



CODAN

Codan Limited
77 007 590 605
81 Graves Street
Newton SA 5074
Australia
PO Box 96
Campbelltown SA 5074
Australia

ADELAIDE
ASX
12MAY06
12:00PM
+61 8 8305 0432

11 May 2006

Mr Justin Nelson
Manager Issuers (Adelaide)
Australian Stock Exchange
89 King William Street
Adelaide SA 5000

By Facsimile: 8216 5099

Dear Mr Nelson

Codan Limited (the "Company")

RE: Price Query

The Codan board has received your letter dated today, in which you note a change in the price of the Company's securities and an increase in the volume of trading.

In response to your letter, we wish to advise the following:

Question 1:

The Company is not aware of any information which has not been announced, which could explain the recent trading

Question 2:

Not Applicable

Question 3:

The Company is not aware of any other explanation for the price change and increase in volume.

Question 4:

The Company confirms its compliance with the listing rules and, in particular, listing rule 3.1.

On behalf of the Board

Yours sincerely,


David Hughes
Company Secretary



INTERNATIONAL
QUALITY
MANAGEMENT
SYSTEM
FOR THE 21ST CENTURY

**ASX**

AUSTRALIAN STOCK EXCHANGE

11 May 2006

Mr David Hughes
Company Secretary
Codan Limited
81 Graves Street
Newton SA 5074

Australian Stock Exchange Limited
ABN 98 008 624 691
Level 1
89 King William Street
Adelaide SA 5000

GPO Box 547
Adelaide SA 5001

Telephone 61 (08) 82165026
Facsimile 61 (08) 8216 5099
Internet <http://www.asx.com.au>

By Facsimile: 8305 0432

Dear Mr Hughes,

Codan Limited (the "Company")**RE: PRICE QUERY**

We have noted a change in the price of the Company's securities from a close of 85 cents on 8 May 2006 to a low of 70.5 cents today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at justin.nelson@asx.com.au or by facsimile on facsimile number (08) 8216 5099. 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 the opening of trading (ie before 10:00am. E.S.T.) on Friday, 11 May 2006).

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 suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately 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. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

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.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, 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 us 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 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 commencement of trading, 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.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,



Justin Nelson
Manager Issuers (Adelaide)

Direct Line: (08) 8216 5026