

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

NETSOL INTERNATIONAL, INC.  
(Exact name of registrant as specified in its charter)

NEVADA 95-4627685  
(State or other jurisdiction of (IRS Employer Identification No.)  
incorporation or organization)

24025 PARK SORRENTO, SUITE 220, CALABASAS, CA 91302  
(818) 222-9195  
(Address, including zip code, and telephone number, including  
area code, of registrants' principal executive offices)

MALEA FARSAI, ESQ.  
GENERAL COUNSEL  
NETSOL INTERNATIONAL, INC.  
24025 PARK SORRENTO, SUITE 220  
CALABASAS, CALIFORNIA 91302  
(818) 222-9195  
(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

COPIES TO:  
KAREN C. GOODIN, ESQ.  
Riordan & McKinzie  
600 Anton Boulevard, 18th Floor  
Costa Mesa, CA 92626  
(714) 433-2900

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:  
FROM TIME TO TIME AFTER THIS REGISTRATION STATEMENT IS EFFECTIVE.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. / /

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, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. /X/

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please 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 delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

CALCULATION OF REGISTRATION FEE

<TABLE>  
<CAPTION>

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT (1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE (2)
<S> Common Stock, \$.001 par value	<C> 624,875	<C> \$2.62	<C> \$1,637,173	<C> \$410

</TABLE>

(1) Based upon the average of the high and low sales prices of the common stock

as reported on the Nasdaq Small Cap Market on April 19, 2001 and estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(c) under the Securities Act of 1933.

- (2) Pursuant to Rule 457(p) of the Securities Act, the Registrant hereby offsets \$410 of the \$519 filing fee previously paid by the Registrant in connection with the Registrant's Registration Statement on Form S-3 (File No. 333-57020) that was filed with the Securities and Exchange Commission on March 14, 2001 and withdrawn on April 24, 2001. No securities were sold under the March 14, 2001 registration statement.

-----

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 this Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.

=====

SUBJECT TO COMPLETION Dated April 24, 2001 The information in this prospectus in not complete and may be changed. The selling securityholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This 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.

PROSPECTUS

NETSOL INTERNATIONAL, INC.

624,875 Shares of Common Stock

This prospectus is part of the registration statement we filed with the Securities and Exchange Commission using a "shelf" registration process. This means:

- The selling securityholders set forth on page 10 of this prospectus may sell up to 624,875 shares of our common stock from time to time.
- You should read this prospectus and any prospectus supplement carefully before you invest.

Our common stock, \$.001 par value is listed on the Nasdaq SmallCap Market, under the symbol "NTWK". On April 20, 2001, the last reported sale price for our common stock was \$4.59 per share.

The selling securityholders may offer these shares directly to purchasers, through agents that they designate from time to time or to or through underwriters or dealers. We will not receive any of the proceeds from the sale of such shares.

THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD PURCHASE SHARES ONLY IF YOU CAN AFFORD A COMPLETE LOSS OF YOUR INVESTMENT. PLEASE CAREFULLY CONSIDER THE "RISK FACTORS" BEGINNING ON PAGE 3 OF THIS PROSPECTUS.

-----

Our principal executive offices are located at 24025 Park Sorrento, Suite 220, Calabasas, CA 91302 and our telephone number is (818) 222-9195. Our web site is located at [www.netsol-intl.com](http://www.netsol-intl.com). Information contained in our web site is not part of this prospectus.

-----

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 DATE OF THIS PROSPECTUS IS , 2001

TABLE OF CONTENTS

<TABLE>	
<S>	<C>
Risk Factors.....	3
The Company.....	9
Special Note Regarding Forward-Looking Statements.....	9
Use of Proceeds.....	9
Selling Securityholders.....	10
General Description of Securities.....	11

Plan of Distribution.....	12
Legal Matters.....	13
Experts.....	13
Where You Can Find More Information.....	14

</TABLE>

2

RISK FACTORS

An investment in the shares of common stock offered by this prospectus involves a high degree of risk. You should carefully review the following risk factors as well as the other information set forth in this prospectus before making an investment.

SOME OF THE INFORMATION IN THIS PROSPECTUS OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE SUBSTANTIAL RISKS AND UNCERTAINTIES. YOU CAN IDENTIFY THESE STATEMENTS BY FORWARD-LOOKING WORDS SUCH AS "MAY," "WILL," "EXPECT," "ANTICIPATE," "BELIEVE," "ESTIMATE" AND "CONTINUE" OR SIMILAR WORDS. YOU SHOULD READ STATEMENTS THAT CONTAIN THESE WORDS CAREFULLY BECAUSE THEY:

- DISCUSS OUR FUTURE EXPECTATIONS;
- CONTAIN PROJECTIONS OF OUR FUTURE OPERATING RESULTS OR OF OUR FUTURE FINANCIAL CONDITION; AND/OR
- STATE OTHER "FORWARD-LOOKING" INFORMATION.

WE BELIEVE IT IS IMPORTANT TO COMMUNICATE OUR EXPECTATIONS TO OUR INVESTORS. THERE MAY BE EVENTS IN THE FUTURE, HOWEVER, THAT WE ARE NOT ACCURATELY ABLE TO PREDICT OR OVER WHICH WE HAVE NO CONTROL. THE RISK FACTORS LISTED IN THIS SECTION, AS WELL AS ANY CAUTIONARY LANGUAGE IN THIS PROSPECTUS, PROVIDE EXAMPLES OF RISKS, UNCERTAINTIES AND EVENTS THAT MAY CAUSE OUR ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE EXPECTATIONS WE DESCRIBE IN OUR FORWARD-LOOKING STATEMENTS. BEFORE YOU INVEST IN OUR COMMON STOCK, YOU SHOULD BE AWARE THAT THE OCCURRENCE OF ANY OF THE EVENTS DESCRIBED IN THESE RISK FACTORS AND ELSEWHERE IN THIS PROSPECTUS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL CONDITION AND OPERATING RESULTS AND THAT UPON THE OCCURRENCE OF ANY OF THESE EVENTS, THE TRADING PRICE OF OUR COMMON STOCK COULD DECLINE AND YOU COULD LOSE ALL OR PART OF YOUR INVESTMENT.

IF WE DO NOT ATTRACT AND RETAIN QUALIFIED PROFESSIONAL STAFF, WE MAY NOT BE ABLE TO ADEQUATELY PERFORM OUR CLIENT ENGAGEMENTS, WHICH COULD LIMIT ACCEPT OUR ABILITY TO NEW CLIENT ENGAGEMENTS.

Our business is labor intensive and our success depends in large part upon our ability to attract, retain, train and motivate highly skilled employees. Because of the rapid growth in the Information Technology or I/T sector, there is intense competition for employees who have modeling, creative design, technical and program management experience. In addition, the Internet has created many opportunities for people with the skills we seek to form their own companies or join startup companies and these opportunities frequently offer the potential for significant future financial profit through equity incentives which we cannot match. We may not be successful in attracting a sufficient number of highly skilled employees in the future, or in retaining, training and motivating the employees we are able to attract. Any inability to attract, retain, train and motivate employees could impair our ability to adequately manage and complete existing projects and to bid for or accept new client engagements.

IF WE DO NOT MANAGE OUR GROWTH EFFECTIVELY, OUR OPERATING RESULTS WILL BE ADVERSELY AFFECTED.

Our growth has placed significant demands on our management and other resources. Our revenues increased approximately 100% from \$3.5 million (restated) in 1999 to \$7.0 million in 2000. Our staff increased from 112 full-time employees at June 30, 1999 to 425 at December 31, 2000. Our future success will depend on our ability to manage our growth effectively, including by:

- developing and improving our operational, financial and other internal systems;
- integrating and managing acquired businesses, joint ventures and strategic investments;
- training, motivating and managing our employees;

3

- estimating fixed-price fees and project timeframes accurately;
- maintaining high rates of employee utilization; and
- maintaining project quality and client satisfaction.

WE HAVE SIGNIFICANT FIXED OPERATING COSTS, WHICH MAY BE DIFFICULT TO ADJUST IN RESPONSE TO UNANTICIPATED FLUCTUATIONS IN REVENUES.

A high percentage of our operating expenses, particularly personnel and rent, are fixed in advance of any particular quarter. As a result, unanticipated variations in the number, or progress toward completion, of our projects may

cause significant variations in operating results in any particular quarter and could have a material adverse effect on operations for that quarter.

An unanticipated termination of a major project, a client's decision not to proceed with a project we anticipated, or the completion during a quarter of several major client projects could require us to maintain underutilized employees and could therefore have a material adverse effect on our business, financial condition and results of operations. Our revenues and earnings may also fluctuate from quarter to quarter based on such factors as:

- the contractual terms and timing of completion of projects;
- any delays incurred in connection with projects;
- the adequacy of provisions for losses and bad debts;
- the accuracy of our estimates of resources required to complete ongoing projects; and
- general economic conditions.

IF BUSINESSES DO NOT INCREASE THEIR USE OF THE INTERNET AS A MEANS FOR CONDUCTING COMMERCE, OUR REVENUES WILL BE ADVERSELY AFFECTED.

One of the sources of our revenue is use of our software on-line. We have spent our resources to develop our software so that it will be used via the Internet. Our future success depends on the increased acceptance and use of the Internet as a means for conducting commerce. If commerce on the Internet does not continue to grow, or grows more slowly than expected, revenue growth would slow or decline and our business, financial condition and results of operations would be materially adversely affected. Consumers and businesses may delay adoption of the Internet as a viable medium for commerce for a number of reasons not within our control, including:

- inadequate network infrastructure;
- delays in the development of Internet enabling technologies and performance improvements;
- delays in the development or adoption of new standards and protocols required to handle increased levels of Internet activity;
- delays in the development of security and authentication technology necessary to effect secure transmission of confidential information;
- changes in, or insufficient availability of, telecommunications services to support the Internet; and
- failure of companies to meet their customers' expectations in delivering goods and services over the Internet.

4

INTERNATIONAL EXPANSION OF OUR BUSINESS COULD RESULT IN FINANCIAL LOSSES DUE TO CHANGES IN FOREIGN ECONOMIC CONDITIONS OR FLUCTUATIONS IN CURRENCY AND EXCHANGE RATES.

We expect to continue to expand our international operations. We currently have offices in the United Kingdom, Germany, Pakistan and Australia. We have limited experience in marketing, selling and providing our services internationally. International operations are subject to other inherent risks, including:

- recessions in foreign countries;
- fluctuations in currency exchange rates;
- difficulties and costs of staffing and managing foreign operations;
- reduced protection for intellectual property in some countries;
- political instability or changes in regulatory requirements or overthrowing the current government in the foreign countries; and
- U.S. imposed restrictions on the import and export of technologies.

WE DEPEND HEAVILY ON A LIMITED NUMBER OF CLIENT PROJECTS AND THE LOSS OF ANY WOULD ADVERSELY AFFECT OUR OPERATING RESULTS.

We have derived, and believe that we will continue to derive, a significant portion of our revenues from a limited number of clients for whom we perform large projects. For the year ended June 30, 2000, our four largest clients accounted for over 30% of our revenues. In addition, revenues from a large client may constitute a significant portion of our total revenues in a particular quarter. The loss of any principal client for any reason, including as a result of the acquisition of that client by another entity, could have a material adverse effect on our business, financial condition and results of operations.

*IF WE ARE UNABLE TO ACHIEVE ANTICIPATED BENEFITS FROM ACQUISITIONS, JOINT VENTURES AND STRATEGIC INVESTMENTS, OUR BUSINESS COULD BE ADVERSELY AFFECTED.*

*During the past year, we have completed four acquisitions and entered into one alliance. The anticipated benefits from these and future acquisitions, joint ventures and strategic investments may not be achieved. For example, when we acquire a company, we cannot be certain that customers of the acquired business will continue to do business with us or that employees of the acquired business will continue their employment or become well integrated into our operations and culture. The identification, consummation and integration of acquisitions, joint ventures and strategic investments require substantial attention from management. The diversion of the attention of management relating to these activities, as well as any difficulties encountered in the integration process, could have an adverse impact on our business, financial condition and results of operations.*

*IF ANY CLIENT UNEXPECTEDLY TERMINATES THEIR CONTRACTS WITH US OUR BUSINESS COULD BE ADVERSELY AFFECTED.*

*Our clients, with limited advance notice and without significant penalty, can cancel some of our contracts. Termination by any client of a contract for our services could result in a loss of expected revenues and additional expenses for staff which were allocated to that client's project. The cancellation or a significant reduction in the scope of a large project could have a material adverse effect on our business, financial condition and results of operations.*

*OUR STOCK PRICE IS VOLATILE AND MAY RESULT IN SUBSTANTIAL LOSSES FOR INVESTORS.*

*The trading price of our common stock could be subject to wide fluctuations in response to:*

- *quarterly variations in operating results and our achievement of key business metrics;*

5

- *changes in earnings estimates by securities analysts;*
- *any differences between reported results and securities analysts' published or unpublished expectations;*
- *announcements of new contracts or service offerings by us or our competitors;*
- *market reaction to any acquisitions, joint ventures or strategic investments announced by us or our competitors; and*
- *general economic or stock market conditions unrelated to our operating performance.*

*In the past, securities class action litigation has often been instituted against companies following periods of volatility in the market price of their securities. This type of litigation could result in substantial costs and a diversion of management attention and resources.*

*IF WE DO NOT KEEP PACE WITH TECHNOLOGICAL CHANGES, OUR COMPETITIVE POSITION WILL SUFFER.*

*Our markets and the technologies used in our solutions are characterized by rapid technological change. Failure to respond in a timely and cost-effective way to these technological developments would have a material adverse effect on our business, financial condition and results of operations. We expect to derive a substantial portion of our revenues from providing software that is based upon leading technologies and that is capable of adapting to future technologies. As a result, our success will depend on our ability to offer services that keep pace with continuing changes in technology, evolving industry standards and changing client preferences. We may not be successful in addressing future developments on a timely basis. Our failure to keep pace with the latest technological developments would have a material adverse effect on our business, financial condition and results of operations.*

*WE FACE SIGNIFICANT COMPETITION IN MARKETS THAT ARE NEW AND RAPIDLY CHANGING.*

*The markets for the services we provide are highly competitive. We believe that we currently compete principally with strategy consulting firms, Internet professional services firms, systems integration firms, software developers, technology vendors and internal information systems groups. Many of the companies that provide services in our markets have significantly greater financial, technical and marketing resources than we do and generate greater revenues and have greater name recognition than we do. In addition, there are relatively low barriers to entry into our markets and we have faced, and expect to continue to face competition from new entrants into our markets.*

*We believe that the principal competitive factors in our markets include:*

- *ability to integrate strategy, experience modeling, creative design and technology services;*
- *quality of service, speed of delivery and price;*
- *industry knowledge;*

- sophisticated project and program management capability; and
- Internet technology expertise and talent.

We believe that our ability to compete also depends in part on a number of competitive factors outside our control, including:

- the ability of our competitors to hire, retain and motivate professional staff;

6

- the development by others of Internet services or software that is competitive with our solutions; and
- the extent of our competitors' responsiveness to client needs.

There can be no assurance that we will be able to compete successfully in our markets.

**IF WE ARE UNABLE TO PROTECT OUR PROPRIETARY SOFTWARE, OUR BUSINESS COULD BE ADVERSELY AFFECTED.**

Our success depends, in part, upon our proprietary software and other intellectual property rights. We rely upon a combination of trade secrets, nondisclosure and other contractual arrangements, and copyright and trademark laws to protect our proprietary rights. We enter into confidentiality agreements with our employees, generally require that our consultants and clients enter into these agreements, and limit access to and distribution of our proprietary information. There can be no assurance that the steps we take in this regard will be adequate to deter misappropriation of our proprietary information or that we will be able to detect unauthorized use and take appropriate steps to enforce our intellectual property rights. In addition, although we believe that our services and products do not infringe on the intellectual property rights of others, there can be no assurance that infringement claims will not be asserted against us in the future, or that if asserted that any infringement claim will be successfully defended. A successful claim against us could materially adversely affect our business, financial condition and results of operations. We may not have the right to resell or reuse software developed for specific clients. A portion of our business involves the development of software for specific client engagements. Ownership of these solutions is the subject of negotiation and is frequently assigned to the client, although we may retain a license for certain uses. Some clients have prohibited us from marketing the software developed for them for specified periods of time or to specified third parties and there can be no assurance that clients will not demand similar or other restrictions in the future. Issues relating to the ownership of and rights to use solutions can be complicated and there can be no assurance that disputes will not arise that affects our ability to resell or reuse these solutions. Any limitation on our ability to resell or reuse a solution could require us to incur additional expenses to develop new solutions for future projects.

**WE ARE DEPENDENT ON OUR KEY PERSONNEL.**

Our success will depend in large part upon the continued services of a number of key employees, including Messrs. Salim Ghauri, Najeeb Ghauri and Naeem Ghauri. The loss of the services of either of these or of one or more of our other key personnel could have a material adverse effect on our business, financial condition and results of operations. In addition, if one or more of our key employees resigns from NetSol to join a competitor or to form a competing company, the loss of such personnel and any resulting loss of existing or potential clients to any such competitor could have a material adverse effect on our business, financial condition and results of operations. In the event of the loss of any personnel, there can be no assurance that we would be able to prevent the unauthorized disclosure or use of our technical knowledge, practices or procedures by such personnel.

**WE DO NOT PAY CASH DIVIDENDS.**

We have never paid dividends and do not presently intend to pay any dividends in the foreseeable future.

**FUTURE SALES OF OUR COMMON STOCK MAY CAUSE OUR STOCK PRICE TO DECLINE.**

Future sales of our common stock could negatively impact the market price of our common stock. Shares of our common stock that have not been previously traded in the public market but may at some time be sold in the public market include:

- shares held by affiliates;
- shares issued or to be issued in acquisitions;
- shares issuable upon conversion of convertible notes; and

7

- shares to be issued pursuant to stock options and warrants.

The aggregate number of such shares is much greater than the number of shares of our common stock which have previously traded on the public market. There is only a limited trading market for our common stock and it is possible that you may not be able to sell your shares easily. There is currently only a limited trading market for our common stock. Our common stock trades on the

Nasdaq SmallCap Market under the symbol "NTWK" with very limited trading volume. There can be no assurance that a substantial trading market will ever develop (or be sustained, if developed) for our common stock upon completion of this offering, or that purchasers will be able to resell their securities or otherwise liquidate their investment without delay.

We have filed another registration statement for a proposed offering of \$30 million of our securities. These securities are proposed to be offered and sold from time to time on behalf of Netsol in the form of common stock and warrants to purchase common stock. The issuance of these securities under such registration statement may depress the price of our common stock.

In addition, during the respective terms of the warrants and options granted or to be granted under our option plans, the holders thereof are given an opportunity to benefit from a rise in the market price of the common stock, with a resultant dilution of the interests of existing stockholders. The existence of these warrants and options could make it more difficult for us to obtain additional financing while such securities are outstanding. The holders may be expected to exercise their rights to acquire common stock and sell at a time when we would, in all likelihood, be able to obtain needed capital through a new offering of securities on terms more favorable than those provided by these warrants and options.

8

#### THE COMPANY

NetSol International, Inc. (formerly Mirage Holding, Inc.) was founded in 1997 and is now in the business of information technology or I/T services. NetSol has helped clients use I/T more efficiently in order to improve their operations and profitability and to achieve business results. Network Solutions Pvt. Ltd. or NetSol PK develops the majority of the software for NetSol. NetSol PK was the first company in Pakistan to achieve the ISO 9001 accreditation. NetSol is in the process of attaining SEI CMM Level 3 accreditation. This is one of the highest levels of recognition for quality and best practices that a software house can achieve.

NetSol offers a broad array of professional services to clients in the global commercial markets and specializes in the application of advanced and complex I/T to achieve its customers' strategic objectives. Its service offerings include outsourcing, systems integration, and I/T and management consulting and other professional services, including e-business solutions.

Our principal executive offices are located at 24025 Park Sorrento, Suite 220, Calabasas, California 91302 and our telephone number is (818) 222-9195.

#### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained or incorporated by reference in this prospectus are forward-looking statements concerning our operations, economic performance and financial condition. Forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, are included, for example, in the discussions about:

- our strategy;
- product sales and revenues;
- new product development or product introduction;
- expenses, earnings and net income; and
- our operational and legal risks.

These statements involve risks and uncertainties. Actual results may differ materially from those expressed or implied in those statements. Factors that could cause such differences include, but are not limited to, those discussed under "Risk Factors".

#### USE OF PROCEEDS

As the shares of our common stock to which this prospectus relates are offered by the selling securityholders and not by us, we will not receive any of the proceeds from the resales of those shares.

9

#### SELLING SECURITYHOLDERS

The following table sets forth the selling securityholders, and the number of shares of our common stock beneficially owned by them as of April 24 which may be offered pursuant to this prospectus. This information is based upon information provided to us by the named selling securityholders. Given that the selling securityholders may offer all, some or none of their respective shares of common stock, no definitive estimate as to the number of shares that will be held by the selling securityholders after such offering can be provided.

Deephaven Private Placement Trading Ltd. is a private investment fund that is owned by all of its investors and managed by Deephaven Capital Management LLC. Deephaven Capital Management LLC, of which Mr. Irvin Kessler is the fund manager, has voting and investment control over the shares listed below owned by Deephaven Private Placement Trading Ltd. Deephaven Capital Management LLC is an indirect subsidiary of Knight Trading Group, Inc.

Each of the selling securityholders has represented to us that it did, or will with respect to the common stock issuable upon the exercise of warrants, acquire the securities listed opposite its name below in the ordinary course of business, and that it does not have any agreement or understanding, directly or indirectly, with any person to distribute those securities.

<TABLE>  
<CAPTION>

SELLING STOCKHOLDERS	SHARES BENEFICIALLY OWNED BEFORE OFFERING		NUMBER OF SHARES BEING OFFERED	SHARES BENEFICIALLY OWNED AFTER OFFERING	
	NUMBER (1)	PERCENT (2)		NUMBER (3)	PERCENT
<S>	<C>	<C>	<C>	<C>	<C>
Deephaven Private Placement Trading Ltd.	579,534 (4)	4.999% (4)	601,731 (5)	0	*
Jesup & Lamont Securities Corporation	23,144 (6)	*	23,144 (6)	0	*

\* Less than 1%

- (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. Shares of common stock that the selling stockholders have the right to acquire pursuant to the exercise of warrants and options exercisable within 60 days are deemed to be outstanding and beneficially owned by the person holding the warrants for the purpose of computing the number of shares beneficially owned.
- (2) Percentage ownership is based on 11,592,997 shares of common stock outstanding as of April 10, 2001.
- (3) Assumes the sale of all shares of common stock offered hereby.
- (4) Includes 462,870 shares of common stock and 116,664 shares of common stock issuable upon the exercise of warrants. Excludes 22,197 shares of common stock issuable upon exercise of warrants which the selling stockholder may exercise only if upon such exercise the selling stockholder will beneficially own no more than 4.999% of Netsol's outstanding shares of common stock, unless otherwise waived by the selling stockholder.
- (5) Includes 462,870 shares of common stock and 138,861 shares of common stock issuable upon the exercise of warrants.
- (6) Represents shares of common stock issuable upon the exercise of warrants.

Deephaven acquired their shares of common stock in a private placement transaction which closed in two tranches. Under the terms of our securities purchase agreement with Deephaven, we issued 183,150 shares of common stock to Deephaven in connection with a first closing which occurred on January 8, 2001 for gross proceeds of \$1 million. We also issued warrants to purchase an aggregate of up to 54,945 shares of common stock to Deephaven in the first closing at an exercise price of \$6.83 per share. We issued 279,720 shares of common stock to Deephaven in connection with a second closing which occurred on February 20, 2001 for gross proceeds of \$1 million. We also issued warrants to purchase an aggregate of up to 83,916 shares of common stock to Deephaven in the second closing at an exercise price of \$4.47 per share. All warrants are exercisable for a period of five years from the date of issuance and have adjustment provisions for dilution events in connection with issuances of our common stock and other equivalents below the

applicable warrant exercise price and for stock splits, stock dividends and similar transactions.

Under the Deephaven securities purchase agreement, if we have a primary shelf registration statement declared effective, we are obligated to offer to Deephaven up to \$6 million of our common stock (and warrants covering \$1,800,000 worth of common stock) subject to the terms of the purchase agreement. We have filed another registration statement for a proposed offering which covers \$30 million of our securities which was not effective as of the date of this prospectus which we may use to offer such additional shares and warrants to Deephaven. In addition, we will be required to issue additional shares of common stock to Deephaven if we issue common stock at a price below the price Deephaven paid for their shares in the first and second closings, respectively, prior to the 180th trading day following February 20, 2001. The Deephaven securities purchase agreement also provides that we will reimburse Deephaven for legal and other expenses if Deephaven becomes involved in any action, proceeding or investigation arising solely as a result of Deephaven acquiring our common stock under the purchase agreement.

Deephaven is prohibited from making short sales of our common stock while it holds our common stock as described in the purchase agreement. Subject to certain exceptions, the purchase agreement restricts us from offering or selling any of our equity securities or similar instruments prior to November 17, 2001 without Deephaven's consent. Until the 180th day following the effective date of this registration statement, Deephaven has a right of first refusal on future issuances of our equity securities or similar instruments as described in the purchase agreement.

In connection with our sale of common stock pursuant to the Deephaven securities purchase agreement, we entered into a registration rights agreement pursuant to which, among other things, we agreed to use our best efforts to file a registration statement to register for resale the shares of common stock, including the shares of common stock issuable upon



exercise of the warrants, by March 14, 2001 and have such registration statement declared effective by May 28, 2001. If the registration statement is not declared effective by May 28, 2001 or certain other events of default occur as described in the registration statement, we will have to pay to Deephaven liquidated damages in a monthly amount equal to 4% (2% in the event the registration statement is not declared effective by May 28, 2001) of the purchase price paid by Deephaven for the shares of common stock purchased pursuant to the purchase agreement up to an aggregate maximum of \$400,000. The liquidated damages apply on a pro-rata basis for any portion of a month prior to the registration statement being declared effective or the curing of other events of default, as applicable. For some events of defaults, such as the sale of substantially all the assets of Netsol, a one-time payment of \$400,000 is required. In addition, we agreed to indemnify Deephaven against certain liabilities, including liabilities arising under the Securities Act and Deephaven agreed to indemnify us against certain liabilities, including liabilities arising under the Securities Act.

In connection with our sale of common stock pursuant to the Deephaven securities purchase agreement, we paid an aggregate of \$100,000 to Jesup & Lamont and issued warrants to purchase up to 9,158 shares of common stock at an exercise price of \$6.83 per share in the first closing and up to 13,986 shares of common stock at an exercise price of \$4.47 per share in the second closing. These warrants have the same terms as the warrants issued to Deephaven pursuant to the Deephaven securities purchase agreement. The shares of common stock issuable upon exercise of these warrants are being registered in this registration statement.

Other than as indicated above, the selling stockholders are not affiliated with us and have not had any material relationship with us during the past three years.

10

#### GENERAL DESCRIPTION OF SECURITIES

As of the date of this prospectus, we are authorized to issue up to 25,000,000 shares of common stock. As of April 10, 2001, we had 11,592,997 shares of common stock issued and outstanding.

#### DIVIDENDS

The holders of common stock are entitled to receive dividends when, as and if declared by our board of directors, out of funds legally available for their payment.

#### RIGHTS UPON LIQUIDATION

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of common stock will be entitled to share equally in any of our assets available for distribution after the payment in full of all debts and distributions and after the holders of all series of outstanding preferred stock, if any, have received their liquidation preferences in full.

#### VOTING RIGHTS

The holders of common stock are entitled to one vote per share on all matters submitted to a vote of stockholders.

#### MISCELLANEOUS

The holders of common stock are not entitled to redemption rights. Shares of common stock are not convertible into shares of any other class of capital stock. Compushare, Inc. is the transfer agent and registrar for our common stock. Our common stock is traded on the Nasdaq Small Cap Market under the symbol "NTWK."

11

#### PLAN OF DISTRIBUTION

The selling securityholders and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of common stock offered pursuant to this prospectus on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The selling securityholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales

- broker-dealers may agree with the selling securityholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling securityholders may also sell shares under Rule 144 under the Securities Act of 1933, if available, rather than under this prospectus.

The selling securityholders may pledge their shares to their brokers under the margin provisions of customer agreements. If a selling securityholder defaults on a margin loan, the broker may, from time to time, offer and sell the pledged shares. The selling securityholders have advised us that they have not entered into any agreements, understandings or arrangements with any underwriters or broker-dealers regarding the sale of their shares other than ordinary course brokerage arrangements, nor is there an underwriter or coordinating broker acting in connection with the proposed sale of shares by the selling securityholders.

Broker-dealers engaged by the selling securityholders may arrange for other broker-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling securityholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling securityholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The selling securityholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be "underwriters" within the meaning of the Securities Act of 1933 in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act of 1933.

We are required to pay all fees and expenses incident to the registration of the shares, including fees and disbursements of counsel to the selling securityholders. We have agreed to indemnify the selling securityholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act of 1933.

12

#### LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by Malea Farsai, Esq. General Counsel of NetSol International, Inc.

#### EXPERTS

The consolidated financial statements incorporated by reference in this prospectus have been audited by Stonefield Josephson, Inc., Saeed Kamran Patel & Co., and Mazars Neville Russell, independent public accountants, as indicated in their reports with respect thereto and are incorporated herein by reference in reliance upon the authority of said firms as experts in giving said reports.

13

#### WHERE YOU CAN FIND MORE INFORMATION

**GOVERNMENT FILINGS.** We file annual, quarterly and special reports and other information with the Securities and Exchange Commission. You may read and copy any document we file at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to you free of charge at the SEC's web site at <http://www.sec.gov>. Our web site can be found at <http://www.netsol-intl.com>. Information contained in our web site is not part of this prospectus.

**STOCK MARKET.** The common shares are traded on the Nasdaq SmallCap Market. Materials filed by us can be inspected at the offices of the National Association of Securities Dealers, Inc. at 1735 K Street, N.W., Washington, D.C. 20006.

**INFORMATION INCORPORATED BY REFERENCE.** The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede previously filed information, including information contained in this prospectus.

We incorporate by reference the documents listed below and any future filings we will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until this offering has been completed:

- our Annual Report on Form 10-KSB (File No. 0-22773) for the year ended June 30, 2000 as filed with the SEC on October 13, 2000; and Amendment No. 1 to our Annual Report on Form 10-KSB/A (File No. 0-22773) for the year ended June 30, 2000 and filed with the SEC on February 2, 2001;

- our Quarterly Report on Form 10-QSB for the quarter ended September 30, 2000 as filed with the SEC on November 14, 2000; and Amendment No. 1 to our Quarterly Report on Form 10-QSB/A for the quarter ended September 30, 2000 and filed with the SEC on February 2, 2001;
- our Quarterly Report on Form 10-QSB for the quarter ended December 31, 2000 as filed with the SEC on February 14, 2001 and Amendment No. 1 to our Quarterly Report on Form 10-QSB/A for the quarter ended December 31, 2000 and filed with the SEC on April 16, 2001;
- our Current Reports on Form 8-K dated July 25, 2000, October 25, 2000 and January 23, 2001; and
- the description of our common stock, which is contained in our registration statement filed on Form 8-A filed on June 30, 1996 as amended by Form 8-A/A filed on November 21, 1997.

You may request free copies of these filings by writing or telephoning us at the following address:

Rick Poole  
 NetSol International, Inc.  
 24025 Park Sorrento, Suite 220  
 Calabasas, CA 91302  
 (818) 222-9195

This prospectus is part of a registration statement we filed with the SEC. You should rely only on the information or representations provided in this prospectus. We have authorized no one to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front of the document.

14

PART II  
 INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following is a statement of estimated expenses we will pay in connection with the issuance and distribution of the securities being registered. None of these expenses will be paid by the selling securityholders.

<TABLE>  
 <CAPTION>

ITEM	AMOUNT
<S>	<C>
SEC registration fee.....	\$519
Printing fees.....	\$10,000
Nasdaq fees.....	\$5,000
Blue sky fees and expenses.....	\$5,000
Legal fees and expenses.....	\$15,000
Accountants' fees and expenses.....	\$5,000
Transfer agent fees.....	\$1,000
Miscellaneous.....	\$2,000
Total.....	\$43,519

</TABLE>

All of the above amounts, except for the SEC registration fee, have been estimated.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Nevada General Corporation Law allows us to indemnify our officers and directors from liability incurred by reason of the fact that he or she is or was an officer or director of the corporation. We may authorize such indemnification if we determine that it is proper under the circumstances. This determination can be authorized based on a vote of our stockholders, by a majority vote of a quorum of directors who were not parties to the relevant legal action, or under certain circumstances, by independent legal counsel in a written opinion. The indemnification can include, but is not limited to, reimbursement of all fees, including amounts paid in settlement and attorney's fees actually and reasonably incurred, in connection with the defense or settlement of any action or suit by the officer or director.

We have purchased and maintained insurance covering our officers and directors for the purpose of covering indemnification expenses.

At present, there is no pending litigation or proceeding involving a director, officer, employee or agent of our company as to which indemnification is being sought.

ITEM 16. EXHIBITS.

EXHIBIT	DESCRIPTION
NUMBER	-----
-----	

- 4.1 Securities Purchase Agreement, dated as of January 8, 2001, between Netsol International, Inc. and Deephaven Private Placement Trading Ltd. (incorporated by reference to Exhibit 4.1 of Netsol's Registration Statement on Form S-3 (File No. 333-57020) filed with the SEC on March 14, 2001).
- 4.2 Registration Rights Agreement, dated as of January 8, 2001, between Netsol International, Inc. and Deephaven Private Placement Trading Ltd. (incorporated by reference to Exhibit 4.2 of Netsol's Registration Statement on Form S-3 (File No. 333-57020) filed with the SEC on March 14, 2001).
- 4.3 Letter Agreement, dated February 23, 2001, between Netsol International, Inc. and Deephaven Private Placement Trading Ltd. (incorporated by reference to Exhibit 4.3 of Netsol's Registration Statement on Form S-3 (File No. 333-57020) filed with the SEC on March 14, 2001).
- 4.4 Letter Agreement, dated April 24, 2001, among Netsol International, Inc., Deephaven Private Placement Trading Ltd. and Jesup & Lamont Securities Corporation.
- 4.5 Form of Warrant for Jesup & Lamont Securities Corporation and Deephaven Private Placement Trading Ltd.

II-1

- 5.1 Opinion of Malea Farsai, Esq., General Counsel of NetSol International, Inc.
- 23.1 Consent of Stonefield Josephson, Inc.
- 23.2 Consent of Saeed Kamran Patel & Co.
- 23.3 Consent of Mazars Neville Russell.
- 23.4 Consent of Malea Farsai, Esq., General Counsel of NetSol International, Inc. (included in Exhibit 5.1).
- 24.1 Powers of Attorney (included on page II-3).

ITEM 17. UNDERTAKINGS.

(1) We hereby undertake:

(a) To file, during any period in which the selling securityholders offer or sell securities, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any additional or changed material information of the plan of distribution.

(b) That, for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment shall be deemed to be a new registration statement relating to the securities offered, and the offering of securities at that time shall be deemed to be the initial bona fide offering.

(c) To file a post-effective amendment to remove from registration any of the securities that remain unsold at the termination of the offering.

(2) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than our payment of expenses incurred or paid by a director, officer or controlling person in the successful defense of any action, suit or proceeding) is asserted by our directors, officers or controlling persons in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether indemnification by us is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(3) We also undertake that we will:

(a) For determining any liability under the Securities Act of 1933, treat 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 us under the Rule 424(b)(1), or (4) or 497(h) under the Securities Act of 1933 as part of this registration statement as of the time the Securities and Exchange Commission declared it effective.

(b) For determining any liability under the Securities Act of 1933, treat each post-effective amendment that contains a form of prospectus as a new registration statement for the securities offered in the registration statement, and that offering of the securities at that time as the bona fide offering of those securities.

II-2  
SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Calabasas, State of California on April 24, 2001.

NETSOL INTERNATIONAL, INC.

By: /s/ Najeeb U. Ghauri

-----  
Najeeb U. Ghauri,  
CHIEF EXECUTIVE OFFICER

POWERS OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Najeeb U. Ghauri, Chief Executive Officer of NetSol International, Inc., his or her true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities (unless revoked in writing), to sign any and all amendments to this registration statement, including any post-effective amendments as well as any related registration statement (or amendment thereto) filed in reliance upon Rule 462(b) under the Securities Act of 1933, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<TABLE>

<CAPTION>

SIGNATURE	TITLE	DATE
<S> /s/ Salim Ghauri ----- Salim Ghauri	<C> President and Director (Principal Executive Officer)	April 24, 2001
/s/ Syed Husain ----- Syed Husain	Chief Financial Officer (Principal Financial and Accounting Officer)	April 24, 2001
/s/ Najeeb U. Ghauri ----- Najeeb U. Ghauri	Chief Executive Officer and Director	April 24, 2001
/s/ Shahab Ghauri ----- Shahab Ghauri	Director	April 24, 2001
/s/ Irfan Mustafa ----- Irfan Mustafa	Chairman of the Board and Director	April 24, 2001
/s/ Naeem Ghauri ----- Naeem Ghauri	Chief Operating Officer and Director	April 24, 2001
/s/ Cary Burch ----- Cary Burch	Director	April 24, 2001
/s/ Waheed Akbar ----- Waheed Akbar	Director	April 24, 2001
/s/ Nasim Ashraf ----- Nasim Ashraf	Director	April 24, 2001

</TABLE>

II-3

EXHIBIT INDEX

EXHIBIT DESCRIPTION  
NUMBER -----

- 4.1 Securities Purchase Agreement, dated as of January 8, 2001, between Netsol International, Inc. and Deephaven Private Placement Trading Ltd. (incorporated by reference to Exhibit 4.1 of Netsol's Registration Statement on Form S-3 (File No. 333-57020) filed with the SEC on March 14, 2001).

- 4.2 Registration Rights Agreement, dated as of January 8, 2001, between Netsol International, Inc. and Deephaven Private Placement Trading Ltd. (incorporated by reference to Exhibit 4.2 of Netsol's Registration Statement on Form S-3 (File No. 333-57020) filed with the SEC on March 14, 2001).
- 4.3 Letter Agreement, dated February 23, 2001, between Netsol International, Inc. and Deephaven Private Placement Trading Ltd. (incorporated by reference to Exhibit 4.3 of Netsol's Registration Statement on Form S-3 (File No. 333-57020) filed with the SEC on March 14, 2001).
- 4.4 Letter Agreement, dated April 24, 2001, among Netsol International, Inc., Deephaven Private Placement Trading Ltd. and Jesup & Lamont Securities Corporation.
- 4.5 Form of Warrant for Jesup & Lamont Securities Corporation and Deephaven Private Placement Trading Ltd.
- 5.1 Opinion of Malea Farsai, Esq., General Counsel of NetSol International, Inc.
- 23.1 Consent of Stonefield Josephson, Inc.
- 23.2 Consent of Saeed Kamran Patel & Co.
- 23.3 Consent of Mazars Neville Russell.
- 23.4 Consent of Malea Farsai, Esq., General Counsel of NetSol International, Inc. (included in Exhibit 5.1).
- 24.1 Powers of Attorney (included on page II-3).

Deephaven Private Placement Trading Ltd.  
130 Cheshire Lane  
Minnentonka, MN 55305

April 24, 2001

NetSol International, Inc.  
24025 Park Sorrento, Suite 220  
Calabasas, California 91302

Re: AMENDMENT TO TRANSACTION DOCUMENTS

Ladies and Gentlemen:

The parties to this letter agreement have agreed to amend, in the manner set forth below: (i) the Securities Purchase Agreement and the Registration Rights Agreement, each between Deephaven Private Placement Trading Ltd. and NetSol International, Inc., and dated January 8, 2001 and (ii) the common stock purchase warrants issued to Deephaven and Jesup & Lamont Securities Corp. by NetSol. Capitalized terms used in this letter agreement and not otherwise defined shall have the meanings set forth in the Registration Rights Agreement or the Securities Purchase Agreement.

(1) SECURITIES PURCHASE AGREEMENT

Section 3.17 of the Securities Purchase Agreement is hereby deleted in its entirety.

(2) REGISTRATION RIGHTS AGREEMENT

Section 2(c) of the Registration Rights Agreement is hereby amended and restated in its entirety to read as follows:

If: (a) a Registration Statement is not filed on or prior to its Filing Date (if the Company files such Registration Statement without affording the Holder the opportunity to review and comment on the same as required by Section 3(a) hereof, the Company shall not be deemed to have satisfied this clause (a)), or (b) the Company fails to file with the Commission a request for acceleration in accordance with Rule 461 promulgated under the Securities Act, within five days of the date that the Company is notified (orally or in writing, whichever is earlier) by the Commission that a Registration Statement will not be "reviewed," or not subject to further review, or (c) a Registration Statement filed hereunder is not declared effective by the Commission on or prior to its Effectiveness Date, or (d) after a Registration Statement is filed with and declared effective by the Commission, such Registration Statement ceases to be

effective as to all Registrable Securities to which it is required to relate at any time prior to the expiration of the Effectiveness Period without being succeeded within ten Business Days by an amendment to such Registration Statement or by a subsequent Registration Statement filed with and declared effective by the Commission, or (e) the Common Stock shall be delisted or suspended from trading on the Nasdaq SmallCap Market ("NASDAQ") or on the New York Stock Exchange, the Nasdaq National Market or the American Stock Exchange (each, a "SUBSEQUENT MARKET") for more than three Trading Days (which need not be consecutive Trading Days), or (f) the exercise rights of the Holders pursuant to the Warrants are suspended for any reason, or (g) an amendment to a Registration Statement is not filed by the Company with the Commission within ten Business Days of the Commission's notifying the Company that such amendment is required in order for such Registration Statement to be declared effective, or (h) immediately prior to an assignment by the Company for the benefit of creditors or commencement of a voluntary case under Title 11 of the United States Code, or an entering into of an order for relief in an involuntary case under Title 11 of the United States Code, or adoption by the Company of a plan of liquidation or dissolution, or (i) if the Company shall enter into an agreement to sell all or substantially all of its assets or shall enter into an agreement to merge or combine the Company with or into another entity in which transaction the Company will not be the surviving entity, (j) if after the

Effective Date, a holder of Registrable Securities is not permitted to sell Registrable Securities under the Underlying Shares Registration Statement for any reason for fifteen Trading Days (whether or not consecutive), or (k) if the Effective Date does not occur on or prior to the 180th day following the Closing Date (any such failure or breach being referred to as an "EVENT," and for purposes of clauses (a), (c), (f), (h) and (i) the date on which such Event occurs, or for purposes of clause (b) the date on which such five day period is exceeded, or for purposes of clauses (d) and (g) the date which such ten Business Day-period is exceeded, or for purposes of clause (e) the date on which such three Trading Day-period is exceeded, or for purposes of clause (j) the date on which such fifteen Trading Day-period is exceeded, or for purposes of clause (k) the date on which such 180 day period is exceeded, being referred to as "EVENT DATE"), then, on each such Event Date and every monthly anniversary thereof until the applicable Event is cured, the Company shall pay to the Holders an amount in cash, as liquidated damages and not as a penalty, equal to: (i) with respect to any of the Events listed in clauses (a), (b), (d), (e), (f), (g), (j) and (k), 4.0% of the purchase price paid by the Holders pursuant to the Purchase Agreement, PROVIDED THAT, the aggregate amount of liquidated damages payable by the Company to the Holders under this Section shall not exceed the sum of \$400,000, (ii) with respect to the Event listed in clause (c), 2.0% of the purchase price paid by the Holders pursuant to the Purchase Agreement, PROVIDED THAT, the aggregate amount of liquidated damages payable by the Company to the Holders under this Section shall not exceed the sum of \$400,000 and (iii) with respect to any of the Events listed in clauses (h) or (i), an aggregate of \$400,000. The Holders shall not receive in excess of \$400,000 with respect to any or all of the Events stated herein. If the Company fails to pay any liquidated damages pursuant to this Section in full within seven days after the date payable, the Company will pay interest thereon at a rate of 15% per annum (or such lesser maximum amount that is permitted to be paid by applicable law) to the Holder, accruing daily from the date such liquidated damages are due until such amounts, plus all such interest thereon, are paid in full. The liquidated damages pursuant to the terms hereof shall

apply on a pro-rata basis for any portion of a month prior to the cure of an Event. The Events referenced in clauses (h) and (i) of this Section shall also apply to the First Offered Shares or Second Offered Shares, as applicable. Upon the sale by the Holders of all Shares, First Offered Shares or Second Offered Shares, as applicable, the Holder shall not be entitled to any liquidated damages under this Section.

### (3) WARRANTS

Section 8(d) of the common stock purchase warrants issued by NetSol to Jesup & Lamont Securities Corp. and Deephaven is hereby amended and restated in its entirety to read as follows:

If the Company or any subsidiary thereof, as applicable with respect to Common Stock Equivalents (as defined below), at any time while this Warrant is outstanding, shall issue shares of Common Stock or rights, warrants, options or other securities or debt that is convertible into or exchangeable for shares of Common Stock ("COMMON STOCK EQUIVALENTS") entitling any Person to acquire shares of Common Stock, at a price per share less than the Exercise Price (if the holder of the Common Stock or Common Stock Equivalent so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights issued in connection with such issuance, be entitled to receive shares of Common Stock at a price less than the Exercise Price, such issuance shall be deemed to have occurred for less than the Exercise Price), then the Exercise Price shall be multiplied by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to the issuance of such Common Stock or such Common Stock Equivalents plus the number of shares of Common Stock which the offering price for such shares of Common Stock or Common Stock Equivalents would purchase at the Exercise Price, and the denominator of which shall be the sum of the number of shares of Common Stock outstanding immediately prior to such issuance plus the number of shares of Common Stock so issued or issuable, PROVIDED, that for purposes hereof, all shares of Common Stock that are issuable upon conversion, exercise or exchange of Common Stock Equivalents shall be deemed outstanding immediately after the issuance of such Common Stock Equivalents. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued. The Company shall notify the Holder in writing, no later than the business day following the



issuance of any Common Stock or Common Stock Equivalent subject to this section, indicating therein the applicable issuance price, or of applicable reset price, exchange price, conversion price and other pricing terms. No adjustment under this Section shall be made as a result of: (i) the granting of options or warrants to employees, officers and directors of the Company, and the issuance of Common Stock upon exercise of such options or warrants granted under any stock option plan heretofore or hereinafter duly adopted by the Company and (ii) shares of Common Stock issuable upon exercise of any currently outstanding warrants and other outstanding convertible securities of the Company, in each case as and to the extent disclosed in SCHEDULE 2.1(c) to the Securities Purchase Agreement (but not as to any amendments

or modifications of the terms of such securities after the date of this Agreement, including "back-dated" agreements).

(4) ACKNOWLEDGMENTS

(i) The parties acknowledge that under Section 3.14 of the Securities Purchase Agreement the Purchaser shall not receive any Adjustment Shares as a result of any issuances by the Company of Common Stock or Common Stock Equivalents to the Purchaser at a price which is less than any of the prices referenced in Section 3.14. The parties also acknowledge that upon the earlier to occur of (x) the sale by the Purchasers of all Shares, First Offered Shares or Second Offered Shares, as applicable and (y) the 180th Trading Day following the Second Closing Date, the Purchasers shall not be entitled to receive any Adjustment Shares under Section 3.14.

(ii) With respect to Section 3.9(c) of the Securities Purchase Agreement, the parties acknowledge that the Company filed a registration statement with the Securities and Exchange Commission in November 2000, covering \$30 million of common stock and warrants and the filing and effectiveness of such registration statement will not violate Section 3.9(c) of the Securities Purchase Agreement.

(iii) The Company shall within two business days after the execution of this amendment, pay \$5,000 to Robinson Silverman to reimburse the Holders for their legal fees and expenses in connection with the amendment of the of the Transaction Documents and review of the registration statement to be refiled.

Except as otherwise specified in this amendment, the terms and provisions of the Transaction Documents remain without modification. Please indicate your agreement with the foregoing by executing this letter and returning the same to our attention, whereupon this letter agreement shall immediately become a legally valid and binding agreement between the Holders and the Company.

This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature page were an original thereof.

By the execution and delivery hereof, the undersigned represents and warrants that this amendment to the Transaction Documents has been duly authorized by all necessary action on the part of the undersigned and no further action is required.

Sincerely,

Deephaven Private Placement Trading Ltd.

By: /s/ Bruce Lieberman  
-----

*Name: Bruce Lieberman  
Title: Director, Private Placement Trading*

*Jesup & Lamont Securities Corp.*

*By: /s/ Michael Alfano*

-----  
*Name: Michael Alfano  
Title: Chief Financial Officer*

*NetSol International, Inc.*

*By: /s/ Syed Husain*

-----  
*Name: Syed Husain  
Title: Chief Financial Officer*

NEITHER THESE SECURITIES NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREUNDER AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES OR BLUE SKY LAWS.

NETSOL INTERNATIONAL, INC.

WARRANT

Warrant No. [\_\_\_\_]

Dated:[\_\_\_\_], 2001

NetSol International, Inc., a Nevada corporation (the "Company"), hereby certifies that, for value received, [\_\_\_\_] or its registered assigns ("Holder"), is entitled, subject to the terms set forth below, to purchase from the Company up to a total of [\_\_\_\_] shares of common stock, \$.001 par value per share (the "Common Stock"), of the Company (each such share, a "Warrant Share" and all such shares, the "Warrant Shares") at an exercise price equal to \$[\_\_\_\_] per share (as adjusted from time to time as provided in Section 8, the "Exercise Price"), at any time and from time to time from and after the date hereof and through and including [\_\_\_\_], 2006 (the "Expiration Date"), and subject to the following terms and conditions:

1. REGISTRATION OF WARRANT. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, and the Company shall not be affected by notice to the contrary.

2. REGISTRATION OF TRANSFERS AND EXCHANGES.

(a) The Company shall register the transfer of any portion of this Warrant in the Warrant Register, upon surrender of this Warrant, with the Form of Assignment attached hereto duly completed and signed, to the Transfer Agent or to the Company at its address for notice set forth in Section 12. Upon any such registration or transfer, a new warrant to

1

purchase Common Stock, in substantially the form of this Warrant (any such new warrant, a "New Warrant"), evidencing the portion of this Warrant so transferred shall be issued to the transferee and a New Warrant evidencing the remaining portion of this Warrant not so transferred, if any, shall be issued to the transferring Holder. The acceptance of the New Warrant by the transferee thereof shall be deemed the acceptance of such transferee of all of the rights and obligations of a holder of a Warrant.

(b) This Warrant is exchangeable, upon the surrender hereof by the Holder to the office of the Company at its address for notice set forth in Section 12 for one or more New Warrants, evidencing in the aggregate the right to purchase the number of Warrant Shares which may then be purchased hereunder. Any such New Warrant will be dated the date of such exchange.

3. DURATION AND EXERCISE OF WARRANTS.

(a) This Warrant shall be exercisable by the registered Holder on any business day before 5:30 P.M., New York City time, at any time and from time to time on or after the date hereof to and including the Expiration Date. At 5:30 P.M., New York City time on the Expiration Date, the portion of this Warrant not exercised prior thereto shall be and become void and of no value.

(b) Upon delivery of a duly completed and signed Form of Election to Purchase attached hereto (and the Warrant Exercise Log attached hereto as Annex A) duly completed and signed, to the Company at its address for notice set forth in Section 12 and upon payment of the Exercise Price multiplied by the number of Warrant Shares that the Holder intends to purchase hereunder, in the manner provided hereunder, all as specified by the Holder in the Form of Election to Purchase, the Company shall promptly (but in no event later than 3 business days after the Date of Exercise (as defined herein)) issue or cause to be issued and cause to be delivered to or upon the written order of the Holder and in such name or names as the Holder may designate, a certificate for the Warrant Shares issuable upon such exercise, free of restrictive legends except (i) either in the event that a registration statement covering the resale of the Warrant Shares and naming the Holder as a selling stockholder thereunder is not then effective or the Warrant Shares are not freely transferable without volume

restrictions pursuant to Rule 144(k) promulgated under the Securities Act of 1933, as amended (the "Securities Act"), or (ii) if this Warrant shall have been issued pursuant to a written agreement between the original Holder and the Company, as required by such agreement. Any person so designated by the Holder to receive Warrant Shares shall be deemed to have become holder of record of such Warrant Shares as of the Date of Exercise of this Warrant. The Company shall, upon request of the Holder, if available, use its best efforts to deliver Warrant Shares hereunder electronically through the Depository Trust Corporation or another established clearing corporation performing similar functions.

A "Date of Exercise" means the date on which the Company shall have received (i) the Form of Election to Purchase (together with the Warrant Shares Exercise Log) completed

2

and duly signed, and (ii) payment of the Exercise Price for the number of Warrant Shares so indicated by the Holder to be purchased.

(c) This Warrant shall be exercisable, either in its entirety or, from time to time, for a portion of the number of Warrant Shares.

(d) Commencing at any time after the date of the issuance of this Warrant, if (i) the closing sales price of the Common Stock on the NASDAQ (as defined in the Purchase Agreement (or such other Subsequent Market (as defined in the Purchase Agreement) on which the Common Stock is then listed or quoted for trading) for any 20 consecutive Trading Days exceeds 200% of the Exercise Price (a "Trigger Period"), and (ii) the Warrant Shares are either registered for resale pursuant to an effective registration statement naming the Holder as a selling stockholder thereunder or freely transferable without volume restrictions pursuant to Rule 144(k) promulgated under the Securities Act, as determined by counsel to the Company pursuant to a written opinion letter addressed and in form and substance acceptable to the Holder and the transfer agent for the Common Stock, then the Company shall have the right, upon 30 days' notice to the Holder given not later than five (5) Trading Days after the conclusion of any such Trigger Period (the "Redemption Notice"), to redeem all of the then issuable Warrant Shares at a price of \$.001 per Warrant Share (the "Redemption Price"), on the date set forth in the Redemption Notice, but in no event earlier than 30 days following the date of the receipt by the Holder of the Redemption Notice (the "Redemption Date"). The Holder may exercise this Warrant at any time prior to the Redemption Date. Any portion of this Warrant not exercised by 6:30 p.m. (New York City time) on the Redemption Date shall no longer be exercisable and shall be returned to the Company, and the Company, upon its receipt of the unexercised portion of this Warrant, shall issue therefor in full and complete satisfaction of its obligations under such remaining portion of this Warrant to the Holder an amount equal to the number of shares of Common Stock then issuable hereunder multiplied by the Redemption Price. The Redemption Price shall be mailed to such Holder at its address of record, and the Warrant shall be canceled.

4. PIGGYBACK REGISTRATION RIGHTS. This Warrant is subject to the piggyback registration rights granted under the Registration Rights Agreement and such piggyback registration rights shall continue until all of the Holder's Warrant Shares have been sold in accordance with an effective registration statement or upon the Expiration Date. The Company will pay all registration expenses in connection therewith.

5. PAYMENT OF TAXES. The Company will pay all documentary stamp taxes attributable to the issuance of Warrant Shares upon the exercise of this Warrant; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the registration of any certificates for Warrant Shares or Warrants in a name other than that of the Holder. The Holder shall be responsible for all other tax liability that may arise as a result of holding or transferring this Warrant or receiving Warrant Shares upon exercise hereof.

6. REPLACEMENT OF WARRANT. If this Warrant is mutilated, lost, stolen or destroyed,

3

the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for this Warrant, a New Warrant, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and indemnity, if requested, satisfactory to it. Applicants for a New Warrant under such circumstances shall also comply with such other reasonable regulations and procedures and pay such other reasonable charges as the Company may prescribe.

7. RESERVATION OF WARRANT SHARES. The Company covenants that it will at all times reserve and keep available out of the aggregate of its authorized but unissued Common Stock, solely for the purpose of enabling it to issue Warrant Shares upon exercise of this Warrant as herein provided, the number of Warrant Shares which are then issuable and deliverable upon the exercise of this entire

Warrant, free from preemptive rights or any other actual contingent purchase rights of persons other than the Holder (taking into account the adjustments and restrictions of Section 8). The Company covenants that all Warrant Shares that shall be so issuable and deliverable shall, upon issuance and the payment of the applicable Exercise Price in accordance with the terms hereof, be duly and validly authorized, issued and fully paid and nonassessable.

8. CERTAIN ADJUSTMENTS. The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 8.

(a) If the Company, at any time while this Warrant is outstanding, (i) shall pay a stock dividend (except scheduled dividends paid on outstanding preferred stock as of the date hereof which contain a stated dividend rate) or otherwise make a distribution or distributions on shares of its Common Stock or on any other class of capital stock payable in shares of Common Stock, (ii) subdivide outstanding shares of Common Stock into a larger number of shares, or (iii) combine outstanding shares of Common Stock into a smaller number of shares, the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding before such event and of which the denominator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding after such event. In such event, the number of Warrant shares issuable under this Warrant shall be equitably adjusted to reflect such event (e.g. in the event of a 2:1 stock split of the Common Stock, the number of Warrant shares shall be increased to twice the number available for purchase prior to the record date for such stock split). Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision or combination, and shall apply to successive subdivisions and combinations.

(b) In case of any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is converted into other securities, cash or property, then the Holder shall have the right thereafter to exercise this Warrant only into the shares of stock and other securities and property receivable upon or deemed to be held by holders

4

of Common Stock following such reclassification or share exchange, and the Holder shall be entitled upon such event to receive such amount of securities or property equal to the amount of Warrant Shares such Holder would have been entitled to had such Holder exercised this Warrant immediately prior to such reclassification or share exchange. The terms of any such reclassification or share exchange shall include such terms so as to continue to give to the Holder the right to receive the securities or property set forth in this Section 8(b) upon any exercise following any such reclassification or share exchange.

(c) If the Company, at any time while this Warrant is outstanding, shall distribute to all holders of Common Stock (and not to holders of this Warrant) evidences of its indebtedness or assets or rights or warrants to subscribe for or purchase any security (excluding those referred to in Sections 8(a), (b) and (d)), then in each such case the Exercise Price shall be determined by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the Exercise Price determined as of the record date mentioned above, and of which the numerator shall be such Exercise Price on such record date less the then fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of Common Stock as determined by the Company's independent certified public accountants that regularly examines the financial statements of the Company (an "Appraiser").

(d) If the Company or any subsidiary thereof, as applicable with respect to Common Stock Equivalents (as defined below), at any time while this Warrant is outstanding, shall issue shares of Common Stock or rights, warrants, options or other securities or debt that is convertible into or exchangeable for shares of Common Stock ("Common Stock Equivalents") entitling any person to acquire shares of Common Stock, at a price per share less than the Exercise Price (if the holder of the Common Stock or Common Stock Equivalent so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights issued in connection with such issuance, be entitled to receive shares of Common Stock at a price less than the Exercise Price, such issuance shall be deemed to have occurred for less than the Exercise Price), then the Exercise Price shall be multiplied by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to the issuance of such Common Stock or such Common Stock Equivalents plus the number of shares of Common Stock which the offering price for such shares of Common Stock or Common Stock Equivalents would purchase at the Exercise Price, and the denominator of which shall be the sum of the number of shares of Common Stock outstanding immediately prior to such issuance plus the number of shares of Common Stock so issued or issuable, provided, that for purposes hereof, all shares of Common Stock that are issuable upon conversion, exercise or exchange

of Common Stock Equivalents shall be deemed outstanding immediately after the issuance of such Common Stock Equivalents. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued. The Company shall notify the Holder in writing, no later than the business day following the issuance of any Common Stock or Common Stock Equivalent subject to this section, indicating therein the applicable issuance price, or of applicable reset price,

5

exchange price, conversion price and other pricing terms.

(e) In case of any (1) merger or consolidation of the Company with or into another Person, or (2) sale by the Company of more than one-half of the assets of the Company (on a book value basis) in one or a series of related transactions, the Holder shall have the right thereafter to (A) exercise this Warrant for the shares of stock and other securities, cash and property receivable upon or deemed to be held by holders of Common Stock following such merger, consolidation or sale, and the Holder shall be entitled upon such event or series of related events to receive such amount of securities, cash and property as the Common Stock for which this Warrant could have been exercised immediately prior to such merger, consolidation or sales would have been entitled or (B) in the case of a merger or consolidation, (x) require the surviving entity to issue common stock purchase warrants equal to the number Warrant Shares to which this Warrant then permits, which newly warrant shall be identical to this Warrant, and (y) simultaneously with the issuance of such warrant, the Holder of such warrant shall have the right to exercise such warrant only into shares of stock and other securities, cash and property receivable upon or deemed to be held by holders of Common Stock following such merger or consolidation or (C) require the surviving entity from such merger, acquisition or business combination to pay to the Holder, in cash, the Black Scholes value of this Warrant. In the case of clause (B), the exercise price for such new warrant shall be based upon the amount of securities, cash and property that each share of Common Stock would receive in such transaction and the Exercise Price of this Warrant immediately prior to the effectiveness or closing date for such transaction. The terms of any such merger, sale or consolidation shall include such terms so as continue to give the Holder the right to receive the securities, cash and property set forth in this Section upon any conversion or redemption following such event. This provision shall similarly apply to successive such events.

(f) For the purposes of this Section 8, the following clauses shall also be applicable:

(i) RECORD DATE. In case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock or in securities convertible or exchangeable into shares of Common Stock, or (B) to subscribe for or purchase Common Stock or securities convertible or exchangeable into shares of Common Stock, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(ii) TREASURY SHARES. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock.

(g) All calculations under this Section 8 shall be made to the nearest cent or

6

the nearest 1/100th of a share, as the case may be.

(h) Whenever the Exercise Price is adjusted pursuant to Section 8(c) above, the Holder, after receipt of the determination by the Appraiser, shall have the right to select an additional appraiser (which shall be a nationally recognized accounting firm), in which case the adjustment shall be equal to the average of the adjustments recommended by each of the Appraiser and such appraiser. The Holder shall promptly mail or cause to be mailed to the Company, a notice setting forth the Exercise Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Such adjustment shall become effective immediately after the record date mentioned above.

(i) If:

- (i) the Company shall declare a dividend (or any other distribution) on its Common Stock; or
- (ii) the Company shall declare a special nonrecurring cash dividend on or a

redemption of its Common Stock; or

- (iii) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights; or
- (iv) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; or
- (v) the Company shall authorize the voluntary dissolution, liquidation or winding up of the affairs of the Company,

then the Company shall cause to be mailed to each Holder at their last addresses as they shall appear upon the Warrant Register, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share

7

exchange, dissolution, liquidation or winding up; provided, however, that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice.

9. PAYMENT OF EXERCISE PRICE. The Holder shall pay the Exercise Price in one of the following manners:

(a) CASH EXERCISE. The Holder may deliver immediately available funds; or

(b) CASHLESS EXERCISE. The Holder may surrender this Warrant to the Company together with a notice of cashless exercise, in which event the Company shall issue to the Holder the number of Warrant Shares determined as follows:

where:

X=	$Y [(A-B)/A]$
X=	the number of Warrant Shares to be issued to the Holder.
Y=	the number of Warrant Shares with respect to which this Warrant is being exercised.
A=	the average of the closing sale prices of the Common Stock for the five (5) trading days immediately prior to (but not including) the Date of Exercise.
B=	the Exercise Price.

For purposes of Rule 144 promulgated under the Securities Act, it is intended, understood and acknowledged that the Warrant Shares issued in a cashless exercise transaction shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares shall be deemed to have been commenced, on the issue date.

10. CERTAIN EXERCISE RESTRICTIONS.

(a) A Holder may not exercise this Warrant to the extent such exercise would result in the Holder, together with any affiliate thereof, beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules promulgated thereunder) in excess of 4.999% of the then issued and outstanding shares of Common Stock, including shares issuable upon such exercise and held by such Holder after application of this Section. Since the Holder will not be

obligated to report to the Company the number of shares of Common Stock it may hold at the time of an exercise hereunder, unless the exercise at issue would result in the issuance of shares of Common Stock in excess of 4.999% of the then outstanding shares of Common Stock without regard to any other shares which may be beneficially owned by the Holder or an affiliate thereof, the Holder shall

8

have the authority and obligation to determine whether the restriction contained in this Section will limit any particular exercise hereunder and to the extent that the Holder determines that the limitation contained in this Section applies, the determination of which portion of this Warrant is exercisable shall be the responsibility and obligation of the Holder. If the Holder has delivered a Form of Election to Purchase for a number of Warrant Shares that, without regard to any other shares that the Holder or its affiliates may beneficially own, would result in the issuance in excess of the permitted amount hereunder, the Company shall notify the Holder of this fact and shall honor the exercise for the maximum portion of this Warrant permitted to be exercised on such Date of Exercise in accordance with the periods described herein and, at the option of the Holder, either keep the portion of the Warrant tendered for exercise in excess of the permitted amount hereunder for future exercises or return such excess portion of the Warrant to the Holder. The provisions of this Section may be waived by a Holder (but only as to itself and not to any other Holder) upon not less than 61 days prior notice to the Company. Other Holders shall be unaffected by any such waiver.

(b) A Holder may not exercise this Warrant to the extent such exercise would result in the Holder, together with any affiliate thereof, beneficially owning (as determined in accordance with Section 13(d) of the Exchange Act and the rules promulgated thereunder) in excess of 9.999% of the then issued and outstanding shares of Common Stock, including shares issuable upon such exercise and held by such Holder after application of this Section. Since the Holder will not be obligated to report to the Company the number of shares of Common Stock it may hold at the time of an exercise hereunder, unless the exercise at issue would result in the issuance of shares of Common Stock in excess of 9.999% of the then outstanding shares of Common Stock without regard to any other shares which may be beneficially owned by the Holder or an affiliate thereof, the Holder shall have the authority and obligation to determine whether the restriction contained in this Section will limit any particular exercise hereunder and to the extent that the Holder determines that the limitation contained in this Section applies, the determination of which portion of this Warrant is exercisable shall be the responsibility and obligation of the Holder. If the Holder has delivered a Form of Election to Purchase for a number of Warrant Shares that, without regard to any other shares that the Holder or its affiliates may beneficially own, would result in the issuance in excess of the permitted amount hereunder, the Company shall notify the Holder of this fact and shall honor the exercise for the maximum portion of this Warrant permitted to be exercised on such Date of Exercise in accordance with the periods described herein and, at the option of the Holder, either keep the portion of the Warrant tendered for exercise in excess of the permitted amount hereunder for future exercises or return such excess portion of the Warrant to the Holder. The provisions of this Section may be waived by a Holder (but only as to itself and not to any other Holder) upon not less than 61 days prior notice to the Company. Other Holders shall be unaffected by any such waiver.

11. FRACTIONAL SHARES. The Company shall not be required to issue or cause to be issued fractional Warrant Shares on the exercise of this Warrant. The number of full Warrant Shares which shall be issuable upon the exercise of this Warrant shall be computed on the basis of the aggregate number of Warrant Shares purchasable on exercise of this Warrant so presented. If any fraction of a Warrant Share would, except for the provisions of this Section, be issuable on

9

the exercise of this Warrant, the Company shall pay an amount in cash equal to the Exercise Price multiplied by such fraction.

12. NOTICES. Any and all notices or other communications or deliveries hereunder shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section prior to 5:30 p.m. (New York City time) on a business day, (ii) the business day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section later than 5:30 p.m. (New York City time) on any date and earlier than 11:59 p.m. (New York City time) on such date, (iii) the business day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. The addresses for such communications shall be: (i) if to the Company, to 5000 North Parkway Calabasas, Suite 202, Calabasas, CA 91302, facsimile: (818) 222-9197, attention Chief Financial Officer, or (ii) if to the Holder, to the Holder at the address or facsimile number appearing on the Warrant Register or such other address or facsimile number as the Holder may provide to the Company



in accordance with this Section.

13. **WARRANT AGENT.** The Company shall serve as warrant agent under this Warrant. Upon thirty (30) days' notice to the Holder, the Company may appoint a new warrant agent. Any corporation into which the Company or any new warrant agent may be merged or any corporation resulting from any consolidation to which the Company or any new warrant agent shall be a party or any corporation to which the Company or any new warrant agent transfers substantially all of its corporate trust or shareholders services business shall be a successor warrant agent under this Warrant without any further act. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed (by first class mail, postage prepaid) to the Holder at the Holder's last address as shown on the Warrant Register.

14. **MISCELLANEOUS.**

(a) This Warrant shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns. This Warrant may be amended only in writing signed by the Company and the Holder and their successors and assigns.

(b) Subject to Section 14(a), above, nothing in this Warrant shall be construed to give to any person or corporation other than the Company and the Holder any legal or equitable right, remedy or cause under this Warrant. This Warrant shall inure to the sole and exclusive benefit of the Company and the Holder.

(c) The corporate laws of the State of Nevada shall govern all issues concerning the relative rights of the Company and its stockholders. All other questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. The Company and the Holder

10

hereby irrevocably submit to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, or that such suit, action or proceeding is improper. Each of the Company and the Holder hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by receiving a copy thereof sent to the Company at the address in effect for notices to it under this instrument and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

(d) The headings herein are for convenience only, do not constitute a part of this Warrant and shall not be deemed to limit or affect any of the provisions hereof.

(e) In case any one or more of the provisions of this Warrant shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Warrant shall not in any way be affected or impaired thereby and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Warrant.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK,  
SIGNATURE PAGE FOLLOWS]

11

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its authorized officer as of the date first indicated above.

NETSOL INTERNATIONAL, INC.

By: \_\_\_\_\_

Name:  
Title:

FORM OF ELECTION TO PURCHASE

(To be executed by the Holder to exercise the right to purchase shares of Common Stock under the foregoing Warrant)

To NetSol International, Inc.:

The undersigned hereby irrevocably elects to purchase \_\_\_\_\_ shares of common stock, \$.001 par value per share, of NetSol International, Inc. (the "Common Stock") and, if such Holder is not utilizing the cashless exercise provisions set forth in this Warrant, encloses herewith \$\_\_\_\_\_ in cash, certified or official bank check or checks, which sum represents the aggregate Exercise Price (as defined in the Warrant) for the number of shares of Common Stock to which this Form of Election to Purchase relates, together with any applicable taxes payable by the undersigned pursuant to the Warrant.

The undersigned requests that certificates for the shares of Common Stock issuable upon this exercise be issued in the name of

PLEASE INSERT SOCIAL SECURITY

OR

TAX IDENTIFICATION NUMBER

-----

Please print name and address)

Dated: \_\_\_\_\_, \_\_\_\_\_

Name of Holder:

-----  
(Print)

(By:)

-----  
(Name:)

-----  
(Title:)

-----  
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

FORM OF ASSIGNMENT

[To be completed and signed only upon transfer of Warrant]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the right represented by the within Warrant to purchase \_\_\_\_\_ shares of Common Stock of NetSol International, Inc. to which the within Warrant relates and appoints \_\_\_\_\_ attorney to transfer said right on the books of NetSol International, Inc. with full power of substitution in the premises.

Dated: \_\_\_\_\_, \_\_\_\_\_

-----  
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

-----  
Address of Transferee  
-----  
-----

In the presence of:

-----

14

**ANNEX A**  
*(Warrant Shares Exercise Log)*

<TABLE>  
<CAPTION>

<i>Date</i>	<i>Number of Warrant Shares Available to be Exercised</i>	<i>Number of Warrant Shares Exercised</i>	<i>Number of Warrant Shares Remaining to be Exercised</i>
<S>	<C>	<C>	<C>

</TABLE>

15

April 24, 2001

Ladies and Gentlemen:

I am the General Counsel of NetSol International, Inc., a Nevada corporation (the "Company"). This opinion is submitted in connection with the registration on a Registration Statement on Form S-3 (the "Registration Statement") filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, of up to 624,875 shares of the Company's common stock, par value \$0.001 per share (the "Shares"), of which 450,364 of the Shares have been issued prior to the date hereof (the "Issued Shares"), 12,506 of the Shares will be issued shortly after the date hereof (the "Issuable Shares") and up to 162,005 of the Shares may be issued after the date hereof upon the exercise of warrants (the "Warrant Shares"). Such Shares will be sold from time to time by the shareholders named in the Registration Statement.

I have examined originals or copies, certified or otherwise, identified to my satisfaction, of such documents, corporate records, certificates of public officials and other instruments as I have deemed necessary for the purposes of rendering this opinion, including the Company's Article of Incorporation, as amended, and Bylaws.

Based on the foregoing, I am of the opinion that (i) the Shares have been duly authorized, (ii) the Issued Shares have been validly issued and are fully paid and nonassessable, (iii) the Issuable Shares will be validly issued and fully paid and nonassessable upon their issuance in accordance with the terms of the Securities Purchase Agreement under which the Issued Shares were sold, and (iv) the Warrant Shares will be validly issued and fully paid and nonassessable upon the proper exercise of the warrants in accordance with their terms.

I am a member of the Bar of the State of California, and I express no opinion as to the laws of any jurisdiction other than the laws of the State of California, the General Corporation Law of the State of Nevada and the federal laws of the United States of America.

I hereby consent to the use of my name in the Registration Statement and under the caption "Legal Matters" in the related Prospectus and consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ Malea Farsai  
Malea Farsai,  
General Counsel

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

*Netsol International, Inc. and Subsidiaries*  
*(formerly Mirage Holdings, Inc.)*  
*Calabasas, California*

*We consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated September 26, 2000, with respect to the consolidated financial statements of Netsol International, Inc. and Subsidiaries included in Amendment No. 1 to the Annual Report on Form 10-KSB/A for the year ended June 30, 2000.*

*/s/ Stonefield Josephson, Inc.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

*Santa Monica, California*  
*April 24, 2001*

CONSENT OF INDEPENDENT CHARTERED ACCOUNTANTS

*Netsol International, Inc. and Subsidiaries  
(formerly Mirage Holdings, Inc.)  
Calabasas, California*

*We consent to the incorporation by reference in this Registration Statement on Form S-3 of our reports dated September 06, 2000, for Network Solutions (Pvt.) Limited and NetSol Connect (Pvt.) Limited with respect to their inclusion in the consolidated financial statements of NetSol International, Inc. and Subsidiaries included in Amendment No. 1 to the Annual Report on Form 10-KSB/A for the year ended June 30, 2000.*

*/s/ Saeed Kamran Patel & Co.  
Chartered Accountants*

*Lahore, Pakistan  
April 24, 2001*

CONSENT OF INDEPENDENT CHARTERED ACCOUNTANTS

*Netsol International, Inc. and Subsidiaries  
(formerly Mirage Holdings, Inc.)  
Calabasas, California*

*We consent to the incorporation by reference in this Registration Statement on Form S-3 of our reports dated 22 September 2000, for NetSol (UK) Limited, Network Solutions Group Limited, Network Solutions Limited and Network Solutions (Northern) Limited for the periods ended 31 January 2000 and 30 June 2000 with respect to their inclusion in the consolidated financial statements of NetSol International, Inc. included in Amendment No.1 to its Annual Report on Form 10-KSB/A for the year ended June 30, 2000.*

*/s/ Mazars Neville Russell  
Chartered Accountants and Registered Auditors  
Milton Keynes, England  
April 24, 2001*