



5 January 2005

Dear Shareholder

Re: Koala Corporation Australia Limited (“Koala”)

At the Company’s recent Annual General Meeting (“AGM”), a number of resolutions were passed clearing the way to progress the planned restructuring of the Company and the reinstatement of the shares of the Company to trading on the Australian Stock Exchange Ltd.

One of the resolutions passed was to undertake a consolidation of all of the issued capital of the Company on the basis that every 15.4 existing fully paid ordinary shares be consolidated into one fully paid ordinary share. This consolidation has now occurred and enclosed is you new holding statement.

A further resolution passed at the AGM enables Koala to make an offer to its shareholders to buy-back up to 25% of each shareholders post consolidation shareholding at a price of 26.667 cents per share. This Offer is now open to all shareholders should you choose to participate.

In relation to the resolutions noted above, please find enclosed the following:

- A revised Holding Statement following the 15.4 : 1 share consolidation.
- The Buy-Back Offer Form of Acceptance should you choose to participate in the buy-back.
- A Reply Paid envelope.

If you have any queries, please contact the Company Secretary, Mr Duncan Cornish on (07) 3303 0699.

Yours faithfully

Dr David Evans
Managing Director

KOALA CORPORATION AUSTRALIA LIMITED (KLA)

ABN 93 010 679 633

Buy-Back Offer Form of Acceptance

THIS DOCUMENT IS IMPORTANT. IF YOU DO NOT UNDERSTAND IT, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.

If you do not wish to accept the Buy-Back Offer do not return this form.

NAME
ADDRESS

Security Reference Number (SRN):
XXXXXXXXXXXX

Shares as at buy back entitlement date
XXXXXXX

Details of the Offer

The shareholders of KLA have approved KLA making an offer to all its shareholders as at 4 January 2005 to Buy-Back up to 25% of each shareholders KLA shares at a Buy-Back price of 26.667 cents per share.

The **maximum** number of shares you may elect to sell to KLA (representing 25% of your holding) through the Buy-Back is

XXXXXX

A

Accepting the Offer in Full

To accept the Buy-Back Offer for the maximum number of Shares (set out in box **A** above), simply sign at **C** below and return the Acceptance Form in the reply paid envelope enclosed. **Your acceptance must be received by the registry by no later than 5.00pm Brisbane time Tuesday 25 January 2005.** Following receipt of your acceptance you will receive from KLA a cheque for the Buy-Back value of your shares

Accepting the Offer for Less than the Maximum Number of Shares

To accept the Buy-Back Offer for less than the maximum, insert in box **B** below the number of Shares you wish to sell to KLA through the Buy-Back. Sign at **C** below and return the Acceptance Form in the reply paid envelope enclosed.

I/We accept the Buy-Back Offer for the number of shares in box **B**

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B

You will be deemed to have accepted the Offer for the number of Shares stated in box **A** above if you purport to accept the Offer for more than that number.

Please provide a telephone number so that we may reach you during business hours if we have any questions about this form

()

C Shareholder(s) Signature(s)

C

In signing the Acceptance Form I/we agree as provided on the reverse.

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

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Sole Director and Sole Secretary

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Director

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Director/Company Secretary (Delete one)

This form should be signed by the securityholder. If a joint holding, all securityholders should sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the Corporations Act 2001 (Cwlth).

Date

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Refer Overleaf for Further Important Instructions

Further Important Instructions

1. Signing Instructions

- a) Joint holders – all holders must sign.
- b) Under Power of Attorney – if not already noted by ASX Perpetual Registrars Limited, a certified copy of the Power of Attorney must accompany this form.
- c) Deceased Estate – all executors should sign and, if not already noted by ASX Perpetual Registrars Limited, a certified copy of Probate of Letter of Administration must accompany this form.
- d) Company – this form must be signed by 2 directors or a director and company secretary. Titles of all signatories should be stated. For companies with a sole director and sole company secretary this must be stated below the single signature.

2. Lodgement Instructions

Your Acceptance Form must be received NO LATER THAN 5.00pm Brisbane time on Tuesday, 25 January 2005. A reply paid envelope is enclosed for shareholders resident in Australia. If you are returning your Acceptance Form by post, you should allow sufficient time for collection and delivery by Australia Post.

Your Acceptance Form may be mailed or delivered to:

MAILING ADDRESS

ASX Perpetual Registrars Limited
GPO BOX 2537
Brisbane QLD 4001
Australia

DELIVERY ADDRESS

ASX Perpetual Registrars Limited
Level 22, 300 Queen Street
Brisbane QLD 4000
Australia

3. Acceptance

By signing and returning the Acceptance Form, I/we, the registered holder/s of the Shares shown on the reverse:

- a) agree that KLA will buy back from me/us the number of Shares set out in Item A or Item B of this form;
- b) warrant to KLA that at the time of acceptance and on 25 January 2005, I/we am/are the holder(s) of the Shares for which I/we have accepted the Offer and those Shares are and will be free from any mortgage, charge, lien or other encumbrance (whether legal or equitable) of any third party rights;
- c) irrevocably authorise KLA (or its officers or agents) to correct any error in or omission from my/our Acceptance Form and to complete the Acceptance Form by the insertion of any necessary details; and
- d) agree and acknowledge that, I/We are bound by the terms and conditions of the Offer, not to sell so many Shares as would reduce my/our shareholding below the number of Shares for which I/we have accepted the Offer and I/we have read and understood such terms and conditions.

Where this document is signed under power of attorney, the attorney declares that the attorney has no notice of the revocations of the power or the death of the donor of the power.

4. Treatment of Acceptances

KLA may treat any purported acceptance as satisfying the requirements for valid acceptance under the Offer or disregard the acceptance, as I determines appropriate. Please return the completed Acceptance Form as soon as possible so as to reach ASX Perpetual Registrars Limited no later than **5:00pm Brisbane time on Tuesday, 25 January 2005.**

Privacy Statement

ASX Perpetual Registrars Limited advises that Chapter 2C of the Corporations Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. This information must continue to be included in the public register if you cease to be a securityholder. These statutory obligations are not altered by the Privacy Amendment (private Sector) Act 2000. Information is collected to administer your security holding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Our privacy policy is available on our website (www.asxperpetual.com.au).

**If you require information on how to complete this documents please
Contact the ASX Perpetual Registrars on (02) 8280 7454.**