Alternative Lending Australia Limited

A.C.N. 076 711 405

Prospectus

Dated 4 February 2005

For the issue of up to 24,048,273 A Class Ordinary Shares as consideration for the buy back of up to 36,874,138 Existing Shares and the issue of up to 2,951,727 A Class Ordinary Shares at an issue price of $0.35 each and 3,000,000 Preference Shares at an issue price of $1.00 each

Sponsoring Broker to the Offer:
Tonkin Scorer Menzies

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Important Information

This Prospectus is dated 4 February 2005 and will expire on 4 March 2006. No Shares will be issued or allotted on the basis of this Prospectus after 4 March 2006. This Prospectus was lodged with the Australian Securities and Investments Commission (ASIC) on 4 February 2005. ASIC takes no responsibility for the contents of this Prospectus or the merits of the investment to which it relates.

Investment in this Offer should be considered speculative in nature. Before deciding to invest in the Shares offered under this Prospectus or to accept the Company's offer to buy back Existing Shares you should read the entire Prospectus and in particular consider the risk factors that could affect the financial performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and taxation issues) and seek advice from your professional advisers before deciding whether to invest.

Defined terms and abbreviations used in this Prospectus are explained in the Glossary section. The financial amounts in this Prospectus are expressed in Australian dollars unless stated otherwise. The assets depicted in photographs in this Prospectus are not assets of the Company unless otherwise stated.

Authorised Intermediaries

Offers under this Prospectus will be made pursuant to arrangements between the Company and the holders of Australian Financial Services Licenses pursuant to Section 911A(2)(b) of the Corporations Act. The Company will only authorise the holder of an Australian Financial Services License to make offers to people to arrange the issue of Shares by the Company under this Prospectus and the Company will only issue Shares in accordance with such offers if they are accepted. Tonkin Scorer Menzies has been appointed by the Company to act as an Authorised Intermediary and Tonkin Scorer Menzies will deal with all application monies and Application Forms received pursuant to this Prospectus. Any Application Forms received which do not bear the stamp of an Australian Financial Services License holder will be forwarded to Tonkin Scorer Menzies for initial processing.

The function performed by Tonkin Scorer Menzies should not be considered as an endorsement of the Offer or a recommendation of the suitability of the Offer for any Applicant. Tonkin Scorer Menzies does not guarantee the success or performance of the Company or the returns, if any, to be received by Applicants. Tonkin Scorer Menzies is not responsible for and did not cause the issue of this Prospectus.

Exposure Period

The Corporations Act prohibits the Company from processing applications received until after an exposure period. The exposure period is the 7-day period from the date of lodgement of this Prospectus with ASIC and may be extended by ASIC by up to a further 7 days. The purpose of the exposure period is to enable examination of the Prospectus by market participants prior to the offering of shares. That examination may result in the identification of deficiencies in the Prospectus, in which case any application received may need to be dealt with in accordance with Section 724 of the Corporations Act.

This Prospectus will be made available to Australian residents during the exposure period. Applications under this Prospectus received during the exposure period will not be processed until after the expiry of the exposure period. No preference will be conferred on applications received during the exposure period.

Stock Exchange of Newcastle Limited

Application will be made within 7 days of the date of this Prospectus for quotation of the A Class Ordinary Shares offered by this Prospectus, that are not the subject of Voluntary Restricted Securities Agreements, on the Stock Exchange of Newcastle Limited. The fact that the Stock Exchange of Newcastle Limited may allow quotation of the A Class Ordinary Shares of the Company is not to be taken in any way as an indication of the merits of the Company or the Shares. The Stock Exchange of Newcastle Limited takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon any part of, the contents of this Prospectus.

Prospectus Availability

This Prospectus is available in an electronic format on the Internet at the Company website at http://www.alternativelendingaustralia.com/prospectus. The Company, free of charge, on request, will send any person receiving this Prospectus electronically during the period of the Offer, a paper version of the Prospectus.

If this Prospectus is received electronically, Applicants should read the statements in the Application Form and the Share Buyback Offer Acceptance Form under the heading Electronic Prospectus. The Directors may refuse an application for Shares by means of an electronic Application Form or a Share Buy Back Offer Acceptance Form if the Directors have grounds to believe that the Applicant who received an electronic Application Form or a Share Buy Back Offer Acceptance Form was not given access at the same time and by the same means, to the electronic Prospectus.

Privacy

If you apply for Shares, you will provide personal information to the Company and the Share Registrar. The Company and the Share Registrar collect, hold and use your personal information in order to assess your Application Form, provide facilities and services that you request and carry out appropriate administration. Some of the information is required to be collected under Australian company and taxation law. If you do not provide the information requested, your application may not be able to be processed efficiently, or at all. The Company and the Share Registrar may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- the Share Registrar for on-going administration of the register; and
- the printers and the mailing house for the purposes of preparation and distribution of statements and for handling of mail.

If you become a member holding shares in ALA, information collected about you may also be used or disclosed from time to time to inform you about the Company's products or services. If you do not want your personal information to be used for this purpose, you should contact the Company.

Under the Privacy Act 1988 (Cth), you may request access to your personal information held by (or on behalf of) the Company or the Share Registrar. You can request access to your personal information by writing to, or telephoning the Company through the Share Registrar as follows: Registries Limited, Level 2, 28 Margaret Street, SYDNEY 2000 - phone 02 9290 9600.

The Company's privacy policy may be inspected at the Company's registered office between 9am and 5pm Brisbane time on business days.

Disclaimer

No person is authorised by the Company to give any information or to make any representation in connection with this Offer that is not contained in this Prospectus. Any information that is not contained in this Prospectus may not be relied upon as having been authorised by Alternative Lending Australia Limited.

Corporate Directory

Directors	
Chairman	**Gary Fitzgerald**
Non-executive Director	**John Rivett**
Non-executive Director	**Tony Scott**
Managing Director	**Sinn Chew**
Company Secretary	**John Rivett**
Registered Office	**27 Tingiara Court SUNSHINE BEACH 4567**
Office Address	**27 Tingiara Court SUNSHINE BEACH 4567**
Auditor	**Allworths Level 7 155 George Street The Rocks SYDNEY 2000**
Sponsoring Broker and Underwriter	**Tonkin Scorer Menzies Level 3 ANZ Bank Chambers 16A Bolton Street NEWCASTLE 2300**
Nominated Adviser	**Whittens Level 30 133 Castlereagh Street SYDNEY 2000**
Investment Banker	**Swift Investment Bank Ltd Level 14 (B), Main Office Tower Financial Park Complex Jalan Merdeka, 87000 F.T. Labuan, Malaysia**
Corporate Adviser	**Fusion Corporate Suite 5 210 Melbourne Street SOUTH BRISBANE 4101**
Share Registrar	**Registries Limited Level 2 28 Margaret Street SYDNEY 2000**

Chairman's Introduction

4 February 2005

Dear Investor

Alternative Lending Australia Ltd (ALA) was established to provide a range of services to non-conforming sectors of the Australian finance market. In order to secure early growth in these sectors, ALA will purchase existing non-conforming loan businesses and loan portfolios before generating further loans through its retail network, further acquisitions and joint ventures together with offering wholesale funding to other lenders.

ALA will be operating in a currently fragmented and unsophisticated sector of the lending industry, which the Company believes, provides significant opportunities. The opportunities in this market have occurred because there has been a limited institutional or secondary market for the sale of non-conforming consumer loans and short-term property mortgages and therefore the industry is funded substantially by private individuals with limited funding options and no long-term corporate strategy.

The non-conforming market consists of potential borrowers that do not fit within traditional bank and finance company lending criteria. It is estimated that as many as one in four potential borrowers, or 2 million people in Australia, fall outside traditional lenders' criteria. The non-conforming mortgage market in Australia is predicted to grow to $30 billion within 5 years.

The Company is currently focused on non-conforming consumer loans and short-term property mortgages. As part of its expansion plans, ALA has secured the following agreements:

- Acquisition of a non-conforming consumer lending business, Ready Finance, which has a retail network in Queensland and South Australia;
- Acquisition of the business of Corke Financial, a finance company and broker that operates in the non-conforming short-term property mortgage market in Queensland;
- Acquisition of non-conforming loan portfolios with receivables of around $3 million.

The Company intends to acquire other non-conforming loan businesses and loan portfolios as part of its expansion plans.

Ready Finance operates in the non-conforming consumer loan market providing loans averaging around $800 that are secured against a motor vehicle, boat or other registered vehicle. ALA is also acquiring the outstanding loan portfolio of Ready Finance that includes around 800 active loans. Historically, around 80% of new loans written by Ready Finance are to existing customers. Demand for loans through the business has exceeded the resources of the current owners and hence their decision to sell. ALA will provide the capital to fund the expansion of the existing business, open new offices and introduce new loan products.

Corke Financial provides funds for, and acts as a broker for, short-term loans in Queensland secured by first or second mortgages with an average of around $270,000 per loan. ALA is acquiring Corke Financial's loan portfolio, its database of financiers & customers and its security documentation intellectual property.

To fund its expansion, ALA has secured a five-year debt facility through Swift Investment Bank from Malaysia of up to US$10 million and is now seeking to raise additional capital through the Offer under this Prospectus. In conjunction with this capital raising the Company will apply for the quotation of its A Class Ordinary Shares on the Stock Exchange of Newcastle Limited.

The acquisition of established businesses and the associated loan portfolios will give the Company immediate cash flow, which combined with the capital being raised under this Prospectus, should allow the Company to service its obligations under its debt facility and to holders of Preference Shares. In order to minimise the impact of any potential losses from defaults of borrowers, the Company has arranged an insurance facility on its loan portfolios that is underwritten through an A rated insurance company.

In order to achieve the quotation of the Company's A Class Ordinary Shares on the NSX, a number of restructuring steps were submitted for approval by members at an extraordinary general meeting held on 7 August 2004. The resolutions approving these steps were passed unanimously and in accordance with those resolutions, a buy back of all Existing Shares is being offered through this Prospectus. The consideration for the buy back of Existing Shares will be the issue of A Class Ordinary Shares at an issue price of $0.35 each and will be undertaken on a one for one basis for the majority of members. However the buy back from the Directors, their associates and other substantial members will be undertaken on the basis of approximately five A Class Ordinary Shares for thirteen Existing Shares.

The buy back of Existing Shares from an Existing Member is subject to:

1) The Existing Member also subscribing for an minimum 6,000 additional A Class Ordinary Shares through this Prospectus for a minimum consideration of $2,100; and
2) The Existing Member executing a Voluntary Restricted Securities Agreement with the Company that restricts the Existing Member from dealing with 85% of the A Class Ordinary Shares they receive in consideration for the buy back of Existing Shares until at least 15 April 2006; and
3) The Existing Member accepting the Company's offer for the buy back of all Existing Shares they hold.

There is no requirement for Existing Members to accept the buy back offer made by the Company and if you do not wish to sell your Existing Shares, there is no requirement to take any further action. If you wish to accept the Company's buy back offer please complete the Share Buy Back Offer Acceptance Form attached to this Prospectus in accordance with the instructions set out in that form.

Existing Members are also eligible to subscribe for additional A Class Ordinary Shares at an issue price of $0.35 each. The Company intends to apply for the quotation of all A Class Ordinary Shares on the NSX, which are not the subject of Voluntary Restricted Securities Agreements.

All Applicants, including Existing Members, can also invest in the Company by subscribing for Preference Shares at an issue price of $1.00 per Preference Share. The Company will pay interest to holders of Preference Shares of 15% per annum, payable six-monthly in arrears. Holders of Preference Shares will have the right to convert those Preference Shares into A Class Ordinary Shares at any time between 1 January 2006 and 30 November 2008 (or earlier if the Company seeks to have its shares quoted on the Australian Stock Exchange) at an issue price that is 95% of the average price of A Class Ordinary Shares traded on the NSX in the 30 days prior to conversion. The Preference Shares are due to be redeemed in full by the Company on 31 December 2008.

The Directors believe that this investment opportunity offers Existing Members and other Applicants the opportunity to participate in what, we believe, will be an exciting and financially rewarding investment.

Before deciding to accept the Company's buy back offer or to invest in the Shares offered under this Prospectus you should read the entire Prospectus and in particular consider the risk factors that could affect the financial performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and taxation issues) and seek advice from your professional advisers before deciding whether to invest.

Yours faithfully

Gary Fitzgerald - Chairman

Important Dates

The dates shown in the following table, which are later than the date of this Prospectus, are indicative only and may be varied. The Company reserves the right to vary the opening date and the closing date of the Offer without prior notice, which may have a consequential effect on other dates. Accordingly, Applicants are encouraged to submit their applications as soon as possible after the Offer opens.

Event	**Date**
Prospectus lodged with ASIC	4 February 2005
Offer open for acceptance	14 February2005
Closing date for Applicants to lodge Application Forms for Shares and Existing Members to lodge Share Buy Back Offer Acceptance Forms	23 February 2005
Intended date for allotment of Shares (subject to permission for quotation being granted by NSX)	24 February 2005
Estimated date for quotation of A Class Ordinary Shares on NSX	28 February 2005
Opening of conversion period for Preference Shares	1 January 2006
Closing of conversion period for Preference Shares	30 November 2008
Due date for redemption of Preference Shares	31 December 2008

Action Required By Applicants

Applicants wishing to apply for Shares pursuant to this Prospectus should complete the Application Form at the rear of this Prospectus and send it together with a cheque for the subscription monies to the address shown on the Application Form so that it is received prior to the closing date.

Existing Members wishing to accept the Company's offer to buy back Existing Shares should complete the Share Buy Back Offer Acceptance Form at the rear of this Prospectus and send it together with a cheque for a minimum 6,000 additional A Class Ordinary Shares to the address shown on the Share Buy Back Offer Acceptance Form so that it is received prior to the closing date.

1. *Investment Highlights*

- **In conjunction with this Prospectus ALA is acquiring two non-conforming loan businesses and non-conforming loan portfolios with receivables of around $3 million. ALA plans to expand these businesses and target products to un-serviced growth sectors in the non-conforming loan market.**
- **The Company also plans to acquire other non-conforming loan businesses and loan portfolios as part of its expansion plan.**
- **ALA has secured a five-year debt facility of up to US$10 million to assist with its expansion plans.**
- **The combination of the capital being raised pursuant to this Prospectus and wholesale funding through ALA's debt facility gives the Company flexible funding options and advantages in new product development over many non-conforming lending operations in Australia.**
- **The Company has experienced Directors, a diversified management team and staff.**
- **ALA is offering to buy back all Existing Shares with consideration being the issue of A Class Ordinary Shares at $0.35 each, which the Company will apply to have quoted on the NSX, subject to Voluntary Restricted Securities Agreements.**
- **In order to accept the Company's buy back offer, Existing Members have to subscribe for a minimum 6,000 additional A Class Ordinary Shares at an issue price of $0.35 each, which the Company will apply to have quoted on the NSX. In addition, Existing Members are required to execute a Voluntary Restricted Securities Agreement over 85% of the A Class Ordinary Shares they receive in consideration for the buy back of Existing Shares.**
- **Existing Members are not limited to the number of A Class Ordinary Shares they can apply for.**
- **ALA is also offering Applicants the opportunity to subscribe for Preference Shares, on which the Company will pay interest of 15 % per annum, payable six-monthly in arrears. These Preference Shares may also be converted into A Class Ordinary Shares at any time from 1 January 2006 to 30 November 2008 (or earlier if the Company seeks to have its shares quoted on the Australian Stock Exchange) at an issue price that is 95% of the average price of A Class Ordinary Shares traded on the NSX in the 30 days prior to conversion. The Preference Shares are due to be redeemed in full by the Company on 31 December 2008.**
- **Minimum application levels for Shares are 6,000 A Class Ordinary Shares for a minimum consideration of $2,100 or 2,000 Preference Shares for a minimum consideration of $2,000.**

2. *Key Offer Information*

	A Class Ordinary Shares	Preference Shares
Offer Price	$0.35 each	$1.00 each
Minimum Investment	$2,100	$2,000
Opening Date	14 February2005	14 February2005
Closing Date	23 February 2005	23 February 2005

APPLICATION OF CASH FUNDS FROM OFFER	Based on Minimum Subscription	Based on Offer Being Fully Subscribed
Costs of Offer	$90,050	$286,455
Buy back of Existing Shares	$ -	$ -
Purchase of Ready Finance, Corke Financial and loan portfolios	$ -	$1,220,000
Reimbursement of costs incurred to date	$14,950	$205,397
Working capital	$ -	$2,321,252
Total	**$105,000**	**$4,033,104**

CAPITAL STRUCTURE - Based on Offer Being Fully Subscribed	Number	% of Class
Preference Shares currently on issue	nil	n/a
Preference Shares to be issued under this Prospectus	3,000,000	100.00%
Preference Shares on issue after completion of this Offer	**3,000,000**	**100.00%**
Ordinary Shares currently on issue	36,874,138	100.00%
Less Ordinary Share buy back assuming all Existing Members accept the buy back offers by the Company	<36,874,138>	<100.00%>
A Class Ordinary Shares to be issued under this Prospectus for buy back of Existing Shares assuming all Existing Members accept the buy back offers by the Company	24,048,273	83.75%
A Class Ordinary Shares to be issued under this Prospectus for cash consideration	2,951,727	10.28%
A Class Ordinary Shares to be issued in consideration for acquisition of businesses	1,714,286	5.97%
Ordinary Shares on issue after completion of this Offer assuming all Existing Members accept the buy back offers by the Company	**28,714,286**	**100.00%**

CAPITAL STRUCTURE - Based on Minimum Subscription	**Number**	**Percentage of Class**
Preference Shares currently on issue	nil	n/a
Preference Shares to be issued under this Prospectus	nil	n/a
Preference Shares on issue after completion of this Offer	**nil**	**n/a**
Ordinary Shares currently on issue	36,874,138	94.82%
Less Ordinary Share buy back assuming that no Existing Members accept the buy back offers by the Company	-	n/a
A Class Ordinary Shares to be issued under this Prospectus for buy back of Existing Shares assuming that no Existing Members accept the buy back offers by the Company	-	n/a
A Class Ordinary Shares to be issued under this Prospectus for cash consideration	300,000	0.77%
A Class Ordinary Shares to be issued in consideration for acquisition of businesses	1,714,286	4.41%
Ordinary Shares on issue after completion of this Offer assuming that no Existing Members accept the buy back offers by the Company	**38,888,424**	**100.00%**

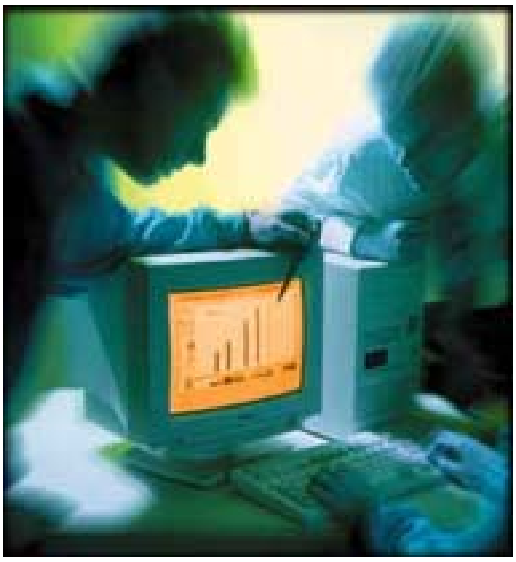
As partial consideration for the acquisition of Ready Finance, the Company will also grant the vendors of Ready Finance an option to acquire 200,000 A Class Ordinary Shares at an issue price of $0.50 per A Class Ordinary Share at any time within 2 years of the date of settlement of the acquisition of Ready Finance.

3. *Business Overview*

Alternative Lending Australia Ltd was established to provide a range of services to the non-conforming sectors of the Australian finance market. In order to secure early growth in these sectors, ALA will purchase existing non-conforming loan businesses and loan portfolios.

ALA plans to expand the businesses being acquired by taking advantage of currently fragmented and unsophisticated sectors of the lending industry. This opportunity has occurred because there has been no institutional or secondary market for the sale of non-conforming consumer loans and short-term property mortgages and therefore the industry is funded substantially by private individuals with limited funding options and with no long-term corporate strategy.

The non-conforming market consists of potential borrowers that do not fit within traditional bank and finance company lending criteria. It is estimated that as many as one in four potential borrowers, or 2 million people in Australia, fall outside traditional lenders' criteria.



The Company is currently focused on non-conforming consumer loans and short-term property mortgages. As part of its expansion plans, ALA has secured the following agreements:

- Acquisition of a non-conforming consumer lending business, Ready Finance, which has a retail network in Queensland and South Australia;
- Acquisition of the business of Corke Financial, a finance company and broker that operates in the non-conforming short-term property mortgage market in Queensland;
- Acquisition of non-conforming loan portfolios with receivables of around $3 million.

The Company plans to acquire other non-conforming loan businesses and loan portfolios as part of its expansion plans.

Ready Finance provides loans averaging around $800 secured against a motor vehicle, boat or other registered vehicle. ALA is also acquiring the outstanding loan portfolio of Ready Finance that includes around 800 active loans. Historically, around 80% of new loans written by Ready Finance are to existing customers. Demand for loans through the business has exceeded the resources of the current owners and hence their decision to sell. ALA will provide the capital to fund the expansion of the existing businesses, open new offices and introduce new loan products. In addition, the Company will retain the services of the staff of Ready Finance, including the experienced General Manager.

Corke Financial is an established lender and broker in the short-term mortgage market in Queensland. Loans funded through Corke Financial average around $270,000 with an average term of less than 5 months. Corke Financial has limited capital and as a result is reliant on external funding sources introduced on a deal by deal basis. In these circumstances, Corke Financial only receives a brokerage fee on the loan. ALA will provide the capital for Corke Financial to expand its lending activities, which is a more profitable business model than primarily acting as a broker.

In order to fund its expansion, ALA has secured a 5-year debt facility through Swift Investment Bank from Malaysia of up to US $10 million and plans to raise capital through the Offer under this Prospectus. The Company will also apply for the quotation of its A Class Ordinary Shares on the NSX in conjunction with this Prospectus.

To minimise the impact of potential defaults by borrowers the Company has arranged an insurance facility on its loan portfolios underwritten through an A rated insurance company.

ALA will have the following competitive advantages in the non-conforming loan market place:

- An experienced board of directors with finance and management backgrounds;
- Experienced management and staff;
- Ownership of Ready Finance and Corke Financial, as a solid base for expansion;
- Substantial financial resources that will allow the provision of wholesale lines of credit to other small lenders to increase volume.

Market Size

The non-conforming mortgage market in Australia is predicted to grow to $30 billion within 5 years.

According to the Datamonitor Report - Personal Lending in Australia 2004 (published March 2004), total consumer personal loan balances amounted to $52 billion at the end of 2003.

The Consumer Law Centre Victoria reported that the estimated size of the short-term non-conforming loan market in Australia was around $200 million in 2002.

Market Segments

The types of borrowers targeted by ALA can be generally classified as follows:

- **Pay Day Borrowers** - who require less than $250 until their next wage to cover short-term emergency expenses. These types of advances, known as “payday” advances are popular because they provide a financial alternative to the many charges that burden consumers who are late on their rent or their monthly credit card payment. These loans are also a far better option than a cheque being dishonoured due to a lack of funds or late payment fees on a credit card. Any fair comparison of the fees charged for the short-term, unsecured loan of cash against a future pay cheque, to those charged for bouncing a cheque or late credit card or rent payments shows the payday loan fees to be much more attractive.

- **Personal Loan Borrowers** - who require a larger amount (usually less than $2,000) secured against a motor vehicle or similar security for an average of 9 months. Borrowers are usually purchasing a motor vehicle or other asset such as white goods and a significant number are borrowing money for rental bonds.

- **Short-Term Mortgage Borrowers** – who typically have significant assets including multiple properties but have a cash flow shortage until they complete a refinancing with their bank or sell one of their properties. These borrowers are usually prepared to pay a higher rate of interest for a short-term loan rather than approach their own bank to re-finance their existing facilities on a short-term basis.

New Product Opportunities

In addition to the sectors of the market the Company is already targeting, the Company believes that loans to pay legal costs or fund divorce proceedings or settlements are currently not well serviced, despite a well-recognised referral and distribution system, significant demand and excellent security being available.

The Company intends to diversify into these areas as part of its expansion plans.

Market Trends

Changing lifestyles and work habits of potential borrowers is driving the boom in non-conforming lending. The traditional concepts of a job for life and a nine-to-five working pattern are no longer as applicable in today's more flexible job market, but many traditional financiers have not changed their lending criteria to reflect this.

The UK non-conforming loan sector currently represents over 12% of mortgage originations, whilst the same sector in Australia is estimated to represent around 4%. Whilst it is likely that traditional financiers will move further into the non-conforming loan sectors of the market, the Company believes that there will remain large sectors of the market that will not be serviced by traditional financiers, which will provide significant opportunities for the Company.

Management

The management of ALA will be the day-to-day responsibility of Sinn Chew, the Company's Managing Director. Sinn has substantial experience in the banking industry with Citibank and HSBC. Sinn will primarily be responsible for the implementation of the Company's strategic plan based on the expansion plans outlined in this Prospectus.

As part of the acquisition of Ready Finance, ALA will take over the management and staff of that business, headed by Shane Sulliman, the General Manager of Ready Finance. Shane was employed to establish Ready Finance three years ago and as a result has extensive knowledge of the non-conforming loan market. He is currently responsible for the day-to-day operations of Ready Finance and credit approval of loans through that business. The Company will employ a dedicated credit officer for Ready Finance to allow Shane to focus more heavily on expansion opportunities identified by the Company's strategic plan.

4. *Board of Directors*

Gary Fitzgerald - Chairman

Gary was previously a founder of Future Mortgage Limited, a pioneer of non-conforming lending in Australia before selling his interest in the company after negotiating an international funding joint venture for the company. In 1998, Gary completed a B&C non-conforming underwriting course in Chicago.

In 2000 he established Vision Venture Capital, a firm specializing in early stage funding for new companies, and sold his shareholding in 2003 to an international bank. Gary was retained by the new owners and is currently Investment Manager for Vision Venture Capital International Ltd, which is one of the major members in ALA.

Gary is a fellow of the Australian Institute of Management, a member of the Australian Institute of Company Directors and the Australian Association for Professional and Applied Ethics.

John Rivett - Non-executive Director and Company Secretary

John is the Company Secretary responsible for compliance issues. He has degrees in Commerce and Law from the University of Queensland. He practiced as a lawyer for 11 years up until 1988 when he commenced a career in business.

He retains a practising certificate as a Barrister and specialises in the venture capital industry. He is the founding CEO of AusFirst Capital Limited, a Pooled Development Fund, a founding director of SME Securities Pty Ltd, new business mentors and is the Chairman of Microlok Corporation Limited and Baby Bliss International Limited and a Director of BioCane Limited.

Tony Scott - Non-executive Director

Tony is a Solicitor and Barrister who has extensive international experience in the finance and insurance industries, particularly in Asia.

He is currently an advisor to many corporations on international financing arrangements and is a director of Swift Investment Bank, whom he represents on the board of ALA.

Tony is a member of The Law Society of New South Wales and The Law Institute of Victoria.

Sinn Chew - Managing Director

Sinn has been involved in the banking industry since 1989 when he joined Citibank in Australia in the International Personal Banking division, which offers private banking services to high net worth individuals.

In 1991 he became Queensland Manager of that division. As a result of Citibank's significant presence in Asia, this unit has a strong Asian new migrant clientele. In 1996 Sinn joined HSBC Bank as a Regional Manager.

Sinn resigned from HSBC in 2002 and currently operates a business consultancy specializing in property and other investment services to overseas clients.

5. *Offer Details*

5.1 *Description Of Offer*

This Prospectus invites subscription for up to 24,048,273 A Class Ordinary Shares as consideration for the buy back of up to 36,874,138 Existing Shares and the issue of up to 2,951,727 A Class Ordinary Shares, at an issue price of $0.35 each, and up to 3,000,000 Preference Shares, at an issue price of $1.00 each, in Alternative Lending Australia Limited.

The cash funds being raised pursuant to this Prospectus will be used to pay the costs of the Offer, acquire non-conforming loan businesses and loan portfolios and provide working capital.

Holders of Preference Shares are entitled to be paid interest by the Company, six-monthly in arrears, at the rate of 15% per annum on the amount they invested until the Preference Shares are converted or redeemed. Holders of Preference Shares will have the right to convert their Preference Shares into A Class Ordinary Shares at any time between 1 January 2006 and 30 November 2008 (or earlier if the Company seeks to have its Shares quoted on the Australian Stock Exchange) at an issue price that is 95% of the average price of A Class Ordinary Shares traded on the NSX in the 30 days prior to conversion. The Preference Shares are due to be redeemed in full by the Company on 31 December 2008.

Through this Prospectus the Company is also offering to buy back all Existing Shares from Existing Members with consideration being the issue of A Class Ordinary Shares at an issue price of $0.35 each.

5.2 *Restrictions On The Distribution Of The Prospectus*

Australian law restricts the distribution of this Prospectus.

This Prospectus is not intended to, and does not, constitute an offer of Shares in any place which, or to any person to whom, the making of such an offer would not be lawful.

Persons who come into possession of this Prospectus should consult their own professional advisers on and observe any such restrictions.

5.3 *Exposure Period*

The Corporations Act prohibits the Company from processing applications received until after an exposure period. The exposure period is the 7-day period from the date of lodgement of this Prospectus with ASIC and may be extended by ASIC by up to a further 7 days. The purpose of the exposure period is to enable examination of the Prospectus by market participants prior to the offering of shares. That examination may result in the identification of deficiencies in the Prospectus, in which case any application received may need to be dealt with in accordance with Section 724 of the Corporations Act.

This Prospectus will be made available to Australian residents during the exposure period through the Company's web site at http://www.alternativelendingaustralia.com/prospectus.

Applications under this Prospectus received during the exposure period will not be processed until after the expiry of the exposure period. No preference will be conferred on applications received during the exposure period.

5.4 *Opening And Closing Date Of Offer*

The opening date of the Offer will be 14 February2005 at 9:00 a.m. (Brisbane time). The closing date of the Offer will be 23 February 2005 at 4:00 p.m. (Brisbane time).

The Directors reserve the right to either close the Offer early or extend the closing date, (as the case may be) should it be considered by them necessary to do so.

5.5 *Authorised Intermediaries*

Offers under this Prospectus will be made pursuant to arrangements between the Company and the holders of Australian Financial Services Licenses pursuant to Section 911A (2)(b) of the Corporations Act. Tonkin Scorer Menzies has been appointed to act as an Authorised Intermediary and will deal with all application monies and Application Forms received pursuant to this Prospectus.

5.6 *Buy Back Of Existing Shares*

Under this Prospectus the Company is offering to buy back all Existing Shares from Existing Members as follows:

(a) To buy back up to 18,553,231 Existing Shares from Directors and associated parties with consideration being the issue of up to 6,695,831 A Class Ordinary Shares at an issue price of $0.35 each;
(b) To buy back up to 7,467,500 Existing Shares from another eleven members with consideration being the issue of up to 3,360,375 A Class Ordinary Shares at an issue price of $0.35 each;
(c) To buy back the Existing Shares held by all other members with consideration being one A Class Ordinary Share for each Existing Share at an issue price of $0.35 each.

Additional details of this buy back offer can be found in section 9 of this Prospectus.

The buy back of Existing Shares from an Existing Member is subject to:

(a) The Existing Member also subscribing for a minimum 6,000 additional A Class Ordinary Shares through this Prospectus for a minimum consideration of $2,100; and
(b) The Existing Member executing a Voluntary Restricted Securities Agreement with the Company that restricts the Existing Member from dealing with 85% of the A Class Ordinary Shares they receive in consideration for the buy back of Existing Shares until at least 15 April 2006; and
(c) The Existing Member accepting the offer for the buyback of all Existing Shares they hold.

The offer to buy back Existing Shares will remain open from 14 February2005 to 23 February 2005. The Directors, in their complete discretion, may withdraw the offer to buy back Existing Shares or extend or vary any part of the timetable for the buy back of Existing Shares.

There is no requirement for Existing Members to accept the buy back offers made by the Company and if you do not wish to sell your Existing Shares, there is no requirement to take any further action.

If you wish to accept the Company's buy back offer please complete the Share Buy Back Offer Acceptance Form attached to this Prospectus in accordance with the instructions set out in that form.

By signing and returning a Share Buy Back Offer Acceptance Form you will:

(a) Agree to sell to the Company all of the Existing Shares you hold; and
(b) Warrant to the Company that you are the registered holder of the Existing Shares the Company is buying back and that those Existing Shares are free from any mortgage, charge, lien or other third party right or interest and that you have the capacity to sell and transfer those Existing Shares to the Company; and
(c) Authorise the Company and the Directors severally to correct any error in or omission from the Share Buy Back Offer Acceptance Form.

If you have signed and returned a Share Buy Back Offer Acceptance Form, you may only withdraw your acceptance of the offer to buy back Existing Shares by notifying the Company's Share Registrar in writing of the withdrawal of your acceptance. This withdrawal must be received by the Share Registrar by no later than 5.00 pm on 23 February 2005 at the following address:

Registries Limited
PO Box R67
ROYAL EXCHANGE
SYDNEY NSW 1223

5.7 *Australian Tax Implications In Relation To Buy Back Of Existing Shares*

The following explanation of the Australian tax implications for Existing Members accepting the Company's offer to buy back Existing Shares is a summary only and does not apply to members who are non-residents. This summary is neither exhaustive nor definitive. This summary is not intended to be advice and should not be relied on as such. You should consult your own professional adviser about the tax implications of accepting the Company's offer to buy back Existing Shares in your own particular circumstances.

The sale of Existing Shares to the Company will constitute an off market buy back of shares for the purposes of the Income Tax Assessment Act 1936. As the Company has never recorded a profit, and the purchase of the Shares is being funded wholly through the share capital account of the Company, no part of the consideration received for the buy back of Existing Shares should constitute a dividend received by a member.

For capital gains tax purposes, the buy back of Existing Shares will result in a disposal of an asset (the Existing Shares) by the member, which will result in a capital gain or loss. A capital gain or loss will be calculated as the difference between the gross disposal proceeds of $0.35 per Existing Share and the cost base (or reduced cost base if there is a capital loss) of the Existing Shares.

The cost base for Existing Shares will generally be the amount the Existing Member paid (if any) to acquire the Existing Shares plus any incidental costs of acquisition such as stamp duty and brokerage.

Any capital gain that results from the buy back of Existing Shares can be offset by any capital losses incurred by the Existing Member from other sources.

5.8 *Funding Of Buy Back Of Existing Shares*

The Company is offering to buy back all Existing Shares with full consideration being the issue of A Class Ordinary Shares.

The buy back of Existing Shares will not impact on the Company's funding requirements.

5.9 *Impact On The Company's Capital Structure Of The Buy Back Of Existing Shares*

The consideration for the buy back of Existing Shares will be the issue of A Class Ordinary Shares at an issue price of $0.35 each and will be undertaken on a one for one basis for the majority of members. However the buy back from the Directors, their associates and other substantial members will be undertaken on the basis of approximately five A Class Ordinary Shares for thirteen Existing Shares. As a result, if all members accept the buyback offers made by the Company, the number of Shares on issue prior to the issue of any Shares for cash consideration under this Prospectus will decrease from 36,874,138 Ordinary Shares currently on issue to 24,048,273 A Class Ordinary Shares.

5.10 *Applications For Shares*

Applications for Shares offered by this Prospectus must be made on the Application Form, which forms part of this Prospectus. The return of a duly completed Application Form will be taken to constitute acceptance of the terms and conditions set out in this Prospectus.

Acceptance of a Share Buy Back Offer Acceptance Form by the Company from Existing Members is subject to the Existing Member also applying for a minimum 6,000 additional A Class Ordinary Shares at an issue price of $0.35 each for a total consideration of $2,100 and executing a Voluntary Restricted Securities Agreement for 85% of the A Class Ordinary Shares received in consideration for the buy back of Existing Shares.

The Application Form and Share Buy Back Offer Acceptance Form included with this Prospectus contain a declaration that the Applicant or Existing Member has personally received the complete and unaltered Prospectus prior to completing the Application Form or Share Buy Back Offer Acceptance Form.

Additional copies of the Prospectus are available from the Company's website at http://www.alternativelendingaustralia.com/prospectus or by contacting the Company on 1800 666 262.

Payment for A Class Ordinary Shares not being issued as consideration for the buy back of Existing Shares must be made in full at the issue price of $0.35 for each A Class Ordinary Share applied for and payment for Preference Shares must be made in full at the issue price of $1.00 for each Preference Share applied for.

The application monies must be in Australian dollars with cheques made payable to "Alternative Lending Australia Limited Share Offer Account" and crossed "Not Negotiable".

No stamp duty, brokerage or handling fees are payable by the Applicant for Shares issued pursuant to this Prospectus.

The Company will pay a fee of up to 1.75 cents plus GST per A Class Ordinary Share and up to 5 cents plus GST per Preference Share to holders of an Australian Financial Services License in respect of Application Forms submitted by them, including Tonkin Scorer Menzies.

Completed Application Forms, Share Buy Back Offer Acceptance Forms and accompanying cheques should be forwarded to:

Tonkin Scorer Menzies
PO Box 414
NEWCASTLE NSW 2300

5.11 *Minimum Application Amount*

The minimum number of A Class Ordinary Shares that can be applied for is 6,000 Ordinary Shares for a consideration of $2,100. Thereafter multiples of 3,000 A Class Ordinary Shares for a consideration of $1,050 may be applied for.

The minimum number of Preference Shares that can be applied for is 2,000 Preference Shares for a consideration of $2,000. Thereafter multiples of 1,000 Preference Shares for a consideration of $1,000 may be applied for.

5.12 *Minimum Subscription*

The minimum subscription to be raised pursuant to this Prospectus is $105,000 from at least 50 members for the issue of A Class Ordinary Shares in addition to any A Class Ordinary Shares issued as consideration for the buy back of Existing Shares. There is no minimum amount to be raised from the issue of Preference Shares. No Shares will be allotted until the minimum subscription has been received and if the minimum subscription amount is not received prior to the closing date, all subscription monies will be returned to Applicants without interest.

The Company has secured a 5-year debt facility of up to US$10 million, which will be utilised to assist with the acquisition of the businesses and loan portfolios being acquired. These businesses and loan portfolios are established and will provide the Company with immediate cash flow that limits the requirements for working capital.

The Directors are satisfied that upon completion of the Offer, based upon the minimum subscription being received, the Company will have sufficient funds to carry out the objectives outlined in this Prospectus.

5.13 *Application of Funds*

Assuming the Offer is fully subscribed the application of the cash funds raised from this Offer will be utilised as follows:

Costs of Offer	$286,455
Buy back of Existing Shares	$ -
Purchase of Ready Finance, Corke Financial and loan portfolios	$1,220,000
Reimbursement to Vision Venture Capital International Ltd of costs incurred to date	$205,397
Working capital	$2,321,252
Total	**$4,033,104**

5.14 *Quotation On Stock Exchange Of Newcastle Limited*

The Company will apply to the NSX no later than 7 days after the date of this Prospectus for the Company to be admitted to the official list of NSX and for the NSX to grant quotation of the A Class Ordinary Shares issued pursuant to this Prospectus, that are not the subject of Voluntary Restricted Securities Agreements. If NSX approval is not granted within three months of the date of this Prospectus, none of the Shares offered pursuant to this Prospectus will be issued and all subscription monies will be returned to Applicants without interest.

5.15 *Restricted Securities*

The Company believes that a significant portion of the Company's A Class Ordinary Shares that are issued in consideration for the buy back of Existing Shares will be subject to the Restricted Securities provisions of the NSX Listing Rules for a period to be determined by the NSX. In anticipation of this, it is a condition of the Company's offer to buyback Existing Shares that Existing Members execute a Voluntary Restricted Securities Agreement for 85% of the A Class Ordinary Shares received as consideration for the buy back of Existing Shares. The Voluntary Restricted Securities Agreement prohibits a member from dealing with the relevant A Class Ordinary Shares in any way until 15 April 2006. Any A Class Ordinary Shares issued for cash consideration under this Prospectus will not be subject to the Restricted Securities provisions of the NSX Listing Rules.

5.16 *CHESS And Issuer Sponsorship*

Upon the Company being admitted to the official list of NSX it will be admitted to participate in CHESS in accordance with the NSX Listing Rules and the ASTC Settlement Rules. On admission to CHESS the Company will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of shares. Rather than issuing certificates, the Company will dispatch holding statements (similar to bank statements) as soon as practicable after allotment. Holding statements will be sent by CHESS (for holders of shares who elect to hold their securities on the CHESS sub-register) or by the Company's Share Registrar (for holders of shares who elect to hold their shares on the issuer sponsored sub-register). The holding statements will set out the number of shares allotted to the holder and provide details of a holder's Holder Identification Number (for holders who elect to hold their shares on the CHESS sub-register) or Shareholder Reference Number (for holders of shares who elect to hold their shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each holder as their holding of shares changes or as required by the NSX Listing Rules or the Corporations Act.

5.17 *Allotment Of Shares*

No allotment of Shares will be made until the minimum subscription level is reached, permission for quotation of the Company's A Class Ordinary Shares has been granted by the NSX and all conditions precedent for the Swift Investment Bank debt facility have been satisfied or waived.

The Directors reserve the right to reject any application or to allocate any Applicant a lesser number of Shares than applied for. The Directors will proceed to allot the Shares as soon as possible after the minimum subscription level has been reached and permission for quotation of the Company's A Class Ordinary Shares has been granted by the NSX. Statements of shareholding will be dispatched as required by NSX Listing Rules. It is the responsibility of Applicants to verify their allocation of Shares prior to trading in Shares. Applicants who sell Shares before they receive a statement of their share allocation do so at their own risk.

Tonkin Scorer Menzies as an Authorised Intermediary for the Company will hold on trust for Applicants all application monies received before the allotment and issue of any Shares. Interest earned on the application monies will be for the benefit of the Company and will be retained by the Company irrespective of whether the issue of Shares takes place.

5.18 *Taxation*

The taxation implications of investing in Shares in the Company depend on an Applicant's individual circumstances. Applicants should obtain independent advice as to their taxation position regarding an investment in Shares in the Company.

5.19 *Negotiability And Liquidity*

Subject to any Restricted Securities provisions imposed by NSX or restrictions under a Voluntary Restricted Securities Agreement, the Shares issued pursuant to this Prospectus will be fully transferable and tradeable, however the Company does not intend to apply for Existing Shares or Preference Shares to be quoted for trade on any stock exchange. This means there will not necessarily be a liquid market for Existing Shares or Preference Shares.

5.20 *Dividends And Other Rights*

Dividends to members can only be paid from profits of the Company after all costs and expenses have been deducted including income tax.

The Preference Shares to be issued under this Prospectus will rank in preference to Existing Shares and A Class Ordinary Shares in respect of dividends and distribution of capital but will not have voting rights except for in particular circumstances detailed in Section 9.6 (i) of this Prospectus.

All A Class Ordinary Shares issued pursuant to this Prospectus will rank equally with Existing Shares.

The rights attaching to all Shares in the Company are governed by the Corporations Act and the Company's Constitution, a copy of which can be inspected by appointment at the Company's registered office.

5.21 *Dividend Policy*

The payment of dividends cannot be guaranteed and no assurance can be given that any dividend will be paid.

The Directors intend to re-invest the majority of any profits of the Company to grow the business and it is therefore unlikely that any dividends will be paid in the short to medium term.

5.22 *Underwriting And Commissions*

The minimum subscription for A Class Ordinary Shares of $105,000 has been underwritten by Tonkin Scorer Menzies and Tonkin Scorer Menzies are acting as Sponsoring Broker to the Offer. In return for these services Tonkin Scorer Menzies is entitled to the following fees:

(a) A fixed fee of $15,000 plus GST to act as Sponsoring Broker to the Offer;
(b) An underwriting fee of $2,625 plus GST (2.5% of the Underwritten Amount) and a management fee of $2,625 plus GST (2.5% of the Underwritten Amount);
(c) A fee of $20,000 plus GST to the sub-underwriters of Tonkin Scorer Menzies' obligations under the underwriting agreement;
(d) Any outlays incurred plus GST in respect of the Offer.

Details of the underwriting agreement are contained in Section 8 of this Prospectus – Material Contracts.

All Share application forms received by the Company will be forwarded to Tonkin Scorer Menzies for processing.

The Company will pay a fee of up to 1.75 cents plus GST per A Class Ordinary Share and 5 cents plus GST per Preference Share to holders of an Australian Financial Services License in respect of Application Forms submitted by them, including Tonkin Scorer Menzies.

5.23 *Costs Of The Offer*

The following represents an estimate of the costs of the Offer based on the Offer being fully subscribed:

Legal and registration fees	$48,050
Listing fees	$6,500
Other costs	$5,000
Commissions and fees on capital raising based on the Offer being fully subscribed	$226,905
Total	**$286,455**

5.24 *Financial Information*

(a) Financial Statements

The audited financial statements of the Company are set out in Section 7 of this Prospectus.

(b) Projections

The Directors believe that projections of future returns may be misleading. The capital raised by this Offer will be utilised to acquire and expand existing businesses, and as such any returns generated by the Company will be primarily reliant on those businesses achieving and maintaining profitable trading.

5.25 *Corporate Governance*

The Directors are committed to the principles underpinning the best practice in corporate governance. Descriptions of the Company's main corporate governance practices are set out below.

a) Audit And Risk Committee

The Audit and Risk Committee provides advice and assistance to the Directors in fulfilling their responsibilities relating to the Company's financial statements, financial and market reporting processes, internal accounting and financial control systems, internal audit, external audit, risk management and such other matters as the Directors may request from time to time. The committee may also undertake any other special duties as requested by the Directors.

b) Remuneration Committee

The main role of the Remuneration Committee is to review the engagement, performance and remuneration of senior executives of the Company and recommend to the Directors appropriate terms and conditions of engagement and remuneration of Directors within the aggregate limits approved by members. In assessing the performance of the Managing Director and any senior executives, the committee gives considerable weight to the contribution of the employee towards the achievement of key performance indicators of the Company. Where necessary the committee can obtain external advice in respect to the structure and level of remuneration package.

c) Ethical Standards

All executives and employees are required to abide by laws and regulations to respect confidentiality and the proper handling of information and act with the highest standards of honesty, integrity, objectivity and ethics in all dealings with each other, the Company, customers, suppliers and the community. The Company's codes of conduct will be regularly reviewed and updated as necessary to ensure they reflect the highest standards of behaviour and professionalism.

d) Disclosure

The Directors are committed to keeping the market fully informed of material developments to ensure compliance with the NSX Listing Rules and the Corporations Act. At each meeting of Directors specific consideration is to be given as to whether any matters should be disclosed under the Company's continuous disclosure policy.

e) Share Trading

Directors, management and other employees as nominated will normally only be permitted to trade in securities during a four week period commencing immediately after the announcement to the NSX of the half yearly and annual results and after the conclusion of the Company's annual general meeting, provided that the person is not in possession of price-sensitive information and the trading is not for short term or speculative gain. Any trading outside these periods can only be conducted with the prior written approval of the Chairman or a majority of the Directors.

f) Related Party Matters

Directors and senior management will be required to advise the Chairman of any related party contract or potential contract. The Chairman will inform the Directors and the reporting party will be required to remove themselves from all discussions and decisions involving the matter.

g) Member Relations

The Directors aim to ensure that the members are informed of all information necessary to assess the performance of the Company. Information on all major developments affecting the Company is to be communicated to the members through the Annual Report, the Annual General Meeting and other meetings called to obtain approval for action by the Directors as appropriate. All members who are unable to attend these meetings will be encouraged to communicate issues or ask questions by writing to the Company.

5.26 *Enquiries*

Any enquiries relating to this Offer should be directed to Tonkin Scorer Menzies by telephone on 02 4929 1541 or by e-mail to broking@tsmcorp.com.au.

6. *Risk Factors*

Any Applicant should appreciate that investing in Shares in the Company involves various risks. There are also general risks associated with any investment in shares. The value of the Shares in the Company may rise or fall depending on a range of factors beyond the control of the Company or the Directors.

To appreciate the types of risks associated with an investment in Shares in the Company, this Prospectus should be read in its entirety. Shares in the Company carry no guarantee with respect to return of capital, payment of interest, payment of dividends, redemption, or whether the Shares can be sold, or if so, the price at which the Shares can be sold. If you are in doubt as to whether you should invest in Shares in the Company, you should consult your professional advisers.

The operating results of the Company and the value of Shares may be affected by (amongst other things) the following:

6.1 *General Risks*

- Deterioration of economic conditions in Australia and overseas;
- The level of interest rates in Australia and overseas;
- The liquidity of financial markets;
- The strength of the Australian dollar and exchange rates generally;
- The strength of securities markets in Australia and overseas;
- Changes in Government policy.

6.2 *Specific Risks*

- The Company does not have an operating history. Whilst the Company is acquiring established businesses, the Company will be subject to many of the risks involved in the establishment of a new business. No assurance can be given that the Company will achieve a profit;
- The details contained in this Prospectus concerning the application of funds are based on estimates and assumptions about certain events and circumstances, which have not yet taken place and could be subject to variation;
- The Company will be operating in the non-conforming loan market, which carries higher levels of risk in terms of borrower default than most other sectors of the finance market. As a result, the risk of the Company suffering losses due to defaults by borrowers is above that of a financier operating in the traditional sectors of the finance market;
- Levels of competition in the Australian finance market are intense and other companies may target sectors the Company is focusing on. Such competition could have a detrimental effect on ALA's revenue and profitability;
- The Directors expect that the proceeds of the Offer together with the Company's debt facility will provide sufficient resources to achieve the Company's business objectives. However, the Directors can give no assurances that the Company will not need to raise further capital or borrow further funds in the future;
- Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the prospects of the Company;
- The Company relies on the management abilities of certain key staff members. The departure of any of these staff members would be likely to have an adverse affect on the financial performance of the Company;
- Under the Company's debt facility, ALA is required to grant a fixed and floating charge over all its assets to secure up to US$10 million and to pay interest on this facility, annually in advance, at the rate of 15% per annum. If the Company is in default under this debt facility, the lender may exercise their security, which covers all assets of the Company. If this occurs, it is unlikely that members holding Shares will be able to recover any of their capital;
- It is a condition of the Company's debt facility that the Company arranges and maintains insurance on its loan portfolios with an underwriter who has a B rating or better. If the Company is unable to arrange or maintain this insurance, the Company will be in default under its debt facility;
- The Company's debt facility is denominated in US dollars and accordingly the Company is exposed to a currency risk. Adverse movements of the Australian dollar against the US dollar could have a detrimental effect on the financial position of the Company;
- There may be a limited secondary market for Shares in the Company and the Company does not plan to apply for quotation of any Existing Shares or Preference Shares on a stock exchange in conjunction with this Prospectus;
- The payment of interest by the Company on Preference Shares is subject to the financial performance of the Company. There is no guarantee that the Company will be able to pay any interest on the Preference Shares;
- In accordance with the Corporations Act and the Constitution, redemption of Preference Shares may only be made out of the profits of the Company or from the proceeds of a new issue of shares made for the purpose of that redemption. Depending on the Company's performance, there may be insufficient funds to redeem the Preference Shares;
- Of the 37,874,138 Existing Shares, 2 were issued for consideration of one dollar each, 25,874,136 were issued for no consideration and 12,000,000 were issued in consideration of trade dollars. The Company has written down the value of the trade dollars to $nil in the Company's financial statements. The value of these trade dollars will be dependent on the Company's ability to utilise them in the future. Until the Company can utilise the trade dollars, the Company currently has only two dollars in liquid assets.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Applicants.

The above risk factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of Shares in the Company.

7. Financial Statements

ALTERNATIVE LENDING AUSTRALIA LIMITED
A.C.N 076 711 405

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

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ALTERNATIVE LENDING AUSTRALIA LIMITED

A.C.N 076 711 405

DIRECTORS' REPORT

Your Directors present their financial report on the Company for the financial year ended 30 June 2004.

Directors

The names of Directors in office at any time during or since the end of the financial year are:

Gary John Fitzgerald	Appointed 19 December 2003
Sinn Chew	Appointed 31 March 2004
John Phillip Rivett	Appointed 8 April 2004

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated above.

Net Profit After Income Tax

The profit of the Company for the financial year after providing for income tax and abnormal items amounted to $nil.

Principal Activities

The Company did not trade during the financial year. No significant change in the nature of these activities occurred during the year.

Events Subsequent To Reporting Date

On 11 March 2004, the Company signed a conditional agreement to acquire the assets of a business known as Ready Finance for a total consideration of $1,675,000. That agreement was subject, at the Company's discretion, to the Company's A Class Ordinary Shares being quoted on the Stock Exchange of Newcastle Limited by 31 December 2004. The total consideration under this agreement has subsequently been reduced to $1,475,000 and the date for quotation of the A Class Ordinary Shares on the Stock Exchange of Newcastle Limited has been extended to 28 February 2005.

On 27 August 2004 the Company accepted an offer to establish a 5-year line of credit from Swift Investment Bank Ltd for up to US$10 million to fund the acquisition of Ready Finance and future activities. The facility has not been utilised at this time.

The Company plans to list its shares on the Stock Exchange of Newcastle Limited in early 2005 to raise additional capital and to provide liquidity for members.

Likely Developments

The likely developments in the operations of the Company and the expected results of those operations in subsequent financial years are as follows:

- The Company expects to complete the purchase and grow the business of providing non-conforming finance through Ready Finance and other acquisitions;
- The Company plans to list its shares on the Stock Exchange of Newcastle Limited in early 2005 to raise additional capital and to provide liquidity for members.

ALTERNATIVE LENDING AUSTRALIA LIMITED

A.C.N 076 711 405

Environmental Issues

The Company's operations are not significantly regulated by any environmental regulations under a law of the Commonwealth or of a State or Territory.

Dividends Paid, Recommended And Declared

No dividends were paid, recommended or declared for the year.

Indemnification Of Auditor and Officers

No indemnities have been given or insurance premiums paid, other than in accordance with the provisions of paragraphs 183 and 184 of the Company's constitution, during or since the end of the financial year, for any person who is or has been an officer or auditor of the economic entity.

Directors' Interests

At the date of this report the interests of Directors and Director related entities in the capital of the Company were:

	Ordinary Shares
Gary Fitzgerald	4,200,000
Sinn Chew	1,000,000
John Rivett	1,014,000

Directors' Emoluments

No Director's emoluments were paid during the financial year.

Proceedings On Behalf Of The Company

No person has applied for leave of a Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the economic entity for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Directors:

Gary Fitzgerald
Director

John Rivett
Director

Dated this 23rd day of November 2004

ALTERNATIVE LENDING AUSTRALIA LIMITED

A.C.N 076 711 405

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	Year Ended 30/6/2004 $	Year Ended 30/6/2003 $
OPERATING REVENUE	2	-	-
OPERATING PROFIT BEFORE INCOME TAX	2	-	-
INCOME TAX ATTRIBUTABLE TO OPERATING PROFIT	3	-	-
OPERATING PROFIT AFTER INCOME TAX		-	-
ABNORMAL ITEMS AFTER INCOME TAX	4		(2,836,000)
ACCUMULATED PROFITS/(LOSSES) at the beginning of the financial period		(2,836,000)	-
ACCUMULATED PROFIT/(LOSSES) at the end of the financial period		**(2,836,000)**	**(2,836,000)**

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

ALTERNATIVE LENDING AUSTRALIA LIMITED

A.C.N 076 711 405

STATEMENT OF FINANCIAL POSITION

	Notes	As at 30/6/2004 $	As at 30/6/2003 $
CURRENT ASSETS			
Cash		2	2
TOTAL CURRENT ASSETS		**2**	**2**
TOTAL ASSETS		**2**	**2**
CURRENT LIABILITIES			
Borrowings	5	-	-
TOTAL CURRENT LIABILITIES		**-**	**-**
TOTAL LIABILITIES		**-**	**-**
NET ASSETS		**2**	**2**
SHAREHOLDERS EQUITY			
Share Capital	6	2,836,002	2,836,002
Accumulated Profits (Losses)		(2,836,000)	(2,836,000)
TOTAL SHAREHOLDERS' EQUITY		**2**	**2**

The Statement of Financial Position should be read in conjunction with the accompanying notes.

ALTERNATIVE LENDING AUSTRALIA LIMITED

A.C.N 076 711 405

STATEMENT OF CASH FLOWS

	Notes	Year Ended 30/6/2004	Year Ended 30/6/2003
		$	$
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		-	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		-	-
NET INCREASE (DECREASE) IN CASH HELD		-	-
CASH AT BEGINNING OF YEAR		2	2
CASH AT THE END OF THE YEAR		2	2

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

ALTERNATIVE LENDING AUSTRALIA LIMITED

A.C.N 076 711 405

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are a general-purpose financial report that has been prepared in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the Corporations Law. The financial statements have been prepared on the basis of historical costs and do not take into account changing monetary values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets. The accounting policies have been consistently applied unless otherwise stated. The significant accounting policies adopted by the Company are detailed as follows:

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Income Tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense shown on the profit and loss statement is based on the operating profit before income tax adjusted for any permanent differences.

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in on call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months, net of bank overdrafts.

	Year Ended 30/6/2004	Year Ended 30/6/2003
	$	$
2. OPERATING PROFIT		
The operating profit before income tax is arrived at after charging/(crediting) the following items:		
Interest expense	-	-
	-	-
Included in the operating profit are the following revenues:		
Interest	-	-
3. INCOME TAX EXPENSE		
The prima facie income tax payable on operating profit is reconciled to the income tax provided in the accounts as follows:	-	-
Income tax attributable to operating profit	-	-
	-	-

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Year Ended 30/6/2004 $	Year Ended 30/6/2003 $
4. ABNORMAL ITEMS		
On 19 February 2003 the Company issued 37,874,136 ordinary shares. The total consideration received by the Company in respect of 12,000,000 shares was $2,836,000 in trade dollars. The value of those trade dollars cannot be determined at this time and the Directors have written down the value of that asset to $nil, until such time as a value can be established. The Company is in negotiations to acquire a range of assets using these trade dollars.		(2,836,000)
Tax applicable to abnormal items	-	-
	-	**(2,836,000)**

	As At 30/06/2004	As At 30/06/2003
5. BORROWINGS		
Secured loans	-	-
	-	**-**

6. SHARE CAPITAL	No of Shares	Year Ended 30/6/2004 $	No of Shares	Year Ended 30/6/2003 $
Issued and Paid Up Capital				
- Ordinary fully paid shares	**36,874,138**	**2,836,002**	**36,874,138**	**2,836,002**
Capital Reconciliation				
Opening balance	36,874,138	2,836,002	2	2
Issue of ordinary shares in the year to 30 June	-	-	12,000,000	2,836,000
Issue of ordinary shares in the year to 30 June	-	-	25,874,136	-
	36,874,138	**2,836,002**	**36,874,138**	**2,836,002**

ALTERNATIVE LENDING AUSTRALIA LIMITED

A.C.N 076 711 405

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	As At 30/06/2004 $	As At 30/06/2003 $
7. EXPENDITURE COMMITMENTS		
Operating lease commitments:		
Not later than one year	-	-
Later than one year but not later than two years	-	-
Later than two years but not later than three years	-	-
Total operating lease commitments	**-**	**-**

8. SUBSEQUENT EVENTS

On 11 March 2004, the Company signed a conditional agreement to acquire the assets of a business known as Ready Finance for a total consideration of $1,675,000. That agreement was subject, at the Company's discretion, to the Company's A Class Ordinary Shares being quoted on the Stock Exchange of Newcastle Limited by 31 December 2004. The total consideration under this agreement has subsequently been reduced to $1,475,000 and the date for quotation of the A Class Ordinary Shares on the Stock Exchange of Newcastle Limited has been extended to 28 February 2005.

On 27 August 2004 the Company accepted an offer to establish a 5-year line of credit from Swift Investment Bank Ltd for up to US$10 million to fund the acquisition of Ready Finance and future activities. The facility has not been utilised at this time.

The Company plans to list its shares on the Stock Exchange of Newcastle Limited in early 2005 to raise additional capital and to provide liquidity for members.

9. OTHER

Vision Venture Capital International Ltd, a Malaysian registered company associated with the Company's Chairman, Gary Fitzgerald, is currently funding the costs of the Company. These costs will be reimbursed to Vision Venture Capital International Ltd once all conditions for the quotation of the Company's A Class Ordinary Shares on the Stock Exchange of Newcastle Limited have been met. If the cash funds raised by the Company in conjunction with the quotation of the Company's A Class Ordinary Shares on the Stock Exchange of Newcastle Limited are insufficient to reimburse all of the costs paid by Vision Venture Capital International Ltd, any remaining balance will be reimbursed by the Company issuing Preference Shares to Vision Venture Capital International Ltd at an issue price of $1.00 per Preference Share.

9. COMPANY DETAILS

The registered office and principal place of business of the Company is:

Alternative Lending Australia Limited
27 Tingiara Crescent
SUNRISE BEACH QLD 4567

ALTERNATIVE LENDING AUSTRALIA LIMITED

A.C.N 076 711 405

STATEMENT BY DIRECTORS

In the opinion of the directors of the Company:

1)
   a) The Statement of Financial Performance gives a true and fair view of the profit or loss of the Company for the financial period; and
   b) The Statement of Financial Position gives a true and fair view of the state of affairs of the Company as at the end of the financial period; and
   c) The Statement of Cash Flows gives a true and fair view of the cash flows of the Company for the financial period

2) At the date of this statement, there are reasonable grounds to believe that the Company can meet its debts as and when they fall due.

This statement is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:

Gary Fitzgerald	**John Rivett**
Director	**Director**

Dated: 23 November 2004

ALTERNATIVE LENDING AUSTRALIA LIMITED

A.C.N 076 711 405

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ALTERNATIVE LENDING AUSTRALIA LIMITED

SCOPE

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the Directors' declaration for the year ended 30 June 2004. The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of the performances as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- Examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- Assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian Professional Ethical Pronouncements and the Corporations Act 2001.

ALTERNATIVE LENDING AUSTRALIA LIMITED

A.C.N 076 711 405

Audit Opinion

In our opinion, the financial report of Alternative Lending Australia Limited is in accordance with:

a) the Corporations Act 2001, including:

   i. giving a true and fair view of the Company's financial position as at 30 June 2004 and of its performance for the financial year ended on that date; and

   ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

Allworths
Chartered Accountants

Stephen N Armstrong
Partner
Sydney

Date: 26 November 2004

8. *Material Contracts*

The Directors consider that the agreements and contracts described in this section and elsewhere in this Prospectus are the agreements and contracts which an Applicant would reasonably regard as material and which Applicants and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer.

8.1 *Acquisition Of Ready Finance*

The Company has entered into a contract with Ready Finance Pty Ltd for the acquisition of the business known as Ready Finance and its associated loan portfolio.

The assets being acquired include the goodwill of the business, all of the computer equipment, computer software, office equipment, furniture, the customer database and intellectual property used in the business of Ready Finance.

The completion of the contract is conditional, at the Company's discretion, on the quotation of the Company's A Class Ordinary Shares on the NSX by 28 February 2005.

The consideration payable to Ready Finance Pty Ltd is $1,475,000. A deposit of $50,000 has already been paid with the balance consideration payable within 7 days after the quotation of the Company's A Class Ordinary Shares on the NSX as follows:

(a) $925,000 by bank cheque or transfer;
(b) $500,000 through the issue of 1,428,571 A Class Ordinary Shares at an issue price of $0.35 each.

In addition, the Company will grant the vendors of Ready Finance an option to acquire 200,000 A Class Ordinary Shares at an issue price of $0.50 each at any time within two years of settlement of the contract.

The Company is required to apply for quotation of the A Class Ordinary Shares issued to the vendors of Ready Finance on the NSX as follows:

(a) 35% within 7 days of settlement of the contract;
(b) a further 35% within 180 days of settlement of the contract; and
(c) the balance 30% within one year of settlement of the contract.

If 180 days after settlement of the purchase of Ready Finance, the average price of the A Class Ordinary Shares traded on the NSX in the preceding 30 days is less than $0.35 per A Class Ordinary Share, the Company is required to issue additional A Class Ordinary Shares to the vendors of Ready Finance so that the total number of A Class Ordinary Shares received by the vendors of Ready Finance multiplied by the average price of the A Class Ordinary Shares traded on the NSX in the preceding 30 days is equivalent to the value of the loan portfolio acquired under the contract.

Ready Finance Pty Ltd is required to change its name so that the Company is not precluded from using the trading name Ready Finance.

8.2 *Acquisition Of Corke Financial*

The Company has entered into a contract with Corke Financial Pty Ltd for the acquisition of the business known as Corke Financial and its associated loan portfolio.

The assets being acquired include the goodwill of the business, all of the computer equipment, computer software, office equipment, furniture and the customer database and intellectual property used in the business of Corke Financial.

The completion of the contract is conditional, at the Company's discretion, on the quotation of the Company's A Class Ordinary Shares on the NSX by 28 February 2005.

The consideration payable to Corke Financial Pty Ltd is $375,000.

A deposit of $1,000 has already been paid, with the balance consideration payable within 7 days after the quotation of the company's A Class Ordinary Shares on the NSX as follows:-

(a) $274,000 by bank cheque or transfer;
(b) $100,000 through the issue of 285,715 A Class Ordinary Shares at an issue price of $0.35 each.

The Company is required to apply for quotation of the A Class Ordinary Shares issued to Corke Financial Pty Ltd on the NSX within 7 days of settlement of the contract.

If 180 days after settlement of the purchase of Corke Financial, the average price of the A Class Ordinary Shares traded on the NSX in the preceding 30 days is less than $0.35 per A Class

Ordinary Share, the Company is required to issue additional A Class Ordinary Shares to the vendors of Corke Financial so that the total number of A Class Ordinary Shares received by the vendors of Corke Financial multiplied by the average price of the A Class Ordinary Shares traded on the NSX in the preceding 30 days is equivalent to the value of the loan portfolio acquired under the contract.

Corke Financial Pty Ltd is required to change its name so that the Company is not precluded from using the trading name Corke Financial.

8.3 *Acquisition Of Loan Portfolio*

The Company has entered into a contract with E Banc Trade Pty Ltd for the acquisition of a loan portfolio of 63 loans with total receivables of $2,379,769.

The completion of the contract is conditional, at the Company's discretion on the quotation of the Company's A Class Ordinary Shares on the NSX by 28 February 2005.

The consideration payable to E Banc Trade Pty Ltd is:

(a) $20,000 within 14 days of the quotation of the Company's A Class Ordinary Shares on the NSX; and
(b) 1/10th of the nett funds received by the Company from the loan portfolio over time payable monthly in arrears by cheque or bank transfer.

8.4 *Debt Facility*

The Company has agreed terms with Swift Investment Bank Ltd from Malaysia for a debt facility of up to US$10 million for a period of 5 years.

The contract is conditional upon the quotation of the Company's A Class Ordinary Shares on the NSX and other conditions precedent as detailed in the following terms. The Company will not proceed to allotment of Shares under this Prospectus until those conditions precedent have been satisfied or waived by Swift Investment Bank Ltd.

A summary of the terms of the debt facility follows:

(a) The Company will provide Swift Investment Bank Ltd with a first ranking fixed and floating charge over all assets of the Company to secure the debt facility;
(b) The Company will arrange an insurance facility on the loan portfolios being used as security through an insurance company with a rating of no less than B;
(c) 20% of all gross interest received by the Company from the loan portfolios will be held in reserve with Swift Investment Bank Ltd;
(d) The Directors of the Company are to provide personal guarantees to Swift Investment Bank Ltd;
(e) The debt facility with Swift Investment Bank Ltd will at no time exceed 70% of the value of the Company's loan portfolios;
(f) Each advance under the debt facility shall be for a minimum of US$1 million;
(g) The first advance to the Company will be made by Swift Investment Bank Ltd within 14 days of the quotation of the Company's A Class Ordinary Shares on the NSX;
(h) The Company will pay interest on the debt facility, annually in advance, at the rate of 15% per annum, with a default rate of 25% per annum;
(i) The Company will appoint the Swift Investment Bank's nominated representative as a Director of the Company;
(j) All of the monies covered by the debt facility will be payable in US dollars;
(k) The laws of Malaysia will cover the terms of the debt facility.

8.5 *Insurance Facility*

The Company has entered into a contract with JLT Group Services Pty Ltd to establish an insurance facility over the Company's loan portfolios, underwritten by an insurance company with an A rating, in order to satisfy the terms of the Swift Investment Bank Ltd debt facility.

Under this contract the Company will establish the JLT Alternative Lending Australia Discretionary Trust which will cover any claims less than the insurance policy cover.

The insurance cover provides for losses greater than any one event, which is $2000, and aggregate deductibles over $285,000.

All claims reported up to a maximum of 9 months after the date of the insurance contract will be accepted by the JLT Alternative Lending

Australia Discretionary Trust. All claims reported after the expiry of this 9-month period will then be the responsibility of the insurance company.

The Company is required to contribute a minimum amount of 6% of the amount of each loan within the Company's loan portfolio to the JLT Alternative Lending Australia Discretionary Trust to cover any claims payable.

8.6 *Underwriting Agreement and Sponsoring Broker Agreement*

Tonkin Scorer Menzies has underwritten the minimum subscription amount of the Offer.

The underwriting agreement and sub-underwriting agreement, both dated 4 February 2005, contain the following principal provisions:-

(a) The Company will pay Tonkin Scorer Menzies a fixed fee of $15,000 plus GST to act as Sponsoring Broker to the Offer;
(b) Tonkin Scorer Menzies will also be paid an underwriting fee of $2,625 plus GST (2.5% of the Underwritten Amount) and a management fee of $2,625 plus GST (2.5% of the Underwritten Amount);
(c) The Company will pay $20,000 plus GST to the sub-underwriters of Tonkin Scorer Menzies' obligations under the underwriting agreement;
(d) Tonkin Scorer Menzies is entitled to be reimbursed its reasonable costs plus GST in relation to the Offer;
(e) The Company has agreed to indemnify Tonkin Scorer Menzies against all liabilities, costs and expenses it may incur because of this Prospectus or any representation or warranty contained in it, including any non-compliance with any statutory requirement and any statement or other material made or published by Tonkin Scorer Menzies, with the company's authority, in relation to this Prospectus;
(f) If any of a number of events occurs before the allotment of Shares, Tonkin Scorer Menzies may, without cost or liability, terminate the underwriting agreement and be relieved of its obligations under it by giving written notice to the Company. Those events include:

   - Any person, other than Tonkin Scorer Menzies whose consent is necessary for the issue of the Prospectus withdraws that consent;
   - Tonkin Scorer Menzies becoming aware of any information in the Prospectus which is untrue or misleading, in a material way or a material omission from the Prospectus, which in the reasonable opinion of Tonkin Scorer Menzies has or is likely to have a material and adverse effect on the Offer;
   - The Company being required to issue a supplementary or replacement Prospectus;
   - The Company being in default of any of its obligations under the underwriting agreement, which is not remedied in accordance with the underwriting agreement;
   - A material and adverse change occurring in the financial position of the Company or in the industry in which the Company operates;
   - The Company contravening any law, regulation, authorisation, ruling, consent, judgement, order or decree of any governmental agency or its Constitution or the NSX Listing Rules or an encumbrance which is binding on the Company;
   - The NSX not giving approval for the quotation of the Company's A Class Ordinary Shares by the closing date of this Prospectus or within 3 months after the date of this Prospectus or NSX withdrawing its approval;
   - An event of insolvency occurring in relation to the Company which includes a receiver or a receiver manager being appointed to all or part of the assets of the Company, the Company entering into any scheme of arrangement with its creditors or any class of them or indicating its intentions to do so, the Company suspending payments of its debts or being unable to pay its debts within the meaning of the Corporations Act, the Company being placed under official management or an official manager is appointed, a provisional liquidator is appointed to the company, an inspector is appointed pursuant to the Corporations Act to investigate all or any part of the affairs of the Company, the Company becoming insolvent or stating that it is insolvent or becoming an insolvent under administration as defined in the Corporation Act, as a result of the operation of Section 459 F(1) the Company is taken to have failed to comply with a statutory demand execution or other process issued on a judgment decree or order

of the court (whether an Australian Court or not) in favour of a creditor against the Company, the Company taking any step to obtain protection or being granted protection from its creditors or anything having a substantially similar effect to any of the events specified above happening under the law of any applicable jurisdiction.

The occurrence of any of the events listed above will not entitle Tonkin Scorer Menzies to terminate the underwriting agreement unless, in the opinion of Tonkin Scorer Menzies, reached in good faith and acting reasonably, the event has or could have a materially adverse affect on the Company or Offer.

9. *Additional Information*

9.1 *History And Structure*

The Company was incorporated as a proprietary company limited by shares in 1996 and members approved a change in status to a public company limited by shares and a change of name to Alternative Lending Australia Limited on 19 December 2002. To date the Company has not traded. The Company currently has 37,874,138 Existing Shares on issue. 2 of these shares were issued for consideration of one dollar each, 12,000,000 were issued to Vision Venture Capital International Ltd on 19 December 2002 in consideration of trade dollars and the balance 25,874,136 were issued to Existing Members on 19 December 2002 for no consideration. There are no Preference Shares currently on issue. After the issue of Shares under this Prospectus, assuming all Existing Members accept the buy back offer for Existing Shares and that the Offer is fully subscribed, there will be a maximum of 28,714,286 A Class Ordinary Shares on issue and an option to subscribe for an additional 200,000 A Class Ordinary Shares. After the issue of Shares under this Prospectus there will be a maximum of 3,000,000 Preference Shares on issue, assuming the Offer is fully subscribed .

9.2 *Restructuring Of Share Capital And Buy Back Of Existing Shares*

In order to make the offer to buy back Existing Shares under this Prospectus, the Company submitted a series of resolutions to members at an extraordinary general meeting on 7 August 2004. All resolutions were passed unanimously and in accordance with those resolutions, the Company:

(a) Has adopted a new Constitution;
(b) Is offering under this Prospectus to buy back up to 18,553,231 Existing Shares from Gary Fitzgerald, John Rivett, Sinn Chew, Vision Venture Capital International Ltd, Global Investors Society, Borocay Superannuation Pty Ltd, Soy 8 Holdings, Brittany Fitzgerald and Janette Fitzgerald with consideration being the issue of up to 6,695,831 A Class Ordinary Shares at an issue price of $0.35 each;
(c) Is offering under this Prospectus to buy back up to 7,467,500 Existing Shares from Adrian Hodson, Sally Hodson, Jason Hodson, Rosemarie Hodson, Woodchoppers Pty Ltd, Stephan Lipscombe, Pacita Lipscombe, Contrabart Pty Ltd, Geoff McFarlane and Mark O'Sullivan with consideration being the issue of up to 3,360,375 A Class Ordinary Shares to those members at an issue price of $0.35 each;
(d) Is offering under this Prospectus to buy back the Existing Shares held by all other members and in consideration to issue one A Class Ordinary Share for each Existing Share at an issue price of $0.35 each.

9.3 *Balance Date*

The accounts for the Company will be made up to the 30th June annually.

9.4 *Company Tax Status*

The Company expects that it will be taxed as a public company.

9.5 *Borrowings*

Under the Constitution the Company is permitted to borrow and instigate banking facilities for cash flow and other financial needs of the Company from sources approved by the Directors.

9.6 *Rights Attaching To Shares In The Company*

A summary of the rights that relate to shares in the Company, including Shares that may be issued pursuant to this Prospectus, is set out below. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of the Company's members.

(a) Meeting Of Members

Directors may call a meeting of members whenever they think fit. Members holding Existing Shares or A Class Ordinary Shares may call a meeting as provided for by the Company's Constitution and the Corporations Act. Preference Shares do not have voting rights except in specific circumstances, and therefore members holding Preference Shares may not call a meeting of members.

The Constitution contains provisions prescribing the content requirements of notices of meeting of members and all members are entitled to a notice of meeting including holders of Preference Shares.

The Company holds annual general meetings in accordance with the Corporations Act.

(b) Voting

At a general meeting of the Company on a show of hands, every member holding Existing Shares and A Class Ordinary Shares present in person, or by proxy, attorney or representative has one vote and upon a poll, every member holding Existing Shares and A Class Ordinary Shares present in person, or by proxy, attorney or representative has one vote for each Existing Share or A Class Ordinary Share held.

Preference Shares do not carry any right to vote at a meeting of members except:

1) on a proposal at a meeting of members:
   a) to reduce the share capital of the Company;
   b) that affects rights attached to the Preference Shares;
   c) to wind up the Company;
   d) for the disposal of the whole of the property, business and undertaking of the Company;
2) at a meeting of members on a resolution to approve the terms of a share buy back agreement;
3) on any question considered at a meeting of members held during the winding up of the Company;

in which cases, the holders of Preference Shares will have the same rights as the holders of Existing Shares and A Class Ordinary Shares to vote at a meeting of members.

(c) Dividends

The Company has not previously paid or declared any dividends. The Directors may from time to time pay to members such interim or final dividends, subject to the Corporations Act and the rights of members holding Preference Shares, as in their judgment the position of the Company justifies.

(d) Winding Up And Distribution Of Capital

Upon paying the full application monies for Shares in the Company, members have no further liability to make payments to the Company in the event of the Company being wound up pursuant to the provisions of the Corporations Act.

In the event of any distribution of capital, Preference Shares will rank in preference to Existing Shares and A Class Ordinary Shares.

(e) Transfer Of Shares

Generally, fully paid Shares in the Company are freely transferable. The Directors may decline to register any transfer of Shares where permitted to do so under the Constitution of the Company including where: -

- the Shares are not fully paid; or
- the Company has a lien on the Shares the subject of the transfer.

(f) Variation Of Rights

The Company currently has three classes of Shares; A Class Ordinary Shares and Preference Shares to be issued under this Prospectus and Existing Shares. The rights and restrictions attaching to a class of Shares in the Company can only be varied with the approval of a special resolution passed by 75% of the holders of that class of Shares.

(g) Share Capital

The issue of any additional shares in the Company is under the control of the Directors and subject to any restrictions imposed by the Company's Constitution, the NSX Listing Rules and the Corporations Act or any special rights of particular share classes, the Directors may allot or otherwise dispose of additional shares with such rights and restrictions (whether regarding dividends, voting, return of capital or otherwise) on such terms and conditions as the Directors see fit.

(h) Buy Back Of Shares

The Company may only buy back shares in accordance with the Corporations Act and the Constitution.

The Directors have the right to refuse to buy back any shares or to only buy back a certain portion of shares in circumstances where a buy back is not possible or where in the opinion of the Directors, a buy back would breach the Corporations Act or materially prejudice the Company, other members or creditors.

(i) Rights Relating To Preference Shares

In the event of any distribution of capital, Preference Shares will rank in preference to Existing Shares and A Class Ordinary Shares.

The holders of Preference Shares are entitled to receive notices of meetings of members, however Preference Shares do not carry any right to vote at a meeting of members except:

1) on a proposal at a meeting of members:

    a) to reduce the share capital of the Company;
    b) that affects rights attached to the Preference Shares;
    c) to wind up the Company;
    d) for the disposal of the whole of the property, business and undertaking of the Company;

2) at a meeting of members on a resolution to approve the terms of a share buy back agreement;
3) on any question considered at a meeting of members held during the winding up of the Company;

in which cases, the holders of Preference Shares will have the same rights as the holders of Existing Shares and A Class Ordinary Shares to vote at a meeting of members.

(j) Conversion And Redemption Of Preference Shares

The terms of the Preference Shares issued under this Prospectus include the right at any time between 1 January 2006 and 30 November 2008 (or earlier if the Company seeks to have its shares quoted on the Australian Stock Exchange) for the holder of Preference Shares to convert their Preference Shares into A Class Ordinary Shares at an issue price which is calculated as 95% of the average price of A Class Ordinary Shares traded on the NSX in the 30 days prior to conversion.

The Preference Shares issued under this Prospectus are due to be redeemed in full by the Company on 31 December 2008 for $1.00 per Preference Share.

(k) Interest On Preference Shares

The terms of the Preference Shares issued under this Prospectus include the payment of interest by the Company to holders of Preference Shares, six-monthly in arrears, at the rate of 15.00% per annum. Interest on Preference Shares will be calculated daily from the day of the issue of the Preference Shares until the Preference Shares are converted into A Class Ordinary Shares or redeemed by the Company. The Company is required to make payment of the interest on the Preference Shares within 30 days of the end of any quarter. Interest on Preference Shares is cumulative.

9.7 *Options*

The Company will grant Ready Finance Pty Ltd an option to acquire 200,000 A Class Ordinary Shares at an issue price of $0.50 at any time within two years of settlement of the contract to acquire Ready Finance.

There are no other options on issue.

9.8 *Directors' Interests*

(a) No Shareholding

Under the Constitution of the Company, the Directors are not required to hold any shares in the Company in order to qualify themselves to be directors of Alternative Lending Australia.

(b) Remuneration Of Directors

To the date of this Prospectus no fees have been paid, or are payable to the Directors.

The Constitution of the Company provides that the Directors, other than a Managing Director or executive Directors, are entitled to remuneration as determined by the Directors but, not exceeding in aggregate for any financial year the maximum sum that is from time to time approved by the Company in general meeting, to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally.

If a Director performs extra services, which in the opinion of the Directors is outside the scope of the ordinary duties of a Director, the Company may remunerate that Director by payment of a fixed sum or commission or success fee determined by the Directors in addition to, or instead of, the remuneration referred to above. Directors are entitled to be reimbursed for traveling and other expenses properly incurred by them in attending Directors meetings or meetings of members of the Company or otherwise in connection with the business of the Company.

The Directors may from time to time fix the remuneration of the Managing Director or executive Directors. The remuneration of the Managing Director or executive Directors may be by way of salary or commission.

(c) Directors' Interests

At the date of lodgment of this Prospectus with ASIC, the Directors and parties associated with them have a direct and indirect interest in 7,126,856 Existing Shares in the Company as follows:

Director	**Direct Interest**	**Indirect Interest**
Gary Fitzgerald	499,998	4,612,858
John Rivett	1,014,000	-
Tony Scott	-	-
Sinn Chew	1,000,000	-
Total	**2,513,998**	**4,612,858**

Directors are entitled to participate in the buy back of Existing Shares.

Vision Venture Capital International Ltd, a company that employs the Company's Chairman, Gary Fitzgerald, has to date paid costs relating to the Company and this Offer totalling $205,397, of which $16,220 are costs of the Offer. The Company will reimburse Vision Venture Capital International Ltd for these costs only if the Offer proceeds. If the Offer proceeds and sufficient cash funds are not received to reimburse these costs in full, any balance remaining will be reimbursed by the Company through the issue to Vision Venture Capital International Ltd of A Class Ordinary Shares at an issue price of $0.35 each or Preference Shares at an issue price of $1.00 per Preference Share at the option of Vision Venture Capital International Ltd. Any Shares to be issued under this arrangement will be issued prior to the listing of the Company's A Class Ordinary Shares on the NSX.

Mr Tony Scott, a Director of the Company is also a director of Swift Investment Bank Ltd and therefore has an interest in the debt facility to be provided by Swift Investment Bank Ltd to the Company.

9.9 *Authorised Intermediaries*

The Company does not hold an Australian Financial Services License under the Corporations Act. Accordingly, the Company will only issue Shares pursuant to this Prospectus via entities that are appropriately licensed under the Corporations Act.

The Company has appointed Tonkin Scorer Menzies as an Authorised Intermediary who will deal with all application monies and Application Forms received pursuant to this Prospectus.

Tonkin Scorer Menzies has not caused or authorised the issue of this Prospectus.

9.10 *Commissions*

The Company will pay a fee of up to 1.75 cents plus GST per A Class Ordinary Share and 5 cents plus GST per Preference Share to holders of an Australian Financial Services License in respect of Application Forms submitted by them, including Tonkin Scorer Menzies.

9.11 *Expenses Of The Offer*

If this Offer proceeds, the total estimated costs of the Offer covering accounting fees, legal fees, lodgment fees, fees for other advisors, design, printing and other miscellaneous expenses will be approximately $59,550.

9.12 *Litigation*

The Company is not engaged in any litigation.

9.13 *Interests Of Advisers*

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation and distribution of this Prospectus:

1) Holds or has held in the last 2 years before the lodgment of this Prospectus with the ASIC any interest:

a) in the formation or promotion of the Company; or
b) in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer under this Prospectus; or
c) in the Offer under this Prospectus.

2) Has been paid, or has agreed to be paid, or has received, or has agreed to receive, any benefits for services rendered by them in connection with the formation or promotion of the Company or the Offer except as disclosed in this Prospectus.

Vision Venture Capital International Ltd, a company that employs the Company's Chairman, Gary Fitzgerald, has to date paid costs relating to the Company and this Offer totalling $205,397, of which $16,220 are costs of the Offer. The Company will reimburse Vision Venture Capital International Ltd for these costs only if the Offer proceeds. If the Offer proceeds and sufficient cash funds are not received to reimburse these costs in full, any balance remaining will be reimbursed by the Company through the issue to Vision Venture Capital International Ltd of A Class Ordinary Shares at an issue price of $0.35 each or Preference Shares at an issue price of $1.00 per Preference Share at the option of Vision Venture Capital International Ltd. Any Shares to be issued under this arrangement will be issued prior to the listing of the Company's A Class Ordinary Shares on the NSX.

Tonkin Scorer Menzies are acting as Sponsoring Broker to the Offer and have underwritten the minimum subscription. In return for these services Tonkin Scorer Menzies is entitled to the following fees:

(a) A fixed fee of $15,000 plus GST to act as Sponsoring Broker to the Offer, of which $8,240 has already been paid;
(b) An underwriting fee of $2,625 plus GST (2.5% of the Underwritten Amount) and a management fee of $2,625 plus GST (2.5% of the Underwritten Amount);
(c) A fee of $20,000 plus GST to the sub-underwriters of Tonkin Scorer Menzies' obligations under the underwriting agreement;
(d) Any outlays incurred plus GST in respect of the Offer.

Allworths, Chartered Accountants have audited the financial statements of the Company for a fee of $7,810 including GST. In addition, Platinum Consulting, a firm associated with Allworths, carried out the due diligence on the Company's purchase of Ready Finance for which they have received a fee of $38,400 including GST.

Upon the Company's admission to the official list of NSX, Whittens will act as the nominated advisor to the Company for an annual fee of $18,000. The Company has also agreed to pay Whittens a maximum of $20,000 for legal services.

Fusion Corporate is entitled to receive $23,000 in fees plus GST and outlays for corporate advisory services that it has provided to the Company in connection with the Offer.

9.14 *Consents*

Tonkin Scorer Menzies has given and has not before lodgement of the Prospectus, withdrawn its written consent to be named in the Prospectus as Sponsoring Broker and Underwriter. Tonkin Scorer Menzies does not make any statement in the Prospectus, nor does any statement in the Prospectus purport to be based on a statement made by Tonkin Scorer Menzies and Tonkin Scorer Menzies takes no responsibility for any part of the Prospectus. Tonkin Scorer Menzies did not authorise or cause the issue of this Prospectus.

Allworths Chartered Accountants has given and has not before lodgement of the Prospectus, withdrawn its written consent to be named in the Prospectus as Auditor. Allworths Chartered Accountants does not make any statement in the Prospectus, nor does any statement in the Prospectus purport to be based on a statement made by Allworths Chartered Accountants and Allworths Chartered Accountants takes no responsibility for any part of the Prospectus. Allworths Chartered Accountants did not authorise or cause the issue of this Prospectus.

Whittens has given and has not before lodgement of the Prospectus, withdrawn its written consent to be named in the Prospectus as Nominated Advisor. Whittens does not make any statement in the Prospectus, nor does any statement in the Prospectus purport to be based on a statement made by Whittens and Whittens takes no responsibility for any part of the Prospectus. Whittens did not authorise or cause the issue of this Prospectus.

Fusion Corporate has given and has not before lodgement of the Prospectus, withdrawn its written consent to be named in the Prospectus as Corporate Adviser. Fusion Corporate does not make any statement in the Prospectus, nor does any statement in the Prospectus purport to be based on a statement made by Fusion Corporate and Fusion Corporate takes no responsibility for any part of the Prospectus. Fusion Corporate did not authorise or cause the issue of this Prospectus.

Registries Limited has given and has not before lodgement of the Prospectus, withdrawn its written consent to be named in the Prospectus as Share Registrar. Registries Limited does not make any statement in the Prospectus, nor does any statement in the Prospectus purport to be based on a statement made by Registries Limited and Registries Limited takes no responsibility for any part of the Prospectus. Registries Limited did not authorise or cause the issue of this Prospectus.

Each of the entities and persons referred to above expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus. This applies to the maximum extent permitted by law and does not apply to any matter to the extent to which consent is given above.

9.15 *Documents Available for Inspection*

Copies of the Constitution, the audited financial statements of the Company and the consents referred to in Section 9 will be available for inspection free of charge between 9.00am and 5.00pm Brisbane time on business days at the Company's registered office whilst the Offer is open.

9.16 *Statement of Directors*

The Directors report that after due enquiries by them, in their opinion, since the date of the audited financial statements in Section 7 of this Prospectus, there have not been any circumstances that have arisen or that have materially affected the assets, liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

This Prospectus is authorised by each Director who consents to its lodgement with ASIC and its issue. Signed for and on behalf of Alternative Lending Australia Limited by:

Gary Fitzgerald - Chairman

John Rivett – Non-executive Director

Dated: 4 February 2005

Glossary

A Class Ordinary Shares	fully paid A class ordinary shares in the Company
Applicant	a person or Company that submits an application for Shares pursuant to this Prospectus
Application Form	the application form attached to this Prospectus
Application Monies	$0.35 per A Class Ordinary Share or $1.00 per Preference Share payable in Australian dollars
ASIC	Australian Securities and Investments Commission
Authorised Intermediaries	offers under this Prospectus will be made under arrangements pursuant to Section 911A(2)(b) of the Corporations Act between the Company and the holders of an Australian Financial Services License. The Company has appointed Tonkin Scorer Menzies as an Authorised Intermediary who will deal with all application monies and Application Forms received pursuant to this Prospectus
Alternative Lending Australia, ALA or the Company	Alternative Lending Australia Limited A.C.N. 076 711 405
Constitution	the constitution of the Company
Corke Financial	the business known as Corke Financial being acquired by the Company
Corporations Act	the Corporations Act (2001)
Directors	the directors of Alternative Lending Australia Limited
Existing Members	members registered at 5 p.m. on 7 January 2005
Existing Shares	36,874,138 fully paid ordinary shares in the Company currently on issue
NSX	Stock Exchange of Newcastle Limited
NSX Listing Rules	the official listing rules of the NSX, which apply whilst the Company's shares are quoted on the NSX
Offer	the offer and issue of up to 24,048,273 A Class Ordinary Shares as consideration for the buy back of up to 36,874,138 Existing Shares and the issue of up to 2,951,727 A Class Ordinary Shares at an issue price of $0.35 each and 3,000,000 Preference Shares at an issue price of $1.00 each that are the subject of this Prospectus
Ordinary Shares	fully paid ordinary shares in the Company including Existing Shares and the A Class Ordinary Shares to be issued pursuant to this Prospectus
Preference Shares	fully paid preference shares in the Company issued pursuant to this Prospectus
Prospectus	this Prospectus dated 4 February 2005
Ready Finance	the business known as Ready Finance being acquired by the Company
Restricted Securities	shares that are deemed to be restricted securities for the purpose of the NSX Listing Rules
Shares	A Class Ordinary Shares and Preference Shares in the Company
Share Buy Back Offer Acceptance Form	The share buy back offer acceptance form attached to this Prospectus
Share Registrar	Registries Limited
Swift Investment Bank	Swift Investment Bank Ltd
Tonkin Scorer Menzies	Francis Markham Menzies (AFS Licence Number 239050) and Brendan Selby Scorer (AFS Licence Number 239196) trading as Tonkin Scorer Menzies
Underwritten Amount	One hundred and five thousand dollars ($105,000)
Voluntary Restricted Securities Agreement	the agreements between the Company and Existing Members headed Voluntary Restricted Securities Agreement and attached to the Share Buy Back Offer Acceptance Form

Application for Shares

Australian Financial Services License stamp, including current license number

IMPORTANT

In order to comply with the requirements of the Corporations Law, this Application Form must not be handed on unless attached to the Prospectus dated 4 February 2005.

PLEASE USE BLOCK LETTERS

A. The minimum application is for 6,000 A Class Ordinary Shares or 2,000 Preference Shares

	Number	Number		A$
I/We apply for			**and lodge in full application money @ $0.35 per A Class Ordinary Share and $1.00 per Preference Share**	
	Preference Shares	**A Class Ordinary Shares**		

Complete your cheque made out to "Alternative Lending Australia Limited Share Offer Account" for this amount, attach it to this Application Form and post or deliver it to Tonkin Scorer Menzies.

B. Full Name
Must be in the name of an individual or company – refer to correct forms of name on reverse

Applicant Given Name/s or Company Name	Surname/ACN

Joint Applicant

C. Designated Account
(Optional)

Account Name

Refer to correct forms of registerable name on reverse

D. Complete Address Details

No and Street	Suburb or City

State/Territory	Postcode	E-mail Address

E. Telephone Details

Home	Work	Contact Name

F. Cheque Details

Drawer	A$
Bank	**Branch**

G. This application is made according to the declaration/appropriate statements overleaf and the Applicant agrees to be bound by the terms and conditions set out in the Prospectus and to be bound by the terms of the Constitution upon acceptance of the application by the Company. Before making this application, the Applicant should read in full the Prospectus to which this Application Form relates. The Applicant is not required to sign this Application Form.

I/We apply this/these Australian Tax File Number/s or Exemption/s to my/our investment in Alternative Lending Australia Limited.
Complete the applicable Australian Tax File Number details

Applicant Tax File Number or Exemption (if applicable)	Given Names	Surname or Company Name

INSTRUCTIONS TO APPLICANTS

APPLICATION FORMS

Applications must be made on the Application Form attached to the Prospectus. Please complete all parts of the Application Form using BLOCK LETTERS. Use the correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Insert the number of Shares you wish to apply for. The application must be for a minimum of 6,000 A Class Ordinary Shares or 2,000 Preference Shares and thereafter in multiples of 3,000 A Class Ordinary Shares or 1,000 Preference Shares. The Applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated in section A that may be allotted to the Applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate. No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound by the terms and conditions contained in this Prospectus upon acceptance by the Company of the application.

PAYMENT

Applications for Shares must be accompanied by the application monies of $0.35 per A Class Ordinary Share or $1.00 per Preference Share (in Australian currency). Cheques should be made payable to “Alternative Lending Australia Limited Share Offer Account” and crossed “Not Negotiable”.

ELECTRONIC PROSPECTUS

If the Applicant has received an electronic Prospectus, the Shares subject to the Offer will only be issued on receipt of an Application Form issued together with the electronic Prospectus. This Application Form relates to the invitation by Alternative Lending Australia Limited to subscribe for up to 26,000,000 A Class Ordinary Shares and 3,000,000 fully paid Preference Shares at $1.00 each made under this Prospectus dated 4 February 2005 which was lodged with the ASIC on 4 February 2005. The expiry date of this Prospectus is 13 months after the date of this Prospectus. The Offer may close, however, before the expiry date. While this Prospectus is current, the Company will provide you with a paper version of this Prospectus including this Application Form, on request and free of charge.

DECLARATIONS BY APPLICANTS

Each Applicant makes the following declarations and statements by submitting this Application Form: -

- All details and statements on the Application Form are complete and accurate and the application complies with the terms of the Prospectus.
- The Applicant is not a minor.
- The Applicant is not, as a result of the law of any place, a person to whom this Prospectus attached should not be given.
- The Applicant received the complete and unaltered Prospectus attached to the Application Form before applying for Shares.

LODGEMENT OF APPLICATIONS

Completed Application Forms and cheques should be posted to Tonkin Scorer Menzies at the following address:-

PO Box 414
NEWCASTLE NSW 2300

TAX FILE NUMBERS

The collection of Tax File Number (“TFN”) information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of an unfranked dividend distribution at the maximum tax rate.

TABLE OF AMOUNTS PAYABLE

The application money payable for some common quantities of A Class Ordinary Shares and Preference Shares is shown below:

A Class Ordinary Shares	Amount	Preference Shares	Amount
6,000	$ 2,100	2,000	$ 2,000
9,000	$ 3,150	4,000	$ 4,000
15,000	$ 5,250	6,000	$ 6,000
30,000	$10,500	10,000	$10,000
45,000	$15,750	15,000	$15,000

CORRECT FORM OF NAME:

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Alternative Lending Australia Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TITLE
Individual Use given names, no initials	**David Jason Radford**	**DA Radford**
Company Use company title, not abbreviations	**XYZ Pty Ltd**	**XYZ P/L**
Trusts Use trustee(s) full name(s) *Do not use the name of the trust*	**Jane Radford** **<Jane Radford Family Trust A/c>**	**Jane Radford Family Trust**
Partnerships Use partners’ personal names *do not use the name of the partnership.*	**David Radford and Tim Radford** **<David Radford and Son A/C>**	**David Radford and Son**
Superannuation Funds Use name of trustee of fund, do not use the name of the fund	**Jane Radford Pty Ltd** **<Super Fund A/C>**	**Jane Radford Pty Ltd** **Superannuation Fund**

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated space(s) at Section C on the Application Form.

Share Buy Back Offer Acceptance Form

Australian Financial Services License stamp, including current license number

IMPORTANT

In order to comply with the requirements of the Corporations Law, this Share Buy Back Offer Acceptance Form must not be handed on unless attached to the Prospectus dated 4 February 2005.

PLEASE USE BLOCK LETTERS

A. Acceptance of the Company's offer to buy back Existing Shares is subject to an Existing Member accepting the Company's offer for all Existing Shares and an application by the Existing Member for a minimum additional 6,000 A Class Ordinary Shares

I/We accept the Company's offer to buy back the following Existing Shares	Number of Existing Shares	with consideration being the issue of the following A Class Ordinary Shares	Number of A Class Ordinary Shares	I/We also apply for the following A Class Ordinary Shares	Number of Additional A Class Ordinary Shares	and lodge in full application money @ $0.35 per additional A Class Ordinary Share	A $

Complete your cheque made out to "Alternative Lending Australia Limited Share Offer Account" for the additional A Class Ordinary Shares amount, attach it to this Share Buy Back Offer Acceptance Form together with your share certificate for Existing Shares and post or deliver it to Tonkin Scorer Menzies.

B. Full Name of Existing Member

Must be in the name of an individual or company – refer to correct forms of name on reverse

Applicant Given Name/s or Company Name	Surname/ACN

Joint Applicant

C. Existing Shares Held

Number of Existing Shares Held and Share Certificate Number

D. Complete Address Details

No and Street	Suburb or City

State/Territory	Postcode	E-mail Address

E. Telephone Details

Home	Work	Contact Name

F. Cheque Details

Drawer	A$
Bank	**Branch**

G. This acceptance of the Company's offer to buy back Existing Shares and application for A Class Ordinary Shares is made according to the declaration/appropriate statements overleaf and the Existing Member agrees to be bound by the terms and conditions set out in the Prospectus and to be bound by the terms of the Constitution upon acceptance of the application by the Company. Before making this application, the Existing Member should read in full the Prospectus to which this Share Buy Back Offer Acceptance Form relates. The Existing Member is not required to sign this Share Buy Back Offer Acceptance Form.

I/We apply this/these Australian Tax File Number/s or Exemption/s to my/our investment in Alternative Lending Australia Limited.
Complete the applicable Australian Tax File Number details

Existing Member Tax File Number or Exemption (if applicable)	Given Names	Surname or Company Name

INSTRUCTIONS TO EXISTING MEMBERS

SHARE BUY BACK OFFER ACCEPTANCE FORMS

Applications must be made on the Share Buy Back Offer Acceptance Form attached to the Prospectus. Please complete all parts of the Share Buy Back Offer Acceptance Form using BLOCK LETTERS. Use the correct forms of registrable name (see overleaf). Applications using the wrong form of name may be rejected. Insert the number of Existing Shares you currently hold. The acceptance of the Company's offer to buy back Existing Shares must be for all Existing Shares held by the Existing Member. The buy back of Existing Shares is also subject to the Existing Member applying for a minimum 6,000 additional A Class Ordinary Shares and thereafter in multiples of 3,000 A Class Ordinary Shares. The Existing Member(s) agree(s) upon and subject to the terms of the Prospectus to take any number of additional A Class Ordinary Shares equal to or less than the number of additional A Class Ordinary Shares indicated in section A that may be allotted to the Existing Member pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate. No notice of acceptance of the application will be provided by the Company prior to the allotment of A Class Ordinary Shares. Existing Members agree to be bound by the terms and conditions contained in this Prospectus upon acceptance by the Company of the application.

PAYMENT

Applications for additional A Class Ordinary Shares must be accompanied by the application monies of $0.35 per A Class Ordinary Share (in Australian currency). Cheques should be made payable to "Alternative Lending Australia Limited Share Offer Account" and crossed "Not Negotiable".

ELECTRONIC PROSPECTUS

If the Existing Member has received an electronic Prospectus, the A Class Ordinary Shares subject to the Offer will only be issued on receipt of an Share Buy Back Offer Acceptance Form issued together with the electronic Prospectus. This Share Buy Back Offer Acceptance Form relates to the Prospectus dated 4 February 2005 which was lodged with the ASIC on 4 February 2005. The expiry date of this Prospectus is 13 months after the date of this Prospectus. The Offer may close, however, before the expiry date. While this Prospectus is current, the Company will provide you with a paper version of this Prospectus including this Share Buy Back Offer Acceptance Form, on request and free of charge.

DECLARATIONS BY EXISTING MEMBERS

Each Existing Member makes the following declarations and statements by submitting this Share Buy Back Offer Acceptance Form: -

- All details and statements on the Share Buy Back Offer Acceptance Form are complete and accurate and the application complies with the terms of the Prospectus.
- The Existing Member is not a minor.
- The Existing Member is not, as a result of the law of any place, a person to whom this Prospectus attached should not be given.
- The Existing Member received the complete and unaltered Prospectus attached to the Share Buy Back Offer Acceptance Form before applying for A Class Ordinary Shares.
- The Existing Member agrees to sell to the Company all of the Existing Shares they hold.
- The Existing Member warrants to the Company that they are the registered holder of the Existing Shares the Company is buying back and that those Existing Shares are free from any mortgage, charge, lien or other third party right or interest and that they have the capacity to sell and transfer those Existing Shares to the Company.
- The Existing Member has executed the Voluntary Restricted Securities Agreement that forms part of this Share Buy Back Offer Acceptance Form and authorises the Company to issue a separate share certificate in respect of A Class Ordinary Shares covered by the Voluntary Restricted Securities Agreement.
- The Existing Member authorises the Company and the Directors severally to correct any error in or omission from the Share Buy Back Offer Acceptance Form or the Voluntary Restricted Securities Agreement.

LODGEMENT OF SHARE BUY BACK OFFER ACCEPTANCE FORM

Completed Share Buy Back Offer Acceptance Forms, Voluntary Restricted Securities Agreements, share certificates for all Existing Shares and cheques should be posted to Tonkin Scorer Menzies at the following address:-

PO Box 414
NEWCASTLE NSW 2300

TAX FILE NUMBERS

The collection of Tax File Number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of an unfranked dividend distribution at the maximum tax rate.

CORRECT FORM OF NAME:

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Alternative Lending Australia Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TITLE
Individual Use given names, no initials	**David Jason Radford**	~~**DA Radford**~~
Company Use company title, not abbreviations	**XYZ Pty Ltd**	~~**XYZ P/L**~~
Trusts Use trustee(s) full name(s) *Do not use the name of the trust*	**Jane Radford** **<Jane Radford Family Trust A/c>**	~~**Jane Radford Family Trust**~~
Partnerships Use partners' personal names *do not use the name of the partnership.*	**David Radford and Tim Radford** **<David Radford and Son A/C>**	~~**David Radford and Son**~~
Superannuation Funds Use name of trustee of fund, do not use the name of the fund	**Jane Radford Pty Ltd** **<Super Fund A/C>**	~~**Jane Radford Pty Ltd Superannuation Fund**~~

Put the name(s) of any joint Existing Members(s) and/or account description using <> as indicated above in designated space(s) at Section C on the Share Buy Back Offer Acceptance Form.

INSTRUCTIONS FOR COMPLETION OF THE VOLUNTARY RESTRICTED SECURITIES AGREEMENT

Acceptance of the Company's offer to buyback Existing Shares is subject to amongst other things, the execution and adherence to the Voluntary Restricted Securities Agreement.

The Voluntary Restricted Securities Agreement applies to 85% of all A Class Ordinary Shares issued to an Existing Member in consideration for the buy back of Existing Shares. The Voluntary Restricted Securities Agreement does not apply to any A Class Ordinary Shares issued for cash consideration pursuant to this Prospectus, nor to any Existing Shares that an Existing Member chooses to retain.

The Voluntary Restricted Securities Agreement is between the Company, the Existing Member and, if applicable, the Controller of the Existing Member. The Existing member is the person or persons or entity that owns the Existing Shares that the Company is offering to buy back. The Controller is the person or persons that ultimately controls the Holder.

In order to complete the Voluntary Restricted Securities Agreement the Existing Member should complete the details in items 2, 3, 5, 6, 7 and 8 of the schedule as follows:

- Item 2 – complete the Existing Member's full name and address;
- Item 3 – if the Existing Member is an entity you will need to provide the full name and address of the person or persons that controls the Existing Member. If the Existing Member is an individual or individuals, there is no need to complete this item. There may be more than one Controller but the Controller(s) must be individuals;
- Item 5 – you will need to enter the number of A Class Ordinary Shares that will be Restricted Securities. This is 85% of the A Class Ordinary Shares you will receive as consideration for Existing Shares. Any A Class Ordinary Shares you subscribe for under this Prospectus for cash consideration will not be taken into account in determining Restricted Securities. For example, if you currently own 5,000 Existing Shares and are entitled to 5,000 A Class Ordinary Shares in consideration for the buy back of your Existing Shares, you will also have to subscribe for a minimum of 2,100 additional A Class Ordinary Shares. Only the 5,000 A Class Ordinary Shares you receive in consideration for the 5,000 Existing Shares will be taken into account in calculating Restricted Securities, so only 4,250 (or 85% of 5,000) of those A Class Ordinary Shares would be Restricted Securities. If you need help in calculating the number of A Class Ordinary Shares you will receive that will be Restricted Securities, please call the Company on 1800 666 262.
- Item 6 – If you completed item 3, you will need to provide details of how the Controller you identified in item 3 has control over the Existing Member. For example, does the Controller own all of the shares in the Existing Member or do two Controllers own 50% each of the Existing Member;
- Item 7 – Under the Voluntary Restricted Securities Agreement, the Existing Member is prohibited from granting or allowing any security interests over the Restricted Securities identified in item 5 such as a mortgage or an agreement to sell those Restricted Securities. If there are currently any security interests held over the Restricted Securities identified in item 5 you must disclose what these security interests are in this item 7 and attach evidence that these security interests have been removed from the Restricted Securities;
- Item 8 – Similarly, under the Voluntary Restricted Securities Agreement, the Controller is prohibited from granting or allowing any security interests over the Controller Interests identified in item 6 such as a mortgage or an agreement to sell those Controller Interests. If there are currently any security interests held over the Controller Interests identified in item 6 you must disclose what these security interests are in this item 8 and attach evidence that these security interests have been removed from the Controller Interests.

Once you have completed all applicable items in the schedule, the Existing Member(s) and, if applicable, Controller(s) must sign the Voluntary Restricted Securities Agreement where indicated and have those signatures witnessed.

If you do not complete all relevant sections of the Voluntary Restricted Securities Agreement, the Company may refuse to accept your Share Buy Back Offer Acceptance Form.

VOLUNTARY RESTRICTED SECURITIES AGREEMENT

We, the persons in:

Item 1 of the schedule ("Company"); and
Item 2 of the schedule ("Existing Member"); and
Item 3 of the schedule ("Controller")

agree as follows:

Introduction

A. The Company intends to issue Restricted Securities to the Existing Member. The Existing Member will hold the Restricted Securities as set out in this agreement. It is a condition of the issue of the Restricted Securities that we will comply with this agreement.

B. We have provided the Company and NSX with all the information necessary to properly form an opinion about who is a Controller of the Existing Member and who is required to execute this agreement.

C. We enter this agreement for the purpose of complying with the NSX Listing Rules.

Escrow Restrictions

1. During the escrow period, the Existing Member will not do any of the following:
   (a) Dispose of, or agree or offer to dispose of, the Restricted Securities;
   (b) Create, or agree or offer to create, any security interest in the Restricted Securities;
   (c) Do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of the Restricted Securities.
2. During the escrow period, a Controller will not do any of the following:
   (a) Dispose of, or agree or offer to dispose of, the Controller Interests;
   (b) Create, or agree or offer to create, any security interest in the Controller Interests;
   (c) Do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of the Controller Interests.
3. We will comply with the NSX Listing Rules. If any of us is not a listed company, we will comply as if we were a listed company. Each of us will take any steps we are able to take that are necessary to enable any of the others to comply.
4.
   (a) If the Restricted Securities are kept on the certificated sub register, the Existing Member will deposit the certificates for the Restricted Securities with a bank or recognised trustee for the escrow period;
   (b) If the Restricted Securities are kept on the issuer sponsored sub register, the Existing Member hereby agrees in writing to the application of a holding lock to the Restricted Securities.

Warranties

5. If only the Existing Member and the Company are parties to this agreement, one of the following applies:
   (a) The Existing Member is an individual;
   (b) The Existing Member has no controller;
   and the Existing Member gives this warranty.
6. If the Existing Member, the Company and any Controller are parties to this agreement, the Existing Member has the Controllers set out in Item 3 with the Controller Interests identified in item 6 and the Existing Member and each Controller give this warranty.
7. If item 7 of the schedule is completed, the full particulars of security interests which have been created, or are agreed or offered to be created, in the Restricted Securities are set out. A release of the security interests is attached. Apart from this, before the escrow period begins, the Existing Member has not done, or omitted to do, any act that would breach clause 1 if done or omitted during the escrow period and the Existing Member gives this warranty.
8. If item 8 of the schedule is completed, the full particulars of security interests which have been created, or are agreed or offered to be created, in the Controller Interests are set out. A release of the security interests is attached. Apart from this, before the escrow period begins, the Controller has not done, or omitted to do, any act that would breach clause 2 if done or omitted during the escrow period and each Controller gives this warranty.
9. A breach of any of these warranties is a breach of this agreement.

Consequences of Breaching this Agreement

10. If it appears to the Company that the Existing Member or a Controller may breach this agreement, the Company must take all steps necessary to prevent the breach, or to enforce the agreement.
11. If the Existing Member or a Controller breaches this agreement, each of the following applies:
   (a) The Company must take all steps necessary to enforce the agreement, or to rectify the breach.
   (b) The Company must refuse to acknowledge, deal with, accept or register any sale, assignment, transfer or conversion of any of the Restricted Securities. This is in addition to other rights and remedies of the Company.
   (c) The Existing Member who holds the Restricted Securities ceases to be entitled to any dividends, distributions or voting rights while the breach continues.

Amendment

12. This agreement will not be changed or waived without NSX's written consent.

Jurisdiction

13. The laws of the State of New South Wales apply to this agreement. We submit to the jurisdiction of the courts of that state.

Definitions and interpretations

In this Agreement:

NSX means The Stock Exchange of Newcastle Limited.

Controller Interests means the securities, substantial economic interest or other interests in the Restricted Securities and each intermediate company through which that interest occurs, full particulars of which are set out in item 6 of the schedule.

Escrow period means the period set out in item 4 of the schedule.

Restricted Securities means the securities set out in item 5 of the schedule and any securities attaching to or arising out of those securities that are Restricted Securities because of the definition of restricted securities in the listing rules.

The singular includes the plural and vice versa.

A reference to a party includes its successors, personal representative and transferees.

Words and expressions defined in the listing rules of NSX, and not in this agreement have the meanings given to them in the listing rules.

Every warranty or agreement (expressed or implied) in which more than one person joins, binds them individually and any combination of them as a group.

DATED this day of 2005.

IN WITNESS the parties have executed this agreement on the date set out above.

Signed by John Rivett as authorised signatory for the Company ____________________ Signature in the presence of: ____________________ Signature of Witness ____________________ Name of Witness	**Signed** by *as holder / *as authorised signatory(ies) for the Holders ____________________ Signatures in the presence of: ____________________ Signature of Witness ____________________ Name of Witness	**Signed** by *as holder / *as authorised signatory(ies) for the Controllers ____________________ Signatures in the presence of: ____________________ Signature of Witness ____________________ Name of Witness

*** Delete whichever does not apply**

SCHEDULE

Item 1	Company's name and address:	Alternative Lending Australia Limited 27 Tingiara Court SUNSHINE BEACH 4567
Item 2	Existing Member's name and address:	
Item 3	Each Controller's name and address:	
Item 4	Escrow Period	From the date of this agreement until 15 April 2006
Item 5	Particulars of Restricted Securities:	A Class Ordinary Shares
Item 6	Particulars of Controller Interests:	
Item 7	Particulars of security interests over Restricted Securities:	
Item 8	Particulars of security interests over Controller Interests:	