



Monday, 4 June 2007

Patrick O'Connor
Adviser, Issues (Brisbane)
Patrick.OConnor@asx.com.au

Re: Your letter dated the 31st of May 2007

Reference is made to your letter dated 31st May 2007 and in particular to the questions raised in that letter. The Company would like to respond as follows:

Question 1

Whether the Company considers that the information contained in the Announcement concerning the Memorandum of Understanding ("Information") was material to the Company?

Answer Yes.

Question 2

If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Information to be material.

Answer Not applicable.

Question 3

If the answer to question 1 is "yes", please advise when the Company became aware of the Information, and specifically:

3.1 *When the Company first commenced the negotiations that led to the signing of the Memorandum of Understanding.*

Answer The parties first commenced discussions by email about a possible Memorandum Of Understanding (MOU) on 29th March 2007. Justyn Peters from Linc Energy's Brisbane office attended a meeting in Delhi in early May to commence preliminary negotiations for the MOU.

3.2 When the Memorandum of Understanding was signed by each of Shiv-Vani and the Company.

Answer The preliminary draft of the MOU was signed on 4th May 2007 by Justyn Peters of Linc Energy to bring back to Australia for approval and (if appropriate) execution by the Chief Executive Officer of the Company. However, material amendments were required to the MOU and these were not finalised and agreed between the parties until 30th May 2007. Considerable amendments were made to the MOU and continual negotiations took place in confidence between the parties up until 11.39pm on 30th May 2007 when final agreement took place.

Question 4.

If the Company became aware of the Information prior to the Announcement, please identify any earlier announcement from the Company which disclosed the Information.

Answer The Company was aware of the information about the negotiations prior to the announcement and no earlier announcement disclosed this information.

Question 5

If there was no earlier announcement, and the Company became aware of the Information prior to the Announcement, please advise why the Company did not release the Information to the market at an earlier time, or request a trading halt pending the release of the Announcement. Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A, and whether the increase in the Company's share price and the volume of securities traded in the period prior to the Announcement, indicated that confidentiality in relation to the Information had been lost.

Answer Any earlier announcement of negotiations would have been premature. Once the MOU was finalised, this fact was released to the ASX and the market. Negotiations are an exception to the rule and this is what occurred prior to the announcement.

The MOU was not completed until 11.39pm on 30th May 2007 and Linc Energy prepared an ASX notice for the morning of the 31st May 2007. Up until that time, the nature of the information was confidential, and its release would have been premature.

However, we wish to point out that over the last few weeks there have been significant events and announcements that have all had the potential to impact on our share price.

Anglo American made an announcement where it named Linc Energy as a possible acquisition target, and the Queensland Co-ordinator General declared our Chinchilla project "significant" for the state of Queensland. In addition, Clean Coal Technology, the availability of grants for Clean Coal Technology, climate change and the recently mooted increase in energy prices have been headlines in the media on a daily basis over the last few weeks.

Finally, it should be noted that there has been a very significant increase in the number of shareholders in Linc Energy and in particular shareholders based in Queensland. It is simply not possible to quantify the impact of each of the abovementioned issues on our share price.

What we can say is that the Company is not aware of any breach of confidentiality and thus cannot make any such inference concerning the share price increase.

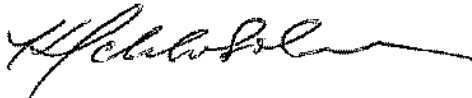
Question 6.

Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Answer Yes. We are in compliance with listing rules. We reiterate that the MOU with Shiv-Vani was not finalised until 11.39pm on 30th May 2007. The following morning, the Company notified the ASX and the market. It is simply a convergence of issues as stated above and a coincidence that negotiations for the MOU concluded and the announcement to the ASX was made in the same week as our shares increased, and a media comment was made that was out of our control.

Should you have any further queries, please feel free to contact me.

Yours Sincerely
LINC ENERGY



Karl Schlobohm
Company Secretary



ASX Limited
ABN 49 008 624 691
Level 5
Riverside Centre
123 Eagle Street
Brisbane QLD 4000

31 May 2007

PO Box 7055
Riverside Centre
Brisbane QLD 4001

Mr Karl Schlobohm
Company Secretary
Linc Energy Ltd
AMP Place
Level 7
10 Eagle Street
BRISBANE QLD 4000

Telephone 61 7 3835 4000
Facsimile 61 7 3832 4114
Internet <http://www.asx.com.au>

By email: kschlobohm@prosperityadvisers.com.au

Dear Mr Schlobohm,

Linc Energy Ltd (the "Company")

ASX Limited ("ASX") refers to the following:

1. The price query letter sent to the Company by ASX on Tuesday, 15 May 2007 which was released to the market, together with the Company's response, at 9.16am EST on Wednesday, 16 May 2007 ("First Price Query").
2. The price query letter sent to the Company by ASX on Tuesday, 29 May 2007 which was released to the market, together with the Company's response, at 4.06pm EST on Tuesday, 29 May 2007 ("Second Price Query").
3. An article published on page 62 of The Courier Mail on Thursday, 31 May 2007 entitled, "Linc on a roll".
4. The announcement released to the market at 11.25am EST on Thursday, 31 May 2007 entitled, "Linc Energy Limited announces international M.O.U with leading Indian Oil & Gas Exploration Company" ("Announcement").
5. The increase in the Company's share price from a close of 58 cents on Tuesday, 29 May 2007 to a high of 62 cents on Wednesday, 30 May 2007 and a last price prior to the release of the Announcement of 54.5 cents, being the trading period after the issue of the Second Price Query and prior to the release of the Announcement, and to an increase in the number of securities traded during this period.

As you are aware, listing rule 3.1 requires an entity, once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, to immediately tell ASX that information. The exceptions to this requirement are set out in listing rule 3.1A.

I would also like to draw your attention to the definition of "aware" in Chapter 19 of the listing rules. This definition states that:

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity."

Furthermore, paragraph 17 of Guidance Note 8 states:

"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."

Listing rule 3.1A sets out an exception from the requirement to make immediate disclosure, provided that each of the following are satisfied.

- 3.1A.1 *A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 *One or more of the following applies.*
- *It would be a breach of a law to disclose the information.*
 - *The information concerns an incomplete proposal or negotiation.*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
 - *The information is generated for the internal management purposes of the entity.*
 - *The information is a trade secret."*

Finally, I would like to draw your attention to ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 33 to 39 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

"'Confidential' in this context has the sense of 'secret'..." and "Loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts reports".

Having regard to the above definition, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, ASX asks that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Whether the Company considers that the information contained in the Announcement concerning the Memorandum of Understanding ("Information") was material to the Company?
2. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Information to be material.

3. If the answer to question 1 is "yes", please advise when the Company became aware of the Information, and specifically:
 - 3.1 When the Company first commenced the negotiations that led to the signing of the Memorandum of Understanding.
 - 3.2 When the Memorandum of Understanding was signed by each of Shiv-Vani and the Company.
4. If the Company became aware of the Information prior to the Announcement, please identify any earlier announcement from the Company which disclosed the Information.
5. If there was no earlier announcement, and the Company became aware of the Information prior to the Announcement, please advise why the Company did not release the Information to the market at an earlier time, or request a trading halt pending the release of the Announcement.

Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A, and whether the increase in the Company's share price and the volume of securities traded in the period prior to the Announcement, indicated that confidentiality in relation to the Information had been lost.

6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter. If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

If you are unable to respond by the time requested, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 - Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell ASX each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we may ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the expiry of the trading halt at the commencement of trading on Wednesday, 6 June 2007, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

Your response should be sent to me by **e-mail at patrick.o'connor@asx.com.au** or by facsimile on **facsimile number (07) 3832 4114**. It should **not** be sent to the Company Announcements Office. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible, and in any event, not later than **9.00am on Monday, 4 June 2007**.

Please note that ASX reserves the right, under listing rule 18.7A, to release this letter and the Company's response to the market if it considers it necessary for an informed market. Accordingly, it would be appreciated if you would prepare your response in a format suitable for release to the market and separately address each of the questions asked.

If you have any concerns about release of your response, or any queries in relation to this matter, please contact me immediately.

Yours sincerely,



Patrick O'Connor
Adviser, Issuers (Brisbane)