



28 November 2002

Ms Jill Hewitt
Companies Advisor
The Australian Stock Exchange Ltd
Companies Department
No 2 The Esplanade
PERTH WA 6000

Dear Jill

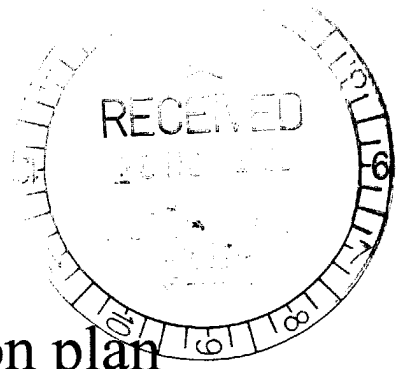
Homeloans Limited - Employee Share Option Plan

Enclosed is a copy of the Homeloans Limited Employee Share Option Plan incorporating the amendments which were approved by the shareholders of the company at the Annual General Meeting on 27 November 2002.

Yours sincerely

A handwritten signature in black ink, appearing to read "J. Murray".

Jennifer Murray
Company Secretary



Employee share option plan

for

the employees
of

Homeloans Limited
ACN 095 034 003
the company

Table of contents

1.	General Nature of Plan	1
2.	Options not listed	1
3.	Board may offer shares to employee	1
4.	Exercise price	1
5.	Employee may accept offer	2
6.	Employee may accept lesser number of options	2
7.	Board must issue options accepted	2
8.	Period option lasts	2
9.	When options may be exercised	3
10.	Exercising option	3
11.	Right to exercise lesser number	4
12.	Board must allot shares and issue certificate etc	4
13.	Shares rank equally	4
14.	Appropriate number of shares	4
15.	Board must notify changes	4
16.	Effect of reconstruction	4
17.	Effect of subdivision or consolidation of shares	5
18.	Fraction of a share	5
19.	No forfeiture	5
20.	Limit on number of options affected by plan	5
21.	Suspension of plan	5
22.	Amendment of plan	6
23.	No additional employment rights created	6
24.	Entitlement to dividend	6
25.	Options are personal	6
26.	Termination of plan	6
27.	Listing of shares	7
28.	Dispute resolution procedure	7
29.	Giving notices etc	7
30.	Time notice etc is given	7
31.	Severability	7
32.	Governing law and jurisdiction	8

General nature of plan

1. This is a plan under which employees of the company may become holders of options to acquire ordinary fully paid shares in the company. The purpose of the plan is to retain key employees and to attract quality people to become employees. The plan is administered by the Board free of charge. If the plan is inconsistent with the Listing Rules of the Australian Stock Exchange, those rules prevail.

Options not listed

2. The options issued under this plan will not be listed for quotation on the Official List of the Australian Stock Exchange.

Board may offer shares to employee

3. The Board may make a written offer to an employee it chooses who is resident in Australia to accept options to acquire shares in the company. The offer must specify the maximum number of options which the employee may accept and the exercise price per option. It must be accompanied by an application form and a copy of this plan.
4. The employees offered options will be at the discretion of the Board. Without limiting the discretion of the Board, the Board will consider, amongst other criteria, the seniority and performance of the employee.
5. For the purposes of this plan, options may be granted to the employee or to a spouse, child or a related body corporate (as defined in the Corporations Act) of the employee. Where options are to be granted to these entities, they must first of all agree to be bound by this plan on such terms and conditions as the Board in its absolute discretion may specify. These entities are included where the context permits in the term employee throughout this plan.

Exercise price

6. Except as set out in this clause, the exercise price is set by the Board in its absolute discretion. The exercise price will be no less than the volume weighted average of the Company's share price as quoted on the Australian Stock Exchange for the 5 business days prior to the issue of the option.

Employee may accept offer

7. The employee to whom the offer is made may accept it by completing the application form and giving it to the Board by 5pm on the acceptance date specified in the offer. No-one else may accept the offer.
 - 7.1 By accepting the offer, the employee becomes bound by this plan.
 - 7.2 By accepting the offer, the employee appoints separately the Board and any person the board appoints as the employee s attorneys to do anything necessary to give effect to this plan.

Employee may accept lesser number of options

8. An employee may accept less than the number of options offered, but only if the number of shares that the employee would obtain by exercising those options would be at least a marketable parcel under the Listing Rules of the Australian Stock Exchange. The employee has no right to accept the remaining options later unless they are re-offered to him or her by the Board.

Board must issue options accepted

9. If the employee validly accepts the Board's offer, the Board must issue the employee the number of options accepted. However, it must *not* do so if the employee has ceased to be an employee at the date when the grant of options is to be made. This does not apply if the Board determines that the employee is not to be regarded as having ceased to be an employee because the cessation is to be temporary or because the employee is about to commence employment with a related corporation as defined in the Corporations Act.
 - 9.1 The Board must issue an option certificate in respect of the options granted to the employee as soon as practicable.

Period option lasts

10. Subject to this Clause, an option lasts for 5 years from the date it is issued and ends at 5 pm on the last day of that period. However, it ends immediately, if the employee ceases to be employed by the company. This does not apply:
 - 10.1 If the Board determines that the employee is not to be regarded as having ceased to be an employee because the cessation is to be temporary or because the employee is about to commence employment with a related corporation as defined in the Corporations Act.

- 10.2 If a bidder under a takeover bid for shares in the Company obtains a relevant interest in not less than 50% of the ordinary shares in the Company, or if a shareholder or a group of shareholders obtains a relevant interest in sufficient shares in the company to give them the ability in general meeting to replace all or a majority of the Board and the employee ceases to be employed as a result of said takeover of the Company or said change in the composition of the Board, in which case, the employee has six months from the date of termination to exercise the options; or
- 10.3 In the circumstances referred to in Clause 12.

When option may be exercised

11. Except as referred to in this clause 11 and in clause 12, an option can only be exercised after a minimum of 2 years have passed from the date it was issued. After a 2 year period, the employee can exercise up to 50% of the options that employee holds (so long as all of the options to be exercised have been held for at least 2 years.) After a 3 year period, the employee can exercise all of the options that employee holds (so long as all of those options have been held for at least 3 years.)
12. An option can also be exercised in one of the following situations:
- within 90 days after the employee retires.
 - within 120 business days after the employee dies or becomes totally and permanently disabled.
- 12.1 A employee retires when he or she ends employment or engagement as a full time salaried employee as a result of either:
- reaching 65 years of age or an earlier lawful retirement age; or
 - being retrenched.
- 12.2 The Board decides, in its absolute discretion, when a person becomes totally and permanently disabled.

In addition to the restrictions referred to in clauses 11 and in this clause 12, the Board may impose such other restrictions on the exercise of an option as it in its absolute discretion sees fit.

Exercising option

13. The holder of an option exercises it by giving the company each of the following before the option ends:
- an option exercise notice in the form attached to this plan.
 - the relevant option certificate.
 - payment of the exercise price for each option being exercised.

Right to exercise lesser number

14. Subject to clauses 11 and 12, the employee may exercise less than the number of options covered by a certificate. If the employee does so, the Board must note on the certificate the number of options remaining. The Board's note is conclusive evidence of the number remaining.

Board must allot shares and issue certificate etc

15. The Board must allot the appropriate number of ordinary fully paid shares in the Company. It must do so within 10 days after the option is exercised. The Board may issue a share certificate in respect of the allotted shares. The Board must keep a Register of Option Holders as required by law and by the Listing Rules of the Australian Stock Exchange.

Shares rank equally

16. Shares allotted on the exercise of options rank equally in all respects with other issued ordinary shares.

Appropriate number of shares

17. The exercise of an option entitles the holder to one ordinary fully paid share in the company. However, if the company has made a bonus issue of shares or a rights issue of shares after an option has been issued but before it is exercised, the option holder is entitled to an additional number of ordinary fully paid shares. The additional number is equal to the number of bonus or rights shares he or she would have been entitled to, or entitled to apply for, if he or she had exercised the option in time to participate in the bonus or rights issue.

Board must notify changes

18. The Board must notify each option holder and the Australian Stock Exchange of any adjustment to the number of shares, options or other securities over which the holder's options exist within one month after the date on which shareholders entitlements in relation to any bonus or rights issue are determined.

Effect of reconstruction

19. If the company reduces its issued capital, the rights of a holder of an option are affected in the following ways.

- *if the reduction is by way of a reduction of the value of each ordinary share by return of capital*, the number of options is unaffected, but the exercise price of an option is reduced by the same amount as the reduction in the value of the shares.
- *the reduction is by way of a pro rata cancellation of capital*, the number of options is decreased in the same proportion as the issued capital; and the exercise price of an option is decreased proportionally to the reduction in the issued capital.

Entitlements to options are to be rounded in the way as sanctioned by the general meeting of the company that approved the reduction of issued capital.

Effect of subdivision or consolidation of shares

20. If ordinary shares are subdivided or consolidated, the rights of a holder of an option are affected in the following ways.
- The number of options is increased or decreased in the same proportion as the number of ordinary shares is increased or decreased in the subdivision or consolidation.
 - If the value of the ordinary shares is increased or decreased, the exercise price of an option is increased or decreased proportionally to the change in the value of the shares.
 - Entitlements to options are to be rounded in the way as sanctioned by the general meeting of the company that approved the subdivision or consolidation.

Fraction of a share

21. If a holder of an option becomes entitled to a fraction of a share, the fraction is to be disregarded altogether.

No forfeiture

22. The plan must not have any conditions which could result in an employee forfeiting ownership of shares acquired through the plan.

Limit on number of options affected by plan

23. The Board must not make an offer to an employee if its acceptance would result in the aggregate of all the options accepted under this plan plus all the options in respect of which offers are outstanding would, if exercised, exceed 5% of the total number of issued ordinary shares in the company.

Suspension of plan

24. The Board may suspend this plan at any time at its absolute discretion.

- 24.1 The Board must give employees written notice of a suspension.
- 24.2 The notice must specify the date from which the suspension takes effect.
- 24.3 The suspension continues until the Board gives employees written notice that it has ended.

Amendment of plan

- 25 The Board may amend this plan at any time, with the approval of the company in general meeting. However, it may not do so in a way that would decrease an employee's rights to shares or to dividends or other money.
 - 25.1 Any amendment must comply with the Listing Rules of the Australian Stock Exchange.

No additional employment rights created

- 26 The plan does not confer any additional rights upon employees, and the inclusion of employees in the plan is at the absolute discretion of the Board. The plan does not create a right to remain an employee. It does not affect any rights which the Board may have to terminate the employment of an employee. It must not be used by an employee to increase an award of damages in any action against the company for termination of employment.

Entitlement to dividend

- 27 An employee is not entitled to a dividend in respect of a share unless the option was exercised before or on the day the dividend was declared.

Options are personal

- 28 An option belongs to the option holder personally and cannot be transferred, assigned, encumbered or otherwise dealt with except with the prior written consent of the Board in each instance. The Board may grant (conditionally or unconditionally) or withhold consent at its absolute discretion

Termination of plan

- 29 The Board may terminate this plan at any time, at its absolute discretion. Termination does not affect the rights under this plan of employees in respect of offers that they have accepted or offers that are outstanding.

Listing of shares

30. The Board will use its best endeavours to obtain quotation and listing of the ordinary fully paid shares on the Official List of the Australian Stock Exchange.

Dispute resolution procedure

- 31 If an employee has a grievance in relation to the application of this plan, he or she may write to the company about it. The company must respond in writing within 14 days. If the grievance is not resolved by the response, the employee may give the company a notice requiring the grievance to be referred to an independent person for mediation. If the employee and the company do not agree on a mediator within 7 days after the notice is given, the mediator is to be appointed by the President for the time being of the Law Society of Western Australia. The employee and the company must co-operate fully with the mediator. The employee and the company must pay an equal share of the fees and expenses the mediator is entitled to. An employee must not commence legal proceedings, apart from seeking urgent injunctive relief until this process has been completed.

Giving notices etc

32. A notice or other document that must or may be given to an employee under this plan is only given if it is delivered, posted or faxed to the employee at the last known address or fax number of the employee.

A notice or other document that must or may be given to the Board under this plan is only given if it is delivered, posted or faxed to the Board's secretary at the company's registered address or fax number.

Time notice etc is given

33. A notice or other document is to be treated as given at the following time.
- *if it is delivered*, when it is left at the relevant address.
 - *if it is sent by post*, 2 business days after it is posted.
 - *if it is sent by fax*, as soon as the sender receives from the sender's fax machine a report of an error free transmission to the correct fax number.

If a notice, consent, information or request is delivered, or an error free transmission report in relation to it is received, after the normal business hours of the party to whom it is sent, it is to be treated as having been given or made at the beginning of the next business day.

Severability

34. If a clause or part of a clause can be read in a way that makes it illegal, unenforceable or invalid, but can also be read in a way that makes it legal, enforceable and valid, it must be read in the latter way. If any clause or part of a clause is illegal, unenforceable or invalid,

that clause or part is to be treated as removed from this document, but the rest of this document is not affected.

Governing law and jurisdiction

35. This document is governed by the law of Western Australia. The parties submit to the non-exclusive jurisdiction of its courts.