

# POWERLAN

7 September 2010

Ms Emma Badhni  
Senior Adviser, Issuers Sydney  
ASX

BY EMAIL:

Dear Emma,

**Powerlan Limited ("Company")**

I refer to your letter dated 3 September 2010.

At the outset, I advise that each of the Company's directors is aware of the need to inform the Company of any dealings in Company shares, each director having been previously informed of this obligation and each having agreed to comply with it. However, on this occasion, Mr Lancaster's dealing slipped between the cracks because Mr Lancaster had acquired his indirect interest after his 2 companies had exercised their rights entitlements in relation to the Company's Rights Issue earlier this year. Mr Lancaster had assumed that because his dealings had not been market purchases, but had involved taking up of rights entitlements, the Company would pick up the fact of such dealings.

Unfortunately, the Company did not pick up the fact of Mr Lancaster's companies' acquisitions until preparing the Company's Annual Report.

The Company intends to ensure that there is no recurrence of such a breach of the Listing Rules and the Chief Executive Officer reminded the directors, at the director's meeting on 7 September 2010:

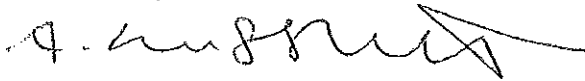
- (a) of the Company's obligation pursuant to Listing Rule 3.19A to notify the ASX of any dealings by directors in the Company's shares within 5 business days of the notifiable event;
- (b) of the directors' obligations under section 205G of the *Corporations Act 2001* to notify the ASX of any share dealings, irrespective of whether a director believes that the Company would or should be aware of that dealing; and

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(c) that they will be deemed to have complied with section 205G once they inform the Company of any dealings in the Company's shares.

Subsequent to the said directors meeting a letter has been forwarded to each director in accordance with the attached draft.

Yours faithfully,



Andrew Wrigglesworth  
Company Secretary



3 September 2010

Mr Andrew Wrigglesworth  
Company Secretary  
Powerlan Limited  
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By Email

Dear Andrew

**Powerlan Limited (the "Company")**

We refer to the following;

1. The Appendix 3Y lodged by the Company with ASX Limited ("ASX") on 31 August 2010 for Mr Ian Lancaster (the "Appendix 3Y").
2. Listing rule 3.19A.2 which requires an entity to tell ASX the following:

*A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*

3. Listing rule 3.19B which states as follows:

*An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.*

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendix 3Y indicates that a change in the Directors' notifiable interest occurred on 23 February 2010. It appears that an Appendix 3Y should have been lodged with ASX by 2 March 2010. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Appendix 3Y was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail at [emma.badhni@asx.com.au](mailto:emma.badhni@asx.com.au) or by facsimile on facsimile number (02) 9241 7620. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before 9.30 a.m. A.E.S.T.) on **Wednesday, 8 September 2010**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely

*(sent electronically without signature)*

Emma Badhni  
**Senior Adviser, Issuers (Sydney)**