Homeloans LTD

Level 2, The Atrium Building
168 St Georges Terrace
PERTH WA 6000
Telephone: 08 9261 7000
Facsimile: 08 9261 7079

Monday, 6th December 2004

HOMELOANS LIMITED ACN 095 034 003

ISSUE OF UNLISTED OPTIONS TO ACQUIRE FULLY PAID ORDINARY SHARES

UPDATE ON EXPENSES

OPTIONS

On 23 February 2004 Homeloans Ltd announced to the market that it had entered into a heads of agreement with Mortgage Asset Services Pty Ltd (MAS) to establish a joint venture for the origination of new home loans for the group. As part of the agreement with MAS Homeloans Ltd undertook to issue up to 2.75 million options to MAS subject to certain origination volumes being achieved by MAS.

At the Homeloans Ltd Annual General Meeting on 25 November 2004 it was announced that the Company had restructured its alliance with MAS. As part of this restructuring process the options to be issued to MAS were also considered. The Company has now arrived at a new arrangement with MAS and 2.75 million unlisted options will be issued to MAS on 7 December 2004 on the following terms and conditions

Number of Options:	2,750,000 options
Date of Issue:	7 December 2004
Date of Expiry:	7 December 2009
Exercise price and dates:	750,000 options can be exercised at an exercise price of 40 cents each on or after 7 December 2004. 1,000,000 options can be exercised at an exercise price of 45 cents each once an average of $175 million of loans have been settled over a 3 month period. If the target of an average of $175 million in loans is not achieved by 31 March 2006 the 1,000,000 options will not be exercisable and will expire at this date. 1,000,000 options can be exercised at an exercise price of 50 cents each once an average of $225 million of loans have been settled over a 3 month period. If the target of an average of $225 million in loans is not achieved by 31 March 2007 the 1,000,000 options will not be exercisable and will expire at this date.

EXPENSES

Further to the Chairman's comment, with respect to cost rationalisation, in his Address at the Annual General Meeting last week since February 2004 Homeloans Ltd has implemented a reduction in fixed annualised operating expenses in excess of $3 million. This is part of an ongoing cost rationalisation project.

For further information please contact:

Tim Holmes	Jarrod Smith
Executive Chairman	Finance Director
08 9261 7000	02 8267 2000