

LINQ RESOURCES FUND
 ARSN 108 168 190
HALF YEAR REPORT
APPENDIX 4D

HALF YEAR ENDED 31 DECEMBER 2006

1. Details of the Reporting Period

Half Year Ended ('current period')	Half Year Ended ('previous period')
31 December 2006	31 December 2005

2. Results for announcement to the market

					\$000
2.1	Revenues	up	210%	to	50,467
2.2	Net profit attributable to unitholders	up	231%	to	48,230
2.3	Net profit attributable to unitholders	up	231%	to	48,230
2.4	Distributions				
				Amount per ordinary unit	Amount per ordinary unit
				31 Dec 06	30 Jun 06
	Interim distribution			-	-
	Final distribution			n/a	7.5 cents
2.5	Record date for determining entitlements to the half year distribution			n/a	
	Date the half year distribution is payable			n/a	

2.6 Commentary on Operating Income

The half year net profit from ordinary activities increased from \$14.6 million for the half year ended 31 December 2005 to \$48.2 million.

Major revenue components of the net profit for the six months to 31 December 2006 comprise:-

- Unrealised gains in the net fair value of investments of \$41.8 million;
- Interest income of \$2.4 million with coupons ranging between 8% and 10% being earned on convertible notes & mezzanine finance facilities totalling together with bank rates earned on cash held on deposit; and
- Net realised gains on the sale of investments of \$6.2 million were earned during the period.

3. Net tangible assets (“NTA”) per ordinary unit

The NTA per ordinary unit based on the net assets of the Fund at 31 December 2006 was \$1.53 compared to \$1.19 at 30 June 2006.

On a fully diluted basis, assuming all listed options are converted on 19 January 2007, the NTA would be \$1.28.

4. Controlled Entities

The Fund did not gain or lose control over any entities during the six months ended 31 December 2006.

5. Distributions

The Fund paid a distribution of 7.5 cents per unit in respect of the year ended 30 June 2006 in August 2006.

No interim distribution will be paid in respect of the half year ended 31 December 2006.

6. Distribution Reinvestment Plan

The Fund has a distribution reinvestment plan which is currently operating.

7. Associates and Joint Venture Entities

The Fund does not have an interest in any associate or joint venture entities.

8. Foreign Accounting Standards

Not applicable

9. Audit

This report has been based on the attached accounts which have been reviewed.

**FOR MORE INFORMATION PLEASE REFER TO THE ATTACHED
FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

LinQ Resources Fund

ARSN 108 168 190

Half Year Financial Report

31 December 2006

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LINQ RESOURCES FUND

DIRECTORS' REPORT 31 DECEMBER 2006

Directors' Report

The Directors of LinQ Capital Limited (ABN 66 098 197 258), the Responsible Entity of the LinQ Resources Fund ('the Fund'), submit their half year report for the Fund for the half year ended 31 December 2006.

DIRECTORS

The names of the Directors of the Responsible Entity in office during the half year and until the date of this report are:

Gordon Toll - Chairman

Clive Donner – Managing Director

Bruno Camarri

Graham Fariss

Nicholas Lattimore

Gerrit de Nys - resigned 27 November 2006

Jyn Sim Baker - appointed 27 November 2006 (alternate for Mr de Nys from 10 October 2006)

The Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

PRINCIPAL ACTIVITY

The principal activity of the Fund during the year was to invest funds in accordance with the provisions of the Fund Constitution.

The Fund specialises in investments in small to medium resources companies both in Australia and overseas. The Fund may invest in companies at all stages of development from exploration through to production, although the focus in pre cash flow companies is mostly on investment in companies in the later stage exploration and economic evaluation phases between discovery and completion of bankable feasibility studies.

FUND INFORMATION

The LinQ Resources Fund is an Australian registered managed investment scheme, and was established in March 2002. LinQ Capital Limited, the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at Ground Floor, 24 Outram Street, West Perth, Western Australia, 6005.

RESULTS AND REVIEW OF OPERATIONS

The half year net profit from ordinary activities increased from \$14,567,000 for the half year ended 31 December 2005 to \$48,230,000.

Major revenue components of the net profit for the six months to 31 December 2006 comprise:-

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DIRECTORS' REPORT 31 DECEMBER 2006

- Unrealised gains in the net fair value of investments of \$41,756,000;
- Interest income of \$2,361,000 with coupons ranging between 8% and 10% being earned on convertible notes & mezzanine finance facilities totalling together with bank rates earned on cash held on deposit; and
- Net realised gains on the sale of investments of \$6,162,000 were earned during the period.

DISTRIBUTIONS

No distribution will be paid for the half year ended 31 December 2006. A distribution of 7.5 cents per unit in respect of the year ended 30 June 2006 was paid in August 2006.

FUND ASSETS

At 31 December 2006 the LinQ Resources Fund held net assets to a total value of \$208,612,000 (30 June 2006: \$157,899,000). The basis for valuation of the assets is disclosed in Note 1 to the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

The Directors received the following declaration from the auditor of the LinQ Resources Fund:



■ The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

■ Tel 61 8 9429 2222
Fax 61 8 9429 2436

GPO Box M939
Perth WA 6843

Auditor's Independence Declaration to the Directors of LinQ Capital Limited, as Responsible Entity for the LinQ Resources Fund

In relation to our review of the financial report of the LinQ Resources Fund for the half year ended 31 December 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'G H Meyerowitz'.

G H Meyerowitz
Partner
Perth

9 February 2007

Liability limited by a scheme approved under
Professional Standards Legislation.

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**DIRECTORS' REPORT
31 DECEMBER 2006**

Signed in accordance with a resolution of the Directors.



Clive Donner
Director
Perth

9 February 2007

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CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

CONDENSED INCOME STATEMENT	Half year ended	
	31 December 2006	31 December 2005
	\$000	\$000
Income		
Dividend income	188	172
Finance income	2,361	3,038
Other income	-	170
Change in fair value of investments in financial assets classified at fair value through the profit & loss	47,918	12,887
- Unrealised gains in net fair value of investments	41,756	11,177
- Realised gains on sale of investments	6,592	1,710
- Realised losses on sale of investments	(430)	-
Total investment income	50,467	16,267
Expenses		
Administration expenses	269	265
Directors' fees and expenses	108	100
Fund promotion	130	14
Legal and professional fees	87	125
Manager's fees	1,582	1,150
Non- recoverable GST	61	46
Total expenses	2,237	1,700
Net profit attributable to unitholders	48,230	14,567
Changes in net assets attributable to unitholders	48,230	14,567
Distribution per unit (cents)	-	-
Basic earnings per unit (cents)	35.7	11.1
Diluted earnings per unit (cents)	18.4	11.1

The above Condensed Income Statement should be read in conjunction with the accompanying notes.

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CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2006

	Note	As at	
		31 December 2006 \$000	30 June 2006 \$000
Assets			
Cash and cash equivalents	2	33,809	44,321
Trade and other receivables		521	1,572
Investments in financial assets	3	174,752	122,154
Total assets		209,082	168,047
Liabilities			
Distribution payable	4(a)	110	9,969
Trade and other payables		360	179
Total liabilities excluding net assets attributable to unitholders		470	10,148
Net assets attributable to unitholders		208,612	157,899
Net tangible assets per ordinary unit (\$)		1.53	1.19

*The above Condensed Balance Sheet should be read in conjunction
with the accompanying notes.*

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**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	Issued Capital \$000	Undistributed income \$000	Total \$000
At 1 July 2005	117,100	10,008	127,108
Application of AASB 132 and 139 at 1 July 2005	-	2,433	2,433
Net profit attributable to unitholders	-	14,567	14,567
Units issued in the distribution reinvestment plan	1,010	-	1,010
At 31 December 2005	118,110	27,008	145,118
At 1 July 2006	118,110	39,789	157,899
Net profit attributable to unitholders	-	48,230	48,230
Units issued in the distribution reinvestment plan	3,653	-	3,653
Exercise of options	4,440	-	4,440
Unit buyback	(5,610)	-	(5,610)
At 31 December 2006	120,593	88,019	208,612

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CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Half year ended	
	31 December 2006	31 December 2005
	\$000	\$000
Cash flows from operating activities		
Interest received	2,190	2,780
Dividend income received	188	172
Other income received	110	170
Net GST(paid)/received	(83)	260
Manager's fees paid	(1,582)	(1,150)
Other expenses paid	(560)	(536)
Net cash inflow from operating activities	263	1,696
Cash flows from investing activities		
Payments for investments	(20,163)	(30,131)
Proceeds from sale of investments	16,641	5,824
Net cash outflow from investing activities	(3,522)	(24,307)
Cash flows from financing activities		
Proceeds from exercise of options	4,440	-
Unit buyback	(5,487)	-
Distribution paid	(6,206)	(1,610)
Net cash outflow from financing activities	(7,253)	(1,610)
Net decrease in cash held	(10,512)	(24,221)
Cash at the beginning of the half year	44,321	89,764
Cash at the end of the half year	33,809	65,543

*The above of Condensed Cash Flow Statement should be read in conjunction
with the accompanying notes.*

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

1. CORPORATE INFORMATION

The financial report of the LinQ Resources Fund ('Fund') for the half-year ended 31 December 2006 was authorised for issue in accordance with a resolution of the directors of LinQ Capital Limited, in its capacity as responsible entity of the Fund, on 29 January 2007. The Fund is an Australian Registered Scheme, constituted on 8 March 2002. The Fund will terminate on 7 March 2082 unless terminated earlier in accordance with provisions of the Constitution.

LinQ Capital Limited, the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at Ground Floor, 24 Outram Street, West Perth WA 6005.

The nature of the operations and principal activities of the Fund are described in the accompanying Director's Report.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Fund as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of the Fund as at 30 June 2006.

It is also recommended that the half-year financial report be considered together with any public announcements made by the Fund during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the Fund's Constitution, requirements of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements.

The financial report has been prepared on a historical cost basis, except for the valuation of investments in financial assets, which have been measured at fair value.

The Balance Sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current, additional information regarding this are included in the relevant notes.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Fund under the ASIC Class Order 98/100. The Fund is an entity to which the Class Order applies.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

(b) Significant accounting policies

The half-year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2006.

(c) Changes in accounting policies

Australian Accounting Standards that have recently been issued or amended and are effective from 1 July 2006 are outlined in the table below.

* Application date is for the annual reporting periods beginning on or after the date shown in the above table.

AASB Amendment	Affected Standard(s)	Nature of change to Accounting Policy	Application Date of Standard*	Application Date for Fund
2005-1	AASB 139: <i>Financial Instruments: Recognition and Measurement</i>	No change to accounting policy required. Therefore no impact	1 January 2006	1 July 2006
2005-4	Amendments to Australian Accounting Standards [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]	No change to accounting policy required. Therefore no impact	1 January 2006	1 July 2006
2005-5	AASB 1: <i>First-time adoption of AIFRS</i> , AASB 139: <i>Financial Instruments: Recognition and Measurement</i>	No change to accounting policy required. Therefore no impact	1 January 2006	1 July 2006

The following amendments are not applicable to the Fund and therefore have no impact.

AASB Amendment	Affected Standard(s)
2004-3	AASB 1, AASB 101 and AASB 124 as a result of the revised AASB 119.
2005-9	AASB 4: <i>Insurance Contracts</i> , AASB 1023: <i>General Insurance Contracts</i> , AASB 139: <i>Financial Instruments: Recognition and Measurement</i> and AASB 132: <i>Financial Instruments: Disclosure and Presentation</i>
2005-3	AASB 119: <i>Employee Benefits</i>
2005-6	AASB 3: <i>Business Combinations</i>
2006-1	AASB 121: <i>The Effects of Changes in Foreign Exchange Rates</i>
2006-3	AASB 1045: <i>Land Under Roads</i>
UIG Interpretation Reference	UIG Interpretation Reference 4, 5, 6, 7, 8, 9 and 10.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	December 2006	30 June 2006
	\$000	\$000
2. Cash and cash equivalents		
For the purposes of the Balance Sheet and Cash Flow Statement, cash and cash equivalents comprise:		
- Cash at bank	5,786	4,321
- Short term deposits	28,023	40,000
	33,809	44,321

Cash at bank and in hand earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods between one day and three months. The fair value of cash and cash equivalents is \$33,809,000 (2005: \$44,321,000).

3. Investments in financial assets at fair value through Profit & Loss	December 2006	30 June 2006
	\$000	\$000
Investments		
<i>Listed securities</i>		
- Listed equities	134,112	76,009
<i>Unlisted Securities</i>		
- Options on convertible notes and mezzanine facilities	9,882	11,595
- Unlisted equities	8,658	5,550
Loans & Receivables		
- Convertible notes and mezzanine facilities	22,100	29,000
	174,752	122,154

4. Distributions payable	December 2006	June 2006
	\$000	\$000
(a) Distribution payable		
- for year ended 30 June 2006	-	9,969
- overprovision for year ended 30 June 2006	110	-
	110	9,969
(b) Per unit distribution		
- for year ended 30 June 2006	-	7.5 cents
	-	7.5 cents

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

5. Movement in units on issue and options	December 2006	June 2006
	Number	Number
	'000	'000
(a) Units on issue		
Units on issue as at beginning of financial year	132,339	131,010
Units issued pursuant to the distribution reinvestment plan	4,525	1,329
Units issued on conversion of options	4,440	-
Unit buyback	(5,395)	-
Units on issue as at the financial half year	135,909	132,339
(b) Options on issue		
	Number	Number
	'000	'000
Options on issue as at beginning of financial year	130,950	130,950
Options converted	(4,440)	-
Options on issue as at the financial half year	126,510	130,950

6. Segment Information

Industry segment

The Fund operates solely in the financial investment industry.

Geographical segments

The Fund invests in companies in Australia and overseas.

7. Events after the Balance Sheet Date

Subsequent to the balance sheet date, 103.678 million options were exercised with \$103.678m being raised.

There has not been any matter or circumstance arising after 31 December 2006, not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Fund.

8. Commitments and Contingencies

LinQ Capital Limited, in its capacity as responsible entity for the Fund announced in October 2006 that it would conduct an on market buyback of the Fund's units and buy back up to a maximum number of 13,686,404 units. At balance date LinQ Capital Limited had bought back 5,395,388 units, with a balance of potentially 8,291,016 units to be bought back by the Fund.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of LinQ Capital Limited, the responsible entity for the LinQ Resources Fund, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Fund are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Fund's financial position as at 31 December 2006 and of its performance, as represented by the results of its operations and its cash flows for the half year ended on that date; and

(ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that the Fund will be able to pay its debts as when they become due and payable;

(c) the financial statements as presented are in accordance with the provisions of the Fund's Constitution.

**On behalf of the Board
LinQ Capital Limited**



**Clive Donner
Director**

Perth, 9 February 2007

Independent auditor's review report to Unitholders of LinQ Resources Fund

We have reviewed the accompanying half year financial report of LinQ Resources Fund, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in net assets attributable to unitholders and condensed cash flow statement for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half Year Financial Report

The directors of LinQ Capital Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the fund's financial position as at 31 December 2006 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory financial reporting requirements in Australia. As the auditor of LinQ Resources Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

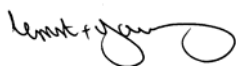
Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of LinQ Capital Limited (the Responsible Entity) a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of LinQ Resources Fund is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of LinQ Resources Fund as at 31 December 2006 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001;
- (b) other mandatory financial reporting requirements in Australia; and
- (c) the provisions of the Fund's Constitution.



Ernst & Young



G H Meyerowitz
Partner
Perth

9 February 2007

LINQ RESOURCES FUND

MANAGEMENT AND ADMINISTRATION DIRECTORY

RESPONSIBLE ENTITY

LinQ Capital Limited
Australian Financial Services Licence 239785

MANAGER

LinQ Management Pty Ltd

REGISTERED OFFICE

Ground Floor, 24 Outram Street, West Perth, WA, 6005

UNIT REGISTRY

Computershare Investor Services Pty Ltd, 452 Johnstone Street, Abbotsford, Vic, 3067

OPERATING OFFICE

LinQ Capital Limited
Ground Floor, 24 Outram Street, West Perth WA 6005

DIRECTORS OF THE RESPONSIBLE ENTITY

Mr Gordon Toll
Mr Clive Donner
Mr Graham Fariss
Mr Bruno Camarri
Mr Nicholas Lattimore
Ms Jyn Sim Baker

SECRETARY OF THE RESPONSIBLE ENTITY

Mr Simon Storm
Ground Floor, 24 Outram Street, West Perth WA 6005

CUSTODIAN

Perpetual Trustees Nominees Limited
Level 7, 1 Castlereagh Street Sydney NSW 2000

AUDITORS AND TAX ADVISERS TO THE FUND

Ernst & Young
11 Mounts Bay Road, Perth, WA, 6000