in the accompanying financial statements.

Basis of Presentation The consolidated financial statements include the accounts of Quokka, and all of its wholly and majority-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements. Investments in and advances to our joint venture in which we have a 50% ownership interest are accounted for by the equity method.

Cash and Cash Equivalents Quokka includes in cash and cash equivalents all highly liquid investments that mature within three months of their purchase date. Cash equivalents consist primarily of money market funds.

Property and Equipment Property and equipment are stated at cost and are depreciated on a straight-line basis over the estimated useful lives of the related assets that range from three to five years. Leased assets are amortized on a straight-line basis over the lesser of the estimated useful life or the lease term. Maintenance and repairs are charged to F-7

operations as incurred. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in operations in the period realized.

Income Taxes

Income taxes are accounted for in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes, which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

Net loss per share and pro forma net loss per share Quokka computes net loss per share in accordance with SFAS No. 128, Earnings per Share, and SEC Staff Accounting Bulletin ("SAB") No. 98. Under the provisions of SFAS No. 128 and SAB No. 98, basic net loss per share is computed by dividing the net loss available to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing the net loss for the period by the weighted average number of vested common and common equivalent shares outstanding during the period. However, as Quokka generated net losses in all periods presented, common equivalent shares, composed of incremental common shares issuable upon the exercise of stock options and warrants and upon conversion of preferred stock, are not included in diluted net loss per share because such shares are anti-dilutive.

Pro forma net loss per share in 1998 and the period ended March 31, 1999 is computed using the weighted average number of common shares outstanding, including the pro forma effects of the automatic conversion of Quokka's preferred stock and exercise of warrants to purchase 508,848 shares into shares of Quokka's common stock effective upon the closing of Quokka's initial public offering as if such conversion and exercise occurred on January 1, 1998 or at the date of original issuance, if later.

The resulting pro forma adjustments result in an increase in the weighted average shares used to compute basic and diluted net loss per share in 1998 and for the three months ended March 31, 1999. Pro forma common equivalent shares, composed of unvested restricted common stock and incremental common shares issuable upon the exercise of stock options and warrants, are not included in pro forma diluted net loss per share because they would be anti-dilutive. Unaudited pro forma stockholders' equity at March 31, 1999, as adjusted for the conversion of preferred stock and exercise of warrants are disclosed on the balance sheet.

Quokka Sports, Inc. and Subsidiaries

Notes to Consolidated Financial Statements -- (Continued)

The following table sets forth the computation of historical and pro forma basic and diluted net loss per share for the periods indicated.

	YEARS ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1996	1997	1998	1998 (UNAUDITED)	1999 (UNAUDITED)
Numerator: Net loss available to common stockholders	$(1,559,779)	$(4,941,840)	$(9,538,324)	$ (389,641)	$(7,847,600)
Denominator: Weighted average shares	3,800,000	6,791,534	9,656,857	9,651,566	9,772,933
Weighted average unvested common shares subject to repurchase agreements	--	--	(2,022)	--	(16,874)
Denominator for basic and diluted calculation	3,800,000	6,791,534	9,654,835	9,651,566	9,756,059
Net loss per share: Basic and diluted	$ (0.41)	$ (0.73)	$ (0.99)	$ (0.04)	$ (0.80)
Anti-dilutive securities including options, warrants and preferred stock not included in historical net loss per share calculations	0	1,643,306	17,755,299	9,373,525	31,389,889
PRO FORMA NET LOSS PER SHARE: Net loss			$(9,538,324)		$(7,847,600)
Shares used in computing net loss per share, basic and diluted			9,654,835		9,756,059
Adjustment to reflect assumed conversion of preferred stock and exercise of warrants			14,260,099		24,244,864
Shares used in computing pro forma net loss per share, basic and diluted			23,914,934		34,000,923
Pro forma net loss per share, basic and diluted (unaudited)			$ (0.40)		$ (0.23)

Recently Issued Accounting Pronouncements:

In June 1997, the Financial Accounting Standards Board (FASB) issued SFAS 130, Reporting Comprehensive Income. SFAS 130 establishes standards for reporting comprehensive income and its components in a financial statement. Comprehensive income as defined includes all changes in equity (net assets) during a period from nonowner sources. Examples of items to be included in comprehensive income, which are excluded from net income, include foreign currency translation adjustments and unrealized gains/losses on available-for-sale securities. The difference between net loss, as reported, and comprehensive income relates solely to the change in the cumulative translation adjustment for the respective periods which were not material to these financial statements.

During June 1997, the FASB issued SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information" SFAS No. 131 replaces SFAS No. 14, "Financial Reporting for Segments of a Business

Enterprise" and changes the way public companies report segment information. SFAS No. 131 is effective for fiscal years beginning after December 15, 1997 and has been adopted by Quokka for the year ended December 31, 1998. Quokka operates in one business segment.

In March 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position No. 98-1, "Software for Internal Use" which provides guidance on accounting for the cost of computer software developed or obtained for internal use. Statement of Position No. 98-1 is effective for financial statements for fiscal years beginning after December 15, 1998. Quokka does not expect that the adoption of Statement of Position No. 98-1 will have a material impact on its financial statements.

In April 1998, the AICPA issued Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities." This standard requires companies to expense the costs of start-up activities and organization costs as incurred. In general, Statement of Position 98-5 is effective for fiscal years beginning after December 15, 1998. Quokka believes the adoption of Statement of Position 98-5 will not have a material impact on its results of operations.

Fair Value of Financial Instruments Carrying amounts of certain of Quokka's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other liabilities, approximate fair value due to their short maturities. Based upon borrowing rates currently available for Quokka for loans with similar terms, the carrying value of capital lease obligations approximates fair value.

Business Risk and Concentration of Credit Risk Quokka operates in the Internet industry, which are rapidly evolving and intensely competitive. Quokka potentially competes with other Internet companies, large, established media companies and sports marketing organizations.

Financial instruments that potentially subject Quokka to concentrations of credit risk consist primarily of one money market account placed with one financial institution which exceeds federally insured limits.

Quokka performs ongoing credit evaluations, does not require collateral and does not currently maintain any reserves for potential credit losses. For the year ended December 31, 1998, three customers accounted for 53%, 16% and 12%, respectively, of all revenues generated by Quokka. For the quarter ended March 31, 1998, three customers accounted for 63%, 18% and 10% of all revenues generated by Quokka. For the quarter ended March 31, 1999, three customers accounted for 48%, 25%

and 18% of all revenues generated by Quokka. At December 31, 1998, 23% of the outstanding accounts receivable was attributable to the smallest of the three largest customers. One additional customer accounted for another 65% of total outstanding accounts receivable. The remaining accounts receivable balance at December 31, 1998 was attributable to three additional customers. At March 31, 1999, 100% of the outstanding accounts receivable was attributable to three customers.

For the year ended December 31, 1997, three customers accounted for 52%, 21% and 15% of all revenues generated by Quokka. At December 31, 1997, there were no receivables from these customers. For the year ended December 31, 1996, one customer accounted for all the revenues generated.

Revenue Recognition

Quokka generates revenues from digital entertainment sponsorships, advertising, electronic commerce and studio services. Sponsorship revenues are recognized over the term of the sponsored event based on the ratio of current period impressions to projected total ultimate impressions based on a determination that no significant obligations remained and collection of the resulting receivable was probable. When Quokka was F-10

obligated to provide a minimum number of impressions, a pro rata portion of amounts received was recorded as deferred revenue until these obligations were satisfied. Revenues from studio services are recognized in the period the service is provided. Advertising and electronic commerce revenues, which have not been material to date, are recognized when the commitment is met or product is shipped and payment is assured. Quokka has accepted property and services as payment for sponsorship. Property and services received as payment are valued at fair market value based on the amounts normally charged to third parties for similar property and services.

Total property and services received as payment were $0 in 1996, $1,738,298 in 1997 and $4,320,622 in 1998. Total property and services received as payment were $2,773,874 and $244,763 for the three months ended March 31, 1998 and 1999.

Research and Engineering

Research and engineering expenses include personnel costs, costs incurred to improve and develop the "Quokka Sports Platform," broadband applications and costs associated with network operations. Research and engineering costs are expensed as incurred.

Advertising

Advertising is expensed as incurred. Advertising expenses were $4,000 in 1996, $62,000 in 1997 and $554,000 in 1998.

Stock-based Compensation

In 1997, Quokka adopted the disclosure provisions of SFAS No. 123, "Accounting for Stock-based Compensation." Quokka has elected to continue accounting for stock-based compensation issued to the employees using Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and, accordingly, pro forma disclosures required under SFAS No. 123 have been presented (See Note 8). Under APB No. 25, compensation expense is based on the difference, if any, on the date of the grant, between the fair value of Quokka's common stock and the exercise price. Additionally, pursuant to SFAS No. 123, stock issued to non-employees is accounted for at the fair value of the equity instruments issued, or at the fair value of the consideration received, whichever is more reliably measurable.

Reclassification

Quokka has reclassified the presentation of certain prior year information to conform to the current year presentation. These changes had no effect on previously reported financial position or results of operations.

Quokka Sports, Inc. and Subsidiaries

Notes to Consolidated Financial Statements -- (Continued)

2. Property and Equipment

Property and equipment consists of:

	DECEMBER 31,		MARCH 31,
	1997	1998	1999 (UNAUDITED)
Computer, telecommunications equipment and software	$ 61,595	$2,241,644	$4,156,456
Leasehold improvements	227,394	567,680	780,147
Furniture and fixtures	5,738	356,068	611,346
Production equipment	--	93,951	431,383
Leased equipment	75,464	75,464	406,533
	370,191	3,334,807	6,385,865
Less accumulated depreciation and			

amortization	(68,247)	(598,509)	(1,028,840)
Property and equipment, net	$301,944	$2,736,298	$5,357,025

Accumulated amortization related to leased equipment was $12,577 at December 31, 1997 and $37,732 at December 31, 1998. There were no asset disposals during 1996, 1997 and 1998. Accumulated amortization related to leased equipment was $18,866 at March 31, 1998 and $62,413 at March 31, 1999. There were no asset disposals during the three months ended March 31, 1999.

3. Income Taxes

The provision for income taxes are summarized as follows:

Years Ended December 31, 1996 1997 1998

Current tax expense:			
Federal -- Foreign	$ --	$ --	$ 12,090
State	--	800	800
Deferred tax expense			
Federal	--	(1,438,864)	(2,845,930)
State	--	(128,098)	(486,101)
Valuation allowance for deferred tax assets	--	1,566,962	3,332,031
	$ --	$ 800	$ 12,890

The change in the valuation allowance was $1,566,962 during the period from August 15, 1996 (date of incorporation) to December 31, 1997 and $3,332,031 in 1998. Tax expenses, which were insignificant, were recorded in general and administrative expenses.

The primary components of the net deferred tax asset are:

December 31, 1997 1998

Net operating loss carryforwards	$ 1,526,769	$ 4,671,438
Other	40,193	227,554
	1,566,962	4,898,992
Valuation allowance	(1,566,962)	(4,898,992)
Deferred tax liability	--	--
Net deferred tax asset	$ --	$ --

At December 31, 1998, Quokka had net operating loss carryforwards of $12,025,228 for federal tax purposes expiring in 2011 through 2018, and $9,987,838 for California income tax purposes which expire in 2004. The issuance of preferred stock in December, 1997, resulted in a change of ownership under Section 382 of the Internal Revenue Code. As a result of the change, approximately $3.8 million

in federal losses and $1.8 million in California losses are subject to an annual limitation of $254,319. The losses incurred while operating as Ozware Developments Unit Trust in Australia are not available for future utilization. Therefore, no deferred income taxes were recorded in the financial statements.

The effective income tax rate differs from the federal statutory income tax rate of 34% primarily as a result of state income taxes and the change in the valuation allowance. The difference between Quokka's effective income tax rate and the federal statutory rate is reconciled below:

Years Ended December 31, 1996 1997 1998

Provision computed at federal statutory rate	$ --	$(1,702,090)	$(3,242,713)
State taxes, net of federal tax benefit	--	(291,325)	(556,411)
Change in valuation allowance	--	1,566,962	3,332,031
Other	--	427,253	479,983
Net tax provision	$ --	$ 800	$ 12,890

4. Accrued Liabilities

Accrued liabilities are comprised of:

	DECEMBER 31, 1997	1998	MARCH 31, 1999 (UNAUDITED)
Accrued compensation and related expenses	$79,993	$ 579,380	$255,817
Accrued expenses	1,997	544,977	450,000
Accrued professional service fees	--	75,000	21,002
Total accrued liabilities	$81,990	$1,199,357	$726,819

5. Commitments

Quokka's rental expense for office facilities was $149,839 in 1997 and $232,799 in 1998 and $174,015 for the three months ended 1999. Quokka has the option to terminate its facilities lease after December 2000 if the landlord is unable to accommodate Quokka's expansion needs.

Quokka Sports, Inc. and Subsidiaries

Notes to Consolidated Financial Statements -- (Continued)

Lease Obligations

Quokka leases office facilities and equipment under noncancelable operating leases. Additionally, Quokka leases certain office equipment under capital lease agreements. Minimum future payments under capital and operating lease agreements for the year ended December 31, are as follows:

	CAPITAL LEASES	OPERATING LEASES
1999	$ 51,017	$ 438,668
2000	45,960	412,980
2001	--	381,314
2002	--	55,746
	96,977	$1,288,708
Less amount representing interest	14,412	
Present value of minimum lease payments under capital lease	82,565	
Less current portion	(40,188)	
Non-current portion	$ 42,377	

Long-Term Debt

Quokka has an equipment financing arrangement with a bank. Under the terms of the agreement, Quokka had the right to draw on a $750,000 line of credit until November 23, 1998 for the purchase of equipment collateralized by the loan. These amounts are classified as long-term debt on the accompanying financial statements. Quokka withdrew the maximum amount available under this line during the period. The terms of the agreement require repayment over 36 months commencing November 23, 1998. Prior to that date, Quokka was obligated to make payments of interest only on the unpaid balance. The current rate of 8.50% is 0.75% over the prime rate quoted by the bank (7.75% at December 31, 1998). Principal and interest payments are made monthly to fully amortize the loan.

6. Stockholders' Equity

Preferred Stock

At December 31, 1998, Quokka had Series A, Series B and Series C preferred stock authorized and outstanding. At December 31, 1997, Quokka was authorized to issue 8,500,000 shares of preferred stock, all of which were designated Series A Preferred Stock. At December 31, 1998, Quokka was authorized to issue 27,600,000 shares of preferred stock, 7,965,688 of which were designated Series A Preferred Stock, 11,127,620 of which were designated Series B Preferred Stock and 8,500,000 of which were designated Series C Preferred Stock. The holders of preferred stock have the following rights:

Dividends

The holders of all series of preferred stock outstanding are entitled to receive in any fiscal year, when and if declared by the Board of Directors, out of any funds legally available, cash dividends at the rate of 8.00% of the original issuance price per share. The right to dividends is not cumulative, and no dividends were declared through December 31, 1998.

Conversion Rights

At the option of the holder, each share of Series A, Series B and Series C Preferred Stock is convertible, at any time, into one share of common stock. The conversion ratio is subject to adjustment resulting from future capital transactions. In addition, each share of Series A, Series B and Series C Preferred Stock will convert automatically into common stock: (i) at any time based on the affirmative vote of 75% of the outstanding shares of all of Series A, Series B and Series C Preferred Stock; or (ii) immediately prior to the closing of a firm commitment underwritten public offering, provided the gross cash proceeds to Quokka are at least $15,000,000 and the public offering price per share is at least $4.50.

Liquidation Preference In the event of any liquidation, dissolution or winding up of Quokka, either voluntary or involuntary, the holders of the Series C Preferred Stock retain liquidation preference over Series A and Series B Preferred Stock and common stock equal to the original issuance price ($3.25 per share) plus declared but unpaid dividends. After the payment of the full liquidation preference of the Series C Preferred Stock, the holders of the Series B Preferred Stock retain liquidation preference over Series A Preferred Stock and common stock equal to the original issuance price ($1.50 per share) plus declared but unpaid dividends. After the payment of the full liquidation preference of the Series C Preferred Stock and Series B Preferred Stock, the holders of the Series A Preferred Stock retain liquidation preference over common stock equal to the original issuance price ($0.68 per share) plus declared but unpaid dividends. If there are any available funds and assets remaining after payments or distributions are made to the holders of Series A, Series B and Series C Preferred Stock of their full preferential amounts, then all remaining funds and assets will be distributed pro rata among the holders of the then-outstanding common stock and Series A, Series B and Series C Preferred Stock on a pro rata, as converted to common stock basis.

Voting Rights

The holders of all series of preferred stock and the holders of common stock are entitled to notice of any stockholders' meeting. Holders of voting common stock and Series A, Series B and Series C Preferred Stock , vote as a single class upon any matter submitted to the stockholders for a vote, as follows: (i) each holder of Series A, Series B and Series C Preferred Stock, has one vote for each full share of common stock into which each share of preferred stock would be convertible on the record date for the vote and (ii) each holder of common stock has one vote per share of common stock. Voting as a separate class, holders of Series A Preferred Stock have the right to elect two directors. This right can be exercised of any annual meeting or at any special meeting called. Directors elected by holders of a majority of all outstanding shares of Series A Preferred Stock will serve until their successors have been elected or have been removed by holders of the majority of the Series A Preferred Stock.

7. Bridge Loans and Warrants

In October 1997, Quokka obtained a bridge loan and issued warrants to purchase common stock. The loan amount was subsequently converted into Series A Preferred Stock in connection with the Series A Preferred Stock financing in December 1997. Quokka issued 212,800 warrants at an exercise price of $0.50 per share expiring in November 2004. In connection with these warrants, Quokka recorded a charge to interest expense of $61,860, representing the fair value of the warrants issued.

In 1998, Quokka issued warrants to purchase 635,650 shares of Series A, B, and C Preferred Stock under a joint development agreement. In connection with these warrants, Quokka recorded charges for research and F-15

engineering of $852,730, representing the fair value of the warrants issued. In December 1998, 339,602 shares of preferred stock were exercised. As of December 31, 1998, the following warrants were outstanding:

AGGREGATE EXERCISE SHARES PRICE EXPIRATION DATES

Common stock.....	212,800	$106,400	The earlier of November 2004 or initial public offering
Series A Preferred Stock.....	99,539	101,530	The earlier of August 2009 or initial public offering
Series B Preferred Stock.....	148,024	174,257	The earlier of August 2009 or initial public offering
Series C Preferred Stock.....	48,485	157,576	The earlier of August 2009 or initial public offering

The estimated fair value of these warrants has been determined based on the Noreen-Wolfson fair value model with a volatility of 70%.

8. Stock Options

Pursuant to the Quokka Sports, Inc. 1997 Equity Incentive Plan ("the Plan"), employees, directors and consultants of Quokka may be granted options to purchase shares of common stock. At December 31, 1998, 7,350,000 shares of common stock were reserved for issuance pursuant to the Plan. Options granted under the Plan are exercisable but subject to repurchase at cost in the event that the individual ceases to be an employee or provide services to Quokka. Repurchase rights generally lapse according to a vesting schedule of 60 months.

A summary of the activity under the Plan together with options granted outside of the Plan is as follows:

	SHARES	EXERCISE PRICE PER SHARE	AGGREGATE PRICE	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at December 31, 1996	--	--	--	--
Granted	1,340,000	$0.50	$ 670,000	$0.50
Cancelled	(252,000)	$0.50	(126,000)	$0.50
Outstanding at December 31, 1997	1,088,000	$0.50	544,000	$0.50
Granted	2,695,000	$0.50-$2.60	3,719,000	$1.34
Exercised	(48,799)	$0.50	(24,400)	$0.50
Cancelled	(239,001)	$0.50-$1.50	(176,000)	$0.74
Outstanding at December 31, 1998	3,495,200	$0.50-$2.60	$4,062,600	$1.12

At December 31, 1998, options to purchase 819,480 shares were fully vested.

The following table summarizes information with respect to stock options outstanding at December 31, 1998:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING AT 12/31/98	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE 12/31/98	WEIGHTED AVERAGE EXERCISE PRICE
$0.50	1,454,200	8.68	$0.50	441,429	$0.50
$0.75-$1.25	911,000	9.65	$1.13	156,867	$1.12
$1.50-$2.60	1,106,000	9.88	$2.08	221,184	$2.08

The following information concerning the Plan is provided in accordance with Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (SFAS 123). Quokka accounts for the Plan in accordance with Accounting Principles Board (APB) Opinion No. 25 and related interpretations.

The fair value of each employee stock option grant has been estimated on the date of grant using the minimum value method with the following weighted average assumptions used for grants in 1998:

December 31,	*1997*	*1998*
Risk-free interest rates	5.72%	5.25%
Expected life of options	5years	5years
Expected dividends	$0	$0

The weighted average fair value of options granted in 1998 was $1.38. Stock options issued to consultants were valued utilizing the Black-Scholes option pricing model with a volatility of 71%.

The following comprises the pro forma information pursuant to the provision of SFAS No. 123:

December 31, 1996 1997 1998

Net loss -- historical.....	$(1,559,779)	$(4,941,840)	$(9,538,324)
Pro forma.....	$(1,559,779)	$(4,966,164)	$(9,694,002)
Basic and diluted net loss per share			
Historical.....	($0.41)	($0.73)	($0.99)
Pro forma.....	($0.41)	($0.73)	($1.00)

These pro forma amounts may not be representative of the effects on pro forma net income (loss) for future years as options vest over several years and additional awards are generally made each year.

9. 401(K) Plan

On November 5, 1997, Quokka established a 401(k) plan, which took effect on January 1, 1998. Under the plan, eligible employees are permitted to contribute up to 15% of gross compensation, not to exceed the annual 402(g) limitation for any plan year. Discretionary contributions may be made by Quokka. No contributions have been made by Quokka since the adoption of the plan.

Quokka Sports, Inc. and Subsidiaries

Notes to Consolidated Financial Statements -- (Continued)

10. Supplemental Cash Flow Information

Supplemental cash flow information and non-cash activities for 1997 and 1998, and the three months ended March 31, 1998 and 1999:

	YEARS ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
	1997	1998	1998 (UNAUDITED)	1999 (UNAUDITED)

Supplement disclosure of cash: Equipment financed through capital lease.... $119,684 $ -- $ -- $ -- Account payable related to purchase of property and equipment..... -- 241,809 -- 483,946 Issuance of warrants for preferred stock under joint development agreement..... 61,860 415,094 381,948 -- Issuance of preferred warrants under license rights agreement..... -- -- -- 400,841 Issuance of preferred warrants for subordinated debt..... -- -- -- 552,486 Stock options issued as compensation for services rendered..... -- 34,788 -- 27,922

11. Subsequent Events

On February 9, 1999, Quokka established NBC/Quokka, LLC a joint venture with NBC Olympics, Inc. NBC/Olympics, Inc. is owned 51% by Quokka and 49% by NBC Olympics, Inc. Quokka has committed to meet the capital needs of the joint venture in such amounts as may be necessary to fund the joint

venture's operations on an on-going basis in accordance with its long term strategic plans and annual operating plan. In connection with this obligation, Quokka has committed to contributing at least $15 million in capital to the joint venture. In consideration for Quokka's share of the equity in the joint venture, Quokka also issued 2,100,000 warrants that have a fair value of $4.9 million. This joint venture has been consolidated in Quokka's financial statements.

In January 1999, Quokka formed CART Digital Media Enterprises, LLC with Forsythe Inc. CART Digital Media Enterprises, LLC is 50% owned by Quokka and 50% owned by Forsythe, Inc., and both parties have an equal representation on the Board of Managers. This joint venture will be treated as an equity investment within the financial statements. As part of the consideration for the equity in this joint venture, Quokka issued warrants to purchase 76,366 shares of Series C Preferred Stock, which has a fair value of $400,841.

Quokka completed a subordinated debt agreement on February 12, 1999. Terms of this agreement call for maximum borrowings of $10 million. Repayment is due in 36 monthly installments commencing on February 1, 2000 subject to acceleration under certain conditions including the completion of an initial public offering. No amounts were outstanding on this facility as of March 31, 1999. In connection with this agreement, Quokka has issued warrants for the purchase of 215,384 shares of Series C Preferred Stock at an exercise price of $3.25. The fair value of these warrants was $552,486 and has been treated as a loan commitment fee and is being amortized over the term of the six-month draw-down period as no further services are requested to earn the warrants, and they are fully vested.

The estimated fair value of the above warrants have been determined based on the Noreen-Wolfson fair value model with a volatility of 70%.

(Inside Back Cover)

[to come]

(Inside Back Cover Gate Fold)

Left Side of Page:

First Ascent

[Picture of Mountaineer]

Cart

[Picture of Car Race]

Marathon Des Sables

[Picture of Runner's Foot]

Around Alone

[Picture of Sailboat]

Whitbread

[Picture of Sailor]

CENTER OF PAGE: [GRAPHIC TITLED "QUOKKA SPORTS PLATFORM" AND DEPICTING DATA FLOW THROUGH THE FOLLOWING SIX STAGES OF THE QUOKKA SPORTS PLATFORM: (1) COLLECTION; (2) TRANSMISSION; (3) PRODUCTION; (4) DISTRIBUTION; (5) DELIVERY; AND (6) CLIENT.]

Part Ii

Information Not Required in Prospectus

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses to be paid by Quokka in connection with the sale of the shares of common stock being registered hereby. All amounts are estimates except for the SEC registration fee, the NASD filing fee and the Nasdaq National Market filing fee.

Securities and Exchange Commission registration fee	$ 15,985
NASD filing fee	6,250
Nasdaq National Market filing fee	*
Accounting fees and expenses	250,000
Legal fees and expenses	350,000
Printing and engraving expenses	325,000
Blue sky fees and expenses	10,000
Transfer agent and registrar fees and expenses	15,000
Miscellaneous	150,000
Total	$ *

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers.

Our certificate of incorporation, which will become effective upon the closing of this offering, contains provisions permitted under Delaware law relating to the liability of directors. These provisions eliminate a director's personal liability for monetary damages resulting from a breach of fiduciary duty, except in circumstances involving wrongful acts, such as:

- any breach of the director's duty of loyalty;

- acts or omissions which involve a lack of good faith, intentional misconduct or a knowing violation of the law;

- payment of dividends or approval of stock repurchases or redemptions that are unlawful under Delaware law; or - any transaction from which the director derives an improper personal benefit.

These provisions do not limit or eliminate our rights or any stockholder's rights to seek non-monetary relief, such as an injunction or rescission, in the event of a breach of director's fiduciary duty. These provisions will not alter a director's liability under federal securities laws.

Our bylaws, which will become effective upon the closing of this offering, require us to indemnify our directors and executive officers to the fullest extent not prohibited by the Delaware law. We may limit the extent of such indemnification by individual contracts with our directors and executive officers. Further, we may decline to indemnify any director or executive officer in connection with any

proceeding initiated by such person or any proceeding by such person against Quokka or its directors, officers, employees or other agents, unless such indemnification is expressly required to be made by law or the proceeding was authorized by our board of directors.

We have entered into indemnity agreements with each of our current directors and certain of our executive officers to give such directors and officers additional contractual assurances regarding the scope of the indemnification set forth in our certificate of incorporation and bylaws and to provide additional procedural protections. At present, there is no pending litigation or proceeding involving a director, officer or employee of Quokka for which indemnification is sought, nor are we aware of any threatened litigation that may result in claims for indemnification.

We have the power to indemnify our other officers, employees and other agents, as permitted by Delaware law, but we are not required to do so.

Quokka plans to obtain directors' and officers' liability insurance.

Reference is made to the following documents filed or to be filed as exhibits to this registration statement regarding relevant indemnification provisions described above and elsewhere herein:

Exhibit Document Number

Form of Underwriting Agreement	1.01
Amended and Restated Certificate of Incorporation	3.03
Amended and Restated Bylaws	3.04
Investors' Rights Agreement dated December 23, 1998	4.02
Form of Indemnity Agreement	10.01

Item 15. Recent Sales of Unregistered Securities

The following list sets forth information regarding all securities sold by Quokka since its incorporation in Delaware on August 15, 1996:

1. In January 1997, Quokka issued and sold an aggregate of 3,800,000 shares of its common stock to one entity in exchange for all of the properties, rights, interests and other tangible and intangible assets of Ozware Developments Unit Trust, an Australian unit trust.

2. From March 1997 to August 1997, Quokka issued and sold an aggregate of 5,851,566 shares of its common stock at $0.50 per share, 3,351,076 of which were sold to five executive officers and/or directors (and related entities) of Quokka.

3. In October 1997, Quokka issued warrants to purchase an aggregate of 212,800 shares of common stock at an exercise price of $0.50 per share to four investors, 62,800 of which were sold to two executive officers and/or directors (and related entities) of Quokka.

4. In December 1997, Quokka issued and sold an aggregate of 7,720,590 shares of Series A Preferred Stock at $0.68 per share to 11 investors, 5,635,294 of which were sold to five executive officers and/or directors (and related entities) of Quokka.

5. Between March 1998 and December 1998, Quokka issued and sold warrants to purchase up to 245,098 shares of Series A Preferred Stock at an exercise price of $1.02 per share, 245,098 shares of Series B Preferred Stock at an exercise price of $1.02 per share, 72,727 shares of Series B Preferred Stock at an exercise price of $1.50 per share and 72,727 shares of Series C Preferred Stock at an exercise price of $3.25 per share to one investor that is now a 5% stockholder of Quokka. The warrants were amended in December 1998 and partially exercised by the 5% stockholder in December 1998 for 145,559 shares of Series A Preferred Stock, 145,559 shares of Series B Preferred Stock, 24,242 shares of Series B Preferred Stock and 24,242 shares of Series C Preferred Stock. The warrants, as amended, are currently exercisable for 99,539 shares of Series A Preferred Stock at an exercise price of $1.02 per share, 99,539 shares of Series B Preferred Stock at an exercise price of $1.02 per share, 48,485 shares of Series B Preferred Stock at an exercise price of $1.50 per share and 48,485 shares of Series C Preferred Stock at an exercise price of $3.25 per share.

6. From June to August 1998, Quokka issued and sold an aggregate of 10,737,068 shares of Series B Preferred Stock at $1.50 per share to 21 investors, 9,767,269 of which were sold to six investors that are now 5% stockholders of Quokka, and 576,904 shares of which were sold to three executive officers and directors (and related entities) of Quokka.

7. In December 1998, Quokka issued and sold an aggregate of 4,938,756 shares of Series C Preferred Stock at $3.25 per share to 26 investors, 3,630,771 of which were sold to six investors that are now 5% II-2 stockholders, and 323,371 of which were sold to three executive officers and directors (and related entities) of Quokka.

8. From February 1999 to March 1999, Quokka issued and sold warrants to purchase up to an aggregate of 2,391,750 shares of Series C Preferred Stock at a weighted average per share price of $5.38 to three investors, one of which is now a 5% stockholder of Quokka.

9. In April 1999, Quokka issued and sold warrants to purchase up to an aggregate of 161,538 shares of Series C Preferred Stock at an exercise price of $3.25 per share to two investors, one of which is now a 5% stockholder of Quokka.

10. Since inception, Quokka has granted stock options under its 1997 Equity Incentive Plan, covering an aggregate of 7,767,025 shares of common stock (net of expirations and cancellations) at exercise prices ranging from $0.50 to $8.50 per share.

11. Since inception, options to purchase an aggregate of 246,574 shares of common stock have been exercised for an aggregate purchase price of $159,537 at a weighted exercise price of $0.65 per share.

12. Since inception, Quokka has granted stock options outside of its 1997 Equity Incentive Plan, covering an aggregate of 502,000 shares of common stock (net of expirations and cancellations) at exercise prices ranging from $0.50 to $2.60 per share. To date, no options granted outside of the 1997 Equity Incentive Plan have been exercised.

All sales of common stock made pursuant to the exercise of stock options granted under the 1997 Equity Incentive Plan to Quokka's officers, directors, employees and consultants were made in reliance on Rule 701 under the Securities Act or on Section 4(2) of the Securities Act.

All other sales were made in reliance on Section 4(2) of the Securities Act and/or Regulation D promulgated under the Securities Act. These sales were made without general solicitation or advertising. Each purchaser was a sophisticated investor with access to all relevant information necessary to evaluate the investment and represented to Quokka that the shares were being acquired for investment.

Item 16. Exhibits and Financial Statement Schedules.

(A) the Following Exhibits Are Filed Herewith:

Exhibit Number Exhibit Title

1.01*	Form of Underwriting Agreement.
3.01	Amended and Restated Certificate of Incorporation.
3.02	Bylaws.
3.03	Form of Amended and Restated Certificate of Incorporation to be filed upon completion of this offering.
3.04	Form of Amended and Restated Bylaws to be filed upon completion of this offering.
4.01*	Form of Specimen Stock Certificate.
4.02	Investors' Rights Agreement, dated December 23, 1998, among Quokka and certain investors named therein.
5.01*	Opinion of Cooley Godward LLP regarding legality of the securities being registered.
10.01	Form of Indemnity Agreement entered into by Quokka with each of its directors and certain executive officers.
10.02	Amended and Restated 1997 Equity Incentive Plan.
10.03	Form of Stock Option Agreement under the Amended and Restated 1997 Equity Incentive Plan.
10.04	1999 Non-Employee Directors' Stock Option Plan.
10.05	Form of Nonstatutory Stock Option Agreement under the 1999 Non-Employee Directors' Stock Option Plan.
10.06	1999 Employee Stock Purchase Plan.
10.07	Form of 1999 Employee Stock Purchase Plan Offering.
10.08	Key Employee Agreement, dated March 25, 1999, between Alvaro Saralegui and Quokka.
10.09	Subordinated Loan and Security Agreement, dated February 12, 1999, between Quokka and Comdisco, Inc.
10.10+	Software License and Development Agreement, dated March 20, 1998, as amended, between Quokka and Intel Corporation.
10.11	Lease, dated October 1, 1996, between Brannan Street Partners and Quokka, as amended.
10.12	Sublease, dated June 23, 1998, between San Francisco Mercantile Company, Inc. and Quokka.
10.13	Office Lease, dated February 18, 1999, between Tiffany M. Gin and Stanton Lowe dba Spear Street Saphire and Quokka.
10.14+	Master Venture Agreement, dated February 9, 1999, by and among Quokka, NBC Olympics, Inc. and NBC/Quokka Ventures, LLC.
10.15+	Agreement, dated January 1, 1999, between Championship Auto Racing Teams, Inc. and CART Digital Media Enterprises, LLC.
10.16+	Operating Agreement of NBC/Quokka Ventures, LLC, dated February 9, 1999, between Quokka and NBC Olympics, Inc.
16.01	Letter from KPMG LLP regarding change in certifying accountant.

21.01*	List of Subsidiaries.
23.01*	Consent of Cooley Godward LLP (included in Exhibit 5.01).
23.02	Consent of PricewaterhouseCoopers LLP, independent accountants.

Exhibit Number Exhibit Title

24.01	Power of Attorney. Reference is made to page II-6.
27.01	Financial Data Schedule.

* To be filed by amendment.

+ Confidential treatment requested.

(B) Financial Statement Schedules.

Schedule II -- Valuation and Qualifying Accounts.

Schedules not listed above have been omitted because the information called for is not required or is shown either in the consolidated financial statements or the notes thereto.

Item 17. Undertakings.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of Quokka pursuant to the provisions described under Item 14 above, or otherwise, Quokka has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by Quokka of expenses incurred or paid by a director, officer or controlling person of Quokka in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, Quokka will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by Quokka pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Signatures

Pursuant to the requirements of the Securities Act of 1933, as amended, Quokka Sports, Inc. has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Francisco, State of California, on the 23rd day of April, 1999.

Quokka Sports, Inc.

By: /s/ ALAN S. RAMADAN Alan S. Ramadan President and Chief Executive Officer

Power of Attorney

Each individual whose signature appears below constitutes and appoints Alan Ramadan and Les Schmidt, and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to sign any registration statement for the same offering covered by the registration statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his, her or their substitute or substitutes, may lawfully do or cause to be done or by virtue hereof.

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signatures Title Date

/s/ ALAN S. RAMADAN Alan S. Ramadan	President, Chief Executive Officer and Director (Principal Executive Officer)	April 23, 1999
/s/ LES SCHMIDT Les Schmidt	Executive Vice President, Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)	April 23, 1999

/s/ RICHARD H. WILLIAMS Richard H. Williams	Director (Chairman of the Board of Directors)	April 23, 1999
/s/ JOHN BERTRAND A.M. John Bertrand A.M.	Director (Vice-Chairman of the Board of Directors)	April 23, 1999

/s/ WALTER W. BREGMAN Director April 23, 1999 Walter W. Bregman

Signatures Title Date

/s/ ROEL PIEPER Director April 23, 1999 Roel Pieper /s/ JAMES G. SHENNAN, JR. Director April 23, 1999 James G Shennan, Jr.

/s/ BARRY M. WEINMAN Director April 23, 1999 Barry M. Weinman

Independent Auditors' Report

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE To the Stockholders of Quokka Sports, Inc.:

In connection with our audits of the consolidated financial statements of Quokka Sports, Inc. as of December 31, 1997 and 1998, and for each of the three years in the period ended December 31, 1998, which financial statements are included in the Prospectus, we have also audited the financial statement schedule listed in Item 16(b) herein. In our opinion, this financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

PricewaterhouseCoopers LLP San Francisco, California April 22, 1999

Schedule Ii

QUOKKA SPORTS, INC. VALUATION AND QUALIFYING ACCOUNTS FOR THE YEARS ENDED DECEMBER 31, 1996, 1997, 1998 AND THE THREE MONTHS ENDED MARCH 31, 1999

	BALANCE AT BEGINNING OF PERIOD	CHARGED TO EXPENSES	DEDUCTIONS	ADJUSTMENTS
For the year ended December 31, 1996				
Allowance for doubtful accounts.....	$ --	$ --	$ --	$ --
For the year ended December 31, 1997				
Allowance for doubtful accounts.....	$ --	$ --	$ --	$ --
For the year ended December 31, 1998				
Allowance for doubtful accounts.....	$ --	$ --	$ --	$ --
For the three months ended March 31, 1999				
Allowance for doubtful accounts.....	$ --	$ --	$ --	$ --

Index to Exhibits

EXHIBIT NUMBER	EXHIBIT TITLE	SEQUENTIALLY NUMBERED PAGE
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* To be filed by amendment.

+ Confidential treatment requested. </TEXT>